



The Power of Distribution

22ND ANNUAL REPORT

2016-17

REGISTERED OFFICE
6, GROUND FLOOR, NARAYAN CHAMBERS,
B/H.PATANG HOTEL, ASHRAM ROAD,
AHMEDABAD – 380009.

NOTICE CALLING AGM

NOTICE is hereby given that the 22nd Annual General Meeting of the members of ~~MAS~~ Financial Services Limited will be held on Wednesday, June 21, 2017 at 11:00 A.M. at 5th Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad – 380009 to transact the following business:

ORDINARY BUSINESS:

- 1) To consider and approve (a) the audited financial statement of the Company for the financial year ended 31st March, 2017 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended 31st March, 2017 and the report of the Auditors thereon.
- 2) To confirm declaration of final dividend on Preference Shares for the financial year ended 2016-17.
- 3) To appoint a Director in place of Shri Mukesh C. Gandhi (DIN 00187086), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

- 5) To consider revision in borrowing limits and pass the following resolution as a special resolution:

"RESOLVED THAT in supersession of the special resolution passed by the Shareholders on February 18, 2015, the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised, in accordance with Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the rules made thereunder, as may be amended from time to time (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and provisions of the Articles of Association of the Company, to borrow any sum or sums of money, in Indian Rupees and/ or in any foreign currency from time to time, at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 3,500 Crores (Rupees Three Thousand five Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution.



RESOLVED FURTHER THAT Board may further delegate the power to committee for the abovementioned matter."

6) Empowering the Board to create mortgage/ security:

To consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the resolution passed, if any, the consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, to mortgaging and/or charging by the Board of Directors of the Company of all the moveable and/or immoveable properties of the Company wheresoever situated, both present and future, and the whole undertaking(s) of the Company (subject to prior charges in favour of the Company's bankers for cash credit and other facilities) together with the power of the mortgagee/s to take over the management of the business and concern of the Company in certain events, in order to secure Rupee Term Loans/ Foreign Currency loans or any other debts taken by the Company for amounts not exceeding in the aggregate Rs.3500 crores (Rupees Three Thousand Five Hundred Crores) obtained/ to be obtained from the Financial Institutions and/or Banks or issued/to be issued by the Company or to be privately placed with the Financial Institutions and/or Banks and/or Mutual Funds or any other person as the case may be, and interest at the respective agreed rates, compound/additional interest, in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, costs, charges and expenses, remuneration of the Trustees and all other monies payable in respect of the aforementioned borrowings as may be agreed to by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with the Financial Institutions, Banks, Mutual Funds and Trustees for documents for creating the aforesaid mortgages and/or charges and to do all such acts and things as may be required for giving effect to the Resolution.

RESOLVED FURTHER THAT Board may further delegate the power to committee for the abovementioned matter."

7) Appointment of Mrs. Darshana Pandya (DIN: 07610402) as a Director and in this regard to consider and if thought fit to pass the following Resolution, as an Ordinary Resolution:

"RESOLVED THAT Mrs. Darshana Pandya (DIN: 07610402) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 23rd September, 2016 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013 ("the Act") and being eligible for re-appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

8) Appointment of Mr. Umesh Shah (DIN: 07685672) as an Independent Director and in this regard to consider and if thought fit to pass the following Resolution, as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with Schedule IV to the Companies Act,



2013 as amended from time to time, Mr. Umesh Shah (DIN: 07685672), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of 5 years with effect from 21st December, 2016."

Place: Ahmedabad
Date: 21st June, 2017

By Order of the Board of Directors

Registered Office:

MAS Financial Services Limited
CIN:U65910GJ1995PLC026064
6, Ground Floor, Narayan Chambers B/H,
Patang Hotel, Nehru Bridge Corner Ashram
Road, Ahmedabad-380009
Phone: 07930016500, Fax:
30016611/645/656
Mail: mfsi@mas.co.in
Web: www.mas.co.in



Nirav P. Patel

Nirav P. Patel
Company Secretary
Membership No.: A32979

Notes:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 22ND (TWENTY-SECOND) ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members not exceeding 50(fifty) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.

- 2) Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.
- 3) The members are requested to bring duly filled attendance slip along with their copy of Annual Report at the Annual General.
- 4) Details of Director retiring by rotation and the directors to be appointed, as required to be provided pursuant to the provisions of Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India and approved by the Central Government are provided herein below:

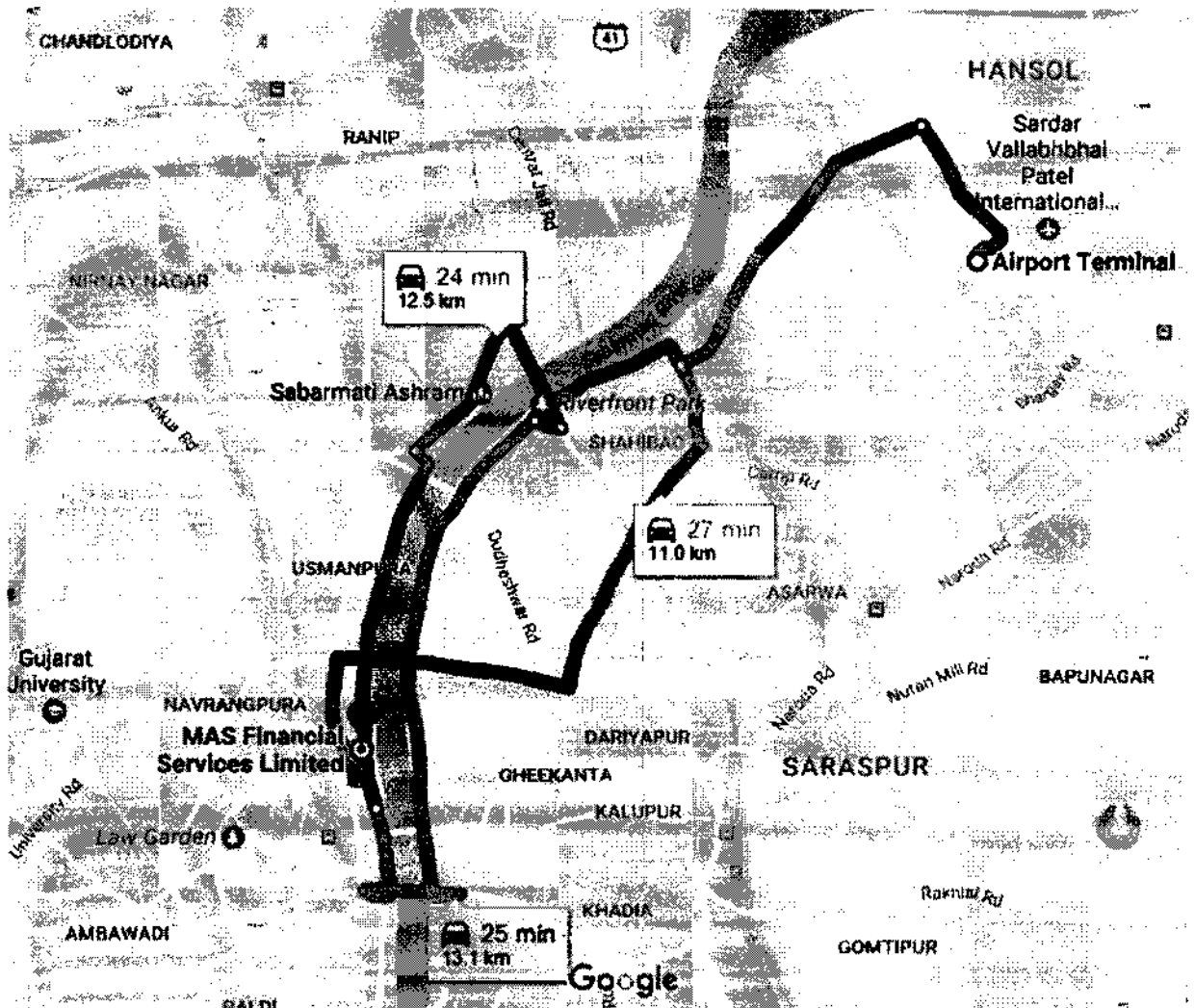


Particulars	Mr. Mukesh C. Gandhi	Mrs. Darshana Saumil Pandya	Mr. Umesh Rajanikant Shah
Age	59 Years	44 Years	60 Years
Qualification	Bachelor's and Master's degrees in Commerce	Bachelor's degree in commerce from Gujarat University.	Bachelor's degree in commerce from Gujarat University
Experience (including expertise in specific functional area)/Brief Resume	Over 21 years of experience in the financial services sector, with our Company	Over 20 years of experience in the financial service sector	Over 35 years of experience in finance, accounting, auditing and taxation
Terms and Conditions of Re-appointment	As per the resolution passed by the shareholders at the Annual General Meeting held on 25 th June, 2014	N.A.	As per the terms and conditions of appointment of Independent Director posted on Company's website.
Remuneration last drawn	Rs.4.15 Crores	Rs.16,64,406	N.A
Remuneration proposed to be paid	As per existing terms and conditions	As per existing terms and conditions	N.A
Date of first appointment on the Board	25 th May, 1995	23 rd September, 2016	21 st December, 2016
shareholding in the company	37.50%	Negligible	N.A
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	Elder brother of Shri Kamlesh C. Gandhi, Chairman & Managing Director of the Company.	N.A	N.A
Number of Meetings of the Board attended	8	8	3
Other Directorships	6	2	0
Membership/Chairmanship of Committees of other Boards	2	N.A	N.A

- 5) Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e., except Sundays and Public Holidays) during business hours up to the date of the Meeting. The aforesaid documents will also be available for inspection by members at the Meeting.



6) Route-map for attaining the 22nd Annual General Meeting of the Company:



EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

ITEM NO - 5 & 6

The Section 180(1)(a)&(c) of the Companies Act, 2013 and the rules made thereon requires special resolution to be passed in respect of borrowings and sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertakings.

None of the other Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the passing of this resolution.

The Board of Directors recommend the resolution for your approval.

ITEM NO - 7

Mrs. Darshana Pandya was appointed by the Board of Directors as an Additional Director of the Company with effect from 23rd September, 2016. Under Section 161 of the Companies Act, 2013, Mrs. Darshana Pandya ceases to hold office at this Annual General Meeting and being eligible for appointment as a Director. Notice under Section 160 of the Act has been received from a Member signifying his intention to propose Mrs. Darshana Pandya appointment as a Director. Your directors recommend passing of the resolution as set out in the notice.

None of the Directors except Mrs. Darshana Pandya, Key Managerial Personnel, relatives of Directors and Key Managerial Personnel of the Company is directly/ indirectly interested in the above resolution.

The Board of Directors recommend the resolution for your approval.

Details pursuant to the provisions of Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are given in the notes mentioned hereinabove.

ITEM NO - 8

Mr. Umesh Shah, who was appointed by the Board of Directors as an Independent Director of the Company with effect from 21st December, 2016 for a period of 5 years. Under Section 161 of the Companies Act, 2013, Mr. Umesh Shah ceases to hold office at this Annual General Meeting

In compliance with the provisions of section 149 read with Schedule IV of the Act and also read with Companies (Appointment & Qualification of Directors) Rules, 2014, the appointment of Mr. Umesh Shah as Independent Directors is now being placed before the Members for their approval.

The Board recommends the resolution in relation to appointment of Mr. Umesh Shah as an Independent Director, for the approval by the shareholders of the Company.

None of the Directors (except Mr. Umesh Shah) Key Managerial Personnel, relatives of Directors and Key Managerial Personnel of the Company is directly/ indirectly interested in the above resolution except to the extent of their respective interest as shareholders of the Company.



Details pursuant to the provisions of Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are given in the notes mentioned hereinabove

Place: Ahmedabad
Date: 21st June, 2017

Registered Office:

MAS Financial Services Limited
CIN:U65910GJ1995PLC026064
6, Ground Floor, Narayan Chambers B/H.
Patang Hotel, Nehru Bridge Corner Ashram
Road, Ahmedabad-380009
Phone: 07930016500, Fax:
30016611/645/656
Mail: mfsi@mas.co.in
Web: www.mas.co.in



By Order of the Board of Directors

Nirav P. Patel

Nirav P. Patel
Company Secretary
Membership No.: A32979



By Director/ Distribution

MAS FINANCIAL SERVICES LIMITED

CIN: U65910GJ1995PLC026064

Registered Office: 6 Ground Floor, Narayan Chambers,

B/h Patang Hotel, Ashram Road, Ahmedabad - 380 009

Tel: +91 -79-30016500 Fax: +91-79-30016597

Form No. MGT-11

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U65910GJ1995PLC026064

Name of the Company: MAS FINANCIAL SERVICES LIMITED

Registered office: 6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad - 380009, Gujarat

Name of the Member(s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/ We being the member(s) of.....shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:, or failing him

2. Name:

Address:

E-mail Id:

Signature:, or failing him

3. Name:

Address:

E-mail Id:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 22nd Annual General Meeting of members of the Company, to be held on 21st day of June, 2017 At 11:00 A.M. at 5th floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad-380009, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.:

1. To consider and approve (a) the audited financial statement of the Company for the financial year ended 31st March, 2017 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended 31st March, 2017 and the report of the Auditors thereon and in this regard, pass the following resolution(s) as an Ordinary Resolution(s):
2. To confirm declaration of final dividend on Preference Shares for the financial year ended 2016-17.
3. To appoint a Director in place of Shri Mukesh C. Gandhi (DIN 00187086), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:



**MAS FINANCIAL SERVICES LIMITED**

CIN: U65910GJ1995PLC026064

Registered Office: 5 Ground Floor, Narayan Chambers,

B/h. Patang Hotel, Ashram Road, Ahmedabad – 380 009

Tel: +91 -79-30016500; Fax: +91-79-30016597;

4. To appoint Auditors and fix their remuneration and in this regard, pass the following resolution as an Ordinary Resolution:
5. To consider revision in borrowing limits
6. Empowering the Board to create mortgage/ security:
7. Regularization of appointment of Mrs. Darshana Pandya (DIN: 07610402).
8. Regularization of appointment of Mr. Umesh Shah (DIN: 07685672).

Signed this day of 2017

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Affix Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP ID*:		FOLIO NO. :	
CLIENT ID*:		NO. OF SHARES:	

NAME AND ADDRESS OF THE SHAREHOLDER:

I hereby record my presence at the 22nd Annual General Meeting of the Company held on Wednesday, June 21, 2017 at 11:00 A.M. at 5th Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad – 380009, Gujarat

*Applicable for investors holding shares in electronic form.

_____
Signature of Shareholder/ Proxy

DIRECTORS' REPORT

To,
The Members,
MAS FINANCIAL SERVICES LTD
Ahmedabad.

Your Directors are happy to present the 22ND ANNUAL REPORT of your Company together with the Audited Accounts drawn for the year ended on 31st March, 2017.

FINANCIAL RESULTS:

PARTICULARS	(Amount in ₹)	
	Year Ended on 31 st March, 2017	Year Ended on 31 st March, 2016
	RUPEES	RUPEES
Revenue from Operations	3,406,315,206	2,929,808,171
Other Income	8,856,085	9,248,700
Total Income	3,415,171,291	2,939,056,871
Total Expenditure	2,384,455,152	2,122,544,145
Profit Before Tax	1,030,716,139	816,512,726
Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	356,992,939	282,614,468
Net Profit	673,723,200	533,898,258
Profit Brought Forward	577,683,972	314,311,078
Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax)	-	-
Profit Available for Appropriation	1,137,769,049	848,209,336
APPROPRIATIONS:		
Transfer to Statutory Reserve	134,744,640	106,779,652
Interim Dividend on Equity and Preference Shares	154,957,548	126,056,570
Proposed Dividend on Equity and Preference Shares	-	10,096,014
Corporate Tax on Dividend on Equity and Preference Shares	31,389,130	27,593,128
Transfer to General Reserve	-	-
Short provision for dividend distribution tax of earlier year	-	-
Surplus Balance carried to Balance Sheet	816,677,731	577,683,972

BUSINESS PERFORMANCE:

In the year 2016-17 the Company crossed ₹ 3,000 cr. AUM, registering a robust growth of 23% on YoY basis. Asset under Management is ₹ 3,156 Crore (Previous year ₹ 2,564.97 Crore). This year's performance was despite of the demonetization impact demonstrating the sound fundamentals of the company.



The gross income realized by the company is ₹ 341.51 Crore (Previous year ₹293.91 Crore) comprising of income from operations and other income. Net Profit after tax is ₹67.37Crore (Previous year ₹53.39 Crore), registering a robust growth of 16.19% and 26.18% respectively over the previous year.

PROSPECTS AND DEVELOPMENTS:

There is a very huge market to be served, which needs an efficient last mile delivery of credit, thus creating enormous opportunity for all the financial institutions and NBFCs in special.

The company continues to pursue the strategy of being multi product and multi locational, thus giving the distinct edge from the risk management and scalability perspective. The focus across the product is of catering to the lower and the middle income segment, which is the key driver of our economy.

SMALL AND MEDIUM ENTERPRISE LOAN:

Introduction of machinery and working capital loans to the SME this year has shown lot of promise. We are in the process of understanding the segment and are keen to add value to all such small and medium enterprises by extending the most efficient financial services.

In consonance to our policy of building up quality assets, we are confident of creating inroads in this market too. We are planning to expand geographically, starting from Maharashtra.

Two Wheeler and Commercial Vehicle Financing:

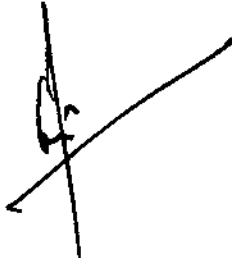

We continue to focus on Two wheeler and Commercial Vehicle financing and we adopt such business models which generates required return on assets and the quality portfolio. While the company is keen to increase this portfolio, the endeavor will be to balance between yields, asset quality and growth. We are confident that as we spread to newer geographies within our distribution network, we will be achieving the desired objective.

HOUSING FINANCE:

MRHMFL (MRS Rural Housing & Mortgage Finance Ltd. – subsidiary of MFSL) aims at serving the middle income and the lower income sector of the economy, especially in the semi urban and rural areas, which are reckoned to be the key drivers of the sector in the coming decades. Full-fledged efforts are on to execute efficiently, as per the detail planning. Being aware of the challenges involved in serving this class of the society, a very cautious approach is adopted in building up volumes. Nevertheless, Company is quite confident of building substantial volumes in the near future. The Company's rural initiative will also start yielding results shortly.

Based on our experience of the last year, 80 rural branches were consolidated to 31 in order to attain efficiency in cost of operations; however the number of villages served more or less remains the same. It is worth mentioning that despite of credit worthy customer class, ascertaining the title of the property remains a challenging job. The company is actively involved with all the stake holders to smoothen the process and is assertive in getting the right set of documents.

We will continue to pursue our efforts relentlessly and are confident of creating a quality portfolio and

add value to the ecosystem we work in.

DISTRIBUTION NETWORK:

The Company is in the process of consolidating its operations in the region of Rajasthan, Maharashtra, besides Gujarat. The Company has expanded its operations in Madhya Pradesh beyond Indore to Bhopal, Gwalior and Jabalpur. In Tamilnadu it operates through its Chennai and Coimbatore branches and Karnataka through its Bengaluru (Bangalore) and Hubli branches, taking the tally of the branches to 72 and the total centers covered are more than 3500 in numbers.

PARTNERING WITH REGIONAL NBFCs AND NBFC-MFIs:

Over the period of last 7 years of our working with this sector, our belief is further strengthened, that financial inclusion in a country like India is a function of efficient last mile delivery of credit, for which a very robust value chain has to be nurtured and developed. NBFCs in special play a pivotal role in this value chain.

Partnering with regional NBFCs and NBFC-MFIs for distribution of various products and providing them the line of credit also remains one of the major business plans. We firmly believe that the players having proximity to the region are the most potential organization in the last mile delivery of credit. We not only fund them but also share with them the domain expertise, which the company possesses through its vintage of more than two decades. We continue to get encouraging response from our entire partner NBFCs and are keen to leverage the relationships for mutual benefits.

RESOURCES:

HUMAN RESOURCE MANAGEMENT AT MAS:

Human Resource Management plays a very important role in realizing the Company's objective. The Company is managed by the active involvement of the promoters along with strategic inputs from a well-diversified and competent board.

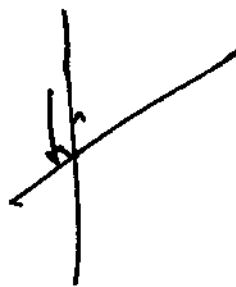
The articulation and implementation of the strategies is carried on by the core team along with Team MAS. Core team at MAS is a group of dedicated and competent team of personnel, associated with the company almost since its inception and have always extended unstinting support besides, having identified and aligned their career objective with the company.

I trust with all the above qualities accompanied by the determination to excel, this team forms a formidable second line of management at MAS.

Your company will always strive to strengthen this most important resource in its quest to have enabling human capital.

CAPITAL MANAGEMENT:

The Company continues to pursue an efficient capital management policy, which aims at maximizing the return on capital employed and at the same time adhering to the prudential guidelines laid down by RBI from time to time.



The Company acknowledges the constructive support of its current investors, FMO, DEG and SARVA Capital (Previously known as LOK Capital). We firmly believe that, this will go a long way in realizing Company's vision.

IPO:

During the year under review the Company has taken a land mark decision for bringing an Initial Public Offerings ("IPO") of Equity shares of the Company. The Company has appointed M/s. Motilal Oswal Investment Advisors Limited as the Lead Manager to the issue.

The Board of directors at their meeting held on 23rd March, 2017, approved the Draft Red Herring Prospectus ("DRHP") and filed it with Securities and Exchange Board of India ("SEBI") on 27th March, 2017. As per the Company's plan of Pre-IPO Placement of Rs.135Cr., the Company could successfully place the first tranche of Rs.100 Cr on 30th March, 2017 and the rest Rs.35Cr. on 19th April, 2017; amounting to 7.70% of shares on fully diluted basis.

The total issue size is likely to be around Rs. 5500 Million (including offer of sale by the existing investors and pre-IPO placement)

The IPO would be subject to necessary approvals and consents of the concerned authorities.

LIABILITY MANAGEMENT:

The Company by virtue of its performance over the years enjoys very good relationships with many leading banks and financial institutions. The Company could raise the required resources from various banks and financial institutions comfortably. We anticipate the same response from all our lending partners for the coming years too. The Company anticipates credit lines from few more banks and financial institutions besides the existing ones.

Your Company continues to command the respect and the confidence of Bankers as their extended channel in their task of providing efficient delivery of credit. The Company acknowledges the constructive support of the Investors and consortium member banks.

EXTRACT OF ANNUAL RETURN AS PER SECTION 92 (3) OF COMPANIES ACT 2013:

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure-A".

BOARD MEETINGS HELD DURING THE YEAR:

The Company had nine Board Meetings during the financial year under review.

Sr. No.	Date on which board Meetings were held	Total Strength of the Board	No of Directors Present
1	25.05.2016	7	5
2	29.06.2016	7	4
3	23.09.2016	7	7



4	26.10.2016	8	6
5	21.12.2016	7	6
6	08.03.2017	6	6
7	22.03.2017	6	6
8	23.03.2017	6	5
9	29.03.2017	6	6

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the directors would like to state that:

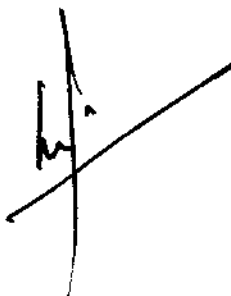
- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departure.
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review.
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the directors had prepared annual accounts on a going concern basis.
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:

The Company has received declarations from Mr. Umesh Shah, Mr. Chetan Shah, and Mr. Bala Bhaskaran that they meet with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013.

MATTERS AS PRESCRIBED UNDER SUB-SECTIONS (1) AND (3) OF SECTION 178 OF THE COMPANIES ACT, 2013:

The Company constituted its Nomination Committee on 23rd December, 2010 and the nomenclature of the Nomination committee was changed to "Nomination and Remuneration Committee" on 20th March, 2015 pursuant to Section 178 of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, by way of resolution passed in accordance with, provisions of the Companies Act, 2013. The Nomination & Remuneration Committee consists of three independent directors and one whole time director. The powers and function of the Nomination and Remuneration Committee is stated in the Nomination and Remuneration Committee Charter of MAS FINANCIAL SERVICES LIMITED. The copy of Nomination and Remuneration policy is annexed as "**Annexure-B**".




EXPLANATIONS OR COMMENTS BY BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE:

(i) by the auditor in his report;

There is no qualification, reservation or adverse remark or disclaimer in audit report issued by the auditors of the Company.

(ii) By the company secretary in practice in his secretarial audit report;

There is no qualification, reservation or adverse remark or disclaimer in secretarial audit report issued by the company secretary in practice.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Since the Company is Non-Banking Financial Company registered with the RBI, the disclosures pertaining to Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are not applicable.

PARTICULARS CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188:

All Contracts / Arrangements / Transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis except execution of Amenities Agreement with the Subsidiary Company. Particulars of such related party transactions described in Form AOC-2 which is annexed herewith as "Annexure-C".

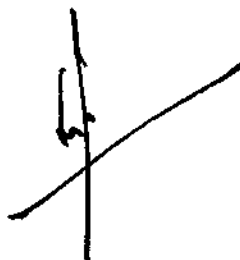
The board has approved a policy for related party transactions which has been hosted on the website of the Company. The web-link for the same is <http://www.mas.co.in/pdf/Policy%20on%20Related%20Party%20Transactions.PDF>. The same is also annexed herewith as "Annexure-D". The related party transactions, wherever necessary are carried out by Company as per this policy. There were no materially significant related party transactions entered into by the Company during the year, which may have potential conflict with the interest of the company at large. There were no pecuniary relationship or transactions entered into by any Independent Director with the company during the year under review.

STATUTORY RESERVE:

During the year under review ₹134,744,640/- transferred to statutory reserve under Section 45 IC of RBI Act, 1934.

DIVIDEND

The Company has paid interim dividend amounting to Rs. 19,562/- and Rs. 2,60,56,571/- on 0.01% and 13.31% Cumulative Compulsory Convertible Preference Shares respectively during the financial year and also recommends dividend amounting to ₹2,174/- and ₹2,893,001/- on 0.01% and 13.31% Cumulative Compulsory Convertible Preference Shares respectively for the year ended on 31st March, 2017. However, the Board does not recommend any dividend on equity shares for the current financial year.



MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

The Company has made second tranche allotment of Equity shares on private placement basis pursuant to Pre-IPO Placement on 19th April, 2017.

There are no other material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the directors report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

- **Conservation of Energy and Technology Absorption:**

Since the Company is operating in service sector, the provisions of Section 134(3)(m) of the Companies Act, 2013 regarding conservation of energy and Technology Absorption is not applicable.

- **Foreign Exchange earnings and outgo**

The Company has no Foreign Exchange earnings and outgo.

RISK MANAGEMENT

Financing activity is the business of management of risks, which in turn is the function of the appropriate credit models and the robust systems and operations. Your Company continues to focus on the above two maxims, and is always eager to improve upon the same.

Your Company continues to give prime importance to the function of receivables management, as it considers this the ultimate reflection of the correctness of marketing strategy as well as appraisal techniques. The Company achieved almost 99.33% recovery, with overdue of 0.67% only. It may be noted that the above-mentioned 0.67% debtors are under strictest surveillance of follow up. The Net NPA of the Company is 0.79% of Asset under Management.

The Company has formulated and implemented Risk Management policy. In the opinion of the Board there is no element of Risk which threatens the existence of the Company.

CSR POLICY:

During the year under review, the CSR Committee was reconstituted by the Board at its meeting held on 21st December, 2016, due to sad demise of Mr. Jagdish Joshipura.

As a part of CSR initiative, the CSR Committee has decided to identify the eligible students to whom the Company can support in pursuing their higher studies. The Committee has already identified 110 bright students from 21 Schools who have completed their 8th Standard and wish to pursue their higher studies but are financially challenged and cannot afford basic requirements. The Company has and would sponsor their fees, school bags, stationeries, and uniforms for undergoing higher studies. Company is trying to add more and more students to ensure that benefits reaches directly to the needed students and the process is likely to take some more time to enable the Company to spend the entire



required amount to be spend for CSR as per the provisions of Companies Act, 2013.

The board has approved a policy for related party transactions which has been hosted on the web Site of the Company. The web-link for the same is <http://www.mas.co.in/pdf/CSR%20Policy.pdf>.

The CSR Report pursuant to Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, is annexed as "**Annexure-E**" to this Report.

FORMAL EVALUATION OF THE PERFORMANCE OF THE BOARD, COMMITTEES OF THE BOARD AND INDIVIDUAL DIRECTORS:

Pursuant to the provisions of 134(3)(p) the Companies Act, 2013 the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

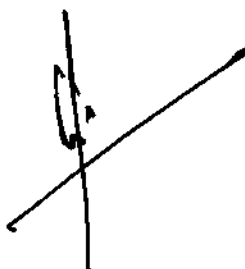
Criteria adopted for evaluation:

The Board shall evaluate the roles, functions, duties of Independent Directors (ID's) of the Company. Each ID shall be evaluated by all other directors' not by the Director being evaluated. The board shall also review the manner in which ID's follow guidelines of professional conduct.

- (i) Performance review of all the Non-Independent Directors of the Company on the basis of the activities undertaken by them, expectation of board and level of participation;
- (ii) Performance review of the Chairman of the Company in terms of level of competence of chairman in steering the company;
- (iii) The review and assessment of the flow of information by the Company to the board and manner in which the deliberations take place, the manner of placing the agenda and the contents therein;
- (iv) The review of the performance of the directors individually, its own performance as well as evaluation of working of its committees shall be carried out by the board;
- (v) On the basis of performance evaluation, it shall be determined by the Nomination and Remuneration Committee and the Board whether to extend or continue the term of appointment of ID subject to all other applicable compliances.

PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES COMPANIES:

The performance and financial position of Subsidiaries, Associates and Joint Venture companies are described in Form AOC-1 which is annexed herewith as "**Annexure-F**".



THE CHANGE IN NATURE OF BUSINESS:

There are no material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the directors report.

PUBLIC DEPOSITS

The Company has not accepted deposit from public during the year and there was no deposit outstanding on 31st March, 2017.

NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES:

Sr. no.	Name of the entity	Whether subsidiary, Joint ventures or associate companies	Date on which become	Date on which ceased
None				

CAPITAL

The Net worth of the Company as on 31st March 2017 is ₹ 326.94Cr. inclusive of ₹ 90.43 Cr. Equity Share Capital. For the calculation of CRAR, the Net worth of the Company stands at ₹ 382.94 Cr. including ₹ 56 Cr. sub-ordinated debt (Tier-II Capital as per RBI Norms) issued by the Company.

ISSUE OF SHARES ON PRIVATE PLACEMENT BASIS:

During the Year Company has allotted 29,55,869 equity shares through Private Placement Offer on preferential basis.

ISSUE OF BONUS SHARES:


During the year Company has allotted 2,40,00,188 equity shares as Bonus shares.

STATUTORY COMPLIANCE:

The Company has made necessary provisions towards non-performing assets, fully complying with the provisioning requirement of the Prudential Norms prescribed by Reserve Bank of India. The company has also complied with the directions issued by Reserve Bank of India regarding Capital Adequacy, Asset classification and provisioning norms.

SIGNIFICANT AND MATERIAL ORDER PASSED REGULATORS / COURTS / TRIBUNALS

There were no significant and material orders passed by Regulators / Courts / Tribunals during the year under review which may affect the going concern status and Company's operations.



ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. The Company has devised proper system of internal financial control which is commensurate with size and nature of Business. Even, the Board has appointed M/s. Arijeet Gandhi & Associates, Chartered Accountants as an Internal Auditor of the Company pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control.

INSURANCE:

The assets of your Company have been adequately insured.

AUDITORS:

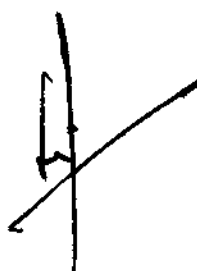
M/s. Deloitte Haskins & Sells, auditors of the Company retire at the ensuing Annual General Meeting of the Company and are eligible for reappointment. The members are requested to consider their reappointment for the financial year 2017-18.

DIRECTORS:

- Pursuant to the provisions of Section 196, 197 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) Mr. Mukesh Gandhi, Whole time Director of the Company is liable to retire by rotation at the ensuing AGM and is eligible for reappointment.

Subject to the approval of the members in the general meeting, the Board of Directors recommends re-appointment of Mr. Mukesh Gandhi as director liable to retire by rotation.

- During the year under review, Mrs. Darshana Pandya, has been appointed as an Additional Director with effect from 23rd September, 2016. Board proposes to regularize her appointment at the ensuing Annual General Meeting as director liable to retire by rotation.
- During the year under review, Mr. Umesh Shah, has been appointed as Independent Director with effect from 21st December, 2016 for a term of five years. Board sought ratification of his appointment at the ensuing Annual General Meeting.
- During the year under review, the Director Mr. Jagdish Joshipura passed away on 12th November, 2016. The Board expresses its grief over the same and acknowledges the contributions made by him during his tenure as a Director of the Company.
- During the year under review, the Directors, Mr. Rajeshbabu Natrajan and Mr. Rakesh Rewari resigned from the Directorship of the Company on 22/02/2017 and on 27/02/2017 respectively.



DETAILS OF DIRECTORS OR KMP WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR:

Sr. no.	Name of the KMP or Director	Designation	Date of appointment	Date of Resignation / Cessation
1	Mrs. Darshana Pandya	Director	23/09/2016	-
2	Mr. Jagdish Joshipura	Director	-	12/11/2016
3	Mr. Umesh Shah	Director	21/12/2016	-
4	Mr. Rajeshbabu Natrajan	Director	-	22/02/2017
5	Mr. Rakesh Rewari	Director	-	27/02/2017

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

During the year under review the Audit Committee was reconstituted by the Board due to sad demise of Mr. Jagdish Joshipura. The Audit Committee consists of the following members:

- a) Mr. Bala Bhaskaran (Independent Director)
- b) Mr. Chetan Shah (Independent Director)
- c) Mr. Umesh Shah (Independent Director)

The Company has established a vigil mechanism and overseas through the Committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. The board has approved a policy for related party transactions which has been hosted on the website of the Company. The web-link for the same is <http://www.mas.co.in/pdf/Policy%20on%20Vigil%20Mechanism.PDF> .The same is also enclosed as "**Annexure-G**" to this report.

DISCLOSURES PURSUANT TO RBI MASTER DIRECTION:

The disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, is annexed herewith as "**Annexure-H**"

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The board has developed the Sexual Harassment Policy of the Company for safety of the women employees employed in the Company. The Sexual Harassment Policy is Attached As "**Annexure-I**". Further no complaint / case have been filed / pending with the Company during the year.



SECRETARIAL AUDIT REPORT:

Pursuant to Section 204 of the Act, the Secretarial Audit Report for the Financial Year ended 31st March, 2017 given by Ravi Kapoor & Associates, Practicing Company Secretary is annexed as "Annexure-J" to this Report. The Secretarial Audit Report for the year under review is self-explanatory and does not contain any qualification.

ACKNOWLEDGEMENT

The Directors place on record their appreciation to all those people, who have so willingly placed their trust in the company & management and to more than one million customers across all area under our operation, who have given the company an opportunity to serve them.

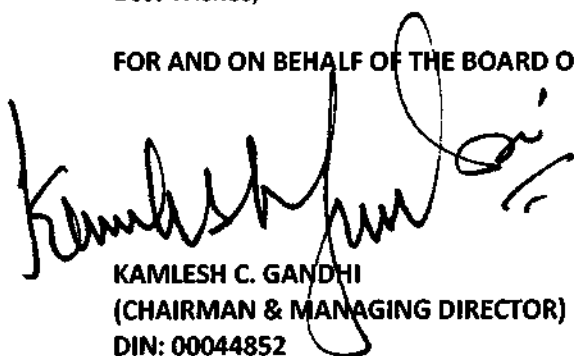
It is worth mentioning that, working with many NBFC-MFIs, NBFCs and HFCs has been a very encouraging experience especially in being catalyst to their sustainability and growth. The company looks forward to further strengthening the synergies.

The entire **FIAS** Team deserves the appreciation for their sincere efforts and determination to excel. The core team of **FIAS** plays a pivotal role in articulating and implementing the strategic decisions and thus contributing to the development of the company. I take this opportunity to express my heartfelt appreciation for their continuous support, hard work and dedication.

I trust this journey will continue to be a pleasant one with their support, aware of the fact that we have "Miles to go.... with the confidence that "Together We Can and We Will."

Best Wishes,

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS


KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)
DIN: 00044852



Place: Ahmedabad
Date: 21st June, 2017

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2017

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

1. REGISTRATION AND OTHER DETAILS:

1	CIN	U65910GJ1995PLC026064
2	Registration Date	25/05/1995
3	Name of the Company	MAS Financial Services Limited
4	Category/Sub-category of the Company	Company limited by shares
5	Address of the Registered office & contact details	6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad-380 009. Ph No. - 079-30016500
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 1 st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400083 Tel. - +91 022 49186200

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	The company is mainly into retail lending business, comprising of micro, small and medium enterprises, two wheelers, three wheelers & Multi-utility vehicles loans to individual borrowers and loans to MFI and NBFC. The company has 72 branches and is catering to more than 3500 centers with centralized credit and back office system with centralized credit at Central Processing Unit at head office, Ahmedabad.	65923	100 % to total turnover of the Company.



3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

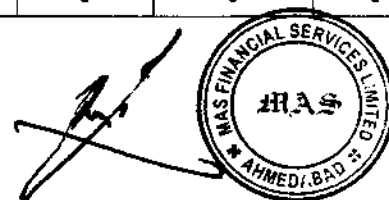
Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	Mas Rural Housing & Mortgage Finance Limited Address: 4th Floor, Narayan Chambers , B/h Patang Hotel, Ashram Road, Ahmedabad-380 009.	U74900GJ2007PLC051383	Subsidiary	Holding 1,07,50,000 shares in Mas Rural Housing & Mortgage Finance Limited	Section 2(87) of Companies Act, 2013.

4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

I) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
A. PROMOTERS	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
(1) Indian									
a) Individual/HUF	5,834,112	9,642,954	15,477,066	96.73	38,691,718	-	38,691,718	90.07	-6.66
b) Central Govt. Or State	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	195,787	326,316	522,103	3.26	1,305,257	-	1,305,257	3.04	-0.22
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (1)	6,029,899	9,969,270	15,999,169	99.99	39,996,975	-	39,996,975	93.11	-6.88
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-

d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDING OF PROMOTER	6,029,899	9,969,270	15,999,169	99.99	39,996,975	-	39,996,975	93.11	-6.88
(A)= (A)(1)+(A)(2)									
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non Institutions									
a) Bodies corporates									
i) Indian	-	-	-	-	2,955,869	-	2,955,869	6.88	6.88
ii) Overseas	125	75	200	*0.00	500	-	500	*0.00	*0.00
b) Individuals									
i) Individual shareholders	-	756	756	*0.00	2,838	-	2,838	0.01	*-0.00
ii) Individuals shareholders	-	-	-	-	-	-	-	-	-
c) Others (specify)									
SUB TOTAL (B)(2):	125	831	956	*0.00	2,959,207	-	2,959,207	6.89	6.88
TOTAL PUBLIC SHAREHOLDING	125	831	956	0.01	2,959,207	-	2,959,207	6.89	6.88
(B)= (B)(1)+(B)(2)									
C. SHARES HELD BY	-	-	-	-	-	-	-	-	-



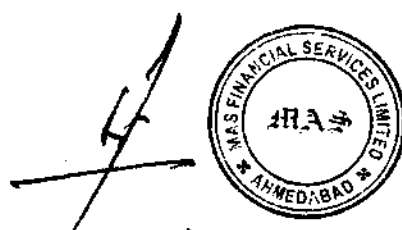
GRAND TOTAL (A+B+C)	6,030,024	9,970,101	16,000,125	100	42,956,182	-	42,956,182	100	0
----------------------------	-----------	-----------	------------	-----	------------	---	------------	-----	---

* Negligible Shareholding

II) SHARE HOLDING OF PROMOTERS

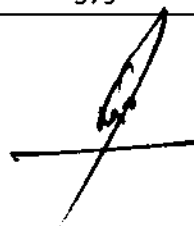
Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		NO. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	MUKESH C. GANDHI	2,823,987	17.65	None	16,110,450	37.504	None	-19.85
2	KAMLESH C. GANDHI	2,497,127	15.61	None	6,242,818	14.533	None	-1.08
3	SHWETA KAMLESH GANDHI	6,535,380	40.85	None	16,338,450	38.035	None	-2.82
4	URMILABEN C. GANDHI	379	*0.00	None	-	-	-	*0.00
5	MUKESH C. GANDHI (HUF)	3,620,193	22.63	None	-	-	-	-22.63
6	PRARTHNA MARKETING PRIVATE LIMITED	522,103	3.26	None	1,305,257	3.04	None	-0.221

* Negligible Shareholding



III) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	MUKESH C. GANDHI				
	At the beginning of the year	2,823,987	17.65	2,823,987	17.65
	Date wise Increase / Decrease in Shareholding during the year: November 18, 2016 -4,235,981 (Bonus) March 15,2017-9,050,482 (transfer) Reason: Bonus and Transfer of shares	4,235,981	10.59	16,110,450	50.86
		9,050,482	22.62		
	At the end of the year	16,110,450	37.50	16,110,450	37.50
2	KAMLESH C. GANDHI				
	At the beginning of the year	2,497,127	15.6	2,497,127	15.6
	Date wise Increase / Decrease in Shareholding during the year: November 18, 2016 Reason: Bonus	3,745,691	9.36	6,242,818	24.96
	At the end of the year	6,242,818	15.6	6,242,818	14.53
3	SHWETA KAMLESH GANDHI				
	At the beginning of the year	6,535,380	40.85	6,535,380	40.85
	Date wise Increase / Decrease in Shareholding during the year: November 18, 2016 Reason: Bonus	9,803,070	24.51	16,338,450	65.36
	At the end of the year	16,338,450	40.85	16,338,450	38.04
4	URMILABEN C. GANDHI				
	At the beginning of the year	379	*0.00	379	*0.00



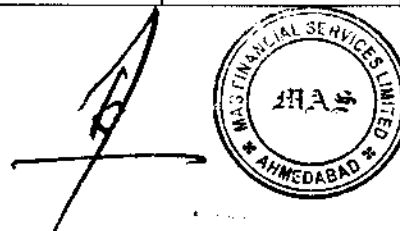

	Date wise Increase / Decrease in Shareholding during the year: September 23, 2016 Reason: Transfer	-379	0	0	0
	At the end of the year	0	0	0	0
5	MUKESH C. GANDHI (HUF)				
	At the beginning of the year	3,620,193	22.63	3,620,193	22.63
	Date wise Increase / Decrease in Shareholding during the year: March 15, 2017 Reason: Dissolution of HUF	-3,620,193	-8.42	0	0
	At the end of the year	0	0	0	0
6	PRARTHNA MARKETING PRIVATE LIMITED				
	At the beginning of the year	522,103	3.26	522,103	3.26
	Date wise Increase / Decrease in Shareholding during the year: November 18, 2016 Reason: Bonus	783,154	1.96	1,305,257	5.22
	At the end of the year	1,305,257	3.26	1,305,257	3.04

*** Negligible Shareholding**

There is variation in the aggregate percentage of shareholding during the year and the percentage as at the end of the year; due to bonus issue, transfer of shares and the Pre-IPO placement during the year.

IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
1	MOTILAL OSWAL FINANCIAL SERVICES LIMITED				
	At the beginning of the year	0	0	0	0



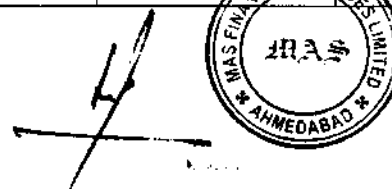
	<i>Date wise Increase / Decrease in Shareholding during the year: March 30, 2017</i> <i>Reason: Pre-IPO Placement</i>	2,364,695	5.51	2,364,695	5.51
	At the end of the year (or on the date of separation, if separated during the year)	2,364,695	5.51	2,364,695	5.51
2	MOTILAL OSWAL SECURITIES LIMITED				
	At the beginning of the year	0	0	0	0
	<i>Date wise Increase / Decrease in Shareholding during the year: March 30, 2017</i> <i>Reason: Pre-IPO Placement</i>	591,174	1.38	591,174	1.38
	At the end of the year (or on the date of separation, if separated during the year)	591,174	1.38	591,174	1.38
3	SAUMIL D. PANDYA	0	0	0	0
	At the beginning of the year				
	<i>Date wise Increase / Decrease in Shareholding during the year: September 23, 2016-378 (Transfer) and November 18, 2016-567 (Bonus)</i> <i>Reason: Transfer of shares & Bonus Issue</i>	567	*0.00	945	*0.00
		378	*0.00		
	At the end of the year (or on the date of separation, if separated during the year)	945	*0.00	945	*0.00
4	DEG – DEUTSCHE INVESTITIONS – UND ENTWICKLUNGSGESELLSCHAFT MBH				
	At the beginning of the year	200	*0.00	200	*0.00
	<i>Date wise Increase / Decrease in Shareholding during the year -November 18, 2016</i> <i>Reason: Bonus</i>	300	*0.00	500	*0.00
	At the end of the year (or on the date of separation, if separated during the year)	500	*0.00	500	*0.00

* Negligible Shareholding

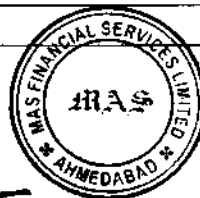



V) SHAREHOLDING OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mukesh C. Gandhi, Whole-Time Director and CFO				
	At the beginning of the year	2,823,987	17.65	2,823,987	17.65
	Date wise Increase / Decrease in Shareholding during the year: November 18, 2016 -4,235,981 (Bonus) March 15, 2017-9,050,482 (transfer) Reason: Bonus and Transfer of shares	4,235,981	10.59	16,110,450	50.86
		9,050,482	22.62		
	At the end of the year	16,110,450	37.50	16,110,450	37.50
2	Kamlesh C. Gandhi, Chairman and Managing Director				
	At the beginning of the year	2,497,127	15.61	2,497,127	15.61
	Date wise Increase / Decrease in Shareholding during the year -November 18, 2016 Reason: Bonus	3,745,691	9.36	6,242,818	24.96
	At the end of the year	6,242,818	15.6	6,242,818	14.53
3	Darshana Pandya				
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Shareholding during the year: September 23, 2016 -379(transfer) and November 18, 2016 -569 (bonus) Reason: Transfer of shares and Bonus	379	*0.00	948	*0.00
		569	*0.00		



	At the end of the year	948	*0.00	948	*0.00
4	Bala Bhaskaran, Independent Director				
	At the beginning of the year	378	*0.00	378	*0.00
	<i>Date wise Increase / Decrease in Shareholding during the year -November 18, 2016</i> <i>Reason: Bonus</i>	567	*0.00	945	*0.00
	At the end of the year	945	*0.00	945	*0.00
5	Chetan Ramniklal Shah				
	At the beginning of the year	-	-	-	-
	<i>Date wise Increase / Decrease in Shareholding during the year -</i> <i>Reason: NIL</i>	-	-	-	-
	At the end of the year	-	-	-	-
6	Umesh Rajanikant Shah				
	At the beginning of the year	-	-	-	-
	<i>Date wise Increase / Decrease in Shareholding during the year -</i> <i>Reason: NIL</i>	-	-	-	-
	At the end of the year	-	-	-	-
7	Rajeshbabu Rajendran Natrajan				
	At the beginning of the year	-	-	-	-
	<i>Date wise Increase / Decrease in Shareholding during the year -</i> <i>Reason: NIL</i>	-	-	-	-
	At the end of the year	-	-	-	-
8	Rakesh Rewari				
	At the beginning of the year	-	-	-	-
	<i>Date wise Increase / Decrease in Shareholding during the year -</i> <i>Reason: NIL</i>	-	-	-	-
	At the end of the year	-	-	-	-



9	Nirav Patel, Key Managerial Personnel				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year: NIL Reason: NIL	-	-	-	-
	At the end of the year	-	-	-	-

*** Negligible Shareholding**

There is variation in the aggregate percentage of shareholding during the year and the percentage as at the end of the year; due to bonus issue, transfer of shares and the Pre-IPO placement during the year.

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	11,339,311,461	600,000,000	0	11,939,311,461
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	10,148,600	1,034,580	0	11,183,180
Total (i+ii+iii)	11,349,460,061	601,034,580	0	11,950,494,641
Change in Indebtedness during the financial year				
Addition	1,967,817,005	0		1,967,817,005
Reduction	2,740,036,442	0		2,740,036,442
Net Change	(772219437.00)	0.00	0.00	(772219437.00)
Indebtedness at the end of the financial year				
i) Principal Amount	10,567,092,024	600,000,000	0	11,167,092,024
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	24,983,643	1,034,062	0	26,017,705
Total (i+ii+iii)	10,592,075,667	601,034,062	0	11,193,109,729



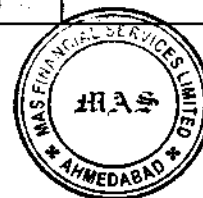
6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		KAMLESH GANDHI (MD)	MUKESH GANDHI (WTD)	DARSHANA PANDYA (Director)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	41,536,706	41,467,326	810,616	
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total A	41,536,706	41,467,326	810,616	83,814,648
	Ceiling as per the Act	56,082,668	56,082,668	56,082,668	112,165,336

B. Remuneration to other directors:

Sl.No.	Particulars of Remuneration	Name of the Directors				Total Amount
1	Independent Directors	Bala Bhaskaran	Jagdish Joshipura	Chetan Shah	Umesh Shah	

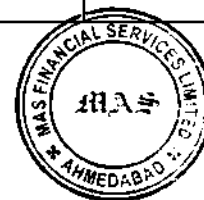



(a)	Fee for attending board committee meetings	125,000	110,000	145,000	60,000	440,000
(b)	Commission	-	-	-	-	-
(c)	Others, please specify.	-	-	-	-	-
	Total (1)	125,000	110,000	145,000	60,000	440,000
2	Other Non Executive Directors	-	-	-	-	-
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	125,000	110,000	145,000	60,000	440,000
	Total Managerial Remuneration	125,000	110,000	145,000	60,000	440,000
	Overall Ceiling as per the Act.					

C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	378,808	378,808

[Handwritten signature]



	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission - as % of profit - others (specify)	-	-	
5	Others, (Bonus , Gratuity & PF)	-	48,280	48,280
	Total	Nil	427,088	427,088

7. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES : None

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					




C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

FOR, ~~MAS~~ FINANCIAL SERVICES LIMITED

Kamlesh Gandhi
KAMLESH GANDHI
(CHAIRMAN & MANAGING DIRECTOR)
DIN: 00044852



Date: 21st June, 2017
Place: Ahmedabad

MAS FINANCIAL SERVICES LIMITED

NOMINATION AND REMUNERATION POLICY



The Power of Distribution



I. PREAMBLE:

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors at their meeting held on 21st December, 2016.

II. OBJECTIVE:

The objective of the policy is to ensure that;

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

III. DEFINITIONS:

- (a) **"Board"** means Board of Directors of the Company.
- (b) **"Company"** means "MAS Financial Services Limited"
- (c) **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- (d) **"Key Managerial Personnel" (KMP)** means:
 - (i) Chief Executive Officer or the Managing Director or the Manager,
 - (ii) Company Secretary,
 - (iii) Whole-time Director,
 - (iv) Chief Financial Officer and
 - (v) Such other officer as may be prescribed
- (e) **"Nomination and Remuneration Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.
- (f) **"Policy" or "This Policy"** means, "Nomination and Remuneration Policy."
- (g) **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- (h) **"Senior Management"** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all the functional heads.



IV. INTERPRETATION:

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time.

V. ROLE OF THE COMMITTEE:

- (a) To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- (b) To formulate criteria for evaluation of Independent Directors and the Board.
- (c) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- (d) To carry out evaluation of Director's performance.
- (e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- (f) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- (g) To devise a policy on Board diversity, composition, size.
- (h) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- (i) To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

VI. To perform such other functions as may be necessary or appropriate for the performance of its duties.

VII. CONSTITUTION, CHAIRMANSHIP, QUORUM AND MEETING:

- (a) The Committee shall comprise of three (3) or more non-executive Directors out of which not less than one half shall be Independent.
- (b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and other applicable statutory requirements.
- (c) Term of the Committee shall be continued unless terminated by the Board of Directors.
- (d) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- (e) The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not Chair the Committee.
- (f) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.



MAS FINANCIAL SERVICES LIMITED**FORM NO. AOC - 2*****(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)***

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

Details of Contracts or Arrangements or Transactions at Arm's length basis for the year ended on 31st March, 2017.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
1.	MAS Rural Housing & Mortgage finance Limited	Rendering of Services (Agreement for Amenities)	One year	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furnitures& fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly.	MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities-Usage of commercial premises for carrying on business smoothly.	29.06.2016	No such amount was paid as advances.	N.A.



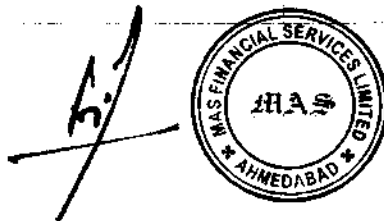
2.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of Rs. 1,051,551.00 as on 31 st March, 2017.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
3.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of Rs. 1,047,053.00 as on 31 st March, 2017.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
4.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of Rs. 37,530,620.00 as on 31 st March, 2017.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
5.	Paras Capfin Company Private Limited	Rendering of Services	12 months	MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March, 2017 is Rs. 6,701,731.00	Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
6.	Paras Capfin Company Private Limited	Rendering of Services	12 months	MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March,	Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of	N.A.	Nil	N.A.



				2017 is Rs. 4,168,493.00	business.			
7.	Paras Capfin Company Private Limited	Rendering of Services	12 months	MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March, 2017 is Rs. 11,779,176.00	Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
8.	Paras Capfin Company Private Limited	Rendering of Services	12 months	MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March, 2017 is Rs. 10,004,247.00	Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.

Details of Contracts or Arrangements or Transactions not at Arm's length basis.

Sl No.	Particulars	Details
a	Name(s) of the related party & nature of relationship	N.A
b	Nature of contracts/arrangements/transaction	N.A
c	Duration of the contracts/arrangements/transaction	N.A
d	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A
e	Justification for entering into such contracts or arrangements or transactions.	N.A
f	Date of approval by the Board	N.A
g	Amount paid as advances, if any	N.A
h	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A



MAS FINANCIAL SERVICES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS



The Power of Distribution



[Handwritten signature]

POLICY ON RELATED PARTY TRANSACTIONS

1) SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") MAS Financial Services Limited ("MFSL" or "the Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. Also, regulation 23 of SEBI LODR requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, MFSL has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

2) OBJECTIVE OF THE POLICY:

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, regulation 23 of SEBI LODR and any other laws and regulations as may be applicable to the Company.

3) DEFINITIONS

"Arm's length transaction ('ALP')" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Related Party", with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013.

"Related Party Transaction" (RPT) means – for the purpose of Companies Act, 2013, specified transactions mentioned in clause (a) to (g) of sub-section 1 of Section 188 and as per regulation 2(zc) of SEBI LODR a transfer of resources, services, or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with related party shall be construed to include a single transaction or group of transactions in a contract.

4) MATERIALITY THRESHOLDS:

Regulation 23(1) of SEBI LODR requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a ordinary resolution. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the company for the purpose of Regulation 23(1) of SEBI LODR.

5) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS :

- a) Identification of related parties MFSL has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 23 of SEBI LODR.
- b) Identification of related party transactions MFSL has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 23 of SEBI LODR. MFSL has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.



c) Procedure for approval of related party transactions.

Approval of the Audit Committee

All related party transactions require prior approval of the Audit Committee. **Omnibus approval.**

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%) and (iii) such other conditions as the Audit Committee may deem fit. However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;
- The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given;
- Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation, contemplated under the arrangement) of the proposed transaction, including value and quantum; Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as: market analysis, research report, industry trends, business strategies, financial forecasts, etc.; third party comparables, valuation reports, price publications including stock exchange and commodity market quotations; management assessment of pricing terms and business justification for the proposed transaction; comparative analysis, if any, of other such transaction entered into by the company.

Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

1. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
2. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
3. Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.



4. Transactions meeting the materiality thresholds laid down Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.

Approval of the Shareholders of the Company:

All the transactions with related parties meeting the materiality thresholds, laid down in Clause 4 of the Policy, are placed before the shareholders for approval. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

6) DISCLOSURES

MFSL shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction. In addition to the above, MFSL shall also provide details of all related party transactions meeting the materiality threshold (laid down in Clause 4 of the Policy above) on a quarterly basis to the stock exchanges.

7) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate. In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.



A handwritten signature in black ink, consisting of a vertical line with a horizontal stroke across it, and a diagonal line extending from the bottom right.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

CSR policy of the Company encompasses the Company's philosophy for aligning its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

The Composition of CSR Committee:

The Company's CSR Committee was reconstituted and new formation comprises of two Executive Directors and the independent of the Company, and is chaired by an Whole Time Director. The composition of the Committee is set out below:

Mr. Mukesh Gandhi- Whole time Director – Chairman

Mrs. Darshana Pandya, Director & COO

Prof. BalaBhaskaran, Independent Director

Average net profit of the Company for last three financial years:Rs. 624,517,711/-

Prescribed CSR Expenditure (two percent of amount stated in item 3 above):Rs. 12,490,354/-

Details of CSR spent during Financial year :

(a) Total amount to be spent for Financial Year: Rs. 12,490,354/-

(b) Amount unspent, if any: Rs. 12,200,781/-

(c) Manner in which amount spent during the financial year is detailed below:



Sr. No	CSR project or activity Identified	Sector in which the project is covered (As per Schedule VII of Companies Act, 2013)	Projects or programs 1) Local area or other 2) Specify the states and district where the project was undertaken	Amount outlay (budget) – project or program wise (Rs. in Lacs)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on project or program (2) overhead (Rs. in Lacs)	Cumulative expenditure upto the reporting period (Rs. in Lacs)	Amount spent – Direct or through implementing agency
1	The Company has sponsored fees, school bags, stationeries, and uniforms for eligible students undergoing higher studies.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	1. Local Area 2. Gujarat	2,500,000/-	289,573/-	289,573/-	Direct

In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

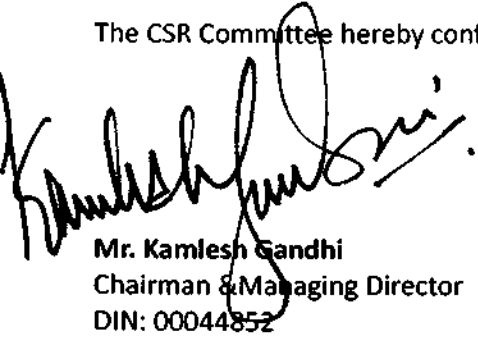
Your Company has taken initiatives to promote education by sponsoring fees, school bags, stationeries, and uniforms for eligible students undergoing higher studies and Company is trying to add more and more students to ensure that benefits reaches directly to the needed students and the since the process involves lot of pre-checks it is likely to take some more time to enable the Company to spend the entire required amount to be spend for CSR as per the provisions of Companies Act, 2013.


This year the Company has made CSR contribution to the tune of Rs. 289,573/- which is 2.32% of aggregate CSR liability for the financial year 2016-17. The CSR contribution made during the financial year 2016-17 is less than 2 % of the average net profit of the Company for three immediately preceding financial years.



A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.


Mr. Kamlesh Gandhi
Chairman & Managing Director
DIN: 00044852


Mr. Mukesh Gandhi
Whole Time Director & CFO
DIN: 00187086



Date: 21st June, 2017
Place: Ahmedabad

Form AOC-1
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
	Name of the subsidiary	MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED
	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Financial Year 2016-2017 (01.04.2016 to 31.03.2017)
	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
	Share capital	Authorised: Rs. 30,00,00,000/- Paid up : Rs. 22,03,49,200 /-
	Reserves & surplus	Rs. 7,95,59,766/-
	Total assets	Rs. 1,87,23,79,659/-
	Total Liabilities	Rs. 1,87,23,79,659/-
	Investments	Nil
	Turnover	Rs. 23,30,48,794/-
	Profit before taxation	Rs. 2,91,73,921/-
	Provision for taxation	Rs. 97,04,451/-
	Profit after taxation	Rs. 1,94,69,470/-
	Proposed Dividend	Rs. 40,18,458/-
	% of shareholding	59.61%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – NIL
- Names of subsidiaries which have been liquidated or sold during the year – NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	N.A.		
Latest audited Balance Sheet Date			
Shares of Associate/Joint Ventures held by the	N.A.		



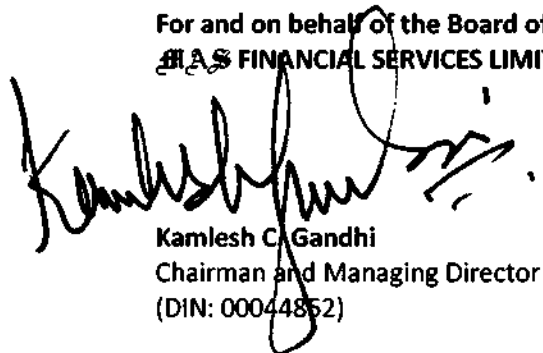
company on the year end			
No.			
Amount of Investment in Associates/Joint Venture			
Extend of Holding%			
Description of how there is significant influence	N.A.		
Reason why the associate/joint venture is not consolidated	N.A.		
Net worth attributable to shareholding as per latest audited Balance Sheet	N.A.		
Profit/Loss for the year	N.A.		
B. Considered in Consolidation			
C. Not Considered in Consolidation			

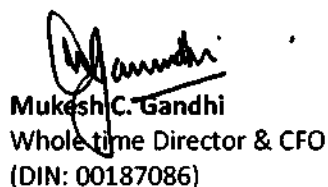
1. Names of associates or joint ventures which are yet to commence operations.

2. Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board of Directors of
H.A.S. FINANCIAL SERVICES LIMITED


Kamlesh C. Gandhi
Chairman and Managing Director
(DIN: 00044852)


Mukesh C. Gandhi
Whole time Director & CFO
(DIN: 00187086)

Date: 21st June, 2017
Place: Ahmedabad




Nirav Patel
Company Secretary
Membership No.: A32979



MAS FINANCIAL SERVICES LIMITED

POLICY ON VIGIL MECHANISM (WHISTLE BLOWER POLICY)
OF MAS FINANCIAL SERVICES LIMITED



The Power of Distribution



Whistle Blower Policy / Vigil Mechanism

(Pursuant to Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015)

1. PREFACE:

MAS Financial Services Limited ("the Company") is committed to conduct its business by adopting the highest standards of professional integrity and ethical behavior and comply with all the regulatory requirements under the laws and regulations prevailing from time to time. The Whistle Blower Policy is a mechanism to reinforce implementation of the Company's Code of Conduct which encourages all concerned to take positive actions which not only commensurate with the Company's values and beliefs, but are also perceived to be so.

Section 177 of the Companies Act, 2013, the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation"), mandates the Company to establish a vigil mechanism for Directors and employees to report genuine concerns. The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects the Directors and Employees wishing to raise a concern about serious irregularities within the Company.

2. PURPOSE:

The Company has adopted a Whistle Blower Policy, which outlines the Company's commitment to ensure that all Directors and employees are able to raise concerns regarding any serious irregularities or any unfair practice or any event of misconduct of any illegal activity occurring in the company and to come forward and express these concerns without fear of punishment or unfair treatment.

This Policy establishes a Vigil Mechanism (Whistle Blower Mechanism) that provides a channel to the employees and Directors of the Company to report to the Management instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct. The vigil mechanism is required to provide adequate safeguards against victimisation of persons who use such mechanisms.

This Policy is not, however, intended to question financial or business decisions taken by the Company that are not Reportable Matters nor should it be used as a means to reconsider any matters which have already been addressed pursuant to disciplinary or other internal procedures of the Company. Further, this Policy is not intended to cover career related or other personal grievances.

3. DEFINITIONS:

3.1 "Audit Committee" means the Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Companies Act, 2013 read with the rules thereon and read with Listing Regulations.

3.2 "Alleged Wrongful Conduct" shall include violation of law or the Code, infringement of Company's rules, unethical or improper activity, misappropriation of monies or assets of the Company, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

3.3 "Board" means the Board of Directors of the Company.



A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal stroke.

3.4 **"Company"** means MAS Financial Services Limited.

3.5 **"Code"** means Code of Conduct for Directors and Senior Management Executives adopted by MAS Financial Services Limited.

3.6 **"Disciplinary Action"** means any action that can be taken on the completion of or during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.

3.7 **"Employee"** means all the present employees and whole time directors of the Company (whether working in India or abroad).

3.8 **"Protected Disclosure"** means a concern raised by the Whistle Blower, through a written communication made in good faith in terms of this Policy which discloses or demonstrates information about an Alleged Wrongful Conduct with respect to the Company and which should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

3.9 **"Subject"** means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

3.10 **"Vigilance and Ethics Officer"** means an officer appointed by the Company to receive Protected Disclosures from Whistle Blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.

3.11 **"Whistle Blower"** is an Employee or group of Employees or Directors of the Company who make a Protected Disclosure under this Policy and also referred to in this Policy as Complainant.

4. ELIGIBILITY:

4.1 All Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

4.2 Further all Directors (whether executive or non-executive) are entitled to use the mechanism established by this Policy and contribute in the well-being of the Company.

5. COVERAGE OF POLICY:

The Policy covers, including but not limited to, malpractices and events which have taken place/ suspected to take place involving the following:

- a. Abuse of authority
- b. Breach of Contract
- c. Negligence causing substantial and specific danger to public health and safety
- d. Manipulation of company data/records
- e. Financial irregularities, including fraud or suspected fraud or deficiencies in Internal Control or deliberate error in preparations of Financial Statements or Misrepresentation of financial reports
- f. Any unlawful act whether Criminal / Civil
- g. Pilferation of confidential /propriety information



- h. Deliberate violation of law / regulations
- i. Manipulation of company data/records
- j. Wastage / misappropriation of company funds / assets
- k. Breach of Company Policy or failure to implement or comply with any approved Company Policy
- l. Any other unethical, biased, favour, imprudent event, etc.

6. GUIDELINES:

6.1 Reporting Mechanism:

6.1.1 Protected Disclosures are to be made whenever an employee becomes aware of a Reportable Matter. The Protected Disclosure should be made promptly upon the Employee becoming aware of the Reportable Matter.

6.1.2 Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistleblower.

6.1.3 The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistleblower. The Chairman of the Audit Committee / Vigilance and Ethics Officer, as the case may be shall detach the covering letter and forward the Protected Disclosure.

6.1.4 Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.

6.1.5 Investigations will be launched only after a preliminary review which establishes that:

- the alleged act constitutes an improper or unethical activity or conduct, and
- either the allegation is supported by information specific enough to be investigated, or matters that do not meet this standard may be worthy of management review, but investigation itself should not be undertaken as an investigation of an improper or unethical activity.

6.1.6 For the purpose of providing protection to the Whistle Blower, the Whistle Blower should disclose his/her identity in the covering letter forwarding Protected Disclosure. Anonymous disclosures will not be entertained as it would not be possible to interview the Whistleblowers.

6.1.7 Protected Disclosures are to be made to the Vigilance and Ethics Officer in the prescribed format as follows:

- a. **by email to grievance@mas.co.in; or**
- b. **by letter** addressed to the Vigilance and Ethics Officer, marked "Private and Confidential", MAS Financial Services Limited.

6.1.8 Moreover, in exceptional cases, Whistleblower have a right to make Protected Disclosures directly to the Chairman of the Audit Committee as follows:



a. **by email** to auditcommittee@mas.co.in; or

b. **by letter** addressed to the Audit Committee, marked "Private and Confidential", and delivered to the Chairman of the Audit Committee, MAS Financial Services Limited.

6.2 Investigation:

6.2.1 All Protected Disclosures under this policy will be recorded and thoroughly investigated. The Audit Committee may investigate and may at its discretion consider involving any other officer of the Company and/ or an outside agency for the purpose of investigation.

6.2.2 The decision to conduct an investigation by itself is not an accusation and is to be treated as a neutral fact finding process. It would be conducted in a fair manner and without presumption of guilt.

6.2.3 Subject(s) will be informed of the allegations and will be given an opportunity of being heard and shall co-operate with the Audit Committee or any of the officers appointed by it in this regard.

6.2.4 Subject(s) have a right to consult with a person or persons of their choice, other than the Vigilance and Ethics Officer / Investigators and /or members of the Audit Committee and/or the Whistle Blower.

6.2.5 Any complaint by or against Senior Management and / or the Vigilance and Ethics Officer will be investigated as directed by the Audit Committee.

6.3 Decision:

6.3.1 If an investigation leads to a conclusion that an improper or unethical act has been committed, the Vigilance and Ethics Officer / Audit Committee shall recommend to the Board to take such disciplinary action or corrective action as it may deem fit and take preventive measures to avoid reoccurrence of the matter;

6.3.2 In case the Protected Disclosure is not proved, the Complainant shall be subject to appropriate Disciplinary Action in accordance with the rules, procedures and policies of the Company.

6.4 Protection of Whistleblower:

6.4.1 No unfair treatment will be meted out to a Whistle Blower by virtue of his /her having reported a Protected Disclosure under this Policy.

6.4.2 The identity of the Whistle Blower shall be kept confidential. A Whistle-blower may make a Protected Disclosure without fear of retaliation or intimidation. The Company prohibits its Employees from engaging in retaliation or intimidation that is directed against a Whistle-blower. Employees who engage in retaliation or intimidation in violation of this Policy will be subject to disciplinary action, which may include dismissal.



6.4.3 Any other Employee assisting in the said investigation or furnishing evidence shall also be protected to the same extent as the Whistle Blower.

7. CONFIDENTIALITY:

The Complainant, Vigilance and Ethics Officer, Members of Audit Committee and everybody involved in the process shall, maintain confidentiality of all matters under this Policy, discuss only to the extent or with those persons as required under this policy for completing the process of investigations and access to the papers will be restricted to the Vigilance and Ethics Officer / Chairman of Audit Committee. The Disclosures and any resulting investigations, reports or resulting actions will not be disclosed except as required by any legal requirements or regulations.

8. REPORTING:

The Vigilance and Ethics Officer shall submit a report to the Audit Committee on a regular basis about all Protected Disclosures referred to him / her since the last report together with the results of investigations, if any.

9. RETENTION OF DOCUMENTS:

All Protected Disclosures in writing or documented along with the results of investigation relating thereto, shall be retained by the Company for a period of 8years or such other period as specified by the applicable law in force, whichever is more.

10. GENERAL:

10.1 The Board and Audit Committee reserves right to amend or modify this Policy in whole or in part, as may be thought fit from time to time in their absolute discretion as far as it is not in contravention with the provisions of the Applicable Law.

10.2 In case of any inconsistency between any of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / the Companies Act, 2013 and this Policy or in case of any omission of any of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / the Companies Act, 2013 in this Policy, the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / the Companies Act, 2013, as amended shall prevail or be applicable, as the case may be.

11. DISCLOSURE:

The details of establishment of this Policy would be disclosed on the Company's website www.mas.co.in



Disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 ("said Master Direction").

❖ **RELATED PARTY TRANSACTIONS**

(Pursuant to clause 4.3 of Annex XII of the said Master Direction)

- (1) Details of all material transaction with related parties are disclosed at Note No. 33 to the Financial Statements;
- (2) The web-link for the policy on dealing with the Related Party Transactions is <http://www.mas.co.in/pdf/Policy%20on%20Related%20Party%20Transactions.PDF>

❖ **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

(Pursuant to clause 4.6 of Annex XII of the said Master Direction)

Current Business Scenario

NBFCs, historically are involved in providing financial services such as offering of small ticket personal loans, financing of two/three wheelers, truck financing, farm equipment financing, loans for purchase of used commercial vehicles/machinery, secured/unsecured working capital financing, etc.

Further, NBFCs also often take lead role in providing innovative financial services to Micro, Small, and Medium Enterprises (MSME) most suitable to their business requirements. By all objective measures, this sector has made rapid strides in recent years and led the way forward in delivering innovation and outstanding value to stakeholders. Moreover, it plays a critical part in filling many gaps left by the banking sector. The performance of the NBFCs has been particularly impressive in areas that are national priorities, like infrastructure finance, SME finance, housing finance, micro finance and financial inclusion.

In order to meet with the fund requirements, NBFCs borrow from the markets directly at much higher rates than the banks. Consequently, the rates at which they lend are also higher. As a result, higher interest outgo caps margins of the borrowers from the NBFCs and also deters their growth. Tight regulations over the NBFC sector reveals that more effort and energy is being expended on curbing the growth of NBFCs by adding to their regulatory burden than on furthering their potential to be a transformative force for financial inclusion. Recent years have witnessed significant increase in financial intermediation by the NBFCs. But as far as the current status of the NBFCs is concerned, these are trapped in a cycle of high costs of funds leading to high rate of interest for borrowers.

Consumer Price Index Inflation and Wholesale price moderated to 2.99 percent and 5.70 percent respectively year-on-year in April, 2017. The reverse repo rate fixed by the Reserve Bank of India (RBI) was around 5.75%. Overall GDP growth in the fiscal settled at around 7.1%* (<http://www.news18.com/news/business/gdp-at-7-in-3rd-quarter-figures-better-than-anticipated-1354399.html>).

With the advent of demonetization, initially there was adverse impact on the Indian economy but



these adverse impacts were short lived. Post introduction of new currency notes of Rs. 500 and Rs. 2,000, remonetisation has helped the economy recover quickly in fourth quarter. The vision of the government is pragmatic and of inclusive growth which is apparent from improvements in indirect tax collections, introduction quality of spending and fiscal consolidation, thereby making more space for public investment in the country. Thrust to agriculture, infrastructure, manufacturing, tax reforms, implementation of UDAY (UjwalDiscom Assurance Yojana) scheme, Pradhan Mantri Jan DhanYojna (PMJDY), direct benefit/ subsidy transfer programme, ease of doing business and boosting entrepreneurship are major drivers for boosting the socio-economic environment by the government.

(Data Source: RBI, MoF, CSO and Industry reports)

Industry Structure and Developments

The market for this activity offers high potential for growth. The Company is headquartered at Gujarat and having more than 2 (Two) decades of business operations and as of September 30, 2016, we operated across six States and the NCT of Delhi. Our business and financing products are primarily focused on middle and low income customer segments, and include five principal categories: (i) micro-enterprise loans; (ii) SME loans; (iii) two-wheeler loans; (iv) Commercial Vehicle loans (which include new and used commercial vehicle loans, used car loans and tractor loans); and (v) housing loans. Our shareholders include development finance institutions including FMO and DEG and private equity investors including Sarva Capital. There have been a number of causes behind growth of Indian economy in last couple of years. India's foreign exchange reserves have gone up in last few years. Real estate sector as well as information technology industries of India have taken off. Capital markets of India are doing pretty well too. All these factors have contributed to growth of Indian economy.

NBFCs have been playing a complementary role to the other financial institutions including banks in meeting the funding needs of the economy. They help fill the gaps in the availability of financial services that otherwise occur in the unbanked & the underserved areas.

The NBFC segment has witnessed considerable growth in the last few years and is now being recognized as complementary to the banking sector due to implementation of innovative marketing strategies, introduction of tailor-made products, customer-oriented services, attractive rates of return on deposits and simplified procedures, etc.

NBFCs have been at the forefront of catering to the financial needs and creating livelihood sources of the so-called unbankable masses in the rural and semi-urban areas. On the regulatory front, NBFCs are regulated by the Reserve Bank of India (RBI) almost at par with banks. All the prudential norms for asset classification, income recognition, provisioning etc., are applicable to NBFCs in India. In spite of strong competition faced by the NBFCs, the inner strength of NBFCs viz local knowledge, credit appraisal skill, well trained collection machinery, close monitoring of borrowers and personalized attention to each client, are catering to the needs of small and medium enterprises in the rural and semi urban area. However, as a result of consolidation and restructuring in the financial sector and liberalization and globalization of markets only few strong NBFCs now remain in business.

Outlook

Competition continues to be intense, as the Indian and foreign banks have entered the retail lending



business in a bigger way, thereby exerting pressure on margins. The erstwhile providers of funds have now become competitors. NBFCs can sustain in this competitive environment only through optimization of funding costs, identification of potential business areas, widening geographical reach, and use of technology, cost efficiencies, strict credit monitoring and raising the level of customer service.

Risks and Concerns

In today's complex business environment, almost every business decision requires executives and managers to balance risk and reward. Effective risk management is therefore critical to an organization's success. Globalization, with increasing integration of markets, newer and more complex products & transactions and an increasingly stringent regulatory framework has exposed organisations to newer risks. As a result, today's operating environment demands a rigorous and integrated approach to risk management. Timely and effective risk management is of prime importance to our continued success. Increased competition and market volatility has enhanced the importance of risk management. The sustainability of the business is derived from the following:

- Identification of the diverse risks faced by the company.
- The evolution of appropriate systems and processes to measure and monitor them.
- Risk management through appropriate mitigation strategies within the policy framework.
- Monitoring the progress of the implementation of such strategies and subjecting them to periodical audit and review.
- Reporting these risk mitigation results to the appropriate managerial levels.

Some of the key risks faced by the Company include:

- Credit risk
- Liquidity risk
- Interest rates risk
- Rising inflation
- Competition from local and multinational players
- Frequent changes in the regulatory framework
- Transaction risk
- Non recovery of funds from its customers
- Fraud risk
- Loss of critical documents

Internal Control System and their adequacy

To remain competitive, NBFCs are undertaking product and geographical expansion, which introduce new risks and challenge imposed by rapid growth. As Non-Banking Finance Companies (NBFCs) grow and operate as regulated financial intermediaries, internal control becomes essential to long-term institutional viability. The number and types of stakeholders concerned with the NBFC's financial well-being increases; board members want to protect their reputations and fulfill their obligations; investors are interested in preserving capital; borrowers are concerned with continuous access to loans; depositors want to ensure the safety of their savings; and regulators want to protect the financial environment and depositor's interests.



An effective system of internal control allows the NBFCs to assume additional risks in a calculated manner while minimizing financial surprises and protecting itself from significant financial loss. Thus, internal control is an integral component of risk management. The Internal control checks and internal audit programmes adopted by our Company plays an important role in the risk management feedback loop, in which the information generated in the internal control process is reported back to the Board and the Management. The internal control systems are modified continuously to meet the dynamic changes in the business condition and to comply with applicable laws, regulations, statutory and accounting requirements.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and the corrective actions taken.

The Company has engaged a competent firm of Chartered Accountants to conduct internal audit, examine and evaluate the adequacy and effectiveness of the Internal Control System. The internal audit ensures that the systems designed and implemented, provides adequate internal control commensurate with the size and operations of the Company.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal controls systems and suggests improvements for strengthening them. The Company has a strong Management Information System which is an integral part of the control mechanism.

Discussion on Financial Performance with respect to Operational Performance

In the year 2016-17 the company crossed Rs. 3,000 Crore Asset Under Management (AUM) registering a robust growth of 23% on YoY basis.

The gross income earned by the company is Rs. 341.51 Crore (Previous year Rs.293.91 Crore) comprising of income from operations and other income. Net profit after tax is Rs. 67.37 Crores (Previous Year Rs.53.39 Crore). Asset Under Management is Rs.3156 Crore (Previous Year Rs.2564.97 Crore). This year performance was aided by improvement in the macro-economic factors too.

Segment Wise/ Product-Wise Performance

Since the company operates only in one segment the information relating to segment is not available. The product wise performance of the company is mentioned herewith.

Micro-Enterprise Loan:We provide two categories of micro-enterprise loans: (i) loans up to Rs. 75,000, typically to self-employed individuals engaged in trading or manufacturing business; and (ii) loans ranging between Rs.75,000 and Rs.300,000, typically to sole proprietors and partnership firms.

Small and Medium Enterprise (SME) Loans:We provide loans up to Rs.50 million to our SME customers, which category primarily includes small and medium sized manufacturers, dealers and service providers engaged in various industries. The SME loan segment includes working capital loans (up to Rs.50 million), loans for machinery facilities (up to Rs. 20 million) and includes loans against property (up to Rs.20 million) and loans extended to housing finance companies.

Two-wheeler Loans:We provide two-wheeler loans primarily to farmers, self-employed and salaried individuals as well as professionals. In Fiscal 2017 the Average Disbursement in our two-wheeler loan



segment was Rs. 43,110/- (Rupees Forty Three Thousands One Hundred Ten Only).

Commercial Vehicle Loans: We provide loans up to Rs. 700,000 for the purchase of new and used commercial vehicles, used cars as well as tractors. In this segment, our customers primarily include traders and manufacturers (for loading vehicles), travel businesses and small road transport operators. In Fiscal 2017 the Average Disbursement in our Commercial Vehicle loan segment was Rs. 149,727 (Rupees One Lakh Forty Nine Thousand Seven Hundred Twenty Seven).

Housing Loans: We provide housing loans to customers for the purchase of new and old houses, construction of houses on owned plots, home improvement and for the purchase and construction of commercial property. Our customers in this segment typically include salaried and self-employed individuals. We also extend loans to developers for construction of affordable housing projects. The loan amount typically ranges between Rs. 50,000 and Rs. 5 million for residential property and between Rs. 50,000 and Rs.10 million for commercial property. Our housing finance business is primarily operated through our Subsidiary, MAS Rural Housing & Mortgage Finance Ltd. (MRHMFL).

Material Developments in HR/ Industrial Relations Front including number of people employed

People remain the most valuable asset of your Company. Your Company is professionally managed with senior management personnel having rich experience and long tenure with the Company. Your Company follows a policy of building strong teams of talented professionals. Your Company encourages, appreciates and facilitates long term careers. Your Company continues to build on its capabilities in getting the right talent to support different products & geographies and is taking effective steps to retain the talent. The Company continues to focus on training programs for skill development, compliance and improved customer experience. As on March 31, 2017, your Company has 505 employees as compared to 477 employees as on March 31, 2016.

❖ **MISCELLANEOUS:**

The other details pertaining to the said Master Direction is disclosed at Annexure-A and Annexure-B forming part of the Financial Statements.



MAS FINANCIAL SERVICES LIMITED

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE



The Power of Distribution



Name of Policy	POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE
Proposed By	General Manager – HR
Approved By	Whole Time Director & CFO
Scope	Employees of Mas Financial Services Limited
Effective from	29th June, 2016

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

MAS FINANCIAL SERVICES LIMITED (MFSL) believes that you should be afforded the opportunity to work in an environment free of sexual harassment. Sexual harassment is a form of misconduct that undermines the employment relationship. No employee, either male or female, should be subjected verbally or physically to unsolicited and unwelcomed sexual overtures or conduct.

Sexual harassment refers to behavior that is not welcome, that is personally offensive, which debilitates morale and, therefore, interferes with work effectiveness.

Behavior that amounts to sexual harassment may result in disciplinary action, up to and including dismissal.

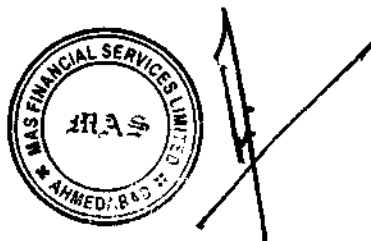
Definition:

MFSL has adopted and its policy is based on, the definition of sexual harassment set forth by the Equal Employment Opportunity Commission (EEOC). The EEOC defines sexual harassment as unwelcome sexual advances, requests for sexual favors, sexually coloured remarks, showing pornography and any other unwelcome verbal or physical conduct of a sexual nature when:

- submission to such conduct is made either explicitly or implicitly a term or condition of your employment
- submission to or rejection of such conduct by you is used as the basis for employment decisions affecting you
- such conduct has the purpose or effect of unreasonably interfering with your work performance or creating an intimidating, hostile or offensive working environment.

Employer's Responsibility:

MFSL wants you to have a work environment free of sexual harassment by management personnel, by your coworkers and by others with whom you must interact in the course of your work as a MFSL employee. Sexual harassment is specifically prohibited as unlawful and as a violation of MFSL's policy. MFSL is responsible for preventing sexual harassment in the workplace for taking immediate corrective action to stop sexual harassment in the workplace and for promptly investigating any allegation of work-related sexual harassment.



Complaint Procedure:

If you experience or witness sexual harassment in the workplace, report it immediately to your local HR with a copy to General Manager - HR. You may also report harassment to any other member of MFSL's Management. All allegations of sexual harassment will be quickly investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, you will be informed of the outcome of that investigation.

Complaint Mechanism:

Whether or not such conduct constitutes an offence under law or breach of the MAS Financial Services service rules, an appropriate complaint mechanism is created from 29th June, 2016 at MFSL for redressal of the complaint made by the victim. Such complaint mechanism shall ensure time bound treatment of complaints.

A "**Complaints Committee**", a special Committee is formed with following members as a part of the complaint mechanism:

- 1) Ms. Darshana S Pandya - Chief Operating Officer (**Chairperson**)
- 2) Mr. Joby Joseph – Sr. Manager - HR (**Member**)
- 3) Ms. Deepika Agrawal – Sr. Internal Auditor (**Member**)
- 4) Ms. Bhavna A. Bhatt – Treasury Manager (**Member**)

It has been decided to appoint **Ms. Darshana S Pandya – Director & Chief Operating Officer** as **Head of Complaints Committee**. At H.O and each branch, woman employees will file complaints with designated HR Head of the branch and HR head at branch is bound to transfer complaints to Complaint Committee at HO through General Manager HR. The Complaints Committee will make quarterly report to Board of the Directors and annual report to the Government department concerned of the complaints and action taken by Committee.

Awareness:

To bring awareness about rights of the woman against sexual harassment

- Meetings will be organised with group of the employees at all the three plants and at HO.
- Printed Leaflets will be distributed and put on the notice board at all the three plants and at HO.

Third Party Harassment:

Where sexual harassment will be caused by an act or omission by any third party or outsider, MFSL shall take all steps necessary and reasonable to assist the affected employee in terms of



support and preventive action.

Penalties:

Sexual harassment will not be tolerated at MFSL. If an investigation of any allegation of sexual harassment shows that harassing behavior has taken place, the harasser will be subject to disciplinary action, up to and including dismissal.


MUKESH C. GANDHI
WHOLE TIME DIRECTOR & CFO



Harassment Investigation Guide

- **Getting the employee to describe the claim:**

- ☐ Listen to the charge. Don't make comments like, "You're overreacting."
- ☐ Acknowledge that bringing a harassment complaint is a difficult thing to do.
- ☐ Maintain a professional attitude.
- ☐ Gather the facts; don't be judgmental.
- ☐ Ask who, what, when, where, why, and how. Find out if the employee is afraid of retaliation. How does the employee want the problem resolved?

- **Conducting an investigation of the claim—general rules to follow:**

- ☐ Investigate immediately. Delaying or extending an investigation can make witness testimony increasingly unreliable.
- ☐ Remember that the manner in which the investigation is handled can itself furnish grounds for a hostile environment claim, so carefully document every step.
- ☐ Treat all claims seriously—even those that seem frivolous—until you have reason to do otherwise.
- ☐ Keep the investigation confidential. Emphasize to those involved that your discussions are not to be shared with unconcerned parties. Warn of possible disciplinary action, if necessary.
- ☐ Limit the number of persons who have access to the information. Communicate strictly on a "need to know" basis.
- ☐ Ask questions so that information is not unnecessarily disclosed. For example, instead of asking, "Did you see Harsh touch Rita?" ask "Have you seen anyone touch Rita at work in a way that made her uncomfortable?" Remember—the purpose of the investigation is to gather facts, not disseminate allegations.
- ☐ If there is more than one allegation, treat each separately.
- ☐ To avoid defamation liability, never broadcast the facts of a given situation or the results as an example to others or as a training tool.

- **Interviewing the complainant (Can be done when employee first reports charge):**

- ☐ Get specific details.
- ☐ Find out whether there was a pattern of previous episodes or similar behavior toward another employee.
- ☐ Get the specific context in which the conduct occurred. Where? What time?
- ☐ Determine the effect of the conduct on the complainant.
- ☐ Determine the time relationship between the occurrence of the conduct, its effect on the complainant, and the time when the complainant made the report.
- ☐ Prepare a detailed chronology.
- ☐ Analyze whether there might have been certain events that triggered the complaint, *i.e.*, promotion, pay or transfer denial.
- ☐ Determine whether there were any possible motives on the part of the complainant.
- ☐ Find out what the complainant wants.
- ☐ Explain to the complainant that the charges are serious, that you will conduct a



thorough investigation before reaching any conclusion, and that he or she will not be retaliated against for making the complaint.

- ☐ Don't make any statements about the accused employee's character, job performance, or family life.

- **Interviewing the accused:**

- ☐ Obtain a statement from the accused.
- ☐ Identify the relationship of the accused to the complainant.
- ☐ Was there any prior consensual relationship between the parties? How long have they known each other? Is there a history of group or individual socializing?
- ☐ If the individual was a supervisor, indicate the individual's job title, obtain a copy of the individual's job description, and determine the individual's specific duties at the time of the alleged harassment.
- ☐ Determine whether the accused directed, or had responsibility for the work of other employees or the complainant, had authority to recommend employment decisions affecting others or was responsible for the maintenance or administration of the records of others.
- ☐ You can expect the accused to deny the charges. Observe the reaction. Note whether there is surprise, anger, or disbelief. Describe the details of the allegation and note the areas of disagreement between the testimony of both parties. If the accused denies the allegations, probe further to determine with the accused the background, reasons, and motivation that could possibly trigger the complaint.

- **Interviewing witnesses:**

- ☐ Obtain statements from any witnesses who support or deny any of the complainant's allegations. Be aware that witnesses are often reluctant to come forward out of fear of reprisal.
- ☐ Assure all witnesses that their cooperation is important, that their testimony is confidential and that they will not be retaliated against for testifying.

- **Resolving the complaint:**

- ☐ Apologize for the incident occurring, *if that is appropriate*.
- ☐ When attempting to remedy the conduct, avoid requiring the claimant to work less desirable hours or in a less desirable location. If you offer to transfer the complainant, try to get the complainant's consent and make sure the transfer position is substantially similar to the complainant's prior position. This helps ensure that the complainant is not being illegally punished for reporting discrimination or harassment.
- ☐ Consider the severity, frequency and pervasiveness of the conduct when imposing discipline on the harasser. There are several disciplinary options available, including:
 - oral and written warning
 - reprimand
 - suspension
 - probation
 - transfer
 - demotion
 - discharge
- ☐ When imposing discipline on the accused, any forms of discipline short of discharge



should be accompanied by a warning that similar misconduct in the future may result in immediate discharge. If no discipline is imposed, document the reasons why.

- ☐ Provide remedial counseling on sexual harassment, if appropriate. Also take the opportunity to re-communicate your policy.
- ☐ Carefully and fully document the investigation, the discipline imposed, and any remedial steps taken.
- ☐ Conduct follow-up interviews with the parties to inform them of the company's actions.



[Handwritten signature]

**Ravi Kapoor
&
Associates**

4th Floor,
"Shival Plaza",
Gujarat College Road,
Ellisbridge, Ahmedabad-380 006.
© 26420336/7/9 (R) 26568212
Fax : 079-26424100, (M) 98250 63147
E-mail : ravi@ravics.com www.ravics.com

Company Secretaries

& Trade Mark Agent

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MAS Financial Services Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MAS Financial Services Limited (herein after referred to as "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the MAS Financial Services Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by MAS Financial Services Limited ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;



Ravi Kapoor

**Ravi Kapoor
&
Associates**

4th Floor,
"Shaival Plaza",
Gujarat College Road,
Ellisbridge, Ahmedabad-380 006.
☎ 26420336/7/9 (R) 26568212
Fax : 079-26424100, (M) 98250 63147
E-mail : ravi@ravics.com www.ravics.com

Company Secretaries

& Trade Mark Agent

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) Only Debentures issued by the Company are listed on stock exchange and to that extent Company has complied with the provisions of The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008.
- (vi) Reserve bank of India Act, 1934.

Since Equity shares of the Company are not listed on the stock exchange, provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable. Debentures of the Company being listed on stock exchange and to that extent provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for debt securities are complied with. We have examined compliance with applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India for holding Board and General meeting.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously. As per records available in the said minutes there were no dissenting views expressed by any directors during the meetings.



Ravi Kapoor

**Ravi Kapoor
&
Associates**

4th Floor,
"Shaival Plaza",
Gujarat College Road,
Ellisbridge, Ahmedabad-380 006.
☎ 26420336/779 (R) 26568212
Fax : 079-26424100, (M) 98250 63147
E-mail : ravi@ravics.com www.ravics.com

**Company Secretaries
& Trade Mark Agent**


We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company there are no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place: Ahmedabad

Date: 17/05/2017

For, Ravi Kapoor & Associates



**Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407**



**Ravi Kapoor
&
Associates**

4th Floor,
"Shaival Plaza",
Gujarat College Road,
Ellisbridge, Ahmedabad-380 006.
© 26420336/7/9 (R) 26568212
Fax : 079-26424100, (M) 98250 63147
E-mail : ravi@ravics.com www.ravics.com

**Company Secretaries
& Trade Mark Agent**

Annexure-A

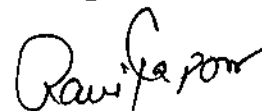
To,
The Members,
MAS Financial Services Limited

Our report of even date is to be read along with this letter.

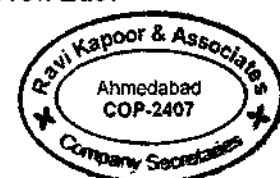
1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Place: Ahmedabad
Date: 17/05/2017**

For, Ravi Kapoor & Associates



**Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407**



Names of the debenture trustees with full contact details pursuant to Regulation 53(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

1. Details of debenture trustee for debentures issued to M/s RBL Bank Limited

Name: IDBI Trusteeship Services Limited
Address: Asian Building, Ground Floor,
17, R. Kamani Marg,
Ballard Estate,
Mumbai - 400001
Maharashtra
Tel: 022-4080 7000
Fax: 022-6631 1776
E-mail: itsl@idbitrustee.com
Website: www.idbitrustee.com

2. Details of debenture trustee for debentures issued to M/s Capital First Limited

Name: Catalyst Trusteeship Limited (previously known as GDA Trusteeship Limited)
Address: GDA House, Plot No. 85,
Bhusari Colony (Right),
Paud Road,
Pune - 411038
Maharashtra
Tel: 020-2528 0081
Fax: 020-2528 0275
E-mail: dt@gdatrustee.com
Website: www.gdatrustee.com



A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MAS FINANCIAL SERVICES LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **MAS FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We have based our opinion on the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profits and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 26 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.



2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Kartikeya Raval

Kartikeya Raval
Partner
(Membership No. 106189)

Place: Ahmedabad

Date: *May 17, 2017*



ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MAS Financial Services Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note (the "Guidance Note") on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

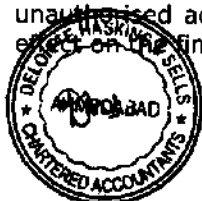
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

Kartikeya Raval

Kartikeya Raval
Partner
(Membership No. 106189)

Place: Ahmedabad

Date: *May 17, 2017*



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of buildings whose title deeds have been pledged as security for loans, are held in the name of the Company based on the confirmations directly received by us from lenders.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) The provisions of section 185 of the Act are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act to the extent applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence compliance with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted is not applicable to the Company.
- (vi) According to the information and explanations given to us, maintenance of cost records has not been specified for the Company by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the Company did not have any dues on account of Excise Duty, Customs Duty, Sales Tax and Value Added Tax.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, cess and other material statutory dues in arrears as at 31, 2017 for a period of more than six months from the date they became payable.



(c) Details of dues of Income-tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income-tax	Commissioner of Income Tax, Appeals	AY 2014-15	28,51,720	28,51,720

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, moneys raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of equity and preference shares during the year under audit. The Company has not issued any debentures during the year.

In respect of the above issue of shares, we further report that:

(a) The requirement of section 42 of the Companies Act, 2013, as applicable, have been complied with; and

(b) The amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



(xvi) The Company is required to be registered under section 45-I of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Kartikeya Raval

Kartikeya Raval
Partner
(Membership No. 106189)

Place: Ahmedabad

Date: *May 17, 2017*



MAAS FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2017

Particulars	Notes	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	904,272,720	594,712,150
Reserves and Surplus	4	2,365,146,930	1,184,039,246
		3,269,419,650	1,778,751,396
Compulsorily Convertible Debentures (Unsecured)	3.5	499,800,000	499,800,000
Non-current liabilities			
Long-term borrowings	5	2,030,427,959	3,040,174,851
Other Long-term Liabilities	6	2,455,095,037	1,510,773,694
Long-term provisions	7	30,637,538	14,404,408
		4,516,160,534	4,565,352,953
Current liabilities			
Short-term borrowings	8	7,678,970,294	7,411,153,289
Trade payables :			
Total outstanding dues of micro and small enterprises	34	-	-
Total outstanding dues of creditors other than micro and small enterprises		25,585,083	45,801,351
Other current liabilities	9	4,122,949,097	3,725,720,228
Short-term provisions	10	128,761,255	115,536,305
		11,956,265,729	11,298,211,173
TOTAL		20,241,645,913	18,142,115,522
ASSETS			
Non-current assets			
Fixed assets	11		
Tangible assets		70,308,331	63,730,613
Intangible assets		1,315,875	-
		71,624,206	63,730,613
Non-current investments	12	107,569,915	110,233,121
Deferred tax assets (net)	13	42,225,774	30,079,546
Long-term loans and advances	14	7,676,588,287	4,818,673,084
Other non-current assets	15	91,341,523	76,851,437
		7,917,725,499	5,035,637,188
Current assets			
Cash and Cash Equivalents	16	366,754,889	1,753,794,875
Short-term loans and advances	14	11,678,723,585	11,099,059,880
Other current assets	17	206,817,734	189,892,966
		12,252,296,208	13,042,747,721
TOTAL		20,241,645,913	18,142,115,522
See accompanying notes forming part of the financial statements			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Kartikaya Raval

Kartikaya Raval
Partner

Darshana S. Pandya

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Nirav P. Patel

Nirav Patel
(Company Secretary)

For and on behalf of the Board of Directors

Kamlesh C. Gandhi

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Mukesh C. Gandhi

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Place : Ahmedabad
Date : *May 17, 2017*

Place: Ahmedabad
Date: *17 May 2017*



AS FINANCIAL SERVICES LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017**

Particulars	Notes	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
INCOME			
Revenue from Operations	18	3,406,315,206	2,929,808,171
Other Income	19	8,856,085	9,248,700
Total Revenue		3,415,171,291	2,939,056,871
EXPENSES			
Employee Benefits Expense	20	262,408,833	223,740,305
Finance Costs	21	1,513,148,620	1,339,857,324
Depreciation and Amortisation Expense	22	9,612,466	8,717,558
Provisions and Loan Losses	23	267,363,916	232,821,098
Other Expenses	24	331,921,317	317,407,860
Total Expenses		2,384,455,152	2,122,544,145
Profit Before Tax		1,030,716,139	816,512,726
Tax Expense / (Benefit):			
Current Tax		369,000,000	290,100,000
Short provision for tax relating to prior years		139,167	53,540
Net current tax expense		369,139,167	290,153,540
Deferred Tax		(12,146,228)	(7,539,072)
Net tax expense		356,992,939	282,614,468
Profit for the year		673,723,200	533,898,258
Earnings per share (of Rs. 10 each):	25		
Basic		15.85	12.48
Diluted		15.07	12.48
See accompanying notes forming part of the financial statements			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Kartikeya Raval

Kartikeya Raval
Partner

Darshana S. Pandya
Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Nirav P. Patel
Nirav Patel
(Company Secretary)



Kamlesh C. Gandhi

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

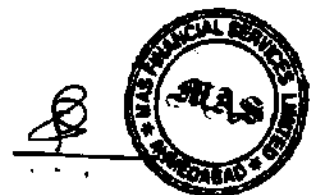
Mukesh C. Gandhi
Mukesh C. Gandhi
(Whole Time Director &
Chief Financial Officer)
(DIN - 00187086)

Place : Ahmedabad
Date : 17 May 2017

Place: Ahmedabad
Date: 17th May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Year ended 31st March 2017		Year ended 31st March 2016	
	Rupees		Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		1,030,716,139		816,512,726
Adjustments for :				
Depreciation and Amortisation	9,612,466		8,717,558	
Finance Costs	1,513,148,620		1,339,857,324	
Provision for Non Performing Assets	6,527,759		2,234,739	
Contingent Provision against Standard Assets	29,289,878		17,148,594	
Loss Assets Written Off	215,193,840		201,748,183	
Loss on Sale of Fixed Assets	124,413		609,976	
Loss on Sale of Repossessed Assets	16,352,439		11,589,582	
Interest Income	(3,406,315,206)		(2,929,808,171)	
Interest Income from Investments and Deposits	(6,758,318)		(6,828,618)	
Dividend Income	(1,028)		(1,186,294)	
Income on distribution on PTC held as non-current investments	(896,739)		-	
		(1,623,721,876)		(1,355,817,127)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(593,005,737)		(539,304,401)
Changes in Working Capital:				
Adjustments for (increase)/decrease in operating assets:				
Loans and Advances	(3,608,376,071)		(3,823,842,408)	
Deposits given as Collateral	-		59,578,362	
Other Current Assets	(20,249,852)		(11,361,520)	
Adjustments for increase/(decrease) in operating liabilities:				
Trade Payables	(20,216,268)		31,910,892	
Security Deposits from Borrowers	889,518,686		347,021,947	
Advance from Borrowers	66,314,285		-	
Other Current Liabilities	328,480,489		257,051,420	
Short Term Provisions	818,044	(2,363,710,707)	1,148,480	(3,138,492,827)
CASH GENERATED FROM / (USED IN) OPERATIONS		(2,956,716,444)		(3,677,797,228)
Finance Costs	(1,403,133,758)		(1,307,264,410)	
Income Tax Paid (Net)	(364,294,161)		(277,467,253)	
Interest Income Received	3,382,484,444	1,615,056,526	2,830,932,564	1,248,200,901
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES [A]		(1,341,659,919)		(2,431,596,327)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	(38,611,288)		(29,700,788)	
Proceeds from sale of Fixed Assets	142,144		2,700,000	
Bank balances not considered as Cash and Cash Equivalents				
- Fixed Deposits Matured	7,500,000		51,500,000	
- Fixed Deposits Placed	(13,612,125)		(58,306,000)	
Interest Income from Investments and Deposits	3,059,865		19,278,534	
Income on distribution on PTC held as non-current investments	896,739		-	
Proceeds from redemption of Long Term Investments	2,663,206		761,213	
Dividend Income	1,028		648,794	
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES [B]		(37,960,431)		(11,118,247)



ATAS FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Year ended 31st March 2017		Year ended 31st March 2016	
	Rupees		Rupees	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Shares	1,000,000,041		-	
Shares Issue Expenses	(60,266,214)		-	
Proceeds from Issue of Non-Convertible Debentures	-		400,000,000	
Proceeds from Issue of Convertible Cumulative Preference Shares	40,000,000		-	
Proceeds from Long Term Borrowings	950,000,000		3,263,141,000	
Proceeds from Issue of Commercial Papers	734,201,250		-	
Redemption of Commercial Papers	(750,000,000)		-	
Repayments of Long Term Borrowings	(1,990,036,442)		(1,301,150,465)	
Net Increase / (Decrease) in Working Capital Borrowings	267,817,005		(22,908,015)	
Dividends paid including Dividend Distribution Tax	(198,369,385)		(278,043,643)	
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES [C]		(6,653,745)		2,061,040,877
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(1,386,274,096)		(381,673,697)
Cash and Cash Equivalents at the beginning of the year		1,744,849,305		2,126,523,002
Cash and Cash Equivalents at the end of the year		358,575,210		1,744,849,305
(Refer Note No. 16(A))				

Notes:

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013.
- Previous year's figures have been regrouped / reclassified wherever necessary.

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Kartikkeya Raval

Kartikkeya Raval
Partner

For and on behalf of the Board of Directors

Darshana S. Pandya

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Nirav P. Patel

Nirav Patel
(Company Secretary)

Mukesh C. Gandhi

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)



Place : Ahmedabad

Date : *May 17, 2017*

Place: Ahmedabad

Date: *17th May, 2017*

Note-1 CORPORATE INFORMATION

MAS Financial Services Limited is a public company domiciled in India and incorporated under the provisions of Companies Act, 1956. It is registered as a Non-Banking Finance Company (NBFC) with Reserve Bank of India. The Company is engaged in the business of providing Micro Enterprise Loans, SME Loans, Two Wheeler Loans, Commercial Vehicle Loans, Agri Based Loans and loans to Micro Financial Institutions (MFI) and NBFCs. The Company has filed Draft Red Herring Prospectus with Securities and Exchange Board of India (SEBI) for the proposed Initial Public Offer (IPO) and Offer for Sale (OFS) amounting up to Rs. 550 crores.

Note-2 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**A. BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant provisions of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on accrual basis under the historical cost convention. Further, the Company follows the prudential norms for income recognition and provisioning for Non-performing Assets as prescribed by the Reserve Bank of India for Non-Banking Financial Companies. Loans to customers outstanding at the close of the year are stated net of amount written off. The Company assesses all receivables for their recovery and accordingly provisions for non-performing assets are enhanced as considered necessary, based on past experience, emerging trends and estimates. The accounting policies adopted in the preparation of the financial statements are consistent with those adopted in the preparation of the financial statements in the previous year.

B. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

C. FIXED ASSETS

Fixed assets are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on fixed assets after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

D. DEPRECIATION AND AMORTISATION

Depreciable amount for assets is the cost of an asset less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act. In respect of fixed assets purchased or put to use during the period, depreciation is provided on a pro-rata basis from the date on which such asset is purchased or put to use.

Intangible Assets are stated at cost and are amortised equally over a period of three years from the year of purchase.

E. IMPAIRMENT OF ASSETS

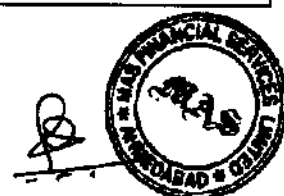
The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the Statement of Profit and Loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

F. INVESTMENTS

Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

G. GOVERNMENT GRANTS

Subsidies related to depreciable fixed assets are treated as deferred income which is recognised in the Statement of Profit and Loss over the periods and in the proportion in which depreciation on those assets is charged. The deferred income balance is separately disclosed in the financial statements as "Deferred Subsidy".



H. REVENUE RECOGNITION

The Company follows accrual basis of accounting for its income and expenditure except income on assets classified as non-performing assets, which in accordance with the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies, is recognised on receipt basis.

Income from Loans

Interest income on loan transactions is accounted for over the period of the contract by applying the interest rate implicit in such contracts.

Service charges and stamp and documentation charges are recognised as income at the commencement of the contract.

Income from Assignment of receivables

At Par Structure

In case of assignment of receivables "at par", the assets are de-recognised since all the rights, title and future receivable principal are assigned to the purchaser. The interest spread arising on assignment is accounted over the residual tenor of the underlying assets.

I. OTHER INCOME

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

J. REPOSSESSED ASSETS

The value of repossessed assets is arrived at by deducting the estimated loss on realisation. The estimation of loss on realisation is done based on past track record of loss on sale of such assets.

K. EMPLOYEE BENEFITS

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plan in the form of gratuity the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

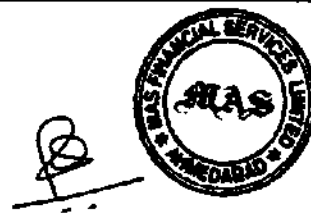
(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

L. BORROWING COSTS

Borrowing Costs include interest and amortisation of other ancillary costs incurred in connection with borrowings. Costs incurred in connection with borrowing of funds to the extent not directly related to acquisition of a qualifying asset are charged to the Statement of Profit and Loss over the tenure of the loan.

Certain Share Issue Expenses are being adjusted against the Securities Premium Account.



M. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

N. TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

O. CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

P. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Q. LEASES

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

R. PROVISIONS AND CONTINGENCIES

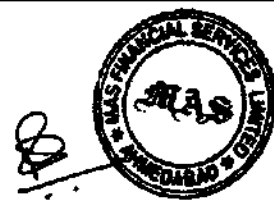
A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.



	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
Note 3. Share Capital		
Authorized		
64,000,000 Equity Shares of Rs. 10 each (As at 31st March 2016: 21,500,000 Equity Shares of Rs. 10 each)	640,000,000	215,000,000
- Cumulative Redeemable Non Convertible Preference Shares of Rs. 100 each (As at 31st March 2016: 650,000)	-	65,000,000
- 8% Cumulative Redeemable Preference Shares of Rs.10 each (As at 31st March 2016: 40,000,000)	-	400,000,000
22,000,000 0.01% Compulsorily Convertible Cumulative Preference Shares of Rs.10 each (As at 31st March 2016: 22,000,000)	220,000,000	220,000,000
22,000,000 13.31% Compulsorily Convertible Cumulative Preference Shares of Rs.10 each (As at 31st March 2016: 22,000,000)	220,000,000	220,000,000
400 9.75% Compulsorily Convertible Cumulative Preference Shares of Rs.100,000 each	40,000,000	-
	1,120,000,000	1,120,000,000
Issued, Subscribed and Fully Paid-Up:		
42,956,182 Equity Shares of Rs. 10 each fully paid-up (As at 31st March 2016: 16,000,125 Equity Shares of Rs.10 each fully paid-up)	429,561,820	160,001,250
21,735,545 0.01% Compulsorily Convertible Cumulative Preference Shares of Rs.10 each (As at 31st March 2016: 21,735,545 0.01% Compulsorily Convertible Cumulative Preference Shares of Rs.10 each)	217,355,450	217,355,450
21,735,545 13.31% Compulsorily Convertible Cumulative Preference Shares of Rs.10 each (As at 31st March 2016: 21,735,545 13.31% Compulsorily Convertible Cumulative Preference Shares of Rs.10 each)	217,355,450	217,355,450
400 9.75% Compulsorily Convertible Cumulative Preference Shares of Rs.100,000 each	40,000,000	-
	904,272,720	594,712,150

3.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March 2017		As at 31st March 2016	
	No. of Shares	Amount Rupees	No. of Shares	Amount Rupees
Equity Shares				
Outstanding at the beginning of the year	16,000,125	160,001,250	16,000,125	160,001,250
Issued during the year	2,955,869	29,558,690	-	-
Bonus issue during the year	24,000,188	240,001,880	-	-
Outstanding at the end of the year	42,956,182	429,561,820	16,000,125	160,001,250
13.31% Compulsorily Convertible Cumulative Preference Shares				
Outstanding at the beginning of the year	21,735,545	217,355,450	21,735,545	217,355,450
Issued during the year	-	-	-	-
Outstanding at the end of the year	21,735,545	217,355,450	21,735,545	217,355,450
0.01% Compulsorily Convertible Cumulative Preference Shares				
Outstanding at the beginning of the year	21,735,545	217,355,450	21,735,545	217,355,450
Issued during the year	-	-	-	-
Outstanding at the end of the year	21,735,545	217,355,450	21,735,545	217,355,450
9.75% Compulsorily Convertible Cumulative Preference Shares				
Outstanding at the beginning of the year	-	-	-	-
Issued during the year	400	40,000,000	-	-
Outstanding at the end of the year	400	40,000,000	-	-



3.2 Rights, preferences and restrictions attaching to each class of shares and terms of preference shares convertible into equity along with the earliest date of conversion
(a) Equity Shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the current year, pursuant to the approval of shareholders at the Extra ordinary General Meeting held on 30th March 2017, the Company has issued and allotted 2,955,869 equity shares of Rs. 10 each at a price of Rs. 338.31 per share (Inclusive of a premium of Rs. 328.31 per equity share) on preferential allotment basis to M/s. Motilal Oswal Financial Services Limited and M/s. Motilal Oswal Securities Limited. Such Preferential shares shall rank pari passu in all respects including, as to dividend with existing fully paid up equity shares of face value of Rs. 10 each and shall also be subject to lock-in, in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations.

Pursuant to the Private Placement offer letter ("Offer Document") dated 30th March 2017, the Company has issued 3,990,422 equity shares for an aggregate amount of Rs. 1,349,999,667. At first tranche of the allotment, 2,955,869 equity shares were allotted on 30th March 2017 for an aggregate amount of Rs. 1,000,000,041. The Company has reserved and subsequently allotted 1,034,553 equity shares on 19th April 2017, for an aggregate amount of Rs. 349,999,625 towards second tranche of allotment. The above equity shares shall rank pari-passu in all respects with the existing shareholders.

During the period, the Company has reclassified its authorised share capital which has been approved by the Board of Directors at their meeting held on 26th October 2016 and by the shareholders at the Extraordinary General Meeting held on 9th November 2016.

Details of the reclassified authorised share capital are as under:

Class of Shares	No. of Shares Before Reclassification	No. of shares After Reclassification
Equity Shares (Face value of Rs. 10 each)	21,500,000	64,000,000
Cumulative Redeemable Non Convertible Preference Shares(Face value of Rs. 100 each)	650,000	-
9.75% Compulsorily Convertible Cumulative Preference Shares(Face value of Rs. 1,00,000 each)	4,000	400

During the period, the Company has issued 24,000,188 equity shares as bonus shares in the ratio of 3:2 (3 bonus shares for every 2 equity shares held on 31st October 2016) by utilising balance from General Reserve and Surplus in Statement of Profit and Loss. These equity shares have been allotted on 18th November 2016.

The Board of Directors in their meeting held on 8th March 2017, declared an interim dividend of Rs. 3.125 per equity share.

(b) Compulsorily Convertible Cumulative Preference Shares (CCCPs)

(i) 21,735,545 CCCPS of the face value of Rs. 10 each carry a right from 17th February 2014 to be paid a fixed cumulative preferential dividend at the rate of 0.01% per annum. These CCCPS are automatically and fully convertible into equity shares, at a conversion price to be determined as per the terms of the Agreement, upon the expiry of a period of 13 years from the date of final issuance of these CCCPs i.e. from 13th October 2008. However in the event of the Company deciding or contemplating an IPO of its equity shares prior to the mandatory conversion date, the CCCPS are convertible into equity shares at a conversion price to be determined as provided for in the agreement, based on the time of conversion.

The Board of Directors in their meeting held on 8th March 2017, declared an interim dividend of Rs. 23,546 including dividend distribution tax of Rs. 3,984.

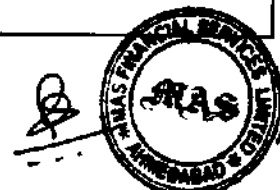
(ii) 21,735,545 CCCPS of the face value of Rs. 10 each carry a right from 17th February 2014 to be paid a fixed cumulative preferential dividend at the rate of 13.31% per annum. These CCCPS are automatically and fully convertible into equity shares, at a conversion price to be determined as per the terms of the Agreement, upon the expiry of a period of 7 years from the effective date i.e. from 17th February 2014. However in the event of the Company deciding or contemplating an IPO of its equity shares prior to the mandatory conversion date, the CCCPS are convertible into equity shares at a conversion price to be determined as provided for in the agreement based on the time of conversion.

The Board of Directors in their meeting held on 8th March 2017, declared an interim dividend of Rs. 31,176,574 including dividend distribution tax of Rs. 5,139,565.

(iii) 400 CCCPS of the face value of Rs. 100,000/- each carry a right from 13th May 2016 to be paid fixed cumulative preferential dividend at the rate of 9.75 % per annum. These CCCPS are automatically and fully convertible into equity shares, at a conversion price of Rs.1,685 (Rupees one thousand six hundred and eighty five only) per Equity Share at the end of 10 years, provided however that, the price of these Equity Shares shall be subject to the terms and conditions of this issue and the valuation of the Company at the time of conversion of such CCCPS. Under the terms and conditions of issue the Company has right to convert CCCPS into equity shares during the tenure from the 5th till the 10th year from the issue date. As per the terms and conditions of the issue the investors have a Put option to convert the CCCPS into equity shares. Further in the event the Company purposes to go for an IPO any time during the tenor of the CCCPS then the CCCPS shall be mandatorily and automatically converted into equity shares at a price to be determined as per the terms and conditions of the issue of the CCCPS.

The Board of Directors in their meeting held on 8th March 2017, declared an interim dividend of Rs. 4,694,081 including dividend distribution tax of Rs. 794,081.

(iv) The holder of the preference share capital shall, in respect of such capital, have a right to vote only on resolutions placed before the Company which directly affect the rights attached to their preference shares.



3.3 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March 2017		As at 31st March 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity Shares				
Kamlesh C. Gandhi	6,242,818	14.53%	2,497,127	15.61%
Shweta Kamlesh Gandhi	16,338,450	38.04%	6,535,380	40.85%
Mukesh C. Gandhi (HUF)	-	-	3,620,193	22.63%
Mukesh C. Gandhi	16,110,450	37.50%	2,823,987	17.65%
M/s. Motilal Oswal Financial Services Limited	2,364,695	5.51%	-	-
0.01% Compulsorily Convertible Cumulative Preference Shares				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	21,735,545	100.00%	21,735,545	100.00%
13.31% Compulsorily Convertible Cumulative Preference Shares				
Sarva Capital LLC (formerly known as Lok Capital II LLC)	21,735,545	100.00%	21,735,545	100.00%
9.75% Compulsorily Convertible Cumulative Preference Shares				
Viraj Amar Patel	125	31.25%	-	-
G N G Investment Limited	25	6.25%	-	-
Pranav Natwarial Shah	25	6.25%	-	-
Minesh Shah	25	6.25%	-	-
Reena Mehta	25	6.25%	-	-
Asha Dineshchandra Gawarvala	50	12.50%	-	-
Sutaria Devendrakumar S	25	6.25%	-	-
Capitalsquare Advisors Private Limited	25	6.25%	-	-

3.4 Details of bonus shares issued during the five years immediately preceding the Balance Sheet date:

- (a) 500,000 Equity Shares of Rs. 10 each fully paid-up were allotted as bonus shares by capitalisation of Capital Redemption Reserve during 2011-12
- (b) 6,000,000 Equity Shares of Rs. 10 each fully paid-up were allotted as bonus shares by capitalisation of Capital Redemption Reserve during 2013-14
- (c) 24,000,188 Equity Share of Rs. 10 each fully paid-up were allotted as bonus shares by capitalisation of free reserves during 2016-17

3.6 The Company has issued Compulsorily Convertible Debentures (CCDs) of nominal value aggregating to Rs. 499,800,000.
Significant terms of the same as under :

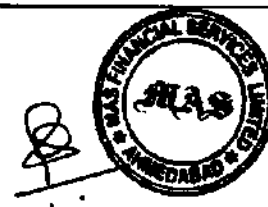
- (a) The CCDs carry interest at the rate of 13% p.a. for 72 months from the date of investment and thereafter if the CCD's remain unconverted, the rate of interest will be 19.50% p.a. or maximum permissible interest payable under applicable law which ever is less.
- (b) The CCDs shall be fully and mandatorily converted into equity shares on a date which shall be either 31st March, 2020 or such other date as may be solely decided by the investor, provided that such date shall not extend beyond 19 years from 27th July 2012.
- (c) Each CCD will convert into such number of equity shares so as to give the investor the required return, without the investor being required to pay any amount for such conversion. The agreement provides that the price at which the conversion will take place will be in compliance with the FDI regulations.



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
Note 4. Reserves and Surplus		
Reserve u/s. 45-IA of RBI Act, 1934		
Outstanding at the beginning of the year	450,051,517	343,271,865
Additions during the year	134,744,640	106,779,652
Outstanding at the end of the year	584,796,157	450,051,517
Securities Premium Account		
Outstanding at the beginning of the year	29,940,000	29,940,000
Additions during the year	970,441,351	-
Less: Utilised for Initial Public Offer expenses (Refer Note No. 39)	36,708,309	-
Outstanding at the end of the year	963,673,042	29,940,000
General Reserve		
Outstanding at the beginning of the year	126,363,757	126,363,757
Less: Utilised for issue of bonus shares (Refer Note No. 3.2(a))	126,363,757	-
Outstanding at the end of the year	-	126,363,757
Surplus in Statement of Profit and Loss		
Outstanding at the beginning of the year	577,683,972	314,311,078
Less: Utilised for issue of bonus shares (Refer Note No. 3.2(a))	113,638,123	-
Add: Profit for the year	673,723,200	533,898,258
	1,137,769,049	848,209,336
Less: Appropriations:		
Transfer to Reserve u/s. 45-IA of RBI Act, 1934	134,744,640	106,779,652
Interim Dividend on Equity Shares	125,000,977	99,999,999
Interim Dividend on Preference Shares	29,956,571	26,056,571
Proposed Dividend on Preference Shares	-	2,895,175
Proposed Dividend on Equity Shares	-	7,200,839
Dividend distribution tax on preference dividend	5,937,630	5,894,881
Dividend distribution tax on equity dividend	25,451,500	21,698,247
Total Appropriations	321,091,318	270,525,364
Net Surplus in Statement of Profit and Loss	816,677,731	577,683,972
Total Reserves and Surplus	2,365,146,930	1,184,039,246

Particulars	Non Current		Current	
	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
Note 5. Long Term Borrowings				
(a) Debentures (Refer Note No. 5.1)				
Unsecured (Sub-ordinate Debt)				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of Rs. 1,000,000 each	400,000,000	400,000,000	-	-
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of Rs. 1,000,000 each	200,000,000	200,000,000	-	-
(b) Term Loans (Refer Note No. 5.1)				
Secured				
From Banks	1,152,969,416	2,002,310,342	1,133,651,444	1,203,071,829
From Others	277,458,543	437,864,509	324,042,327	284,911,492
	2,030,427,959	3,040,174,851	1,457,693,771	1,487,983,321



MAAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017
5.1 Details of terms of redemption/repayment and security provided in respect of long-term borrowings:

Particulars	Amount Non Current	Amount Current	Terms of Redemption/ Repayment	Security
Debentures				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of Rs. 1,000,000 each	400,000,000	-	Coupon Rate: 14.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of Rs. 1,000,000 each	200,000,000	-	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years & 6 months	N.A.
Total Debentures	600,000,000	-		
Term Loans from Banks				
Term Loan - 1	41,656,667	83,333,333	Repayable in 6 half yearly installments from 30th December 2015. Rate of interest: Base Rate + Spread Maturity Period: 1 - 2 years No. of installments due: 3	Secured by exclusive charge on specific standard assets portfolio of receivables of the company
Term Loan - 2	112,500,000	50,000,000	Repayable in 20 Quarterly installments from 30th September 2015. Rate of interest: Base Rate + Spread Maturity Period: 3-4 years No. of installments due: 13	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi
Term Loan - 3	67,500,000	30,000,000	Repayable in 20 Quarterly installments from 30th September 2015. Rate of interest: Base Rate + Spread Maturity Period: 3-4 years No. of installments due: 13	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi
Term Loan - 4	260,000,000	80,000,000	Repayable in 20 Quarterly installments from 30th September 2016. Rate of interest: One Year MCLR + Spread Maturity Period: 4-5 years No. of installments due: 17	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi
Term Loan - 5	-	122,514,940	Repayable in 36 monthly installments from 7th February 2015. Rate of interest: Base Rate + Spread Maturity Period: <1 years No. of installments due: 10	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed
Term Loan - 6	156,556,561	171,168,839	Repayable in 36 monthly installments from 7th February 2016. Rate of interest: Base Rate + Spread Maturity Period: 1-2 years No. of installments due: 22	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed
Term Loan - 7	240,488,714	109,511,286	Repayable in 36 monthly installments from 7th May 2017. Rate of interest: One Year MCLR + Spread Maturity Period: 2-3 years No. of installments due: 36	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed



5.1 Details of terms of redemption/repayment and security provided in respect of long-term borrowings:

Particulars	Amount Non Current	Amount Current	Terms of Redemption/ Repayment	Security
Term Loan - 8	-	33,333,352	Repayable in 36 monthly installments from 30th April 2015. Rate of interest: Base Rate + Spread Maturity Period: < 1 Year No. of Installments due: 12	Secured by a charge on all the present and future book debts, Out standings, Money receivables, Claims and Bills, which are due and owing or which may any time during the continuance of the security become due and owing to the Company in the course of its business, Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi
Term Loan - 9	16,666,663	50,000,004	Repayable in 36 monthly installments from 31st August 2015. Rate of interest: Base Rate + Spread Maturity Period: 1-2 years No. of Installments due: 16	Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi
Term Loan - 10	34,722,228	83,333,328	Repayable in 36 monthly installments from 14th September 2015. Rate of interest: Base Rate + Spread Maturity Period: 1-2 years No. of Installments due: 17	Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi
Term Loan - 11	66,666,666	66,666,672	Repayable in 36 monthly installments from 30th April 2016 Rate of interest: Base Rate + Spread Maturity Period: 1-2 years No. of Installments due: 24	Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi
Term Loan - 12	18,213,082	36,363,636	Repayable in 11 Quarterly installments from 31st March 2016. Rate of interest: Base Rate + Spread Maturity Period: 1-2 years No. of Installments due: 6	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi
Term Loan - 13	18,216,450	36,363,636	Repayable in 11 Quarterly installments from 30th June 2016. Rate of interest: Base Rate + Spread Maturity Period: 1-2 years No. of Installments due: 6	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi
Term Loan - 14	30,057,556	60,000,000	Repayable in 11 Quarterly installments from 30th September 2016. Rate of interest: Base Rate + Spread Maturity Period: 1-2 years No. of Installments due: 6	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi
Term Loan - 15	88,100,000	116,400,000	Repayable in 12 Quarterly installments from 30th March 2016. Rate of interest: Base Rate + Spread Maturity Period: 1-2 years No. of Installments due: 7	Secured by exclusive charge on receivables of the company created out of the loan availed
Vehicle Loans - 16	1,437,710	4,114,575	Repayable in 36 monthly installments. Rate of interest: Fixed No. of Installments due: 16	Secured by hypothecation of the vehicle financed.
Vehicle Loans - 17	187,129	547,843	Repayable in 36 monthly installments. Rate of interest: Fixed No. of Installments due: 16	Secured by hypothecation of the vehicle financed.
Total Term Loans from Banks	1,162,969,416	1,133,651,444		

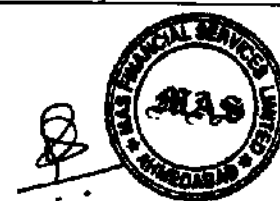


5.1 Details of terms of redemption/repayment and security provided in respect of long-term borrowings:

Particulars	Amount Non Current	Amount Current	Terms of Redemption/ Repayment	Security
Term Loans from Others				
Term Loans from a Financial Institution - 1	-	19,438,001	Repayable in 36 monthly installments from 15th November 2014. Rate of interest: LTLR - Spread Maturity Period: <1 years No. of Installments due: 7	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 2	-	33,332,800	Repayable in 36 monthly installments from 15th April 2015. Rate of interest: LTLR - Spread Maturity Period: <1 years No. of Installments due: 12	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 3	-	10,000,798	Repayable in 36 monthly installments from 15th April 2015. Rate of interest: LTLR - Spread Maturity Period: <1 years No. of Installments due: 12	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 4	33,335,198	33,332,400	Repayable in 36 monthly installments from 15th April 2016. Rate of interest: LTLR - Spread Maturity Period: 1-2 years No. of Installments due: 24	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 5	16,668,800	16,665,800	Repayable in 36 monthly installments from 15th April 2016. Rate of interest: LTLR - Spread Maturity Period: 1-2 years No. of Installments due: 24	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 6I	82,000,000	84,000,000	Repayable in 36 monthly installments from 10th April 2016. Rate of interest: PLR - Spread Maturity Period: 1-2 years No. of Installments due: 24	Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi
Term Loans from a Financial Institution - 7	54,545,453	54,545,456	Repayable in 11 quarterly installments from 30th September 2016. Rate of interest: BASE RATE - Spread Maturity Period: 1-2 years No. of Installments due: 8	Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed
Term Loans from a Financial Institution - 8	90,909,092	72,727,272	Repayable in 11 quarterly installments from 31st December 2016. Rate of interest: BASE RATE - Spread Maturity Period: 2-3 years No. of Installments due: 9	Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed
Total Term Loans from Others	277,468,643	324,042,327		



Particulars	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
Note 6. Other Long Term Liabilities		
Security deposits received	2,293,072,928	1,458,663,596
Interest accrued but not due on security deposits	84,605,408	43,776,766
Advances received against loan agreements (Refer Note No. 6.1 below)	77,416,701	8,333,332
	2,455,095,037	1,510,773,694
6.1 Advances received against loan agreements are repayable/adjusted over the period of the contract.		
Note 7. Long-term Provisions		
Contingent Provision against Standard Assets	30,637,538	14,404,408
	30,637,538	14,404,408
Note 8. Short-term borrowings		
Secured (Refer Note below)		
Loans repayable on demand:		
From Banks:		
Cash Credit and Overdrafts	888,970,294	3,261,153,289
Short Term Loans:		
From Banks	6,790,000,000	4,150,000,000
	7,678,970,294	7,411,153,289
Note: Cash Credits/Overdrafts/Short Term Loans from Banks are secured by hypothecation of movable assets of the Company and goods covered under HP Agreements/ Loan cum Hypothecation Agreements and relative book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/FIs on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Company's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mr. Mukesh Chimanlal Gandhi and Mrs. Shweta Kamlesh Gandhi.		
Note 9. Other Current Liabilities		
Current Maturities of long-term debt (Refer Note No. 5)	1,457,693,771	1,487,983,321
Interest accrued but not due		
Interest accrued but not due on borrowings	74,424,392	57,586,346
Interest accrued but not due on others	114,171,274	84,311,640
Other Payables:		
Statutory remittances (Contributions to PF and ESIC, Service Tax, etc.)	32,843,638	24,695,831
Dues to the assignees towards collections from assigned receivables (Refer Note No. 29(b))	1,121,825,996	799,031,497
Security deposits received	1,317,823,360	1,262,714,006
Bank overdraft as per book	-	2,461,837
Advances received against loan agreements (Refer Note No. 6.1)	4,166,666	6,935,750
	4,122,949,097	3,725,720,228
Note 10. Short-term Provisions		
Provision for Employee Benefits		
Compensated Absences	6,243,107	5,425,063
Other Provisions		
Provision for Tax (net of Advance Tax)	30,461,977	25,616,871
Provision for Non-Performing Assets	45,960,385	39,432,626
Contingent Provision against Standard Assets	46,085,786	33,039,038
Provision for proposed equity dividend	-	7,200,839
Provision for proposed preference dividend	-	2,895,175
Provision for dividend distribution tax on proposed equity dividend	-	1,337,204
Provision for dividend distribution tax on proposed preference dividend	-	589,489
	128,761,255	115,536,305



Note 11. Fixed Assets

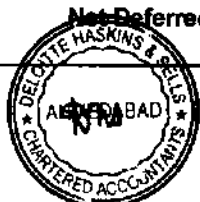
Nature of Assets	Tangible Assets					Intangible Assets	
	Buildings	Office equipments	Furniture and Fixtures	Vehicles	Total	Software	Total
Gross Block							
Balance as at 1st April 2016	33,504,936	60,018,060	29,313,014	19,490,158	142,326,168	1,602,817	1,602,817
Additions	2,304,512	10,267,474	3,800,275	-	16,372,261	1,400,355	1,400,355
Disposals	-	1,171,918	1,989,271	450,303	3,611,492	-	-
Balance at 31st March 2017	35,809,448	69,113,616	31,124,018	19,039,855	155,086,937	3,003,172	3,003,172
Accumulated depreciation							
Balance as at 1st April 2016	4,679,680	49,689,407	20,630,613	3,595,855	78,595,555	1,602,817	1,602,817
Depreciation expense	552,857	4,856,170	2,096,605	2,222,554	9,527,986	84,480	84,480
Eliminated on disposal of assets	-	1,106,954	1,810,193	427,788	3,344,935	-	-
Balance at 31st March 2017	5,232,337	53,238,623	20,917,025	5,390,621	84,778,606	1,687,297	1,887,297
Net Block as at 31st March 2017	30,577,111	15,874,993	10,206,993	13,649,234	70,308,331	1,315,875	1,315,875
Gross Block							
Balance as at 1st April 2015	22,975,956	56,897,677	27,698,970	11,236,515	118,809,118	1,602,817	1,602,817
Additions	10,762,100	3,132,528	1,614,044	16,074,565	31,583,237	-	-
Disposals	233,120	12,145	-	7,820,922	8,066,187	-	-
Balance at 31st March 2016	33,504,936	60,018,060	29,313,014	19,490,158	142,326,168	1,602,817	1,602,817
Accumulated depreciation							
Balance as at 1st April 2015	4,245,166	46,124,519	17,957,462	6,307,061	74,634,208	1,602,817	1,602,817
Depreciation expense	488,358	3,576,426	2,673,151	1,979,623	8,717,558	-	-
Eliminated on disposal of assets	53,844	11,538	-	4,690,829	4,756,211	-	-
Balance at 31st March 2016	4,679,680	49,689,407	20,630,613	3,595,855	78,595,555	1,602,817	1,602,817
Net Block as at 31st March 2016	28,825,256	10,328,653	8,682,401	15,894,303	63,730,613	-	-



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

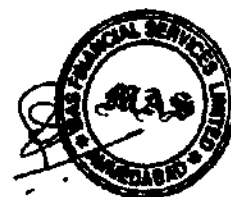
Particulars	Face Value Per Share/ Bond Rupees	As at 31st March 2017		As at 31st March 2016	
		No. of Shares/ Bonds	Rupees	No. of Shares/ Bonds	Rupees
Note 12. Non-Current Investments (at cost)					
(A) TRADE:					
UNQUOTED					
In Subsidiary Company					
Fully paid up Equity Shares of					
MAS Rural Housing & Mortgage Finance Limited	10	10,750,000	107,500,000	10,750,000	107,500,000
(B) OTHERS:					
QUOTED					
In Equity Shares (Fully Paid Up):					
Apple Finance Limited	10	100	2,150	100	2,150
Athena Finance Limited	10	1	7	1	7
Cholamandalam Finance Limited	10	1	52	1	52
Dena Bank	10	3,209	88,443	3,209	88,443
First Leasing Finance Limited	10	1	23	1	23
Gujarat Lease Financing Limited	10	125	4,875	125	4,875
HDFC Bank Limited	2	15	2,904	15	2,904
ICICI Bank Limited	2	15	4,560	15	4,560
IndusInd Bank Limited	10	102	4,590	102	4,590
Kotak Mahindra Bank Limited	5	500	1,950	500	1,950
Reliance Capital Limited	10	1	77	1	77
HDFC Limited	2	5	0	5	0
			109,631		109,631
Less : Provision for diminution			46,641		46,641
			62,990		62,990
UNQUOTED					
In Equity Shares (Fully Paid-Up):					
Cosmos Co-operative Bank Limited	25	277	6,925	277	6,925
Investment in Pass Through Certificates					
Arkaio Multi Micro Finance Pool Trust 2015	-	-	-	10	2,663,206
Series A2					
Total Non-Current Investment			107,569,915		110,233,121
1 Aggregate amount of Quoted Investments:					
Cost			109,631		109,631
Market Value			739,461		558,161
2 Aggregate amount of Unquoted Investments			107,506,925		110,170,131

Particulars	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
Note 13. Deferred Tax Asset		
Tax effect of items constituting Deferred Tax Liability		
1 On difference between book balance and tax balance of fixed assets	(2,396,679)	(1,864,031)
Total Deferred Tax Liabilities	(2,396,679)	(1,864,031)
Tax effect of items constituting Deferred Tax Assets		
1 Provision for non-performing assets	15,905,970	13,646,843
2 Contingent Provision for Standard Assets	26,555,869	16,419,228
3 Provision for Compensated Absences	2,160,614	1,877,506
Total Deferred Tax Assets	44,622,453	31,943,577
Net Deferred Tax Assets	42,225,774	30,079,546



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	Non Current		Current	
	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
Note 14. Loans and advances				
(A) Loans to Customers				
(i) Secured				
Loans	5,960,658,530	3,406,687,750	6,459,887,449	5,385,303,761
Retained Interest on securitisation/assignment	257,367,096	143,993,204	795,620,473	537,638,557
Installments and other dues from borrowers	-	-	140,403,624	118,538,762
	6,218,025,626	3,550,680,954	7,395,911,546	6,041,481,080
(ii) Unsecured				
Loans	1,406,908,697	1,234,452,626	3,466,864,318	4,271,716,043
Retained Interest on securitisation/assignment	8,280,792	11,651,781	100,278,959	65,571,749
Installments and other dues from borrowers	-	-	189,754,788	208,852,848
	1,415,189,489	1,246,104,407	3,756,698,065	4,546,140,640
Total Loans to Customers (A)	7,633,215,115	4,796,785,361	11,152,609,611	10,587,621,720
Notes:				
14.1 Secured exposures are exposures secured wholly or partly by hypothecation of assets and/or undertaking to create a security.				
14.2 Percentage of loans against gold to total assets			0.0001%	0.0004%
14.3 The Company has advanced loans to its officer. Principal amount of such loans outstandings is:	-	-	251,430	-
(B) Other Loans and Advances				
Unsecured, considered good				
(i) Advance Funding				
Considered Good	-	-	489,906,697	501,192,912
Considered Doubtful - Non Performing Assets	-	-	298,003	-
	-	-	490,204,700	501,192,912
(ii) Security deposits	4,777,039	4,130,362	-	-
(iii) Advances to employees	-	-	1,494,389	1,164,819
(iv) Prepaid expenses (Refer Note No. 39)	-	-	32,596,357	668,632
(v) Advances recoverable in cash or kind	-	-	1,818,528	8,411,797
(vi) Capital Advances	21,392,422	553,750	-	-
(vii) Advance Tax and TDS (Net of provisions)	17,203,711	17,203,611	-	-
Total Other Loans and Advances (B)	43,373,172	21,887,723	526,113,974	511,438,160
Total Loans and Advances (A) + (B)	7,676,588,287	4,818,673,084	11,678,723,585	11,099,059,880



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
Note 15. Other Non-Current Assets		
Non-current Bank Balances		
In Fixed Deposit Accounts:		
Deposits given as security against borrowings and other commitments	76,278,125	65,662,000
Unamortised Borrowing Costs	6,508,492	7,407,012
Interest Accrued on Deposits	8,554,906	3,582,425
	91,341,523	76,651,437
	Current	
	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
Note 16. Cash and Cash Equivalents		
(A) Cash and Cash Equivalents		
Cash on Hand	1,282,876	3,914,337
Balances with Banks:		
In Current/ Cash Credit Accounts	357,292,334	1,740,934,968
Total Cash and Cash Equivalents	358,575,210	1,744,849,305
(As per AS3 Cash Flow Statements)		
(B) Other Bank Balances		
In Current Accounts (Refer Note No. 16.1 below)	4,631,655	893,546
In Fixed Deposit Accounts		
Deposits given as security against borrowings and other commitments	3,548,024	8,052,024
Total Other Bank Balances	8,179,679	8,945,570
Total Cash and Cash Equivalents (A + B)	366,754,889	1,753,794,875
Note:		
16.1 Includes Rs. 4,631,655 (As at 31st March 2016 Rs. 893,546) in earmarked account i.e. "Collection and Payout Account".		
Note 17. Other Current Assets		
Unamortised Borrowing Costs	19,670,438	25,461,708
Dividend Income Receivable		
From Subsidiary	-	537,500
Interest Accrued		
On Loans and Advances	175,844,550	152,013,788
On Deposits	1,156,970	2,430,998
	177,001,520	154,444,786
Re-possessed Assets	10,145,776	9,448,972
	206,817,734	189,892,966



Particulars	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
Note 18. Revenue from operations		
(a) Income from Financing Activity		
i) Interest	3,147,503,456	2,687,383,877
ii) Other Operating Revenue		
Service Charges, Stamp & Document Charges etc.	258,503,342	239,972,992
(b) Interest on deposits placed as collateral towards assets assigned / securitised	-	2,105,514
(c) Income from Non-Financing Activity	308,408	345,788
	3,406,315,206	2,929,808,171
Note 19. Other Income		
Interest Income:		
On Investments - Non-Current, Non-Trade, Quoted (Govt. Securities)	-	13,150
On Bank Deposits	6,758,318	6,815,468
Dividend Income:		
From Long-Term Investments:		
Subsidiary	-	1,182,500
Others	1,028	3,794
Profit on Redemption of Long Term Investment	-	33,788
Income distribution on Pass Through Certificates held as non-current investments	896,739	-
Rent	1,200,000	1,200,000
	8,856,085	9,248,700
Note 20. Employee Benefits Expense		
Salaries, Bonus and Allowances	245,263,801	210,098,379
Contributions to Provident & Other Funds (Refer Note No. 31)	12,124,949	7,488,826
Staff Welfare Expenses	5,020,083	6,153,100
	262,408,833	223,740,305
Note 21. Finance Costs		
Interest:		
On Bank Borrowings	958,706,836	844,275,422
On Debentures	147,974,001	135,724,612
On Others	318,989,997	240,580,545
	1,425,670,834	1,220,580,579
Discount on Commercial Papers	17,681,150	53,766,280
Other Borrowing Costs	69,796,636	65,510,465
	1,513,148,620	1,339,857,324



MAF FINANCIAL SERVICES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**

Particulars	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
Note 22. Depreciation and Amortisation		
Depreciation on tangible assets	9,527,986	8,717,558
Amortisation of intangible assets	84,480	-
	9,612,466	8,717,558
Note 23. Provisions and Loan Losses		
Loss Assets Written Off	215,193,840	201,748,183
Loss on Sale of Repossessed Assets (Net)	16,352,439	11,689,582
Provision for Non-Performing Assets	6,527,759	2,234,739
Contingent Provision against Standard Assets	29,289,878	17,148,594
	267,363,916	232,821,098
Note 24. Other Expenses		
Rent	14,742,004	13,423,338
Rates & Taxes	2,699,651	2,673,610
Stationery & Printing	7,424,604	9,706,864
Telephone	7,745,504	7,108,600
Electricity	5,488,659	4,913,846
Postage & Courier	6,833,424	7,063,080
Insurance	9,465,150	9,170,180
Conveyance	23,362,302	20,382,543
Travelling	23,143,381	24,144,279
Repairs & Maintenance:		
Building	1,471,183	2,890,270
Others	9,005,254	7,906,084
	10,476,437	10,796,354
Professional Fees (Refer Note below)	30,490,050	34,765,671
Director's Sitting Fees	440,000	300,000
Legal Expenses	17,708,084	16,754,365
Bank Charges	10,269,073	15,115,949
Commission	87,773,307	73,230,003
Advertisement Expenses	22,205,705	11,629,924
Sales Promotion Expenses	6,739,825	10,050,357
Loss on Sale of Fixed Assets	124,413	609,976
Recovery Contract Charges	31,418,508	33,982,389
Corporate Social Responsibility Expenditure (Refer Note No.27)	289,573	-
Miscellaneous Expenses	13,081,683	11,586,532
	331,921,317	317,407,860
Note: Payment to Statutory Auditors (including Service Tax)		
For Statutory Audit Fees	1,782,500	1,582,000
For Other Services	503,211	396,955
The above doesn't include Rs. 8,050,000 which is adjusted / to adjust against the security premium account in connection with the filing of Draft Red Herring Prospectus with SEBI.		
	2,285,711	1,978,955
Note: Payments made to a firm in which some of the partners of the audit firm are partners		
For Certification Services	115,000	-
	115,000	-



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

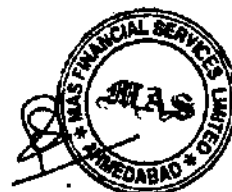
Particulars	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
Note 25. Earnings Per Share		
(A) Basic		
Computation of Profit (Numerator)		
Net Profit for the year	673,723,200	533,898,258
Less: Preference dividend including tax thereon	39,540,704	34,846,627
Net Profit for the year attributable to Equity Shareholders	634,182,496	499,051,631
Computation of Weighted Average Number of Shares (Denominator)		
Weighted average number of Equity Shares of Rs. 10 each used for calculation of Basic Earnings per Share (Refer Note 1 below)	40,016,510	40,000,313
Basic Earnings per Share of face value of Rs. 10 each (in Rs.)	15.85	12.48
(B) Diluted (Refer Note 2 below)		
Computation of Profit (Numerator)	Rupees	Rupees
Net Profit attributable to Equity Shareholder's as above	634,182,496	499,051,631
Add: Dividend on Compulsorily Convertible Cumulative Preference Shares including tax and Interest Expense on Compulsorily Convertible Debentures net of tax	42,513,959	-
Net Profit attributable to Equity Shareholder's (on dilution)	676,696,455	499,051,631
Computation of Weighted Average Number of Shares (Denominator)	Nos.	Nos.
(Refer Note below)		
Weighted average number of Equity Shares as above (Refer note 1 below)	40,016,510	40,000,313
Add: Effect of Compulsorily Convertible Cumulative Preference Shares and Compulsorily Convertible Debentures which are dilutive	4,890,451	-
Weighted average number of Equity Shares for Diluted Earnings per Share	44,906,961	40,000,313
Diluted Earnings per Share of face value of Rs. 10 each (in Rs.)	15.07	12.48

Note

1. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share". As per the requirements of AS 20 "Earnings Per Share", the weighted average number of equity shares considered for calculation of Basic and Diluted Earnings per Share includes the bonus shares issued and the Basic and Diluted Earnings per Share for all comparative periods has been presented giving the effect to the issue of bonus shares as stated below:

The Company has issued bonus shares (24,000,188 equity shares) in the ratio of 3:2 (3 bonus shares for every 2 equity shares held) pursuant to a resolution passed by the Board of Directors at their meeting held on 26th October 2016 and resolution passed by the Shareholders of the Company at the Extraordinary General Meeting held on 9th November 2016, by utilising balance of Rs. 126,360,000 from General Reserve and Rs. 113,640,000 from Surplus in Statement of Profit and Loss. These equity shares have been allotted on 18th November 2016.

2. The Preference shares and Debentures are compulsorily convertible as per the method and year specified in the respective agreements. For the year ended 31st March 2017, the Company has determined the dilutive effect for earnings per shares based upon the maximum number of equity shares likely to be issued to the potential equity shareholders. In the previous year, the same was not ascertainable.



26. Contingent Liabilities and Commitments (to the extent not provided for)

Particulars	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
Contingent Liabilities		
I) In respect of disputed Income-tax matters : Future cash outflows in respect of the above matters are determinable only on receipt of judgements/ decision pending at various forums/ authorities.	2,851,720	2,816,490
II) Guarantees given on behalf of subsidiary Company :		
a) To banks Amount of guarantees Rs.700,000,000 (Previous Year Rs.700,000,000) Amount of loans outstanding	285,744,267	388,006,100
b) To National Housing Bank (NHB) Amount of guarantee Rs.120,000,000 (Previous Year Rs.120,000,000) Amount of loan outstanding	89,290,000	100,662,000
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
a) Tangible Assets	11,485,200	1,061,250
b) Intangible Assets	895,388	700,000

27. Expenditure on Corporate Social Responsibility Activities

Particulars	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
Gross amount required to be spent by the company during the year	12,490,354	9,600,346
Gross amount spent by the company during the year	289,573	Nil

28. As per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 the contingent provision on standard assets is required to be made @ '0.35% of the balance of standard assets' as stipulated in paragraph 14 under Chapter V - Prudential Regulations of Section II : Prudential Issues for the financial year ending 31st March 2017 and '@ 0.40% of the balance of standard assets' for the financial year ending 31st March 2018. However the Company has done early adoption of the '0.40%' criteria for the financial year ending 31st March 2017 and is compliant with the requirement for the financial year ending 31st March 2018 as prescribed in the RBI Directions.

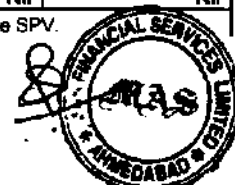
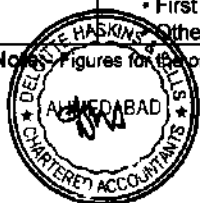
29. The company sells loans through securitization and direct assignment transactions.

The information of securitization /direct assignment by the company as originator as required by RBI Circular DNBS. PD. No. 301/3.10.01/2012-13 dated 21st August 2012 is as under:

(a) For Securitization Transaction

Sr. No.	Particulars	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
1	No of SPVs sponsored by the company for securitization transactions	Nil	Nil
2	Total amount of securitised assets as per books of the SPVs sponsored by the company	Nil	Nil
3	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	b) On-balance sheet exposures		
	• First loss	Nil	Nil
	• Others	Nil	Nil
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil

Notes: Figures for the previous year are based on the information duly certified by the SPV's auditors obtained by the Company from the SPV.



Notes Forming Part of the Financial Statements:
(b) For Assignment Transaction

Sr. No.	Particulars	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
1	No of SPVs sponsored by the company for assignment transactions	N.A.	N.A.
2	Total amount of assigned assets as per books of the company (excluding accrued interest)	13,053,891,466	10,274,847,481
3	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	b) On-balance sheet exposures		
	• First loss	Nil	Nil
	• Others	1,161,547,320	758,855,291
4	Amount of exposures to assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party assignments		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	b) On-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party assignments		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	Dues to assignees towards collections from assigned receivables	1,121,825,996	799,031,497

30. Disclosures for operating leases under Accounting Standard 19 – “Accounting for Leases” specified under Section 133 of the Act.

(a) The Company has entered into leave and license agreements for taking office premises along with furniture and fixtures as applicable and godown premises on rental basis ranging from 11 to 60 months. The specified disclosure in respect of these agreements is given below:

Particulars	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
Lease payments recognised in the Statement of Profit and Loss	14,742,004	13,423,338

Note:-

- The Company has given refundable, interest free security deposits under certain agreements.
- Certain agreements contain a provision for their renewal.

(b) The company has let out portions of office premises along with furnitures & fixtures and other amenities on operating lease to its subsidiary MAS Rural Housing & Mortgage Finance Limited. Lease rental income recognised in the Statement of Profit and Loss is as follows:

Particulars	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
Lease rental income recognised in the Statement of Profit and Loss	1,200,000	1,200,000



Notes Forming Part of the Financial Statements:
31. Employee Benefits

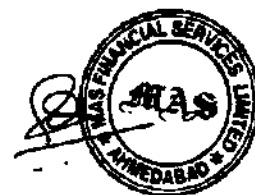
Disclosures as required as per Accounting Standard AS-15 (revised) – "Employee Benefits" specified under Section 133 of the Act, in respect of Gratuity are as under:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

	Particulars	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
A	Net liability /(assets) recognised in the Balance Sheet		
	Present value of funded obligation	11,741,771	7,221,007
	Fair value of plan assets	12,385,810	10,246,474
	Net liability/(assets)	(644,039)	(3,025,467)
B	Expense recognised in the Statement of Profit and Loss for the year		
	Current service cost	1,623,260	1,194,537
	Interest on obligation	574,258	423,367
	Expected return on plan assets	(774,866)	(770,575)
	Net actuarial losses /(gains)	2,630,143	189,686
	Total expense included in employee benefit expense (Refer Note No. 20)	4,052,795	1,037,015
	Actual return on Plan assets	675,950	811,330
C	Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:		
	Opening defined benefit obligation	7,221,007	5,589,560
	Transfer in/(out) obligation	-	(90,552)
	Service Cost	1,623,260	1,194,537
	Interest Cost	574,258	423,367
	Actuarial losses /(gains)	2,531,227	230,442
	Benefits paid	(207,981)	(126,347)
	Closing defined benefit obligation	11,741,771	7,221,007
D	Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof:		
	Opening balance of fair value of plan assets	10,246,474	8,526,189
	Transfer in/(out) plan assets	-	(125,481)
	Expense deducted from the fund	-	(161,861)
	Expected return	774,866	770,575
	Actuarial gains / (losses)	(98,916)	40,756
	Contributions by Employer	1,671,367	1,322,643
	Benefits paid	(207,981)	(126,347)
	Closing balance of fair value of plan assets	12,385,810	10,246,474
E	Major categories of plan assets as a percentage of total plan assets:		
	Qualifying insurance policy with LIC (Break-up of plan assets not available)	100%	100%
F	Principal actuarial assumptions at the balance sheet date (expressed as weighted)		
	Discount rate (Refer note 1(b) below)	7.40%	8.10%
	Expected return on plan assets	7.40%	8.10%
	Annual increase in salary costs (Refer note 1(a) below)	7.00%	5.50%

Notes:

- (a) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.
- (b) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.
- (c) Overall expected rate of return on assets taken is the rate declared by LIC.



Notes Forming Part of the Financial Statements:

Part of the Financial Statements.

2 Defined Contribution Plans		Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees			
Amount recognised as an expense and included in Note No. 20 of Statement of Profit and Loss						
Provident Fund		5,629,517	4,763,717			
E.S.I.C		786,236	555,139			
Total		6,415,753	5,318,856			
3 Experience Adjustments:						
		As at 31st March 2017 Rupees	As at 31st March 2016 Rupees	As at 31st March 2015 Rupees	As at 31st March 2014 Rupees	As at 31st March 2013 Rupees
	Present value of the defined benefit obligation	11,741,771	7,221,007	5,589,560	5,509,917	4,795,374
	Fair value of the plan assets	12,385,810	10,246,474	8,526,189	8,207,333	7,479,088
	Deficit/(Surplus) in the plan	(644,039)	(3,025,467)	(2,936,629)	(2,697,416)	(2,683,714)
	Experience (gain) / loss adjustments on plan liabilities	2,531,227	230,442	(498,423)	(264,415)	24,112
	Experience (gain) / loss adjustments on plan assets	98,916	(40,756)	17,584	(21,415)	2,509

32. Segment Reporting

The Company is engaged primarily in the business of Financing and all its operations are in India only. Accordingly, there are no separate reportable segments as per Accounting Standard 17 – "Segment Reporting" specified under Section 133 of the Act.

33. Related Party Disclosures

(a) Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures", specified under Section 133 of the Act.

List of related parties and relationships:

Sr. No.	Nature of Relationship	
1	Subsidiary	MAS Rural Housing & Mortgage Finance Limited
2	Key Management Personnel	Mr. Kamlesh C. Gandhi (Chairman & Managing Director) Mr. Mukesh C. Gandhi (Whole Time Director & Chief Finance Officer) Mrs. Darshana S. Pandya (Director & Chief Operating Officer) (w.e.f. 23rd September 2016)
3	Entities under common control	MAS Realities Limited (upto 17th March 2017) Sarjan Developers Private Limited (upto 17th March 2017) Swalamb Mass Financial Services Limited Anamaya Capital LLP Acquarian Information Technology Private Limited (upto 8th March 2017) Mukesh C. Gandhi (HUF) (upto 17th December 2016) Kamlesh C. Gandhi (HUF) Prarthna Marketing Private Limited
4	Relatives of Key Management Personnel	Mrs. Shweta K. Gandhi Mrs. Urmilaben C. Gandhi Mr. Dhwanil K. Gandhi Mr. Saumil D. Pandya (w.e.f. 23rd September 2016)



MAS FINANCIAL SERVICES LIMITED
Notes Forming Part of the Financial Statements:
Related party transactions:

Sr. No.	Nature of transactions	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
1	Rent income: MAS Rural Housing & Mortgage Finance Limited	1,200,000	1,200,000
2	Recovery Contract charges received: MAS Rural Housing & Mortgage Finance Limited	240,000	260,710
3	Expenditure reimbursed by: MAS Rural Housing & Mortgage Finance Limited	11,678,777	11,329,021
4	Remittances of Collection Received on behalf of : MAS Rural Housing & Mortgage Finance Limited	516,126	749,596
5	Subscription to Compulsorily Convertible Cumulative Preference Shares: * Mr. Kamlesh C. Gandhi Mr. Mukesh C. Gandhi	2,500,000 2,500,000	- -
6	Remuneration (Including Bonus): Mr. Kamlesh C. Gandhi Mr. Mukesh C. Gandhi Mrs. Darshana S. Pandya Mr. Saumil D. Pandya Mr. Dhwani K. Gandhi	41,536,706 41,467,326 810,616 1,261,549 875,008	31,771,506 31,602,786 - - 580,000
7	Dividend received: MAS Rural Housing & Mortgage Finance Limited	-	1,182,500
8	Dividend Paid: Mr. Mukesh C. Gandhi Mr. Kamlesh C. Gandhi Mr. Mukesh C. Gandhi (HUF) Mrs. Shweta K. Gandhi Mrs. Urmilaben C. Gandhi Prarthna Marketing Private Limited Mrs. Darshana S. Pandya Mr. Saumil D. Pandya	51,859,838 20,876,385 1,629,264 53,998,897 171 4,313,900 2,953 2,953	31,063,719 27,468,275 39,821,946 71,888,861 4,169 5,743,107 - -
9	Loan granted: Mrs. Darshana S. Pandya	580,000	-



MAS FINANCIAL SERVICES LIMITED
Notes Forming Part of the Financial Statements:

Sr. No.	Nature of transactions	As at 31st March 2017 Rupees	As at 31st March 2016 Rupees
10	Balance outstanding at the end of the year: Guarantees given to MAS Rural Housing & Mortgage Finance Limited Investment in MAS Rural Housing & Mortgage Finance Limited Dividend receivable from MAS Rural Housing & Mortgage Finance Limited Loan granted Mrs. Darshana S. Pandya	375,034,267 107,500,000 - 251,430	488,668,100 107,500,000 537,500 -
11	Compulsorily Convertible Cumulative Preference Shares: Mr. Kamlesh C. Gandhi Mr. Mukesh C. Gandhi	- -	- -
12	Bonus Payable: Mr. Kamlesh C. Gandhi Mr. Mukesh C. Gandhi Mrs. Darshana S. Pandya Mr. Saumil D. Pandya Mr. Dhwani K. Gandhi	2,400,000 2,400,000 74,000 92,000 23,600	1,940,000 1,940,000 - - 20,000

* The Compulsorily Convertible Cumulative Preference Shares (CCCPS) have been sold on 20th March 2017 and hence no CCCPS are held on 31st March 2017.

(b) Disclosures as per Regulation 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations, 2015).

Loans and advances in the nature of loans to companies in which directors are interested as under:

Sr. No.	Name	As at 31st March 2017 Rupees	Maximum balance out-standing during the year 2016-17	As at 31st March 2016 Rupees	Maximum balance out-standing during the year 2015-16
1	Paras Capfin Company Private Limited	32,653,647	60,858,782	44,319,407	45,748,329
2	M Power Micro Finance Private Limited	39,629,224	80,051,237	-	50,442,294
3	Jain Sons Finlease Limited *	224,491,522	312,903,737	180,962,427	208,440,912
4	Shubham Housing Development Finance Company Private Limited *	196,179,731	275,005,155	119,256,452	202,510,842

* The Director interested in Jain Sons Finlease Limited and Shubham Housing Development Finance Company Private Limited ceased to be a director in MAS Financial Services Limited with effect from 27th February 2017. Hence, the disclosures made are of amount outstanding as on 27th February 2017 and maximum balance outstanding upto that date.

34. The Company has not received any intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year. Hence information relating to amounts due to micro enterprises and small enterprises as required by the Act has not been given.

35. Balances of retail loans and advances are subject to confirmation. Adjustments, if any required, will be made on settlement of the account of the parties.



AS FINANCIAL SERVICES LIMITED**Notes Forming Part of the Financial Statements:****36. Amounts remitted in foreign currency on account of dividend**

Particulars	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
Amount of dividend remitted in foreign currency		
Final Dividend for F.Y. 2015-16	2,895,355	-
Final Dividend for F.Y. 2014-15	-	28,952,696
Interim Dividend for F.Y. 2016-17	26,058,133	-
Interim Dividend for F.Y. 2015-16	-	26,057,821
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	3	3
Total number of Compulsorily Convertible Cumulative Preference Shares held by them on which dividend was due	43,471,090	43,471,090
Total number of Equity Shares held by them on which dividend was due	500	200

37. Expenditure in Foreign Currency

Particulars	Year ended 31st March 2017 Rupees	Year ended 31st March 2016 Rupees
Interest Paid	64,974,002	65,152,010
Travelling Expense	-	87,265

38. Disclosure required in terms of Clause 13.5A of Chapter XIII on Guidelines for preferential issues, SEBI (Disclosure and Investor Protection) Guidelines, 2000

The Company has received an amount of Rs. 1,000,000,041 towards share application money and the allotment of equity shares was made on 30th March 2017 on satisfaction of condition precedent as mentioned in Investment Agreement. As per the objects of the preferential allotment, the end use of the funds raised was towards meeting the capital requirements. The entire amount of Rs. 1,000,000,041 has been utilised during the year.

39. The Company has incurred Rs. 685,55,074 (inclusive of non-deductible portion of service tax) during the year for the private placement of equity shares, proposed IPO and OFS.

Out of the expenses incurred, the Company has adjusted the Rs. 367,08,309 against securities premium account to the extent of funds raised including identifiable expenditure of Rs. 296,31,250 pertaining to the private placement of equity shares and remaining expenses pertaining to IPO and OFS such as legal counsel, payment to auditors and stamp duty expenses has been shown as prepaid expenses, which would be recovered as per agreed terms from the selling shareholders and balance would be further adjusted against share premium accounts on completion of the IPO.

40. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016 is as per the following details:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November 2016	948,500	140,550	1,089,050
(+) Permitted receipts	-	3,578,576	3,578,576
(-) Permitted payments	-	2,617,024	2,617,024
(-) Amount deposited in banks	948,500*	700,000	1,648,500
Closing cash in hand as on 30th December 2016	-	402,102	402,102

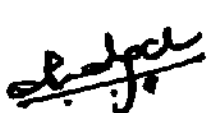
* As per the information available with the Company, this does not include an unauthorized deposit of Rs. 3,514,000 by customers/recovery agents in the Company's Bank account without knowledge of the Company.



Notes Forming Part of the Financial Statements:

41. The Board of Directors has proposed following dividend on the Preference Share in its board meeting held on 17th May 2017.
(a) Rs. 2,617/- on 2,17,35,545 fully paid up 0.01% Compulsory Convertible Cumulative Preference Shares of Rs. 10 each to be paid to those shareholders whose names appear on the register of members as on 17th May 2017.
(b) Rs. 3,643,886/- on 2,17,35,545 fully paid up 13.31% Compulsory Convertible Cumulative Preference Shares of Rs. 10 each to be paid to those shareholders whose names appear on the register of members as on 17th May 2017.
42. The disclosures required in terms of Annexure XII of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure A forming part of these Financial Statements.
43. The disclosures required in terms of Paragraph 13 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure B forming part of these Financial Statements.
44. Previous year figures have been regrouped / reclassified to conform to current year's classification.



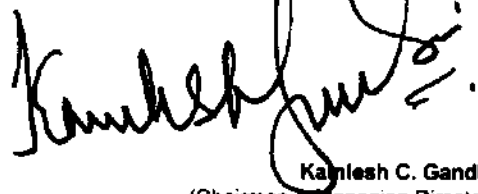

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)


Nirav P. Patel
(Company Secretary)

Place: Ahmedabad
Date: 17th May, 2017



For and on behalf of the Board of Directors


Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)


Mukesh C. Gandhi
(Whole Time Director & Chief Finance Officer)
(DIN - 00187086)

ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

Disclosures required in terms of Annexure XII of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

1. Capital

(Amount in Rs. crore)		
Particulars	Current Year	Previous Year
i) CRAR (%)	22.94	18.36
ii) CRAR - Tier I Capital (%)	16.88	11.09
iii) CRAR - Tier II Capital (%)	6.06	7.27
iv) Amount of subordinated debt raised as Tier-II capital	56.00	60.00
v) Amount raised by issue of Perpetual Debt Instruments	-	-

2. Investments

(Amount in Rs. crore)		
Particulars	Current Year	Previous Year
(1) Value of Investments	10.76	11.02
(i) Gross Value of Investments		
(a) In India	10.76	11.02
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India (amount not significant)	0.00	0.00
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	10.76	11.02
(b) Outside India,	-	-
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	0.00	0.00
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance (amount not significant)	0.00	0.00

3. Derivatives

The Company has not entered into any Derivative transactions.

4. Disclosures relating to Securitisation

Refer Note no. 29 to the financial statements.



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

5. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Nil

6. Details of Assignment transactions undertaken by NBFCs

(Amount in Rs. crore)			
Particulars		Current year	Previous Year
(i)	No. of accounts	128,612	112,586
(ii)	Aggregate value (net of provisions) of accounts sold	1,508.04	1,204.79
(iii)	Aggregate consideration	1,508.04	1,204.79
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
(v)	Aggregate gain / loss over net book value	NIL	NIL

7. Details of non-performing financial assets purchased / sold.

Nil

8. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities.

(Amount in Rs. crore)									
	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Bank Fixed Deposits	-	-	-	0.03	0.33	6.27	1.36	-	7.98
Advances (Net of Security Deposits)	175.79	85.90	82.23	241.31	447.27	462.95	69.23	1.83	1566.51
Investments	-	-	-	-	-	-	-	-	-
Borrowings	7.18	7.21	24.82	35.32	71.24	131.04	12.00	-	288.81
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-



ANNEXURE A (Forming part of the financial statements)

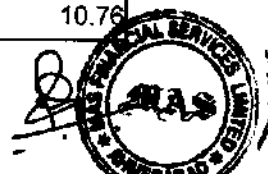
Notes to the Balance Sheet

9. Exposure to Real Estate Sector

			(Amount in Rs. crore)	
Category			Current Year	Previous Year
a)	Direct exposure			
	(i)	Residential Mortgages -		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower of that is rented; (Individual housing loans up to Rs. 15 lakh may be shown separately)	NIL	NIL
	(ii)	Commercial Real Estate -		
		Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a.	Residential,	NIL	NIL
	b.	Commercial Real Estate.	NIL	NIL
b)	Indirect exposure			
	Fund bases and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		114.19	95.94

10. Exposure to Capital Market

(Amount in Rs. crore)			
Particulars		Current Year	Previous Year
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	10.76	10.76
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	NIL	NIL
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	NIL	NIL
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	NIL	NIL
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
(vii)	Bridge loans to companies against expected equity flows / issues;	NIL	NIL
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL
Total Exposure to Capital Market		10.76	10.76



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

11. Details of financing of parent company products

Not Applicable

12. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

- i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the non-banking financial company:

(Amount in Rs. crore)

Company Name	Particulars	Current Year	Previous Year
MAS Rural Housing and Mortgage Finance Limited	Corporate Guarantee	NIL	48.87

- ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the non-banking financial company:

(Amount in Rs. crore)

Company Name	Particulars	Current Year	Previous Year
MAS Rural Housing and Mortgage Finance Limited	Investment in Equity Shares	NIL	10.75
	Corporate Guarantee	NIL	48.87

13. Unsecured Advances

a) Refer Note no. 14 to the financial statements.

b) The Company has not granted any advances against intangible securities.

14. Registration number obtained from RBI: B. 01. 00241

15. Disclosure of Penalties imposed by RBI and other regulators

During the financial year 2016-17 no penalties have been imposed by RBI and other regulators.

16. Related Party Transactions

Refer Note no. 33 to the financial statements.

17. Ratings assigned by credit rating agencies and migration of ratings during the year

By India Ratings:

INSTRUMENT	AMOUNT	RATING ACTION	MIGRATION
Long term bank facilities (Cash Credit/Term Loan)	Rs. 2400.00 Crore	IND A (Stable)	No migration of rating

By ICRA:

INSTRUMENT	AMOUNT	RATING ACTION	MIGRATION
Issuer Rating	Not Applicable	IrA-(Positive)	No migration of rating
Long term bank facilities (Cash Credit/Term Loan)	Rs. 57.19 Crore	[ICRA]A-(Positive)	No migration of rating
Subordinate Debt	Rs. 60.00 crore	[ICRA]A-(Positive)	No migration of rating

By CRISIL:

INSTRUMENT	AMOUNT	RATING ACTION	MIGRATION
Commercial paper programme	Rs. 95.00 crore	CRISIL A1+(SO)	No migration of rating



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

18. Remuneration of Directors

Refer Note no. 33 to the financial statements.

19. Provisions and Contingencies

The information on all Provisions and Contingencies is as under:

(Amount in Rs. crore)		
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
Provisions for depreciation on Investment	-	-
Provision towards NPA	0.65	0.22
Provision made towards Income tax (including interest Rs.0.22)	37.12	29.14
Provision for Standard Assets	2.93	1.71
Provision for Employee Benefits	0.08	0.11
Interim Dividend on Equity Shares	12.50	10.00
Interim Dividend on Preference Shares	3.00	2.61
Dividend distribution tax paid on interim equity dividend	2.55	2.04
Dividend distribution tax paid on interim preference dividend	0.59	0.53
Provision for proposed equity dividend	-	0.72
Provision for proposed preference dividend	-	0.29
Provision for dividend distribution tax on proposed equity dividend	-	0.13
Provision for dividend distribution tax on proposed preference dividend	-	0.06

20. Concentration of Deposits (for deposit taking NBFCs)

Not Applicable

21. Concentration of Advances

(Amount in Rs. crore)		
Total Advances to twenty largest borrowers	443.56	289.98
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	23.99%	19.14%

22. Concentration of Exposures

(Amount in Rs. crore)		
Total Exposure to twenty largest borrowers / customers	415.41	262.83
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	24.09%	18.54%

23. Concentration of NPAs

(Amount in Rs. crore)		
Total Exposure to top four NPA accounts	0.78	1.16



ANNEXURE A (Forming part of the financial statements)**Notes to the Balance Sheet****24. Sector-wise NPAs**

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector % Current Year	Percentage of NPAs to Total Advances in that sector % Previous Year
1.	Agriculture & allied activities	3.74	4.52
2.	MSME	1.36	1.56
3.	Corporate borrowers	0.02	0.00
4.	Services	1.44	1.16
5.	Unsecured personal loans	4.32	3.09
6.	Auto loans	1.80	0.25
7.	Other personal loans	0.00	0.00

25. Movement of NPAs

(Amount in Rs. crore)			
Particulars		Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	1.29%	1.19%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	23.04	20.81
(b)	Additions during the year	51.41	31.35
(c)	Reductions during the year	44.88	29.12
(d)	Closing balance	29.57	23.04
(iii)	Movement of Net NPAs		
(a)	Opening balance	19.10	17.09
(b)	Additions during the year	46.27	28.21
(c)	Reductions during the year	40.39	26.20
(d)	Closing balance	24.98	19.10
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	3.94	3.72
(b)	Provisions made during the year	0.66	0.22
(c)	Write-off / write-back of excess provisions	-	-
(d)	Closing balance	4.60	3.94

26. Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Nil



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

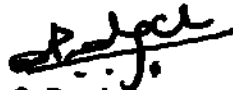
27. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Nil

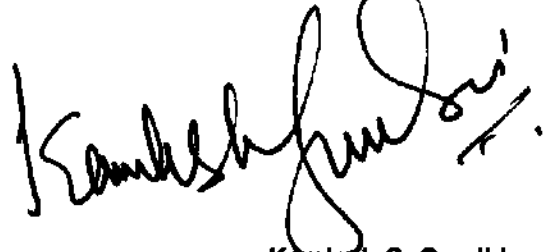
28. Disclosure of Customers Complaints

(a)	No. of complaints pending at the beginning of the year	1
(b)	No. of complaints received during the year	101
(c)	No. of complaints redressed during the year	100
(d)	No. of complaints pending at the end of the year	2

For and on behalf of the Board of Directors



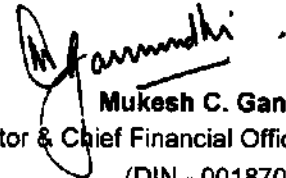
Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)



Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)



Nirav Patel
(Company Secretary)



Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Place : Ahmedabad

Date : 17th May, 2017

ANNEXURE B (Forming part of the financial statements)

Notes to the Balance Sheet

Information as required in terms of Paragraph 13 of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

		(Rs. In Lakhs)	
Particulars		Year ended 31 st March 2017	
<u>Liabilities side :</u>			
(1)	Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid	Amount Outstanding	Amount Overdue
	(a) Debentures : Secured	NIL	NIL
	: Unsecured	11,168.57	NIL
	(other than falling within the meaning of Public deposits*)		
	(b) Deferred Credits	NIL	NIL
	(c)] Term Loans	28,930.00	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Other Loans:		
	From Banks	76,990.75	NIL
	From a Company	NIL	NIL
	Security Deposits	38,096.73	NIL
*Please see note 1 Below			
<u>Assets side:</u>		Amount Outstanding	
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
	(a) Secured	136,145.91	
	(b) Unsecured	56,644.10	
(3)	Break up of leased Assets and stock on hire and other assets counting towards AFC Activities		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	NIL	
	(b) Operating lease	NIL	
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire	NIL	
	(b) Repossessed Assets	NIL	
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been Repossessed	NIL	



ANNEXURE B (Forming part of the financial statements)

Notes to the Balance Sheet

(b)	Loans other than (a) above	NIL
-----	----------------------------	-----

(4) Break-up of investments :

Current investments :

1. Quoted :

(i)	Shares :	(a) Equity	NIL
		(b) Preference	NIL
(ii)	Debentures and Bonds		NIL
(iii)	Units of mutual funds		NIL
(iv)	Government Securities		NIL
(v)	Others (please specify)		NIL

2. Unquoted :

(i)	Shares :	(a) Equity	NIL
		(b) Preference	NIL
(ii)	Debentures and Bonds		NIL
(iii)	Units of mutual funds		NIL
(iv)	Government Securities		NIL
(v)	Others (please specify)		NIL

Long Term Investments :

1. Quoted :

(i)	Shares :	(a) Equity	0.63
		(b) Preference	NIL
(ii)	Debentures and Bonds		NIL
(iii)	Units of mutual funds		NIL
(iv)	Government Securities		NIL
(v)	Others (please specify)		NIL

2. Unquoted :

(i)	Shares :	(a) Equity	1,075.07
		(b) Preference	NIL
(ii)	Debentures and Bonds		NIL
(iii)	Units of mutual funds		NIL



ANNEXURE B (Forming part of the financial statements)

Notes to the Balance Sheet

(iv)	Government Securities	NIL
(v)	Others – Pass Through Certificates	NIL

- (5) Borrower group-wise classification of assets financed as in (2) and (3) above:
Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related Parties	136,145.91	56,644.10	192,790.01
Total	136,145.91	56,644.10	192,790.01

- (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	1,548.83	1,075.00
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties **	7.46	0.70
Total	1,556.29	1,075.70

** As per Accounting Standard of ICAI (Please see Note 3)

- (7) Other information

	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	NIL
	(b) Other than related parties	2,957.20
(ii)	Net Non-Performing Assets	
	(a) Related parties	NIL
	(b) Other than related parties	2,497.60
(iii)	Assets acquired in satisfaction of debt	101.46

Notes:

1. As defined in paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

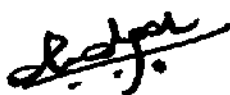


ANNEXURE B (Forming part of the financial statements)

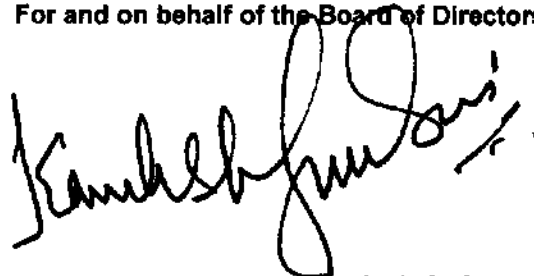
Notes to the Balance Sheet

2. Provisioning norms are applicable as prescribed in the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
 3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.
-

For and on behalf of the Board of Directors



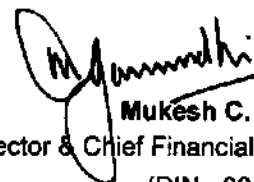
Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)



Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)



Nirav Patel
(Company Secretary)



Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Place : Ahmedabad

Date : 14th May, 2017