MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

ANNUAL REPORT
2018-2019

Corporate Identification No.	:	U74900GJ2007PLC051383
Registered Office	:	4th Floor, Narayan Chambers B/h. Patang Hotel, Ashram Road, Ahmedabad – 380 009. Gujarat.

Board of Directors:

Mr. Kamlesh Gandhi	:	Chairman & Managing Director
Mr. Mukesh Gandhi	:	Whole-Time Director & Chief Financial Officer
Mrs. Darshana Pandya	:	Director & Chief Operating Officer
Mr. Bala Bhaskaran	:	Independent Director
Mr. Chetan Shah	:	Independent Director
Mr. Subir Nag	:	Independent Director

Company Secretary:

Mr. Darshil Hiranandani

Auditors:

M/s. Rajpara Associates
Chartered Accountants
202/B, Shivalik-10, Opp. SBI Zonal Office,
Nr. Snehkunj, S.M. Road, Ambawadi,
Ahmedabad – 380 006

Registrar & Share Transfer Agent:

Karvy Fintech Private Limited
Corporate Registry
Karvy Selenium, Tower- B, Plot No. 31 & 32, Financial District,
Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, India.
Toll Free No: 18003454001 | Email: einward.ris@karvy.com

DIRECTORS' REPORT

To,
The Members,
MAS Rural Housing & Mortgage Finance Limited
Ahmedabad.

Your Directors have pleasure to present the Twelfth (12th) Annual Report of your Company together with the Audited Statement of Accounts for the year ended on March 31, 2019.

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

SUMMARISED FINANCIAL HIGHLIGHTS:

(Amount in Rs.)

Particulars	**March 31, 2019**	**March 31, 2018**
Interest Income	30,67,26,988	25,12,81,796
Income from Operations & Other Sources	1,73,80,480	1,21,73,751
Total Income	**32,41,07,468**	**26,34,55,547**
Total Expenditure	278,549,206	230,468,801
Profit before Depreciation and Taxes	45,558,262	32,986,746
Depreciation and Amortization	31,66,353	43,78,994
Profit before Taxes	**4,23,91,909**	**2,86,07,752**
Provision for Taxation (including Deferred Tax)	1,58,72,618	85,40,077
Profit after Taxes	**2,65,19,291**	**2,00,67,675**
Profit brought forward from previous year	70,236,234	62,798,560
Profit available for Appropriation	**9,67,55,525**	**8,28,66,235**
Appropriations		
Reserves u/s. 29-C of the NHB Act, 1987 and Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961	1,02,70,000	78,30,000
Proposed Dividend (including Interim dividend)	36,37,838	40,18,458
Dividend Distribution Tax on Proposed Dividend	7,56,376	7,81,543
Surplus Balance Carried to Balance Sheet	**8,20,96,311**	**7,02,36,234**

BUSINESS PERFORMANCE:

The portfolio at the end of the year 2018-19 was INR **270.24** Cr., showing an increase of **32.90%** as compared to the previous year. The quality of the portfolio remained robust during the period which has always remained the main plank of the company. The stage III assets net of provisions of the company were maintained at 0.26% as compared to the previous year 2017-18. This performance is withstanding the various macro headwinds during the year.

During the year under review the Interest Income of the Company is INR **30.67** Cr. in comparison to the previous year income of INR **25.13** Cr. showing an upward trend of **22.06%**. Further, the total income of the Company has also increased at around 23.02% in comparison to the previous Financial Year.

The profit after taxes stands up to INR **2.65** Cr. during the year compared to the profits of INR **2.01** Cr. during the Previous Year which shows an increase of **32.15%** profits compared to the Previous Year.

The Company continues to pursue the path of sustainable development and continues to remain confident to gain momentum in the coming years, given the Company's efforts at the ground level, accompanied by the encouraging response and the activity of the developers in the affordable housing space. The company's initiative to fund the affordable housing projects is expected to yield desired results in building up the quality portfolio. Numbers of new housing finance companies have entered the arena this year also; however the market size is too huge as the supply in the affordable housing space is increasing remarkably which creates an opportunity for various well managed Housing Finance Institutions to co-exist.

The government initiative of housing for all accompanied by providing subsidy is also the step in the right direction for the development of the sector.

The company is committed to deliver quality credit to this sector and is on the mission:

"To be a very significant provider of efficient financial services in the housing loan segment, thereby being the catalyst in realizing the dreams of the millions of households, especially among the LIG and MIG class in semi urban and rural areas and create value on a very large scale."

The Company continues to focus on creating quality assets, aware of the fact that, extending loans to the informal and the rural class of the society is in its nascent stage and hence it has its own set of challenges, which is being dealt very carefully and efficiently. As stated earlier, the Board has taken a conscious decision to build up the portfolio slowly during the initial years of operations and concentrate more on understanding the market we serve and setting the suitable credit evaluation process. "Extending credit where it is due." remains the basic plank and putting the same into practice requires abundance of perseverance and patience. The key positive of the same is building up of quality assets.

RURAL INITIATIVE :

The rural initiative continues to remain one of the major focuses of the Company. The company believes and practices the policy of adapting to the ground level realities as fast as possible. Rural housing finance is undoubtedly a huge market, characterized by number of challenges ranging from financial literacy to acceptable titles of the property. However we are confident of finding sustainable solutions to each of the challenges, we face during our journey.

We firmly believe that once the business cycle is set, regular business may be expected from all the areas of operations. The company follows the business model of serving such villages through dedicated relationship officers who are responsible to offer them customized housing financing solution. Based on the experience of these villages necessary change in the business model will be implemented to explore the latent potential of the segment.

SYSTEMS AND OPERATIONS:

The current year also sharpened our learning curve to a considerable extent. The feedback from the customers, relationship officers and the vigilant analysis of the credit team enabled us to frame a well-articulated credit screens which we very firmly believe will be a major lever to serve the targeted segment effectively. The effectiveness of the credit screen is reflected in the quality of the portfolio. The company is now focusing to improve its turnaround time for disbursing the loans without compromising with the quality of credit. Various efforts are undertaken such as training the relationship officers, the branch credit officers, and the credit team at the central processing unit.

Adequate care is taken for providing efficient post disbursement services to the customers.

Various educative programs organized by NHB (National Housing Bank) gives us in depth insight of the housing finance activities, process, appraisal techniques and the focus of the government in this sector.

RESOURCES:

The Net Owned Fund of the Company as on March 31, 2019 increased to Rs. **45.44** Cr. due to the contribution of additional capital of Rs. 9 Cr. by MAS Financial Services Ltd. and Rs. 2 Cr. by the promoters in addition to the option exercised by the promoters to convert OCPS in to Equity amounting of Rs. 4 Cr. Number of institutions have shown keen interest in participating in the future debt and the capital requirement of the Company. Company is quite optimistic to tie up their financial requirement for the year 2019-20.

NATIONAL HOUSING BANK (NHB) COMPLIANCES:

MRHMFL continues to comply with the guidelines issued by NHB regarding accounting standards, capital adequacy, concentration of credit, credit rating, 'Know Your Customer'- (KYC), fair practices code and capital market exposures. The Company has provided for impairment of loans and advances as per IND AS 109 prescribed under section 133 of the Companies Act, 2013 and as per the NHB Circular No. NHB(ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. The National Housing Bank Act, 1987, empowers NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its provisions. NHB has not levied any penalty on MRHMFL during the year.

HUMAN RESOURCE:

We understand the importance of this very important resource and are always eager to harness the latent potentiality of our young team. Continuous training and motivational programs play an important role in their performance. The Company throughout the year supported its team to excel.

DIVIDEND:

Your Directors recommend a final dividend at a fixed rate of 8% p.a. to the preference shareholders amounting to Rs. 31,82,466/- (Rupees Thirty One Lakh Eighty Two Thousand Four Hundred and Sixty Six Only) and a final dividend at the rate of 0.5% to the Equity Shareholders amounting to Rs. 10,61,320.20/- (Rupees Ten Lakh Sixty One Thousand Three Hundred Twenty and Twenty Paise Only) for the financial year ended on March 31, 2019.

An amount of Rs. 2,18,207/- would be paid as dividend distribution tax on the dividend on Equity Shares and an amount of Rs. 6,54,315/- would be paid as dividend distribution tax on the dividend on Preference Shares.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

Effective 1 April 2018, the Company has adopted the Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. Apart from this there have been 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.

STATUTORY AUDITORS:

In terms of the transitional provisions applicable to Statutory Auditors under the Companies Act, 2013, Rajpara Associates, Chartered Accountants (Firm Registration No. 113428W), Ahmedabad were appointed as the statutory auditors of the Company for a period of 5 (five) years in the 10th Annual General Meeting (AGM) of the Company held on June 2, 2017.

Further, as per provisions of Section 139(1) of the Act, the appointment Rajpara Associates, Chartered Accountants (Firm Registration No. 113428W), Ahmedabad is subject to ratification by Members at every AGM. The certificate of eligibility under applicable provisions of the Companies Act, 2013 and corresponding Rules framed thereunder was furnished by them towards appointment of a 5 (Five) year term.

As required by the provisions of the Companies Act, 2013, their appointment should be ratified by members each year at the AGM. Rajpara Associates, Chartered Accountants (Firm Registration No. 113428W), Ahmedabad has confirmed that ratification of their appointment, if made at the ensuing AGM, shall be in accordance with the conditions specified in the Act. Accordingly, requisite resolution forms part of the Notice convening the Annual General Meeting.

EXPLANATION OR COMMENTS BY BOARD ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS:

There were no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report are not applicable to the Company.

PUBLIC DEPOSITS:

The Company is Housing Finance Company registered with NHB not accepting public deposits and is prohibited from accepting public deposits and therefore the Company has not accepted deposits from public during the year under review.

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

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013, the extract of Annual Return for the Financial Year ended March 31, 2019 in Form MGT-9 made under the provisions of 92(3) of the Act form part of the Board's Report as ***Annexure A*** (MGT-9).

INFORMATION OF BOARD OF DIRECTORS, AND ITS MEETINGS:

- **Composition and Category of Directors on date of this report is:**

Name of the Director / Key Managerial Personnel	No. of other Directorships*	No. of Board Meetings attended during 2018-2019	Attendance at the AGM held on 27/06/2018
Whole-time Directors			
Mr. Kamlesh Gandhi Chairman & Managing Director DIN: 00044852	3	7	Yes
Mr. Mukesh Gandhi Whole-time Director & Chief Financial Officer DIN: 00187086	4	7	Yes
Mrs. Darshana Pandya Director & Chief Operating Officer DIN: 07610402	1	7	Yes
Independent Directors			
Mr. Bala Bhaskaran Independent Director DIN: 00393346	3	7	Yes
Mr. Chetan Shah Independent Director DIN: 02213542	1	6	Yes
Mr. Subir Nag Independent Director DIN: 02169915	Nil	2	No
Key Managerial Personnel			
Mr. Darshil Hiranandani Company Secretary	Nil	6	Yes

* Excluding Directorship of MAS Rural Housing & Mortgage Finance Limited;

We believe that our Board needs to have an appropriate mix of Executive and Independent Directors to maintain its independence, and separate its functions of governance and management. Further, Mrs. Darshana Pandya, Director & Chief Operating Officer of the Company, is designated as Woman Director for the Company in terms of second proviso to the Section 149 (1) of the Companies Act, 2013. The Composition of Board fulfills the regulatory requirements.

- **<u>Details of Directors or Key Managerial Personnel (KMP) who were appointed or have resigned during the year:</u>**

During the year under review on the recommendations of the Nomination & Remuneration Committee (NRC), Mr. Darshil Hiranandani, a Qualified Company Secretary was appointed as the Company Secretary of the Company w.e.f. May 2, 2018.

During the year, the Board of Directors in its meeting held on March 14, 2019, on the recommendations of the NRC and subject to the approval of the members in the ensuing General Meeting, re-appointed Mr. Kamlesh Gandhi (DIN: 00044852) as the Managing Director of the Company for a period of Five years w.e.f. April 1, 2019.

During the year, the Board of Directors in its meeting held on March 14, 2019, on the recommendations of the NRC and subject to the approval of the members in the ensuing General Meeting, re-appointed Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole-time Director of the Company for a period of Five years w.e.f. April 1, 2019.

During the year, the Board of Directors in its meeting held on March 14, 2019, on the recommendations of the NRC and subject to the approval of the members in the ensuing General Meeting, re-appointed Mr. Balabhaskaran (DIN: 00393346) as an Independent Director of the Company for a period of Five years w.e.f. April 1, 2019 whose earlier term as Independent Director Expired on March 31, 2019.

During the year, the Board of Directors in its meeting held on March 14, 2019, on the recommendations of the NRC and subject to the approval of the members in the ensuing General Meeting, re-appointed Mr. Chetan R. Shah (DIN: 02213542) as an Independent Director of the Company for a period of Five years w.e.f. April 1, 2019 whose earlier term as Independent Director Expired on March 31, 2019.

Necessary resolutions for the appointment and re-appointment of Directors were passed in the Extra-Ordinary General Meeting on Monday, March 18, 2019.

All the directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of section 164 & 165 of the Companies Act, 2013.

- **<u>Directors eligible for retirement by rotation:</u>**

In accordance with the requirement of Companies Act, 2013 and pursuant to the applicable provisions of Articles of Association, Mrs. Darshana Pandya, Director of the Company is eligible to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

The Board of Directors in its meeting held April 24, 2019, on the recommendations of the Nomination and Remuneration Committee (NRC), further recommends to the members of the Company to re-appointment of Mrs. Darshana Pandya (DIN: 07610402), as director liable to retire by rotation.

- **Board Meetings:**

Regular meetings of the Board are held at least once in a quarter to review the Quarterly Results and other items on the agenda, and also on the occasion of Annual General Meeting (AGM). Additional Board meetings are convened to discuss and decide on various business policies, strategies and other businesses. The Company Secretary drafts the Agenda for each meeting, along with explanatory notes, in consultation with the Directors, and distributes these in advance to the Directors.

The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

Every Board Member can suggest the inclusion of additional items in the agenda.

The Company had 7 Board Meetings during the financial year under review.

Sr. No.	Date of Meeting	Total Number of Directors as on the date of Meeting	Number of Directors attended
1.	16-Apr-18	6	6
2.	02-May-18	6	4
3.	20-Aug-18	6	5
4.	18-Oct-18	6	5
5.	21-Jan-19	6	5
6.	14-Mar-19	6	6
7.	30-Mar-19	6	5

Mr. Darshil Hiranandani, Company Secretary acts as the Secretary to the Board.

Independent Directors and Evaluation of Directors and the Board:

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has three Non-Promoter Independent Directors in line with the Companies Act, 2013. The Company has received necessary declaration from each independent director under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013.

With the objective of enhancing the effectiveness of the board, the Nomination and Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director. The evaluation of the performance of the board is based on the approved criteria such as the board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

A separate meeting of Independent Directors was held on March 14, 2019 to review the performance of Non-Independent Directors and Board as whole.

INFORMATION OF COMMITTEE AND ITS MEETINGS

- **Audit Committee:**

Our Audit Committee comprised of 3 Directors as on March 31, 2019:

a. Mr. Bala Bhaskaran - Chairman
b. Mr. Chetan Shah - Member
c. Mr. Mukesh Gandhi - Member

Mr. Darshil Hiranandani, Company Secretary acts as the Secretary to the Audit Committee.

The composition of committee inter alia meets with the requirement of Section 177 of the Companies Act, 2013.

The Scope of Audit Committee is enhanced in accordance with the Companies Act, 2013.

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 co employees and the Company. The board has approved a policy for vigil mechanism which has been hosted on the website of the Company. The weblink for the same is www.mrhmfl.co.in

The Company had 4 Audit Committee Meetings during the Financial Year under review:

Sr. No.	Date of Meeting	Total Number of Members as on the date of Meeting	Number of Members attended
1.	02-May-18	3	2
2.	20-Aug-18	3	3
3.	18-Oct-18	3	3
4.	21-Jan-19	3	3

- **Nomination and Remuneration Committee:**

The Company constituted its Remuneration Committee on 6th October, 2011 and the nomenclature of the Remuneration Committee was changed to "Nomination and Remuneration Committee" on 20th February, 2015 pursuant to section 178 of the Companies Act, 2013 and Rule 6 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.

Our Nomination and Remuneration Committee comprised of 3 Directors as on March 31, 2019:

a. Mr. Bala Bhaskaran - Chairman
b. Mr. Chetan Shah - Member
c. Mr. Subir Nag - Member

Mr. Darshil Hiranandani, Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The Company had 2 Nomination & Remuneration Committee Meetings during the Financial Year under review:

Sr. No.	Date of Meeting	Total Number of Members as on the date of Meeting	Number of Members attended
1.	02-May-18	3	2
2.	14-Mar-19	3	3

The composition of committee inter alia meets with the requirement of section 178 of the Companies Act, 2013. Further, criteria for making payment, if any, to nonexecutive directors are provided under the Nomination and Remuneration Policy of the Company which is hosted on the website of the Company viz; www.mrhmfl.co.in

The role and responsibilities, Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other related matters are in conformity with the requirements of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

(b) The directors have 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 of the Company for the year under review.

(c) The directors have 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.

(d) The directors have prepared the annual accounts on a going concern basis.

(e) The directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

(f) The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.

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

The Company has received declarations from each Independent Director of the Company under section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence as prescribed under sub section (6) of section 149 of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The Company being a Housing Finance Company registered with National Housing Bank with the principal business, inter alia, of Housing Finance, the provisions of Section 186 except sub-section (1) are not applicable to it. However, there are no investments made during the year in any Company in accordance with the provisions of Section 186(1) of the Companies Act, 2013 and hence no particulars thereof as envisaged under Section 134(3)(g) are covered in this Report.

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

The particulars of Contracts or Arrangements made with related parties pursuant to Section 188 during the year are furnished in ***Annexure B*** (Form AOC-2) and is attached to the report.

AMOUNT, IF ANY, WHICH THE BOARD PROPOSES TO CARRY TO ANY RESERVES:

During the year under review Rs. 1,02,70,000/- transferred to reserve fund under Section 29-C of NHB Act, 1987 & Special Reserve U/s 36(1)(viii) of Income-tax Act, 1961.

CAPITAL:

1. AUTHORISED SHARE CAPITAL:

During the year under review, there was no Change in the Authorised Share Capital of the Company.

The Authorised Share Capital as on March 31, 2019 was:

Rs. 30,00,00,000/- (Rupees Thirty Crores Only) divided into 3,00,00,000 (Three Crores) Shares of Rs. 10/- each, which is further divided as Rs. 23,00,00,000/- (Rupees Twenty Three Crores Only) divided into 2,30,00,000 [Two Crores Thirty Lakh] Equity shares of Rs. 10/- each and Rs. 7,00,00,000/- [Rupees Seven Crores Only] divided into 70,00,000 [Seventy Lakh] Preference Shares of Rs. 10/- each

2. PAID UP SHARE CAPITAL:

During the year under review, the Company converted its 40,00,000 8% Optionally Convertible Preference Shares to 851,061 Equity Shares of the Company on March 30, 2019 and allotted the same to the existing Preference Shareholders in the following proportion:

Sr. No.	Name of the Shareholder	No. of OCPS	No. of Equity Shares allotted
1.	Mr. Kamlesh C. Gandhi	10,00,000	212,765
2.	Mr. Mukesh C. Gandhi	20,00,000	425,531
3.	Mrs. Shweta K. Gandhi	10,00,000	212,765
Total		**40,00,000**	**8,51,061**

Further the Company issued 2,340,423 Equity Shares to MAS Financial Services Limited, Mr. Kamlesh C. Gandhi and Mr. Mukesh C. Gandhi on Private Placement Basis in the following proportion:

Sr. No.	Name of the Allottee	No. of Shares Allotted
1.	Mr. Kamlesh C. Gandhi	212,765
2.	Mr. Mukesh C. Gandhi	212,765
3.	MAS Financial Services Limited	1,914,893
	Total	**2,340,423**

The Paid Up Share Capital as on March 31, 2019 was:

Rs. 21,22,64,040 /- (Rupees Twenty One Crore Twenty Two Lakh Sixty Four Thousand and Forty Only) divided into 2,12,26,404 Equity Shares of Rs. 10/- each.

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 are not applicable.

Foreign Exchange earnings and outgo:

The Company has no Foreign Exchange earnings and outgo.

ADEQUACY OF INTERNAL FINANCIAL CONTROL:

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. MAAK & 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.

RISK MANAGEMENT:

Company's Risk Management framework provides the mechanism for risk assessment and mitigation. The Company has a risk management policy approved by the Board for identifying, evaluating, monitoring and minimizing the identifiable risks in the organization. The Company also has Asset Liability Management Committee (ALCO) and Audit Committee for overseeing the risk management measures.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any Subsidiary, Joint Venture and Associate Company.

PARTICULARS OF EMPLOYEES:

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

The Company is committed to provide a safe and conducive work environment to its employees.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DISCLOSURE FOR MAINTENANCE OF COST RECORDS:

The provision of Application of Cost Record in Compliance of Companies (Accounts) Rules, 2014 & in respect of section 148(1) of the Companies Act, 2013 is not applicable to the Company.

GENERAL DISCLOSURE:

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act and Rule 8 of The Companies (Accounts) Rules, 2014 to the extent the transactions took place on those items during the year.

Your Directors further state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

a. Details of Annual Report on Corporate Social Responsibility as Company is not falling within the criteria as prescribed u/s 135 of the Companies Act, 2013;
b. Issue of Equity Shares with differential rights as to dividend, voting or otherwise;
c. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and ESOS;
d. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future

ACKNOWLEDGEMENTS:

Your Directors sincerely express their deep appreciation to employees at all levels, bankers, customers and shareholders for their sustained support and co-operation and hope that the same will continue in future.

For & On behalf of the Board of Directors of
MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

KAMLESH C. GANDHI
CHAIRMAN & MANAGING DIRECTOR
DIN: 00044852

Date : April 24, 2019
Place : Ahmedabad

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- **Industry Structure and Developments:**

*Real estate and construction together, is the second largest employment provider in the country, next to agriculture. It employed over 40 million workforce in 2013, and as per projections is slated to employ over 67 million workforce by 2022. The sector is expected to generate about three million jobs annually. Nearly 90% of the workforce employed in the real estate and construction sector are engaged in construction of buildings. The remaining 10% workforce is involved in building completion, finishing, electrical, plumbing, other installation services, demolition and site preparation.

The share of real estate sector which includes ownership of dwellings accounted for 7.7% in India's overall Gross Value Added (GVA) in 2015-16. The growth of this sector decelerated in the last three years from 7.5% in 2013-14 to 4.4% in 2015-16. This was mainly due to growth of the ownership of dwelling segment decelerating from 7.1% in 2013-14 to 3.2% in 2015-16. As per the National Real Estate Development Council (NAREDCO), residential launches across top 14 cities in India during H1 2017 fell to the lowest in past five years to about 58,000 units. Similarly, new residential sales, fell to five years low of about 1,01,850 units during this period.

Despite the slowdown in residential launches, the strength of the Indian economy and favourable demographics, coupled with introduction of several growth oriented reforms are aiding the real estate sector to attract higher investments. Private equity investments in the real estate sector have increased from US$ 0.9 billion in 2013 to over US$ 5.9 billion in 2016, recording more than six fold jump during this period.

* Economic Survey 2017-18

- **Thrust on Affordable Housing :**

^The Union Budget 2018-19 continued its push for the real estate sector and in the affordable housing space in particular by announcing following measures:

1. Establishment of a dedicated Affordable Housing Fund in National Housing Bank, financed from priority sector lending shortfall and fully serviced bonds authorized by the Government of India.

2. Allocation of Rs. 6,505 crore has been provided for PMAY(U) as against Rs. 6,043 crore in 2017-18, including allocations for CLSS. Additionally, Internal and Extra Budgetary Resources of Rs. 25,000 crore under PMAY(U) have been made available for 2018-19.

3. Allocation of Rs. 21,000 crore has been provided for PMAY(G) as against Rs. 23,000 crore in 2017-18. The total resource requirement is projected at Rs. 33,000 crore, comprising of Rs. 21,000 crore of Gross Budgetary Support and Rs. 12,000 crore of Extra Budgetary

Resources.

The Government and market regulators have been taking necessary measures for development of monetizing vehicles like Infrastructure Investment Trust (InvIT) and Real Estate Investment Trust (REITs) in India. SEBI in February, 2017 notified norms allowing mutual funds to make investments in such entities. This move is aimed at boosting investor's interest in such alternative investments.

The RBI has raised housing loan limit for eligibility under priority sector lending (PSL) from Rs. 28 lakh to Rs. 35 lakh in metropolitan centres, and from Rs. 20 lakh to Rs. 25 lakh in other centres. The ceiling on cost of eligible dwelling units has also been revised from Rs. 35 lakh to Rs. 45 lakh in metropolitan areas and from Rs. 25 lakh to Rs. 30 lakh in other areas. The limits were revised in order to bring convergence between PSL guidelines for housing loans and the affordable housing scheme under the Pradhan Mantri Awas Yojana (PMAY).

^Reference:
i. Union Budget 2018-19
ii. RBI Circular on Priority Sector Lending – Targets and Classification dated June 19, 2018.

- **Market Scenario**

According to "World Urbanization Prospects - The 2018 Revision" by the Population Division of the UN Department of Economic and Social Affairs (UN DESA), the future increases in the size of the world's urban population are expected to be highly concentrated in just a few countries. By 2050, it is projected that India will have added 416 million urban dwellers compared to 255 million in China.

The urban expansion in India will happen at a speed quite unlike anything the country or the world has seen before. While it took nearly 40 years (from 1971 to 2008) for India's urban population to rise by nearly 230 million; it will take only half that time to add the next 250 million.#

India's urban population is estimated to have grown at a CAGR of 2.8% over 2001-2011, resulting in an increase in the urbanization rate from 27.8% to 31.2%. The surge in urban population was supported by an increase in million plus cities. The number of urban agglomerations with more than 1 million population increased from 35 in 2001 to 53 in 2011. The growth of urbanization at such unprecedented level poses the challenge of meeting the increasing demand for affordable housing in cities. **

One of the constraints in meeting the increasing demand for affordable housing is the high cost of land. Other challenges include availability of finance to developers/builders towards land and absence of clear title which acts as deterrent for participation by financial institutions and real estate developers in new as well as redevelopment projects of real estate.

In order to create a self-sustaining market to address the challenge of land availability and its high cost, the Central Government on September 21, 2017 announced a new PPP (Public Private Partnership) Policy for Affordable Housing. The fundamental strategy underlying Public Private Partnerships as an implementation strategy for affordable housing is to combine the strengths of the private sector with those of the public sector in order to overcome challenges faced by affordable housing and to achieve superior outcomes. The 8 PPP models for promoting affordable housing includes six with private investments on government lands while remaining 2 models involves private investments on private lands.

The new regulations and policy changes including the roll out of RERA and GST will help the industry become more organized, transparent, and accountable which will boost buyer sentiment in both residential and commercial segments.

Mc Kinsey Global Institute (MGI) Report (April 2010)
** The Census of India, 2011

- **The market scenario post IL&FS event:**

The event was triggered by the fundamental lapse on the part of IL&FS as well as on the part of the lenders who opted to look the other way on the fundamental issues of ALM and corporate governance, which should be ideally focused upon.

- IL&FS and its subsidiaries have been defaulting on its several debt-obligations since August. IL&FS' borrowings from banks and financial institutions adds to nearly Rs. 63,000 crore as per the balance sheet of 2017-2018, according to the Ministry of Corporate Affairs (MCA);
- @@Banks are the major resource avenue for NBFCs. After defaults by IL&FS, both public sector and private sector banks almost stopped lending to NBFCs and housing finance companies (HFCs), adding to worries ahead of the festive season of Deepawali. An asset-liability mismatch in the operations of NBFCs such as IL&FS is a fundamental issue, which means that these firms raise capital from the markets for 3-5 years and lend for longer tenures – 10-15 years. Now, defaults in such a scenario kept the potential investors away from the debt instruments of companies in the space;
- On the other hand, when the interest rates were rising, margins of NBFCs came under pressure and raising capital became tough. According to banks started cutting exposure to NBFCs since April 2018 in the wake of the huge bad loan, which led to a 4.6% drop in their exposure to the sector.
- RBI and government were very rightly cognizant of the fact that NBFCs and HFCs plays a pivotal role in the last mile delivery of credit. Hence the problem of NBFCs which was due to a panic reaction by the lenders leading to the liquidity crunch was effectively addressed by both the government and the RBI. The RBI in its February 2019 policy had announced various measures in order to ensure flexible credit

- facility to NBFCs.
  - With a view to facilitate flow of credit to well-rated NBFCs, it was decided that rated exposures of banks to all NBFCs, excluding Core Investment Companies (CICs), would be risk-weighted as per the ratings assigned by the accredited rating agencies, in a manner similar to that for corporates. Exposures to CICs will continue to be risk-weighted at 100%," RBI said;
  - With this, now a bank would decide on loan to NBFCs depending upon their ratings. When IL&FS crisis hit headlines, major NBFCs were trapped, in fact even SEBI unveiled norms which ensured a healthy rating to NBFC from agencies;

@ Source Zee Business News dated Thu, Feb 07, 2019
(https://www.zeebiz.com/india/news-ilfs-crisis-impact-rbi-tightens-nbfc-credit-norms-bank-exposure-for-lending-to-depend-on-ratings-84707)
@@ Source Financial Express dated November 2, 2018
(https://www.financialexpress.com/industry/banking-finance/all-you-need-to-know-about-current-liquidity-crisis-at-indias-nbfc/1370224/)

Overview

We, MAS Rural Housing & Mortgage Finance Limited ("MRHMFL") are a housing finance company registered with National housing Bank. MRHMFL has an endeavor to realize the dream of millions of Indian House Holds to "OWN A HOME". The focus is to serve the middle income segment of the society, which we reckon as one of the key drivers of the housing industry. This segment is largely characterized by the informal but credit worthy class. This class is spread across the length and breadth of the country, be it urban, semi-urban or rural.

Extending "Credit where it is due" remains the main plank, as far as credit delivery is concerned in consistent with the endeavor of the group since the last two decades of building quality assets.

Mission of MRHMFL is to be a very significant provider of efficient financial services in the housing loan segment, thereby being a catalyst in realizing the dreams of the millions of households, especially among the LIG and MIG class in semi urban and rural areas and create value on a very large scale.

➢ Focusing on fundamentals – A key for navigating through tough times:

- Over the years we have learnt, experienced and practiced: "focusing on fundamentals." This has enabled us to navigate through various crisis, may be liability/asset led. Registering a growth of 30%+ even during this trying time is the testimony to our focus on fundamentals. On the liability side, utmost care is taken on maintaining the right asset-liability mix while focusing on creating quality assets leading to very negligible credit losses. This has helped the company to grow profitably and steadily but solidly. This according to us lays a very strong foundation for future scalability. It is worth mentioning that this type of working is highly respected by our lenders and investors.

- **Loan Products**

MRHMFL's major focus has been to provide home loans to individuals and families for purchase, construction and extension and renovation. MRHMFL provides loans to individuals who are salaried, self-employed professionals, self- employed non-professionals and agriculturist. MRHMFL also provides construction finance to developers who are developing housing projects and commercial properties on the basis of detailed evaluation of the project. Apart from home loans MRHMFL provides loan for purchase, construction of commercial property on non-agricultural land situated within municipal/local development authority limits.

MRHMFL also offers home loans under the Rural Housing Fund (RHF) scheme wherein loans are given in rural areas for following categories viz. backward classes or Minority Community or Women owners or families having annual household income less than Rs. 3 lakh. Since NHB offers refinance at concessional rate of interest under the scheme, the ultimate rate of interest applicable on loans to beneficiaries is regulated with a cap on the spread.

MRHMFL has also signed an MOU with the NHB which is the Central Nodal Agency under the Pradhan Mantri Awas Yojana (PMAY) for the Credit Linked Subsidy Scheme (CLSS) for both EWS/LIG categories. The subsidy received from the Government through the Central Nodal Agency under this scheme, is being passed on to the beneficiaries by way of prepayment with a reduction in their instalments.

- **Marketing Efforts**

To ensure a deeper geographic reach, MRHMFL has been sourcing retail business through third party channels by appointment of MRHMFL Referral Associates. Referral Associates only source loans while MRHMFL retains control over the credit, legal and technical appraisals.

MRHMFL is operating in four states - Gujarat, Maharashtra, Madhya Pradesh and Rajasthan. MRHMFL has 69 offices across these four states.

MRHMFL conducts outreach programmes from its retail offices to potential taluka places. The outreach marketing programme also serves as collection centre for collecting instalments besides providing services of enquiry handling and file opening.

- **Disbursements**

MRHMFL disbursed Rs. **128.58** Crores during the year as against Rs. 78.49 Crores in the previous year. MRHMFL disbursed loans of Rs. **81.23** Crores (previous year Rs. 31.70 Crores) for home purchase and renovation.

MRHMFL disbursed home loans to 596 families (previous year 451 families) and the average home loan to individuals was maintained at Rs. 0.07 Crores.

MRHMFL disbursed loans of Rs. 7.61 Crores (previous year Rs. 5.38 Crores) for purchase of Non Residential Property/Commercial Property and Rs. 39.74 Crores (previous year Rs. 41.41 Crores) to developers.

- **Loans**

The loan approval process at MRHMFL is decentralized with varying approval limits. Approvals of lending proposals are carried out by retail sanctioning committees/persons up to the limits delegated.

Approvals beyond certain limits are referred to the Committee of Management. Larger proposals, as appropriate, are referred to the committee of directors, set up by the Board.

During the year, MRHMFL's total outstanding loans increased to Rs. 270.24 Crores from Rs. 203.34 Crores and registered a growth of 32.90%.

MRHMFL's total outstanding home loans to individuals of Rs. 187.93 crores constitute 69.54% of the total outstanding loans. Loans to individuals for non-residential premises (NRP) of Rs. 16.78 Crores constituted 6.21% of the total outstanding loans. The outstanding loans to developers of Rs. 65.53 Crore constituted 24.25% of the total outstanding loans.

- **Provision for Impairment of Loans**

The Company has recognised impairment loss on loans based on the ECL model as required by Ind AS 109. Accordingly, MRHMFL has made a provision for impairment of Rs. 0.53 Crore towards Stage I loans and Rs. 0.46 Crore towards Stage II loans.

MRHMFL's Stage III loan assets as at March 31, 2019 were Rs. 0.97 Crores on which MRHMFL has made a provision of Rs. 0.27 Crores. . MRHMFL therefore carries a total provision of Rs. 1.25 Crores on its total assets as per IND AS 109.

- **NHB Guidelines and Prudential Norms**

MRHMFL has complied with the guidelines issued by NHB regarding accounting guidelines, prudential norms for capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) Standards, Fair Practices Code, grievance redressal mechanism, recovery of dues. The Company has provided for impairment of loans and advances as per IND AS 109 prescribed under section 133 of the Companies Act, 2013 and as per the NHB Circular No. NHB(ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018.

MRHMFL's total borrowings as at March 31, 2019 of Rs. 254.60 Crores were within the permissible limit of NHB Directions.

MRHMFL's CAR as at March 31, 2019 was 28.40% as against NHB's prescribed limit of 12%. The Capital Adequacy on account of Tier I Capital was 27.68% while the Capital Adequacy on account of the Tier II Capital was 0.72%.

- **Risks & Concerns**

Risk Management is the process by which the company identifies, measures, monitors and controls its risk exposure in order to ensure that risks are within the tolerance level set by the company and are clearly understood at relevant levels across the Company.

Asset Liability Management Committee [ALCO]

For management of Market Risk, the Board has constituted the Asset Liability Management Committee (ALCO). It functions on the basis of a policy detailing the objectives & scope of Asset Liability Management in the company, duly approved by the Board. The role of ALCO is to:

a. Review at periodic intervals the Liquidity Risk through Structural Liquidity and Dynamic Liquidity, Interest Rate Risk sensitivity.
b. Review the pricing of various products of the company.
c. Evaluate new business products, any variants of the existing products or any cost cutting measure, with particular focus on the pricing aspects, and make suitable recommendations to the company.

Credit Risk Management

For management of credit risk, the board has constituted Credit Policy. Operational team functions on the basis of a policy detailing the objective and scope. The company has adopted mechanism of categorization of borrowers in different categories on the basis of their profile and risk attached.

The company has recognized following risk mitigants:

- Adjusting the cost of credit according to the credit strength of the borrower.
- Credit tightening, or reducing the amount of credit available to higher risk applicants;
- Diversification or increasing the portfolio mix of borrowers.
- Interest rate sensitivity analysis.

Operational Risk

Operational Risk is the chances of loss associated with company's operations. Examples of such loss events are (I) external fraud, (ii) internal fraud, (iii) damage to physical assets, (iv) loss on account of faulty business practices and procedures, (v) business disruption and system failures (vi) Employment practices and workplace safety (vii) Execution Delivery and Process Management etc.

Operational Risk of the company is overseen by a Director & COO along with internal members of the company set up for the purpose. Internal control system would be set up led by Manager Operation which would report to Director & COO. Major discrepancies if any would be reported to audit committee by Director & COO.

The company has recognized following risk mitigants:

- **Task Segregation**: Effective segregation of tasks and duties reduces internal theft and risks related to fraud. This prevents one individual from taking advantage of the numerous aspects of transactions and business processes or practices.

- **Curtailing complexities in business processes:** Reducing complexity in different business processes radically mitigates operational risks. Curtailing manual activities and the number of people and exceptions that rise during the implementation of business processes is important.

- **Reinforcing organizational ethics:** Creating a strong ethical compass within the organization is highly effective in mitigating operational risks management. Organizational ethics can be reinforced by combining personal values and principles of the workforce with the ideology of the organization.

- **The right people for the right job:** Having the right people in the right jobs can reduce issues pertaining to business process execution and skill and technology usage. This also results in appropriate workforce utilization, adherence to timelines, enhanced quality, and fewer errors and process breakdowns.

- **Monitoring and evaluations at regular intervals:** Business processes are more effective with well-designed performance indicators in place. Key Performance Indicators (KPIs) are critical for timely detection and mitigation of risks, provided they are continuously monitored and reviewed. This helps to identify discrepancies proactively and manage them accordingly.

- **Periodic risk assessment:** Periodic assessments of all facets of operational risks bring more relief to organizational management. It is imperative to be risk-ready by gauging regulatory obligations, IT assets, skills, competencies, processes and business decisions.

- **Look back and learn:** Risk incidents and various remedial activities employed in the past make way for some of the most effective strategies to counter future risks. Previous risk occurrences help to implementing a stronger, proactive operational risk management framework. It also supports real-time amendments that suit the current operating scenario.

Market Risk

Market risk is the potential loss due to changes in market prices or values. It is also known as systematic risk or un-diversifiable or volatility risk. This type of risk is both unpredictable and impossible to completely avoid.

- Making adequate Loss provisions to cover expected losses.
- Screening alternative courses of action by performing a risk assessment, and enforcing a threshold criterion for acceptable risk. Alternatives that fail to meet the set criterion are rejected.
- Assessment of potential demands for liquidity during a stressful period relative to the potential sources of liquidity.
- Expanding the size and number of available sources, for example, the interbank market.

- **Central Registry**

The Government of India has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. All Banks & Housing Finance Companies (HFCs) which fall under the purview of SARFAESI Act are required to register with CERSAI and submit the data in respect of all properties mortgaged in its favour. The lending institutions are required to pay fees for uploading the data of mortgage.

- **Internal Audit and Control**

MRHMFL has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting. MRHMFL has documented procedures covering all financial and operating functions.

MRHMFL has robust internal audit programme, where the internal auditors, an independent firm of chartered accountants, conduct a risk-based audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Their audit program is agreed upon by the Audit Committee.

Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

- **Statement of Profit and Loss**

Key elements of the statement of profit and loss for the year ended March 31, 2019 are:

- Profit before tax grew by 48.18% and Profit after tax grew by 32.14% as against the previous year.
- Current year income tax provision amounted to Rs. 1.12 Crore as compared to Rs. 0.86 Crore in the previous year. The effective income tax rate for the current year was 26.51% against 30.00% in the previous year.
- Pre-tax return on average assets was 1.62% in the current year as against 1.42% in the previous year. Post-tax return on average assets was 1.01% as against 1% in the previous year.
- The Earnings Per Share (Basic) was Rs. 1.26 for the current year against Rs. 0.90 for the previous year.

- **Human Resource**

The Company believes that the quality and dynamism of its human capital has enabled it to significantly enhance customer experience and stakeholder's value. In order to sustain its growth the company works relentlessly towards being customer-focused, performance-driven and ready for the future. The company provides employment and growth opportunities to more than 223 employees with the human resource strength growing with the size and operation of the company. The talent management strategy of the Company strives to deliver its unique talent promise of 'building holistic business leaders. The enthusiasm of staff members continued to be high in sustaining positive growth of disbursements and in maintaining healthy recoveries. With the high level of commitment and loyalty by staff members, MRHMFL is confident to face the challenges of the tougher market conditions.

- **Cautionary Statement**

The statements made in this report describing the Company's objectives, estimations, expectations or projections, outlooks constitute forward-looking statements within the meaning of applicable securities laws and regulations. Actual results may differ from such expectations, projections, among others, whether express or implied. The statements are based on certain assumptions and future events over which the Company has no direct control. The Company assumes no responsibility to publicly amend, modify and revise any of the statements on the basis of any subsequent developments, information or events.

ANNEXURE A TO DIRECTORS' REPORT

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U74900GJ2007PLC051383
2.	Registration Date	24/07/2007
3.	Name of the Company	MAS Rural Housing & Mortgage Finance Limited
4.	Category / Sub-category of the Company	Company limited by shares
5.	Address of the Registered office & contact details	4th Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad-380 009. Ph No. – 079 – 4110 6500 / 733 Website : www.mrhmfl.co.in E-Mail : darshil_hiranandani@mas.co.in
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech Pvt. Ltd Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 P: +91 40 6716 1602 | M : +91 9870495653

II. 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.	Activities of Housing Finance	65922	100.00%

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1.	MAS Financial Services Limited 6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad - 380 009.	L65910GJ1995PLC026064	Holding	59.67	Section 2(46) of Companies Act, 2013.

IV. SHAREHOLDING PATTERN:

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-Wise Shareholding:

Category of Shareholders	No. of Shares held as on April 1, 2018.				No. of Shares held as on March 31, 2019.				% change during the year
A. PROMOTERS	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1) Indian									
a) Individual / HUF	7284620	Nil	7284620	40.39	8561211	Nil	8561211	40.33	-0.06
b) Central Govt. Or State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corporate	10750000	Nil	10750000	59.61	12664893	Nil	12664893	59.67	0.06
d) Bank / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL: (A) (1)	18034620	Nil	18034620	100.00	21226104	Nil	21226104	100.00	0.00
(2) Foreign									
a) NRI- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL: (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)	18034620	Nil	18034620	100.00	21226104	Nil	21226104	100.00	Nil
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(1):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Non Institutions									
a) Bodies corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders	300	Nil	Nil	*0.00	300	Nil	Nil	*0.00	Nil

holding nominal share capital upto Rs. 1 lakhs									
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(2):	300	Nil	Nil	*0.00	300	Nil	Nil	*0.00	Nil
TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)	300	Nil	Nil	*0.00	300	Nil	Nil	*0.00	Nil
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
GRAND TOTAL (A+B+C)	18034920	Nil	18034920	100	21226404	Nil	21226404	100	Nil

* *Insignificant 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	Mr. Mukesh C. Gandhi	3402310	18.87	Nil	4040606	19.04	Nil	0.17
2	Mr. Kamlesh C. Gandhi	2060980	11.43	Nil	2486510	11.71	Nil	0.28
3	Ms. Shweta Kamlesh Gandhi	1821330	10.1	Nil	2034095	9.58	Nil	-0.52
4	M/s. MAS	10750000	59.61	Nil	12664893	59.67	Nil	0.06

	Financial Services Limited							

iii) Change In Promoters' Shareholding (Specify, if there is no change):

Sl. No.	Shareholders Name	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
1.	Mr. Kamlesh Gandhi	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	As at 01/04/2018	2060980	11.43	2060980	11.43
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	March 30, 2019 – Allotment of 212,765 Equity Shares and Conversion of 10,00,000 OCPS to 212,765 Equity Shares.			
	As at 31/03/2019	2486510	11.71	2486510	11.71
2.	Mr. Mukesh Gandhi	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	As at 01/04/2018	3402310	18.87	3402310	18.87
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	March 30, 2019 – Allotment of 212,765 Equity Shares and Conversion of 20,00,000 OCPS to 425,531 Equity Shares.			
	As at 31/03/2019	4040606	19.04	4040606	19.04
3.	Ms. Shweta Gandhi	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	As at 01/04/2018	1821330	10.1	1821330	10.1
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	March 30, 2019 – Conversion of 10,00,000 OCPS to 212,765 Equity Shares.			
	As at 31/03/2019	2034095	9.58	2034095	9.58
4.	MAS Financial Services Limited	No. of Shares	% of total	No of shares	% of total

		shares of the company		shares of the company
As at 01/04/2018	10750000	59.61	10750000	59.61
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	March 30, 2019 – Allotment of 1,914,893 Equity Shares.			
As at 31/03/2019	12664893	59.67	12664893	59.67

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRS & ADRS):

Sl. No.	For Each of the Top 10 Shareholders	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.	Mr. Saumil Pandya				
	As at 01/04/2018	100	*0.00	100	*0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	100	*0.00	100	*0.00

* *Insignificant Shareholding.*

v) Shareholding of Directors & KMP:

Sl. No.	Particulars	Shareholding		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Kamlesh Gandhi – Chairman & Managing Director				
	As at 01/04/2018	2060980	11.43	2060980	11.43
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat	March 30, 2019 – Allotment of 212,765 Equity Shares and Conversion of 10,00,000 OCPS to 212,765 Equity Shares.			

	equity etc)				
	As at 31/03/2019	2486510	11.71	2486510	11.71
2.	Mr. Mukesh Gandhi – Whole-Time Director & CFO				
	As at 01/04/2018	3402310	18.87	3402310	18.87
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	March 30, 2019 – Allotment of 212,765 Equity Shares and Conversion of 20,00,000 OCPS to 425,531 Equity Shares.			
	As at 31/03/2019	4040606	19.04	4040606	19.04
3.	Mrs. Darshana Pandya – Director & COO				
	As at 01/04/2018	100	*0.00	100	*0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	100	*0.00	100	*0.00
4	Mr. Chetan Shah – Independent Director				
	As at 01/04/2018	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	–	–		–
5	Mr. Subir Nag – Independent Director				
	As at 01/04/2018	–	–		–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	–	–		
6	Mr. Bala Bhaskaran – Independent Director				
	As at 01/04/2018	100	*0.00	100	*0.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	100	*0.00	100	*0.00

7	Mr. Darshil Hiranandani – Company Secretary				
	As at 01/04/2018	-	--		
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	—			--

* *Insignificant Shareholding.*

(Preference Share Capital Breakup as percentage of Total Preference)

i) Category-Wise Shareholding:

Category of Shareholders	No. of Shares held as on April 1, 2018.				No. of Shares held as on March 31, 2019.				% change during the year
A. PROMOTERS	**Demat**	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
(1) Indian									
a) Individual / HUF	4000000	Nil	4000000	100.00	Nil	Nil	Nil	Nil	Nil
b) Central Govt. Or State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bank / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL: (A) (1)	4000000	Nil	4000000	100.00	Nil	Nil	Nil	Nil	Nil
(2) Foreign									
a) NRI- Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.									
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL: (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)	4000000	Nil	4000000	100.00	Nil	Nil	Nil	Nil	Nil
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(1):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Non Institutions									
a) Bodies corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individuals shareholders holding nominal share capital in	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

excess of Rs. 1 lakhs									
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
SUB TOTAL (B)(2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
GRAND TOTAL (A+B+C)	4000000	Nil	4000000	100.00	Nil	Nil	Nil	Nil	Nil

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	Mr. Mukesh C. Gandhi	2000000	50.00	Nil	Nil	Nil	Nil	Nil
2	Mr. Kamlesh C. Gandhi	1000000	25.00	Nil	Nil	Nil	Nil	Nil
3	Ms. Shweta Kamlesh Gandhi	1000000	25.00	Nil	Nil	Nil	Nil	Nil

iii) Change In Promoters' Shareholding (Specify, if there is no change):

Sl. No.	Shareholders Name	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
1	Mr. Kamlesh Gandhi	**No. of Shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	As at 01/04/2018	1000000	25.00	1000000	25.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	Conversion of OCPS to Equity Shares			
	As at 31/03/2019	Nil	0.00	Nil	0.00
2	Mr. Mukesh Gandhi	**No. of Shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	As at 01/04/2018	2000000	50.00	2000000	50.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	Conversion of OCPS to Equity Shares			
	As at 31/03/2019	Nil	0.00	Nil	0.00
3	Mrs. Shweta Gandhi	**No. of Shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	As at 01/04/2018	1000000	25.00	1000000	25.00
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease(e.g. Allotment/transfer/bonus/sweat equity etc):	Conversion of OCPS to Equity Shares			
	As at 31/03/2019	Nil	0.00	Nil	0.00

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRS & ADRS):

Not Applicable

v) Shareholding of Directors & KMP:

Sl. No.	Particulars	Shareholding		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Kamlesh Gandhi – Chairman & Managing Director				
	As at 01/04/2018	1000000	25.00	1000000	25.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	Conversion of OCPS to Equity Shares			
	As at 31/03/2019	Nil	0.00	Nil	0.00
2	Mr. Mukesh Gandhi – Whole-Time Director & CFO				
	As at 01/04/2018	2000000	50.00	2000000	50.00
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	Conversion of OCPS to Equity Shares			
	As at 31/03/2019	Nil	0.00	Nil	0.00
3	Mrs. Darshana Pandya – Director & COO				
	As at 01/04/2018	–	–	–	
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	–	–		
4	Mr. Chetan Shah – Independent Director				
	As at 01/04/2018	–	–		
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			

	As at 31/03/2019	–	–	–	
5	Mr. Subir Nag – Independent Director				
	As at 01/04/2018	–	–	–	
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	–	–	–	–
6	Mr. Bala Bhaskaran – Independent Director				
	As at 01/04/2018	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	–	–	–	
7	Mr. Darshil Hiranandani – Company Secretary				
	As at 01/04/2018	–	–	–	–
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No change			
	As at 31/03/2019	–	–	–	–

V. INDEBTEDNESS:

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

(Amount In Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	1,67,81,82,417	Nil	12,84,72,150	1,80,66,54,567
ii. Interest due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not due	21,06,706	Nil	73,13,052	94,19,758
Total (i+ii+iii)	**1,68,02,89,123**	**Nil**	**13,57,85,202**	**1,81,60,74,325**
Change in Indebtedness during the financial year				

• **Net Addition / (Reduction)**	86,94,13,547	Nil	(11,89,14,154)	75,04,99,393
Indebtedness at the end of the financial year				
i. Principal Amount	2,54,60,41,089	Nil	1,65,75,000	2,56,26,16,089
ii. Interest due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not due	36,61,581	Nil	2,96,048	39,57,629
Total (i+ii+iii)	**2,54,97,02,670**	**Nil**	**1,68,71,048**	**2,56,65,73,718**

Note: All the deposits are security deposits received from customers for loan.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Amount In Rs.)

Sl No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Mr. Kamlesh Gandhi Chairman & Managing Director	Mr. Mukesh Gandhi Whole-time Director & Chief Financial Officer	Mrs. Darshana Pandya – Director & Chief Operating Officer	
1.	Gross salary a. Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	Nil	Nil	Nil	Nil
	b. Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil	Nil	Nil
	c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others (specify)	Nil Nil	Nil Nil	Nil Nil	Nil Nil

5.	Others, please specify (Electricity Charges Reimbursement)	Nil	Nil	Nil	Nil
	Total A	**Nil**	**Nil**	**Nil**	**Nil**

B. Remuneration to other directors:

(Amount In Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Bala Bhaskaran	Mr. Chetan Shah	Mr. Subir Nag	
1	**Independent Directors**				
	a. Fee for attending board committee meetings	1,35,000	1,10,000	30,000	2,75,000
	b. Commission	Nil	Nil	Nil	Nil
	c. Others please specify.	Nil	Nil	Nil	Nil
	Total (1)	**1,35,000**	**1,10,000**	**30,000**	**2,75,000**
2	**Other Non Executive Directors**				
	a. Fee for attending board committee meetings	Nil	Nil	Nil	Nil
	b. Commission	Nil	Nil	Nil	Nil
	c. Others, please specify.	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	**1,35,000**	**1,10,000**	**30,000**	**2,75,000**

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

(Amount In Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		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 c. Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	5,42,324	5,42,324
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit	Nil	Nil

	- others (specify)	Nil	Nil
5.	Others, please specify	Nil	Nil
Total		**5,42,324**	**5,42,324**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

NONE

For & On behalf of the Board of Directors of
MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

KAMLESH C. GANDHI
CHAIRMAN & MANAGING DIRECTOR
DIN: 00044852

Date : April 24, 2019
Place : Ahmedabad

ANNEXURE B TO DIRECTORS' REPORT

MAS RURAL HOUSING & MORTGAGE FINANCE 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 arms length transaction under third proviso thereto.

I. Details of Contracts or Arrangements or Transactions at Arms length basis for the year ended March 31, 2019.

Sl No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited (MFSL)
b.	Nature of contracts / arrangements / transaction	Availing of Services
c.	Duration of the contracts / arrangements / transaction	One Year
d.	Salient terms of the contracts or arrangements or transaction including the value, if any.	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furniture's & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly.
e.	Justification for entering into such contracts or arrangements or transactions.	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.
f.	Date of approval by the Board	20/08/2018
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MAS Financial Services Limited
b.	Nature of contracts/arrangements/transaction	Availing of Services
c.	Duration of the contracts/arrangements/transaction	Two Years
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	MRHMFL appoints MFSL as recovery agent to collect outstanding instalments and other dues from its customers and MFSL in consideration accepts appointment and agrees to provide the said service under the terms and conditions as set forth.
e.	Justification for entering into such contracts or arrangements or transactions.	MRHMFL is in requirement of services for recovery of dues from customers at its various branches and MFSL has network executives at its various branches. So, to avail its services, MRHMFL has requested MFSL to provide services of recovery agent.
f.	Date of approval by the Board	14/03/2019
g.	Amount paid as advances, if any	No such amount was paid as advances.
h.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

II. Details of Contracts or Arrangements or Transactions not at Arms 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.

For & On behalf of the Board of Directors of
MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

KAMLESH C. GANDHI
CHAIRMAN & MANAGING DIRECTOR
DIN: 00044852

Date : April 24, 2019
Place : Ahmedabad

ANNEXURE C

POLICY ON RELATED PARTY TRANSACTIONS

1) Prelude

The Company is a Housing Finance Company registered with the National Housing Bank, and is engaged in providing home loans rural, semi-urban and urban areas.

The Companies Act, 2013 ("the Act") places a lot of emphasis on Related Party Transactions. Provisions of the Act along with the relevant Rules governing Related Party Transactions have come into effect from April 1, 2014.

Section 177(4) of the Act deals with approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and/or not on an Arm's length basis require prior approval of the Board and if such transactions cross the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company by ordinary resolution and the Related Parties with whom transactions are being entered shall abstain from voting on such resolution(s).

It also requires specified related party transactions to be disclosed in the Board's Report along with the justification for entering into such transactions.

As per the requirements of Notification No. NHB. HFC. CG-DIR.1/MD&CEO/2016 issued by the National Housing Bank (NHB) vide which the NHB notified the Housing Finance Companies-Corporate Governance (National Housing Bank) Directions, 2016, the company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

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, and any other laws and regulations as may be applicable to the Company; and (c) lay down guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the company and any of its related parties in the best interest of the Company.

3) Applicability and Legal Framework

This Policy on Related Party Transactions shall be governed by the Act read with Rules made thereunder, as may be in force from time to time and regulations, if any, of NHB in this regard. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4) 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 of the Act.

5) Policy on Related Party Transactions:

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

The Audit Committee shall periodically review this policy and may recommend amendments to this Policy from time to time as it deems appropriate.

6) Identification of potential related parties and transactions

Identification of related parties shall be as prescribed under section 2(76) of the Companies Act, 2013 and identification of related party transactions shall be as prescribed under section 188 of the Companies Act, 2013.

7) Approval of Related Party Transactions

a) Prior Approval of Audit Committee

All Related Party Transactions of the Company as prescribed under the Act shall require prior approval of Audit Committee, whether at a meeting or by way of a Resolution by circulation.

i) All Related Party Transactions will be submitted to the Audit Committee for prior approval irrespective of whether such transactions are in the ordinary course of business and/or at arm's length or not.

ii) Where the Company has entered into a master agreement with a related party, which stipulates details of every transaction like nature of the transaction, basis of pricing, credit terms, etc. the prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any further approval of the Audit Committee unless there is any change in the terms of the master agreement.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a) The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
b) The criteria for making omnibus approval shall include the following which shall be approved by the Board:-

    i) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
    ii) The maximum value per transaction which can be allowed.
    iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
    iv) Review, at such interval as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each of the omnibus approval made.
    v) Transactions which cannot be subject to the omnibus approval by the Audit Committee.

    The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

    a. Repetitiveness of the transactions (in past or in future)
    b. Justification for the need of omnibus approval.

c) The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;
d) Such omnibus approval shall specify (i) the name/s of the related party (ii) nature and duration of transaction/period of transaction (iii) maximum amount of transaction that can be entered into, (iv) the indicative base price/current contracted price and the formula for variation in the price if any and (v) such other conditions as the Audit Committee may deem fit;

    Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. one crore per transaction.

The Audit Committee shall review 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 approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.

Such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

b) 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.

c) Approval of the Shareholders of the Company:

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.

8) Disclosures

MRHMFL 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.

9) 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.

****

NOTICE

NOTICE is hereby given that the Twelfth (12th) Annual General Meeting (AGM) of the members of MAS Rural Housing & Mortgage Finance Limited will be held at 10:00 A.M., on Wednesday, the 19th day of June, 2019 at 5th Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statement of the Company for the year ended March 31, 2019 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity and preference shares.
3. To appoint a Director in place of Mrs. Darshana Pandya, (DIN 07610402), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers herself for re-appointment.
4. To ratify the appointment of Auditors and to fix their remuneration and in this regards pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, the appointment of M/s. Rajpara Associates, Chartered Accountants, (Firm Registration No. 113428W), Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 13th Annual General Meeting be and is hereby ratified and their appointment be at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable GST and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

By order of the Board

Darshil Hiranandani
Company Secretary
(A47986)

Place : **Ahmedabad**
Date : **April 24, 2019**

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form, to be valid and effective, should be lodged at the registered office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the AGM.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carry 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.

Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, June 13, 2019 to Wednesday, June 19, 2019, (both days inclusive) for determining the entitlement of the shareholders to the payment of dividend to the Equity Shareholders.

Subject to the provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM, will be dispatched/remitted commencing on or after June 19, 2019.

All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the AGM and other statutory registers shall be available for inspection by the Members at the registered office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. on all working days of the Company from the date hereof up to the date of ensuing annual general meeting.

In terms of the provisions of Section 124 of the Companies Act, 2013, the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government.

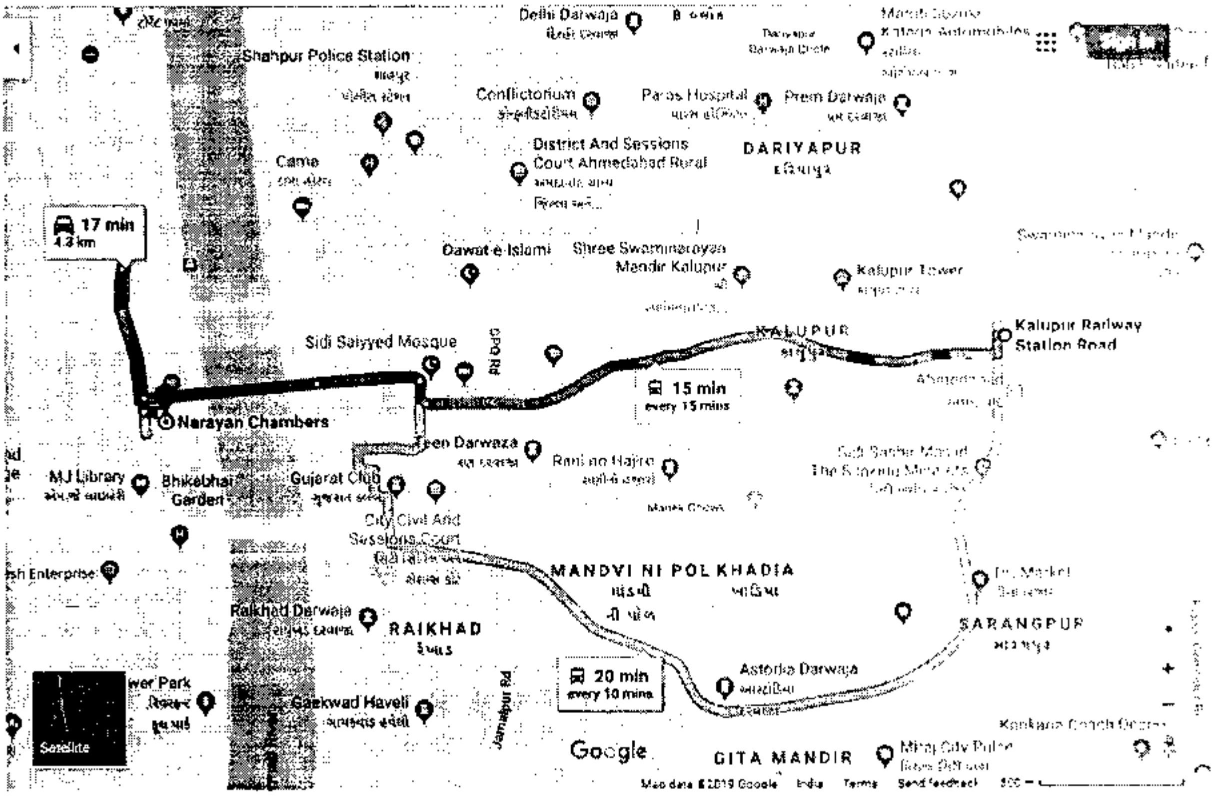
In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014 this Notice and the Annual Report of the Company for the financial year 2018-19 are being sent by e-mail to those Members who have registered their e-mail address with the Company (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form and made available to the Company by the Depositories.

The Company requests those Members who have not yet registered their e-mail address, to register the same directly with their DP, in case shares are held in electronic form and to the Company, in case shares are held in physical form.

The Annual Report 2018-19 of the Company is also available on the Company's website at www.mrhmfl.co.in

For Security reasons and for proper conduct of AGM, entry to the place of the AGM will be regulated by the Attendance Slip, which is annexed to this Notice. Members/ Proxies are requested to bring their Attendance Slip in all respects and signed at the place provided there at and hand it over at the entrance of the venue. The route map of the AGM venue is also annexed to this Notice.

Route Map to the Venue of AGM:



INDEPENDENT AUDITOR'S REPORT

To the Members of
MAS Rural Housing and Mortgage Finance Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of **MAS Rural Housing and Mortgage Finance Limited** which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flow, the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS 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 (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 Ind AS 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 Ind AS Financial Statements based on 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 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 Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

202/B, Shivalik-10, Opp. SBI Zonal Office, Nr. Shrimali Society, Nehru Nagar, Ambawadi, Ahmedabad-380015,
Ph. (079) 2630 0340 | www.rajaparaassociates.com | admin@carajpara.com

AS 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 Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operative effectiveness of such controls. 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 Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including Ind AS, of the financial position of the Company as at 31 March, 2019, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose 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 and statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards (Ind AS) specified under section 133 of the Act, read with relevant rule issued thereunder;

   e. On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountants *

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 B"**.

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, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.
   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.

For Rajpara Associates
Chartered Accountants
FRN 113428W

Jay Soni

Jay Soni
Partner
M. No. 174165

RAJPARA ASSOCIATES * Chartered Accountants * Ahmedabad

Place : Ahmedabad
Date : April 24, 2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 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) The fixed assets have been physically verified by the management inn a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regards to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the book records and the physical fixed assets have been noticed.

(c) No immovable property is held by the company and accordingly, the provisions of clause 3 (i) (c) of the Order are not applicable to the Company and hence not commented upon.

(ii) The company being Non-banking Financial Company has no inventory; Accordingly, the provisions of clauses 3(ii) of the order are not applicable to the company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of clauses 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

(v) According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder.

(vi) In respect of the activities of the Company, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

(vii) According to information and explanations given to us, in respect of statutory dues:

(a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, Goods and Service Tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it.

(b) According to the records of the company, there are no disputed statutory dues for income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess.

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or Government. The Company has not issued any debentures.

(ix) Company has not taken any term loan from bank or financial institutions. Also company has not raised moneys by way of initial public offer or further public offer. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

(xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

(xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has made private placement of equity shares during the year under review and the requirements of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purpose for which the funds were raised.

(xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

(xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Rajpara Associates
Chartered Accountants
FRN 113428W

Jay Soni

Place : Ahmedabad
Date : April 24, 2019

Jay Soni
Partner
M. No. 174165

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of **MAS Rural Housing and Mortgage Finance Limited** as of March 31, 2019 in conjunction with our audit of the Ind AS 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 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 Companies Act, 2013.

Auditors' 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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.

RAJPARA ASSOCIATES Ahmedabad Chartered Accountant

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 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, 2019, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Rajpara Associates
Chartered Accountants
FRN 113428W

Jay Soni
Partner
M. No. 174165

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountants *

Place : Ahmedabad
Date : April 24, 2019

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

BALANCE SHEET AS AT 31 MARCH 2019

(Amount in ₹)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	5	412,289,043	114,228,298	106,749,228
Bank Balance other than cash and cash equivalents	6	192,533	322,615	155,671
Loans	7	2,641,405,249	1,993,902,775	1,716,668,616
Other Financial assets	8	16,647,054	13,488,161	12,739,502
Total Financial Assets		**3,070,533,879**	**2,121,941,849**	**1,836,313,017**
Non-Financial Assets				
Income tax assets (net)		-	1,698,698	908,725
Deferred tax Assets (Net)	9	6,940,936	11,660,063	11,617,205
Property, Plant and Equipment	10 (a)	9,874,207	12,229,408	15,755,425
Other Intangible assets	10 (b)	104,905	167,539	63,653
Other non-financial assets	11	4,920,774	3,507,225	903,081
Total Non Financial Assets		**21,840,822**	**29,262,931**	**29,248,089**
Total Assets		**3,092,374,701**	**2,151,204,780**	**1,865,561,106**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Payables				
(I)Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		4,671,641	3,879,562	2,006,247
(II) Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	30	-	-	-
Borrowings (Other than Debt Securities)	12	2,534,410,639	1,697,499,835	1,488,227,502
Other financial liabilities	13	85,644,947	141,223,342	83,133,776
Total Financial Liabilities		**2,624,727,227**	**1,842,602,739**	**1,573,367,525**
Non-Financial Liabilities				
Current tax liabilities (Net)		94,380	-	-
Provisions	14	134,933	852,093	736,686
Other non-financial liabilities	15	1,298,092	1,169,585	1,006,677
Total Non Financial Liabilities		**1,527,405**	**2,021,678**	**1,743,363**
Total Liabilities		**2,626,254,632**	**1,844,624,417**	**1,575,110,888**
EQUITY				
Equity Share Capital	16	212,264,040	180,349,200	180,349,200
Other Equity	17	253,856,029	126,231,163	110,101,018
Total Equity		**466,120,069**	**306,580,363**	**290,450,218**
Total Liabilities and Equity		**3,092,374,701**	**2,151,204,780**	**1,865,561,106**

See accompanying notes to the financial statements

In terms of our report attached
For Rajpara & Associates
Chartered Accountants

For and on behalf of the Board of Directors of MAS Rural Housing and Mortgage Finance Ltd.

Jay Soni
Partner
Membership No 174165

RAJPARA ASSOCIATES Ahmedabad Chartered Accountants

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

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

Darshil Hiranandani
(Company Secretary)
(Membership No: A47986)

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

Place : Ahmedabad
Date : 24 April, 2019

Place: Ahmedabad
Date : 24 April, 2019

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
I. Revenue from operations			
Interest Income	18	306,726,988	251,281,796
Fees and commission income		17,053,563	12,173,751
Total Revenue from operations		**323,780,551**	**263,455,547**
Other Income	19	326,917	-
Total Income		**324,107,468**	**263,455,547**
II. Expenses			
Finance Costs	20	195,273,009	157,859,431
Impairment on financial instruments	21	9,091,888	7,682,717
Employee Benefit Expenses	22	49,000,174	43,641,760
Depreciation, amortization and impairment	23	3,166,353	4,378,994
Other expenses	24	25,184,135	21,284,893
Total Expenses		**281,715,559**	**234,847,795**
III. Profit Before Tax		**42,391,909**	**28,607,752**
IV. Tax Expense:			
Current Tax	9	11,420,000	8,640,000
Short / (Excess) Provision For Tax Relating to Prior Years		(180,835)	(57,065)
Deferred tax (credit) / charge	9	4,633,453	(42,858)
Net tax expense		**15,872,618**	**8,540,077**
V. Profit for the year (III - IV)		**26,519,291**	**20,067,675**
VI. Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit liabilities		307,958	252,932
Income tax impact on above		(85,674)	(70,366)
Total		222,284	182,566
Other comprehensive income		**222,284**	**182,566**
VII. Total comprehensive income (V + VI)		**26,741,575**	**20,250,241**
VIII. Earnings per equity share (of ₹ 10 each):	25		
Basic		1.26	0.90
Diluted		1.26	0.90
See accompanying notes to the financial statements			

In terms of our report attached
For Rajpara & Associates
Chartered Accountants

For and on behalf of the Board of Directors of
MAS Rural Housing & Mortgage Finance Ltd.

Jay Soni
Partner
Membership No.174165

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

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

RAJPARA ASSOCIATES Chartered Accountant Ahmedabad

Darshil Hiranandani
(Company Secretary)
(Membership No: A47986)

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

Place : Ahmedabad
Date : 24 April, 2019

Place: Ahmedabad
Date : 24 April, 2019

AAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

(A) Equity Share Capital

(Amount in ₹)

Particulars	Balance at 1 April 2017	Changes in equity share capital during the year	Balance at 31 March 2018	Changes in equity share capital during the year	Balance at 31 March 2019
Equity Share of ₹ 10 each issued, subscribed and fully paid	180,349,200	-	180,349,200	31,914,840	212,264,040

(B) Other Equity

(Amount in ₹)

Particulars	Reserves and Surplus			Equity component of compound financial instruments - Optionally Convertible preference shares	Employee cost on discount on shares issued by Holding Company	Remeasurement of the defined benefit liabilities	Total
	Reserve fund u/s. 29-C of NHB Act,1987	Securities Premium	Retained Earnings				
Balance at 1 April 2017	25,798,865	3,150,800	62,798,560	18,445,516		(92,723)	110,101,018
Total Comprehensive Income for the year			20,067,675		-	182,566	20,250,241
Dividend on Equity Shares including DDT	-	-	(1,077,125)	-	-	-	(1,077,125)
Dividend on Preference Shares including DDT	-	-	(3,722,876)	-	-	-	(3,722,876)
Transfer to retained earnings	-	-		-	-	-	-
Transfer to Reserve fund u/s. 29-C of NHB Act,1987	7,830,000		(7,830,000)	-	-	-	-
Addition on Initial Public Offer of Holding Company	-			-	679,905	-	679,905
Balance at 31 March 2018	**33,628,865**	**3,150,800**	**70,236,234**	**18,445,516**	**679,905**	**89,843**	**126,231,163**
Total Comprehensive Income for the year	-	-	26,519,291		-	222,284	26,741,575
Dividend on Equity Shares including DDT	-	-	(526,787)	-	-	-	(526,787)
Dividend on Preference Shares including DDT	-	-	(3,862,427)	-	-	-	(3,862,427)
Transfer to Reserve fund u/s. 29-C of NHB Act,1987	10,270,000		(10,270,000)	-	-	-	-
Additions during the year in Security Premium	-	118,085,041	-	-	-	-	118,085,041
Adjustment on account of premature conversion to equity share	-	-	-	(12,812,536)	-	-	(12,812,536)
Balance at 31 March 2019	**43,898,865**	**121,235,841**	**82,096,311**	**5,632,980**	**679,905**	**312,127**	**253,856,029**

In terms of our report attached
For Rajpara & Associates
Chartered Accountants

Jay Soni
Partner
Membership No.174165

Place : Ahmedabad
Date : 24 April, 2019

For and on behalf of the Board of Directors of
AAS Rural Housing & Mortgage Finance Ltd.

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

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

Darshil Hiranandani
(Company Secretary)
(Membership No: A47986)

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

Place: Ahmedabad
Date : 24 April, 2019

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		**42,391,909**		**28,607,752**
Adjustments for :				
Depreciation and Amortisation	3,166,353		4,378,994	
Finance Costs	195,273,009		157,859,431	
Provision for impairment on financial assets	1,614,867		1,294,674	
Loss assets written off (net)	7,477,021		6,388,043	
Interest Income	(299,081,360)		(246,959,265)	
Interest Income from Investments and Deposits	(7,525,032)		(4,173,418)	
Profit on Sale of Property, Plant & Equipments	(1,217)		-	
Employee benefit expense (Shares issued at discount by Holding Company)	-		679,905	
		(99,076,359)		(80,531,636)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(56,684,450)**		**(51,923,884)**
Changes in Working Capital:				
Adjustments for (increase)/decrease in operating assets:				
Loans and Advances	(656,594,361)		(284,916,878)	
Deposits given as Collateral	16,055		(252,226)	
Bank balance other than cash and cash equivalents	130,082		(166,944)	
Other non-financial asset	(1,105,591)		(2,421,578)	
Adjustments for increase/(decrease) in operating liabilities:				
Trade Payables	792,079		1,873,315	
Advance from Borrowers	3,326,339		1,672,132	
Other financial and non-financial liabilities	(53,314,099)		51,455,321	
Provisions	(717,160)	(707,466,655)	115,407	(232,641,450)
CASH GENERATED FROM / (USED IN) OPERATIONS		**(764,151,105)**		**(284,565,334)**
Finance Costs paid	(204,495,543)		(152,504,896)	
Income Tax Paid (Net)	(9,446,087)		(9,372,908)	
Interest Income Received	295,906,412	81,964,783	246,462,832	84,585,028
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)		**(682,186,323)**		**(199,980,306)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on Property, Plant & Equipments and Intangible Assets	(751,116)		(956,861)	
Proceeds from sale of Property, Plant & Equipments and Intangible Assets	3,813		-	
Interest Income from Investments and Deposits	7,525,032		4,173,418	
CASH FLOW (USED IN) INVESTING ACTIVITIES (B)		**6,777,728**		**3,216,557**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares	109,999,881		-	
Proceeds from debt securities and borrowings	1,430,000,000		630,400,000	
Repayments of borrowings	(561,520,563)		(421,088,930)	
Net Increase / (Decrease) in Working Capital Borrowings	(620,764)		(268,250)	
Dividends paid including dividend distribution tax	(4,389,214)		(4,800,001)	
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)		**973,469,339**		**204,242,819**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**298,060,745**		**7,479,070**
Cash and Cash Equivalents at the beginning of the year		114,228,298		106,749,228
Cash and Cash Equivalents at the end of the year (Refer Note 1 below)		412,289,043		114,228,298

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MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

Notes:	As at 31 March 2019	As at 31 March 2018
1 Cash and bank balances at the end of the year comprises:		
(a) Cash on Hand	1,057,820	1,055,184
(b) Balances with banks	411,231,223	113,173,114
Cash and Cash Equivalents as per Balance Sheet	**412,289,043**	**114,228,298**

2 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows specified under Section 133 of the Companies Act, 2013.

3 **Non-Cash financing and investing activities:**
During the year, the convertible instruments are converted into equity shares of the company. (Refer Note 16.3)

4 **Change in liabilities arising from financing activities**

(Amount in ₹)

Particulars	1 April 2018	Cash Flows	Non-cash changes*	31 March 2019
Borrowings other than debt securities	1,697,499,835	867,858,673	(30,947,869)	2,534,410,639
Total liabilities from financing activities	**1,697,499,835**	**867,858,673**	**(30,947,869)**	**2,534,410,639**

* Non-cash changes includes the effect of recording financial liability at amortized cost, amortization of processing fees etc.

See accompanying explanatory notes forming part of the financial statements

In terms of our report attached
For Rajpara & Associates
Chartered Accountants

For and on behalf of the Board of Directors of MAS Rural Housing & Mortgage Finance Ltd.

Jay Soni
Partner
Membership No.174165

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

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

RAJPARA ASSOCIATES Ahmedabad Chartered Accountants

Darshil Hiranandani
(Company Secretary)
(Membership No: A47986)

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

Place : Ahmedabad
Date : 24 April, 2019

Place: Ahmedabad
Date : 24 April, 2019

1. CORPORATE INFORMATION

MAS Rural Housing & Mortgage Finance Limited is a public company incorporated under the provisions of Companies Act, 1956. It is registered as a Non Deposit taking Housing Finance Company with the National Housing Bank. The Company provides housing loans in the segment of Affordable Housing in Rural & Urban areas, Commercial loans and Project loans for construction of affordable houses. The activities of the company are spread all over Gujarat, Maharashtra, Madhya Pradesh & Rajasthan.

The Company's registered office is at 4th Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad, Gujarat, India -380009.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

For all periods up to and including the year ended 31 March 2018, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These standalone financial statements for the year ended 31 March 2019 are the Company's first financial statements prepared in accordance with Ind AS.

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for Defined benefit plans - plan assets which have been measured at fair value amount.

2.3 Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency").

2.4 Use of estimates and judgements

The preparation of the standalone financial statements in conformity with Ind AS requires 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The areas involving the use of estimates or judgements are:

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors the financial assets measured at amortised cost and this monitoring is part of the Company's continuous assessment of whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

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ii) Effective Interest Rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss (the "ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss (the "LTECL") basis.
b) Development of ECL models, including the various formulas and the choice of inputs.
c) Determination of associations between macroeconomic scenarios and economic inputs, lending interest rates and collateral values, and the effect on probability of default (the "PD"), exposure at default (the "EAD") and loss given default (the "LGD").
d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. The Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

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2.5 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 39.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i) The normal course of business
ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of Interest Income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost, financial instrument measured at FVOCI and financial instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets.

3.2 Financial Instrument - Initial Recognition

A. Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). All financial assets and liabilities are initially recognized at amortised cost. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, are adjusted to the cost on initial recognition.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at Amortised cost.

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3.3 Financial assets and liabilities

A. Financial Assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, the financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset which is not classified in any of the above categories are measured at FVTPL.

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B. Financial Liability

i) Initial recognition and measurement
All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement
Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year 2018-19 and 2017-18.

3.5 Derecognition of financial assets and liabilities

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement (MRR). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of the ECL principles
In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii.) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

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Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired. The Company records an allowance for life time ECL.

B. The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGDs) to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

C. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

3.7 Write-offs

Financial assets are written off either partially or in their entirety after reasonable efforts for recovery have been made and when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument on the statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

• Level 3 inputs are unobservable inputs for the asset or liability.

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3.9 Recognition of other Income and expenses

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

A. Interest income on Bank deposits & Other Income

Interest income on Bank deposits is accounted on accrual basis. Other Operating Income such as Service Charges, Stamp and Document Charges etc. are recognised on accrual basis.

B. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income etc. are recognised on point in time basis.

C. Borrowing costs

Borrowing Costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

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.

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3.11 Property, plant and Equipments

Property, Plant and Equipments are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipments 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 Property, Plant and Equipments 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.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under Schedule II of the Act.

The estimated useful lives are, as follows:

i) Office Equipment - 3 to 15 years
ii) Furniture and Fixtures - 10 years
iii) Vehicles - 8 years

In respect of property, plant and Equipments purchased during the period, depreciation is provided on a pro-rata basis from the date on which such asset is purchased or ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible Assets

The Company's other intangible assets include the value of software and trademark. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives.

The estimated useful lives are as follows:
i) Software: 3 years
ii) Trademark: 10 years

3.13 Impairment of non financial assets - property, plant and equipment and intangible assets

The carrying values of assets / cash generating units at the 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.

3.14 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

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Company as a lessee
Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they are incurred.

3.15 Retirement and other 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
The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The gratuity fund has been approved by respective Income Tax authorities.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

As per Ind AS 19, the service cost and the net interest cost are charged to the Statement of Profit and Loss. Actuarial gains and losses arising due to differences in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation, are recognized in the Other Comprehensive Income (OCI).

Short-term employee benefits
All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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.

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

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C. Contingent Asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

3.17 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. 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.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or equity.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

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.

C. Goods and services tax / value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/ value added taxes paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Earnings Per Share

Basic earnings per share is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary 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. 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, right issue and bonus shares, as appropriate.

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3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019:

Ind AS 116 - Leases

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under Ind AS 116 is similar to existing Ind AS 17 accounting.

The following changes to lessee accounting may have a material impact as follows:

- Right-of-use assets will be recorded for assets that are leased by the Company; currently no lease assets are included on the Company's financial statements.
- Liabilities will be recorded for future lease payments in the Company's financial statement.
- Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.
- Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under Ind AS 116 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

The Company majorly has operating lease agreements wherein the Company is a lessee and the above mentioned impacts shall have to be adopted.

For leases other than short-term leases, the Company will recognise right-of-use asset of ₹ 7,280,521 and lease liability of ₹ 7,806,015 on 1 April 2019 with the cumulative effect of applying the standard by adjusting retained earnings net of taxes. There will be consequent reclassification in the cash flow categories in the statement of cash flows.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that a Company shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the Company pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

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The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the Company has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the Company is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) Company has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 5. Cash and Cash Equivalents			
Cash on Hand	1,057,820	1,055,184	815,397
Balances with Banks:			
In Current/ Cash Credit Accounts	411,231,223	113,173,114	105,933,831
Total Cash and Cash Equivalents	**412,289,043**	**114,228,298**	**106,749,228**
Note 6. Bank Balance other than cash and cash equivalents			
In Current Accounts (Refer Note below)	192,533	322,615	155,671
Total Bank Balance other than cash and cash equivalents	**192,533**	**322,615**	**155,671**
Note: Balance represents balance with banks in earmarked account i.e. "Collection and Payout Account".			
Note 7. Loans (At amortised cost)			
(A) (i) Term Loans	2,635,735,996	1,993,035,438	1,714,694,107
(ii) Others	18,162,400	11,745,618	11,558,114
Total (A) -Gross	**2,653,898,396**	**2,004,781,056**	**1,726,252,222**
Less: Impairment loss allowance	12,493,147	10,878,281	9,583,606
Total (A) - Net	**2,641,405,249**	**1,993,902,775**	**1,716,668,616**
(B) (i) Secured by tangible assets	2,653,898,396	2,004,781,056	1,726,252,222
(ii) Unsecured	-	-	-
Total (B)-Gross	**2,653,898,396**	**2,004,781,056**	**1,726,252,222**
Less: Impairment loss allowance	12,493,147	10,878,281	9,583,606
Total (B)-Net	**2,641,405,249**	**1,993,902,775**	**1,716,668,616**
(C) (I) Loans in India			
(i) Public Sector	-	-	-
(ii) Private Sector	2,653,898,396	2,004,781,056	1,726,252,222
Total (C)-Gross	**2,653,898,396**	**2,004,781,056**	**1,726,252,222**
Less: Impairment loss allowance	12,493,147	10,878,281	9,583,606
Total (C) (I) -Net	**2,641,405,249**	**1,993,902,775**	**1,716,668,616**
(C) (II) Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total (C) (II)- Net	-	-	-
Total C(I) and C(II)	**2,641,405,249**	**1,993,902,775**	**1,716,668,616**

Notes:

1. Loans granted by the Company are secured or partly secured by Registered / Equitable mortgage of property, other Securities, assignments of Life Insurance policies and /or Company guarantees and/or Personal guarantees and /or Undertaking to create a security and/ or Cash Collateral.

2. Percentage of loans against gold to total assets	0.00%	0.00%	0.00%
3. The Company has advanced loans to its officer. Principal amount of such loans outstanding is:	2,191,756	2,348,503	2,489,564

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(Amount in ₹)

7.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances

Particulars	FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,917,154,209	79,851,136	7,775,711	2,004,781,056	1,670,522,958	47,899,238	7,830,026	1,726,252,222
Assets derecognised or repaid (excluding write offs)	500,524,475	13,591,131	1,931,363	516,046,968	413,413,933	6,294,603	2,260,263	421,968,800
Transfers to Stage 1	(51,452,771)	45,942,694	5,510,077	0	(57,907,634)	57,135,271	772,363	0
Transfers to Stage 2	28,067,369	(31,946,077)	3,878,707	(0)	12,831,529	(17,903,513)	5,071,984	(0)
Transfers to Stage 3	-	-	-	-	366,738	-	(366,738)	-
Amounts written off	1,893,864	3,520,402	5,844,348	11,258,614	1,618,804	2,159,969	3,271,661	7,050,434
New assets originated	1,176,029,191	393,731		1,176,422,923	706,373,355	1,174,712	-	707,548,067
Gross carrying amount closing balance	2,567,379,660	77,129,951	9,388,785	2,653,898,396	1,917,154,209	79,851,136	7,775,711	2,004,781,056

* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

7.2 Reconciliation of ECL balance is given below:

(Amount in ₹)

Particulars	FY 2018-19				FY 2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3,369,714	5,285,307	2,223,259	10,878,281	4,228,108	3,460,058	1,895,441	9,583,606
Addition during the year	1,888,896	-	455,636	2,344,532	-	1,825,250	327,818	2,153,068
Reversal during the year	-	(729,666)	-	(729,666)	(858,393)	-	-	(858,393)
ECL allowance - closing balance	5,258,610	4,555,641	2,678,895	12,493,147	3,369,714	5,285,307	2,223,259	10,878,281

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 11,258,614 at 31 March 2019 (31 March 2018 : ₹7,050,434).

Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 8. Other Financial Assets			
Security deposits	1,190,500	1,206,555	954,329
Interest accrued but not due on loans and advances	15,456,554	12,281,606	11,785,173
Total Other Financial Assets	16,647,054	13,488,161	12,739,502

Note 9. Income Tax (Amount in ₹)

The components of income tax expense for the years ended 31 March 2019 and 2018 are:

	2018-19	2017-18
Current tax	11,420,000	8,640,000
Adjustment in respect of current income tax of prior years	(180,835)	(57,065)
Deferred tax	4,633,453	(42,858)
Total tax charge	15,872,618	8,540,077
Current tax	11,239,165	8,582,935
Deferred tax	4,633,453	(42,858)

9.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2019 and 2018 is, as follows:

	2018-19	2017-18
Accounting profit before tax	42,391,909	28,607,752
Applicable Tax Rate	27.82%	27.55%
Computed Tax Expense (A)	**11,793,429**	**7,882,151**
Tax effect of :		
Non deductible items	7,058,590	1,178,167
Additional Deduction	(2,843,713)	(2,144,390)
Adjustment on account of change in tax rate	-	1,631,175
Others	(135,688)	(7,026)
Tax Expenses recognised in Statement of Profit and Loss (A-B-C)	15,872,618	8,540,077
Effective Tax Rate	37.44%	29.85%

9.2 Deferred Tax

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred Tax Asset / Liability (Net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL)	11,660,063	11,617,205
Credit/(Charge) for Remeasurement of the defined benefit liabilities	(85,674)	182,566
Credit/(Charge) to Statement of Profit and Loss	(4,633,453)	(139,708)
At the end of year DTA / (DTL)	6,940,936	11,660,063

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

	As at 31 March 2018	Credit/(Charge) to Profit or Loss	Recognised in OCI	As at 31 March 2019
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(674,756)	614,280	-	(60,476)
Income taxable on realised basis	1,694,066	1,078,974	(85,674)	2,687,366
Deferred tax on prepaid finance charges	11,789	789,125	-	800,914
Impairment on financial assets	2,830,638	644,955	-	3,475,594
Expenses allowable on payment basis	7,798,326	(7,760,787)	-	37,538
Total	11,660,063	(4,633,453)	(85,674)	6,940,936

	As at 1 April 2017	Credit/(Charge) to Profit or Loss	Recognised in OCI	As at 31 March 2018
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(1,032,814)	358,058	-	(674,756)
Remeasurement of the defined benefit liabilities	-	-	-	-
Income taxable on realised basis	1,368,982	325,084	-	1,694,066
Deferred tax on prepaid finance charges	(235,139)	246,928	-	11,789
Impairment on financial assets	3,168,627	(337,989)	-	2,830,638
Expenses allowable on payment basis	8,347,549	(549,223)	-	7,798,326
Total	11,617,205	42,858	-	11,660,063

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RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Note 10. Property, Plant and Equipments and Intangible assets

(Amount in ₹)

Nature of Assets	Property, Plant and Equipments (a)				Intangible Assets (b)		
	Office Equipments	Furniture and Fixtures	Vehicles	Total	Software	Other Intangibles	Total
At Cost							
At 1 April 2017	4,423,780	1,094,559	10,237,086	15,755,425	63,653	-	63,653
Additions	350,639	416,222	-	766,861	190,000	-	190,000
Disposals	-	-	-	-	-	-	-
At 31 March 2018	**4,774,419**	**1,510,781**	**10,237,086**	**16,522,286**	**253,653**	**-**	**253,653**
Additions	567,857	158,711	-	726,568	14,549	10,000	24,549
Disposals	5,485	-	-	5,485	-	-	-
At 31 March 2019	**5,336,791**	**1,669,492**	**10,237,086**	**17,243,368**	**268,202**	**10,000**	**278,202**
Depreciation/Amortisation							
At 1 April 2017	-	-	-	-	-	-	-
Depreciation/Amortization Charge	2,534,583	129,467	1,628,830	4,292,880	86,114	-	86,114
Disposal	-	-	-	-	-	-	-
At 31 March 2018	2,534,583	129,467	1,628,830	4,292,880	86,114	-	86,114
Depreciation/Amortization Charge	1,406,027	169,945	1,504,769	3,080,741	87,021	162	87,183
Disposal	4,459	-	-	4,459	-	-	-
At 31 March 2019	**3,936,151**	**299,412**	**3,133,599**	**7,369,162**	**173,135**	**162**	**173,297**
Net Block Value:							
At 1 April 2017	**4,423,780**	**1,094,559**	**10,237,086**	**15,755,425**	**63,653**	**-**	**63,653**
At 31 March 2018	**2,239,836**	**1,381,314**	**8,608,256**	**12,229,406**	**167,539**	**-**	**167,539**
At 31 March 2019	**1,400,640**	**1,370,080**	**7,103,487**	**9,874,207**	**95,067**	**9,838**	**104,905**

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 11. Other non-financial assets			
Prepaid expenses	14,182	75,418	175,166
Advances to employees	55,000	84,886	62,000
Balance with Government Authorities	3,940,666	2,163,240	5,143
Gratuity Fund	388,345	554,417	123,561
Other Advances	522,581	629,264	537,171
Total other non-financial assets	**4,920,774**	**3,507,225**	**903,081**
Note 12. Borrowings (Other than Debt Securities) (At amortised cost)			
(a) Term loans (Refer Note No. 12.3)			
(i) from Banks	2,303,969,447	1,315,981,480	1,308,928,710
(ii) from National Housing Bank	121,286,000	177,499,000	159,290,000
(iii) from Financial Institutions	120,753,770	184,049,300	-
(b) Liability component of compound financial instruments (Refer Note No. 12.1)	-	27,187,464	24,510,720
(c) Loans repayable on demand			
(i) from banks - Cash Credit (Refer Note No. 12.2)	31,873	652,637	920,887
(ii) from other parties	-	-	-
Less: Unamortised Borrowing Cost	(11,630,451)	(7,870,046)	(5,422,815)
Total (A)	**2,534,410,639**	**1,697,499,835**	**1,488,227,502**
Borrowings in India	2,534,410,639	1,697,499,835	1,488,227,502
Borrowings outside India	-	-	-
Total (B) to tally with (A)	**2,534,410,639**	**1,697,499,835**	**1,488,227,502**

Note 12.1

(a) Liability Component of Compound financial Instruments represents Debt component of 8% Optionally Convertible Preference Shares. Further, during the current year the same were converted into 8,51,061 Equity Shares having face value of Rs. 10 each at a premium of Rs. 37 per equity share.

(b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
Optionally Convertible Preference Shares						
Outstanding at the beginning of the year	4,000,000	40,000,000	4,000,000	40,000,000	4,000,000	40,000,000
Less: Converted into Equity Shares (Refer Note (a) above)	4,000,000	40,000,000	-	-	-	-
Outstanding at the end of the year	-	-	4,000,000	40,000,000	4,000,000	40,000,000

(c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
8% Optionally Convertible Preference						
Mukesh C. Gandhi	-	0.00%	2,000,000	50.00%	2,000,000	50.00%
Kamlesh C. Gandhi	-	0.00%	1,000,000	25.00%	1,000,000	25.00%
Shweta K. Gandhi	-	0.00%	1,000,000	25.00%	1,000,000	25.00%

(d) Terms/ rights attached to preference shares

4,000,000 OCPS were having a par value of Rs. 10 each per share. These OCPS carried a right to be paid fixed preferential dividend at the rate of 8% per annum free of income-tax.

The preference shares were optionally converted into equity shares at a price to be determined at the time of conversion. The Conversion/Redemption option was to be exercised for 33.33% of the shares in the 5th year, for 33.33% of the shares in the 6th year and for remaining 33.33% of the shares in the 7th year from the date of issue of those shares.

The holder of the preference share capital, in respect of such capital, had a right to vote only on resolutions placed before the Company which directly affect the rights attached to his preference shares.

Note 12.2

Cash Credit from Bank is secured by First pari-passu charge on the standard receivables of the company with other CC/OD lenders (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis). The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi and Mr. Mukesh Chimanlal Gandhi.

The Company has not defaulted in repayment of borrowings and interest.

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12.3 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings:

Particulars	Amount	Terms of Redemption/ Repayment	Security
Term Loans from Banks			
Term Loan-I	15,000,000	Repayment in 8 Quarterly Instalment from 11/11/2018. Rate of interest: One year MCLR+Spread Maturity Period: 1-2 years Remaining No. of Instalments : 6	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-II	75,000,000	Repayment in 8 Quarterly Instalment from 11/12/2018. Rate of interest: One year MCLR+Spread Maturity Period: 1-2 years Remaining No. of Instalments : 6	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-III	87,500,000	Repayment in 8 Quarterly Instalment from 27/03/2019. Rate of interest: One year MCLR+Spread Maturity Period: 1-2 years Remaining No. of Instalments : 7	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-IV	18,750,000	Repayable in 24 Quarterly instalments from 28/02/2014. Rate of interest: One Year MCLR +Spread Maturity Period: < 1 years Remaining No. of Instalments : 3	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-V	42,113,095	Repayment in 24 Quarterly Instalments starting from 01/09/2014 Rate of Interest: One Year MCLR+Spread Maturity Period: 1-2 years Remaining No. of Instalments : 5	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-VI	133,541,667	Repayment in 24 Quarterly Instalments starting from 31/03/2017 Rate of Interest: One Year MCLR +Spread Maturity Period: 3-4 years Remaining No. of Instalments : 15	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-VII	62,500,000	Repayment in 24 Quarterly Instalments starting from 31/03/2017 Rate of Interest: One Year MCLR+Spread Maturity Period: 3-4 years Remaining No. of Instalments : 15	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-VIII	44,509,449	Repayment in 8 Quarterly Instalments starting from 07/10/2017 Rate of Interest: One Year MCLR+Spread Maturity Period: < 1 years Remaining No. of Instalments : 2	Loan is secured by First & exclusive Hypothecation of Specific Receivables which are not more than 30 days overdue. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-IX	54,166,663	Repayment in 24 Quarterly Instalments beginning from 31.07.2016 Rate of Interest One Year MCLR+Spread Maturity Period: 3-4 years Remaining No. of Instalments : 13	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-X	33,333,328	Repayment in 24 Quarterly Instalments starting from 30.06.2017 Rate of Interest One Year MCLR+Spread Maturity Period: 4 years Remaining No. of Instalments : 16	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XI	66,666,664	Repayment in 24 Quarterly Instalments starting from 30.06.2017 Rate of Interest One Year MCLR+Spread Maturity Period: 4 years Remaining No. of Instalments : 16	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XII	32,142,906	Repayment in 28 Quarterly Instalment from 30/04/2014 Rate of interest: One Year MCLR+Spread p.a. Maturity Period: 2-3 years Remaining No. of Instalments : 10	Loan is secured by Hypothecation on receivables. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.

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MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

12.3 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings:

Particulars	Amount	Terms of Redemption/ Repayment	Security
Term Loan-XIII	8,750,000	Repayment in 20 Quarterly Instalment from 31/03/2016 Rate of interest:BBR+ Spread Maturity Period: 1-2 years Remaining No. of Instalments : 7	Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XIV	24,999,996	Repayment in 24 Quarterly Instalments beginning from 30.06.2016 Rate of Interest One Year MCLR+Spread Maturity Period: 3 years Remaining No. of Instalments : 12	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XV	95,833,333	Repayment in 24 Quarterly Instalments starting from 31/01/2019 Rate of Interest: One Year MCLR+ Spread Maturity Period: 5-6 years Remaining No. of Instalments : 20	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XVI	50,000,000	Repayment in 24 Quarterly Instalments starting from 30/09/2019 Rate of Interest: One Year MCLR+ Spread Maturity Period: 6-7 years Remaining No. of Instalments : 24	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XVII	237,500,000	Repayment in 10 Quarterly Instalments starting from 28/02/2019 Rate of Interest: One Year MCLR+ Spread Maturity Period: 2-3 years Remaining No. of Instalments : 9	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi & Mrs Shweta Gandhi.
Term Loan-XVIII	250,000,000	Repayment in 26 Quarterly Instalments starting from 28/02/2019 Rate of Interest: One Year MCLR+ Spread Maturity Period: 6-7 years Remaining No. of Instalments : 25	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi & Mrs Shweta Gandhi.
Term Loan-XIX	13,750,000	Repayment in 24 Quarterly Instalment from 19/03/2016. Rate of interest:BBR+Spread Maturity Period: 2-3 years Remaining No. of Instalments : 11	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. & Mrs. Sweta K. Gandhi.
Term Loan-XX	32,079,000	Repayment in 24 Quarterly Instalment from 19/03/2016. Rate of interest: BBR+Spread Maturity Period: 2-3 years Remaining No. of Instalments : 11	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. & Mrs. Sweta K. Gandhi.
Term Loan-XXI	79,166,673	Repayment in 24 Quarterly Instalment from 31/03/2018. Rate of interest: One year MCLR+Spread Maturity Period: 4-5 years Remaining No. of Instalments : 19	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXII	66,666,672	Repayment in 36 monthly Instalment from 30/04/2018. Rate of interest: One year MCLR+Spread Maturity Period: 2 years Remaining No. of Instalments : 24	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXIII	280,000,000	Repayment in 8 Quarterly Instalment from 27/12/2019. Rate of interest: One year MCLR+Spread Maturity Period: 2-3 years Remaining No. of Instalments : 8	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXIV	500,000,000	Repayment in 18 Quarterly Instalment from 30/06/2019. Rate of interest: One year MCLR+Spread Maturity Period: 4-5 years Remaining No. of Instalments : 18	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Total Term Loans from Banks	**2,303,969,447**		

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MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

12.3 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings:

Particulars	Amount	Terms of Redemption/ Repayment	Security
Term Loans from Others			
Term Loan-XXV	39,736,000	Repayment in 39 Quarterly Instalment from 01/07/2017 Rate of interest: Fixed Maturity Period: 6-7 years Remaining No. of Instalments : 24	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXVI	7,944,000	Repayment in 39 Quarterly Instalment from 01/07/2017 Rate of interest: Fixed Maturity Period: 6-7 years Remaining No. of Instalments : 24	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXVII	7,944,000	Repayment in 39 Quarterly Instalment from 01/07/2017 Rate of interest: Fixed Maturity Period: 6-7 years Remaining No. of Instalments : 24	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXVIII	34,461,000	Repayment in 39 Quarterly Instalment from 01/07/2017 Rate of interest: Fixed Maturity Period: 6-7 years Remaining No. of Instalments : 24	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXIX	776,000	Repayable in 27 Quarterly instalments from 01/07/2013. Rate of interest: Fixed Maturity Period: < 1 years Remaining No. of Instalments : 3	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Ltd.
Term Loan-XXX	30,425,000	Repayment in 51 Quarterly Instalment from 01/07/2014 Rate of interest: Fixed Maturity Period: 8-9 years Remaining No. of Instalments : 32	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Ltd.
Term Loan-XXXI	72,727,270	Repayment in 11 Quarterly Instalments starting from 30/09/2018 Rate of Interest: BBR-Spread Maturity Period: 1-2 years Remaining No. of Instalments : 7	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan-XXXII	22,220,000	Repayment in 36 Monthly Instalments starting from 15/08/2017 Rate of Interest: LTLR-Spread Maturity Period: 1-2 years Remaining No. of Instalments : 16	Loan is secured by hypothecation of book debts created out of the loan availed.
Term Loan-XXXIII	25,806,500	Repayment in 31 Monthly Instalments starting from 15/01/2018 Rate of Interest: LTLR-Spread Maturity Period: 1-2 years Remaining No. of Instalments : 16	Loan is secured by hypothecation of book debts created out of the loan availed.
Total Term Loans from Others	**242,039,770**		
Total Term Loans	**2,546,009,217**		

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AAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 13. Other financial liabilities			
Interest accrued but not due on borrowings	3,661,581	2,106,706	1,716,210
Interest accrued but not due on others	296,048	7,313,052	2,578,527
Dues to the assignees towards collections from assigned receivables	369,520	414,086	407,158
Security Deposits from borrowers (Refer Note No. 1 below)	16,575,000	128,472,150	77,186,665
Amount Received under Credit Linked Subsidy Scheme (Refer Note No. 2 below)	58,499,111	-	-
Other Advances	6,243,687	2,917,348	1,245,216
Total other financial liabilities	**85,644,947**	**141,223,342**	**83,133,776**

Note:

1. All the deposits from borrowers as on 31 March 2019 are from Corporate entities.

2. The Credit Linked Subsidy amount represents the amount received from National Housing Bank at the end of the year pending credit to Customer accounts based on their eligibility.

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 14. Provisions			
Provision for Employee Benefits			
Compensated Absences	134,933	852,093	736,686
Total Provisions	**134,933**	**852,093**	**736,686**
Note 15. Other non-financial liabilities			
Statutory remittances	1,298,092	1,169,585	1,006,677
Total other non-financial liabilities	**1,298,092**	**1,169,585**	**1,006,677**

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MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 16. Equity Share Capital			
Authorized Shares:			
23,000,000 Equity Shares of ₹10 each (As at 31 March 2018: 23,000,000 Equity Shares of ₹10 each) (As at 1 April 2017: 23,000,000 Equity Shares of ₹10 each)	230,000,000	230,000,000	230,000,000
7,000,000 Preference Shares of Rs.10/- each (As at 31 March 2018: 7,000,000 Preference Shares of ₹10 each) (As at 1 April 2017: 7,000,000 Preference Shares of ₹10 each)	70,000,000	70,000,000	70,000,000
	300,000,000	**300,000,000**	**300,000,000**
Issued, Subscribed and Fully Paid-Up Shares:			
21,226,404 Equity Shares of ₹10 each fully paid up (As at 31 March 2018: 18,034,920 Equity Shares of ₹10 each) (As at 1 April 2017: 18,034,920 Equity Shares of ₹10 each)	212,264,040	180,349,200	180,349,200
	212,264,040	**180,349,200**	**180,349,200**

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

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
Equity Shares						
Outstanding at the beginning of the year	18,034,920	180,349,200	18,034,920	180,349,200	18,034,920	180,349,200
Issued during the year (Refer Note No. 16.2)	2,340,423	23,404,230	-	-	-	-
Converted from 8% Optionally Convertible Preference Shares	851,061	8,510,610	-	-	-	-
Outstanding at the end of the year	21,226,404	212,264,040	18,034,920	180,349,200	18,034,920	180,349,200

16.2 Issue of Share Capital

Pursuant to the Private Placement offer letter ("Offer Document") dated March 18, 2019, the Company has allotted 2,340,423 equity shares on March 30, 2019 having face value of Rs. 10/- per share at a premium of Rs. 37/- per share. The Company has raised total of Rs. 10.99 Crores towards private placement offer.

16.3 Conversion of Optionally Convertible Instruments

The 8% Optionally Convertible Preference Shares were converted into 8,51,061 Equity Shares having face value of ₹10/- each at a premium of ₹37/share on March 30, 2019.

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

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity Shares						
MAS Financial Services Limited (Holding Co.)	12,664,893	59.67%	10,750,000	59.61%	10,750,000	59.61%
Mukesh C. Gandhi	4,040,606	19.04%	3,402,310	18.87%	3,402,310	18.87%
Kamlesh C. Gandhi	2,486,510	11.71%	2,060,980	11.43%	2,060,980	11.43%
Shweta Kamlesh Gandhi	2,034,095	9.58%	1,821,330	10.10%	1,821,330	10.10%

16.5 Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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RAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 17. Other Equity			
Equity component of compound financial instruments- Optionally Convertible preference shares			
Outstanding at the beginning of the year	18,445,516	18,445,516	18,445,516
Less: Equity component of OCPS converted into Equity Share Capital	(12,812,536)	-	-
Outstanding at the end of the year	5,632,980	18,445,516	18,445,516
IPO Discount given by Holding company			
Outstanding at the beginning of the year	679,905	-	-
Additions during the year	-	679,905	-
Outstanding at the end of the year	679,905	679,905	-
Reserve fund u/s. 29-C of NHB Act,1987:			
Opening Balance			
a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	302,481	302,481	302,481
b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	33,326,384	25,496,384	18,976,384
c. **Total**	33,628,865	25,798,865	19,278,865
Addition / Appropriation / Withdrawal during the year			
Add:			
a. Amount transferred u/s 29C of the National Housing Bank Act, 1987	-	-	-
b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	10,270,000	7,830,000	6,520,000
Less:			
a. Amount appropriated u/s 29C of the National Housing Bank Act, 1987	-	-	-
b. Amount withdrawn from Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	-	-	-
Closing Balance			
a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	302,481	302,481	302,481
b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	43,596,384	33,326,384	25,496,384
c. **Total**	43,898,865	33,628,865	25,798,865
Securities Premium			
Outstanding at the beginning of the year	3,150,800	3,150,800	3,150,800
Additions during the year	118,085,041	-	
Outstanding at the end of the year	121,235,841	3,150,800	3,150,800
Surplus in Statement of Profit and Loss			
Outstanding at the beginning of the year	70,236,234	62,798,560	37,660,631
Add: Opening Ind AS Adjustment	-	-	12,188,459
Add: Profit for the year	26,519,291	20,067,675	19,469,470
	96,755,525	82,866,235	69,318,560
Less : Appropriations:			
Reserve u/s.29-C of NHB Act,1987 & Special Reserve U/s 36(1)(viii) of Income Tax Act,1961	10,270,000	7,830,000	6,520,000
Dividend on Equity Shares	432,838	901,746	-
Dividend on Preference Shares	3,200,000	3,116,712	-
Dividend Distribution Tax on Equity Dividend	93,949	175,379	-
Dividend Distribution Tax on Preference Dividend	662,427	606,164	-
Total Appropriations	14,659,214	12,630,001	6,520,000
Net Surplus in Statement of Profit and Loss	82,096,311	70,236,234	62,798,560
Other Comprehensive Income			
Outstanding at the beginning of the year	89,843	(92,723)	-
Remeasurement of the defined benefit liabilities	307,958	252,932	(92,723)
Income tax relating to items that will not be reclassified to profit or loss	(85,674)	(70,366)	-
Other Comprehensive Income for the Period, Net of Tax	312,127	89,843	(92,723)
Total Other Equity	253,856,029	126,231,163	110,101,018

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17.1 Nature and purpose of reserve

1 **Equity component of compound financial instruments- Optionally Convertible preference shares**
Equity Component of Compound financial instruments represents Equity component of 8% Optionaly Convertible Preference Shares (OCPS) having paid up value of Rs. 4,00,00,000. On transition to IND AS on 1 April, 2017 Rs. 1,84,45,516 was classified as Equity Component while Rs. 2,45,10,720 (including accrued interest Rs.29,56,236) was classified as Debt component.
Further, during the current year all the OCPS were converted into 8,51,061 Equity Shares having face value of Rs. 10 each at a premium of Rs. 37 per equity share.

2 **IPO Discount given by Holding company**
During the year 2017-18, pursuant to initial public offering (IPO) and Offer For Sale, the Holding Company MAS Financial Services Limited had allotted equity shares under Employee Reservation Category to the eligible employees of the company at a discount of Rs.45 per share on the offer price. The total discount Rs. 679,905 has been considered as an Equity Investment by the Holding Company.

3 **Reserve fund u/s. 29-C of NHB Act, 1987:**

Special Reserve has been created in terms of Section 36(1) (viii) of the Income Tax Act,1961 out of the distributable profits of the company. As per Section 29C of NHB Act, 1987, the company is required to transfer at least 20% of its net profits prior to distribution of dividend every year to a reserve. For this purpose any Special Reserve created by the company in terms of Section 36(1) (viii) of the income Tax Act, 1961 is considered an eligible transfer.

4 **Securities premium**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 the Companies Act, 2013.

5 **Surplus in Statement of Profit and Loss**
Surplus in Statement of Profit and Loss is the accumulated available profit for the company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

6 **Remeasurement of the defined benefit liabilities**
Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

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MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Note 18. Interest Income (On Financial assets measured at Amortised Cost)		
Interest on Loans	299,081,360	246,959,265
Interest on deposits with Banks	7,525,032	4,173,418
Other interest Income	120,596	149,113
Total	**306,726,988**	**251,281,796**
Note 19. Other Income		
Net gain/(loss) on derecognition of property, plant and equipment	1,217	-
Income from non-financing activity	325,700	-
Total	**326,917**	**-**
Note 20. Finance Costs (On Financial liabilities measured at Amortised Cost)		
Interest on borrowings	183,243,015	148,777,344
Other interest expense	7,683,645	6,901,644
Other borrowing cost	4,346,349	2,180,443
Total	**195,273,009**	**157,859,431**
Note 21. Impairment on financial instruments (On Financial instruments measured at Amortised Cost)		
Loans	1,614,867	1,294,674
Loss Assets Written Off (Net of Recoveries)	7,477,021	6,388,043
Total	**9,091,888**	**7,682,717**

Note: The disclosure requirements of splitting the loss allowance between "individually" and "collectively" assessed allowances as per Ind AS 107 is not applicable to the Company as it has determined loss allowances on collective basis only.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Note 22. Employee Benefits Expense		
Salaries and wages	45,529,104	40,423,193
Contribution to provident and other funds	1,892,980	1,539,546
Gratuity expense	504,127	310,078
Staff welfare expenses	1,073,963	689,038
Others	-	679,905
Total	**49,000,174**	**43,641,760**
Note 23. Depreciation and Amortisation		
Depreciation on Property, Plant & Equipment	3,079,170	4,292,880
Amortisation of intangible assets	87,183	86,114
Total	**3,166,353**	**4,378,994**
Note 24. Other Expenses		
Rent (Refer note no. 27)	6,316,303	4,909,092
Rates & Taxes	879,424	1,265,078
Stationery & Printing	694,982	407,299
Telephone	1,107,408	1,317,803
Electricity	605,499	337,901
Postage & Courier	158,397	143,400
Insurance	275,795	331,728
Conveyance	2,544,377	1,863,605
Travelling	1,136,275	954,089
Repairs & Maintenance:		
Others	889,756	229,553
Professional Fees (Refer note below)	6,887,443	5,917,823
Director's Sitting Fees	275,000	235,000
Bank Charges	259,613	407,553
Advertisement Expenses	938,287	814,670
Sales Promotion Expenses	16,646	98,247
Recovery Contract Charges	1,302,564	1,261,848
Miscellaneous Expenses	896,366	790,204
Total	**25,184,135**	**21,284,893**
Note: Payment to Statutory Auditors (including Taxes)		
For Statutory Audit Fees	125,000	162,500
For Limited Review of Quarterly Results	76,500	162,500
For Other Services	248,550	120,500
	450,050	**445,500**

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MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Amount in ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Note 25. Earnings Per Share		
(A) Basic		
Computation of Profit (Numerator)		
Net Profit for the year	26,519,291	20,067,675
Less: Preference dividend including tax thereon	(3,836,781)	(3,862,427)
Net Profit for the year attributable to Equity Shareholders	**22,682,510**	**16,205,248**
Computation of Weighted Average Number of Shares (Denominator)	**Nos.**	**Nos.**
Weighted average number of Equity Shares of ₹10 each used for calculation of Basic Earnings per Share	18,052,408	18,034,920
Basic Earnings per Share of face value of ₹10 each (in ₹)	1.26	0.90
(B) Diluted		
Net Profit attributable to Equity Shareholder's as above	**22,682,510**	**16,205,248**
Computation of Weighted Average Number of Shares (Denominator)	**Nos.**	**Nos.**
Weighted average number of Equity Shares as above	18,052,408	18,034,920
Diluted Earnings per Share of face value of ₹10 each (in ₹)	1.26	0.90

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26 Additional Information to the Financial Statements:

A. Expenditure in Foreign Currency – Nil
B. Earning in Foreign Currency – Nil
C. Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 and notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 are given in Annexure A forming part of these Financial Statements.

27 Leasing arrangements

Operating lease commitments – company as lessee
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 72 months. The specified disclosure in respect of these agreements is given below:

(Amount in ₹)

Particulars	Year ended 31st March 2019 Rupees	Year ended 31st March 2018 Rupees
1. Lease payments recognised in the Statement of Profit and Loss	6,316,303	4,909,092
Note:- i.The company has given refundable, Interest free security deposits under certain Agreements.		
ii. Certain agreements contain a provision for their renewal and further there are no sub-leases.		

The future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Within one year		
After one year but not more than five years	-	-
More than five years	-	-
Total	-	-

28 Segment Reporting:

The company is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments'.

29 Related Party Disclosures:
(a) Related party disclosures as required by Indian Accounting Standard 24, "Related Party Disclosures".

List of related parties and relationships:

Sr. No.	Nature of Relationship	
1	Holding Company	MAS Financial Services Limited
2	Key Management Personnel	Mr. Kamlesh C. Gandhi (Chairman and Managing Director) Mr. Mukesh C. Gandhi (Whole time Director and Chief Financial Officer) Mrs. Darshana S. Pandya (Director and Chief Operating Officer) Mr. Bala Bhaskaran (Independent director) Mr. Chetanbhai Shah (Independent director) Mr. Subir Nag (Independent director)
3	Other related parties	Mrs. Shweta K. Gandhi Mr. Saumil D. Pandya

Transactions with related parties are as follows:

(Amount in ₹)

Particulars	Year ended 31 March 2019			
	Holding Company	Key management personnel	Other Related Parties	Total
Rent Expense	1,334,667	-	-	**1,334,667**
Recovery Contract charges paid	240,000	-	-	**240,000**
Expenditure reimbursed to	3,259,110	-	-	**3,259,110**
Reimbursement of Collection Received on behalf of	5,330,756	-	-	**5,330,756**
Remuneration (Including Bonus)	-	240,000	34,000	**274,000**
Dividend Paid	258,000	2,531,121	843,715	**3,632,836**
Sitting fees	-	275,000	-	**275,000**

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Particulars	Year ended 31 March 2018			
	Holding Company	Key management personnel	Other Related Parties	Total
Rent Expense	1,200,000	-	-	**1,200,000**
Recovery Contract charges paid	240,000	-	-	**240,000**
Expenditure reimbursed to	2,660,344	-	-	**2,660,344**
Reimbursement of Collection Received on behalf of	941,292	-	-	**941,292**
Remuneration (Including Bonus)	-	4,818,000	1,303,336	**6,121,336**
Dividend Paid	537,500	2,610,698	870,245	**4,018,443**
Sitting fees	-	235,000	-	**235,000**

Balances outstanding from related parties are as follows:

Particulars	As at 31 March 2019			
	Holding Company	Key management personnel	Other Related Parties	Total
Loans and Advances given	-	2,191,756	-	**2,191,756**
Remuneration (Including Bonus) Payable	-	-	-	**-**
Guarantees outstanding	132,957,001	-	-	**132,957,001**

Particulars	As at 31 March 2018			
	Holding Company	Key management personnel	Other Related Parties	Total
Loans and Advances given	-	2,348,503	-	**2,348,503**
Remuneration (Including Bonus) Payable	-	63,583	18,667	**82,250**
8% Optionally Convertible Preference Shares	-	20,390,598	6,796,866	**27,187,464**
Guarantees outstanding	261,900,382	-	-	**261,900,382**

Particulars	As at 1 April 2017			
	Holding Company	Key management personnel	Other Related Parties	Total
Loans and Advances given	-	2,489,564	-	**2,489,564**
Remuneration (Including Bonus) Payable	-	92,035	17,622	**109,657**
8% Optionally Convertible Preference Shares		18,383,040	6,127,680	**24,510,720**
Guarantees outstanding	375,034,267	-	-	**375,034,267**

All transactions with these related parties are priced on an arm's length basis.

Key managerial personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Transactions with key management personnel are as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Post-employment benefits	-	-
Other long term employment benefits	-	-
	-	-

The remuneration of key management personnel are determined by the remuneration committee having regard to the performance of individuals and market trends.

30 The Company has not received any intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. In view of this, information required under section 22 of MSMED Act, 2006 to that extent is not given.

31 During the year, all the optionally convertible instruments were converted into Equity Shares as per agreements, amended from time to time, in the following manner:
8% Optionally Convertible Preference Shares were converted into 8,51,061 Equity Shares having face value of Rs. 10 each at a premium of Rs. 37 per equity share.

32 Pursuant to the Private Placement offer letter ("Offer Document") dated March 18, 2019, the Company has allotted 2,340,423 equity shares on March 30, 2019 having face value of Rs. 10/- per share at a premium of Rs. 37/- per share. The Company has raised total of Rs. 10,99,99,881 towards private placement offer letter as of date.

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33 The Board of directors recommended dividend of ₹ 0.05/- per equity share of face value of ₹10 each, which is subject to approval by shareholders of the Company. Dividend on 8% Optionally Convertible Preference Shares upto the date of its conversion is also proposed in the meeting. The amounts of dividend and dividend distribution tax are as follows:

(Amount in ₹)

Particulars	Dividend Proposed	Dividend Distribution Tax	Total
Equity Shares	1,061,320	218,207	1,279,528
8% Optionally Convertible Preference Shares	3,182,466	654,315	3,836,781

34 Details of Total Non-Performing Assets (NPA) and % of Total Assets Under Management (AUM) (including assigned assets) are as follow:

(₹ in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
AUM	27,120.22	20,395.38
Gross NPA on AUM	97.87	74.07
Net NPA on AUM	79.35	55.55
Gross NPA as % of AUM	0.36%	0.36%
Net NPA as % of AUM	0.29%	0.27%

35 Total amount of assigned assets outstanding as per books of the company (excluding accrued interest) as on 31st March 2019 is Rs. 2,34,30,240/-. Dues to assignees towards collections from assigned receivables as on 31st March, 2019 is Rs. 369,520/-.

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

37 The company has sanctioned but undisbursed amount of loans amounting to Rs 857.95 lacs as on the date of balance sheet which are to be disbursed during the normal course of business.

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38 **Offsetting**

Following table represents the recognised financial assets that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as at 31 March 2019, 31 March 2018 and 1 April 2017. The column 'net amount' shows the impact of Company's balance sheet if all the set-off rights were exercised.

Particulars	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet	Net amount presented in balance sheet	Amount subject to master netting of arrangement	Financial instrument collateral	Net amount
31 March 2019						
Loans and advances	2,650,981,849	9,576,600	2,641,405,249	-	16,575,000	2,624,830,249
31 March 2018						
Loans and advances	1,993,902,775	-	1,993,902,775	-	128,472,150	1,865,430,625
1 April 2017						
Loans and advances	1,716,668,616	-	1,716,668,616	-	77,186,665	1,639,481,951

Note:

1. ₹ 9,576,600 (31 March 2018: ₹ NIL, 1 April 2017: ₹ NIL) advances received against loan agreements is offset against loans and advances.
2. ₹ 16,575,000 (31 March 2018: ₹ 128,472,150, 1 April 2017: ₹ 77,186,665) security deposits received from borrowers is not offset against loans and advances.

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39 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Amount in ₹)

Particulars	31 March 2019			31 March 2018			1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	412,289,043	-	412,289,043	114,228,298	-	114,228,298	106,749,228	-	106,749,228
Bank Balance other than above	192,533	-	192,533	322,615	-	322,615	155,671	-	155,671
Loans	572,943,536	2,068,461,713	2,641,405,249	362,288,069	1,631,614,706	1,993,902,775	568,056,869	1,148,611,747	1,716,668,616
Other Financial assets	16,647,054	-	16,647,054	13,481,161	7,000	13,488,161	12,166,202	573,300	12,739,502
Non-Financial Assets									
Current tax assets (Net)	-	-	-	1,698,698	-	1,698,698	908,725	-	908,725
Deferred tax Assets (Net)	6,940,936	-	6,940,936	11,660,063	-	11,660,063	11,617,205	-	11,617,205
Property, Plant and Equipment	-	9,874,207	9,874,207	-	12,229,406	12,229,406	-	15,755,425	15,755,425
Capital work-in-progress	-	-	-	-	-	-	-		-
Other Intangible assets	-	104,905	104,905	-	167,539	167,539	-	63,653	63,653
Other non-financial assets	980,108	3,940,666	4,920,774	1,338,016	2,169,209	3,507,225	903,081	-	903,081
Total Assets	1,009,993,210	2,082,381,491	3,092,374,701	505,016,920	1,646,187,860	2,151,204,780	700,556,981	1,165,004,125	1,865,561,106
LIABILITIES									
Financial Liabilities									
Trade Payables									
(i) Total outstanding dues of creditors other than micro enterprises and small enterprises	4,671,641	-	4,671,641	3,879,562	-	3,879,562	2,006,247	-	2,006,247
Borrowings (Other than Debt Securities)	729,280,260	1,805,130,379	2,534,410,639	526,510,689	1,170,989,146	1,697,499,835	388,544,525	1,099,682,977	1,488,227,502
Other financial liabilities	70,463,474	15,181,473	85,644,947	39,699,777	101,523,565	141,223,342	17,777,151	65,356,625	83,133,776
Non-Financial Liabilities									
Current tax liabilities (Net)	94,380		94,380			-			-
Provisions	134,933	-	134,933	852,093	-	852,093	736,686	-	736,686
Other non-financial liabilities	1,298,092	-	1,298,092	1,169,585	-	1,169,585	1,006,677	-	1,006,677
Total Liability	805,942,780	1,820,311,852	2,626,254,631	572,111,706	1,272,512,711	1,844,624,417	410,071,286	1,165,039,602	1,576,110,888
Net	204,050,431	262,069,639	466,120,070	(67,094,786)	373,675,149	306,580,363	290,485,695	(35,477)	290,450,218

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40 Employee benefit plan

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined Contribution Plan

A defined contribution plan is a pension plan under which the company pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The Company's contribution to Provident Fund aggregating ₹ 13,22,816 (31 March 2018: ₹ 10,46,511) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The defined benefit plans expose the Company to actuarial risks such as Actuarial risk, Investment risk, Liquidity risk, Market risk, Legislative risk. These are discussed as follows:

Actuarial Risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.

Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

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The status of gratuity plan as required under Ind AS-19 is as under:

(Amount in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
i. Reconciliation of Opening and Closing Balances of defined benefit obligation		
Present Value of Defined Benefit Obligations at the beginning of the year	863,151	701,015
Current Service Cost	568,713	384,307
Past service Cost	-	19,028
Interest Cost	66,141	50,615
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in financial assumptions	17,419	(59,143)
Experience variance (i.e. Actual experience vs assumptions)	(392,465)	(232,671)
Present value of defined benefit obligations at the end of the year	**1,122,959**	**863,151**
ii. Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at the beginning of the year	1,417,568	824,596
Interest Income	130,727	73,506
Return on plan assets excluding amounts included in interest income	(67,088)	(38,882)
Contributions by employer	30,097	558,348
Fair value of plan assets at the end of the year	**1,511,304**	**1,417,568**
iii. Reconciliation of the present value of defined benefit obligation and fair value of plan assets		
Present value of defined benefit obligations at the end of the year	1,122,959	863,151
Fair value of plan assets at the end of the year	1,511,304	1,417,568
Net asset / (liability) recognized in balance sheet as at the end of the year	**388,345**	**554,417**

iv. Composition of plan assets

100% of plan assets are administered by LIC.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
v. Expense recognised during the Year		
Current service cost	568,713	313,941
Interest Cost	(64,586)	(22,891)
Past service Cost	-	19,028
Expenses recognised in the income statement	504,127	310,078
vi. Other Comprehensive Income		
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	17,419	(59,143)
Due to experience adjustments	(392,465)	(232,671)
Return on plan assets excluding amounts included in interest income	67,088	38,882
Components of defined benefit costs recognised in other comprehensive income	(307,958)	(252,932)

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Particulars	As at 31 March 2019	As at 31 March 2018
vii. Principal actuarial assumptions		
Discount Rate (per annum)	7.60%	7.70%
Rate of Return on Plan Assets (p.a.)	7.60%	7.70%
Annual Increase in Salary Cost	7.00%	7.00%
Withdrawal Rates	3% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Defined Benefit Obligation (Base)	1,122,959	863,151

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 0.5%)	1,216,031	1,039,550	929,214	803,536
(% change compared to base due to sensitivity	8.29%	-7.43%	7.65%	-6.91%
Salary Growth Rate (- / + 0.5%)	1,041,024	1,213,287	803,510	928,632
(% change compared to base due to sensitivity)	-7.30%	8.04%	-6.91%	7.59%
Withdrawal Rate (W.R.) (W.R. x 90% / W.R. x 110%)	1,124,828	1,120,980	864,972	861,270
(% change compared to base due to sensitivity)	0.17%	-0.18%	0.21%	-0.22%

ix. Asset Liability Matching Strategies

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. Effect of Plan on Entity's Future Cash Flows

a) Funding arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Maturity Profile of Defined Benefit Obligation

The Average Outstanding Term of the Obligations (Years) as at valuation date is 14.43 years.

Particulars	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	11,000	0.23%
2nd Following year	15,775	0.33%
3rd Following Year	125,565	2.61%
4th Following Year	27,176	0.56%
5th Following Year	132,035	2.74%
Sum of years 6 to 10	176,246	3.66%

The future accrual is not considered in arriving at the above cash-flows.

The Expected contribution for the next year is ₹ 554797

(c) Other long term employee benefits

The actuarial liability for compensated absences as at the year ended 31 March 2019 and 31 March 2018 is ₹ 1,34,933 and ₹ 8,52,093 respectively.

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41 Financial Instrument and Fair Value Measurement **(Amount in ₹)**

A. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

As at 31 March 2019	Carrying amount	Amortised cost	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents	412,289,043	412,289,043	-	-	-	-
Bank Balance other than cash and cash equivalents	192,533	192,533	-	-	-	-
Loans	2,641,405,249	2,641,405,249	-	-	-	-
Security deposits	1,190,500	1,190,500	-	-	1,098,716	1,098,716
Interest Accrued on Loans and Advances	15,456,554	15,456,554	-	-	-	-
	3,070,533,879	**3,070,533,879**	**-**	**-**	**1,098,716**	**1,098,716**
Financial liabilities						
Trade Payables	-	-	-	-	-	-
Debt Securities	-	-	-	-	-	-
Borrowings (Other than Debt Securities)	2,534,410,639	2,534,410,639	-	-	2,534,410,639	2,534,410,639
Other financial liabilities	85,644,947	85,644,947	-	-	-	-
	2,620,055,586	**2,620,055,586**	**-**	**-**	**2,534,410,639**	**2,534,410,639**

As at 31 March 2018	Carrying amount	Amortised cost	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents	114,228,298	114,228,298	-	-	-	-
Bank Balance other than cash and cash equivalents	322,615	322,615	-	-	-	-
Loans	1,993,902,775	1,993,902,775	-	-	-	-
Security deposits	1,206,555	1,206,555	-	-	1,113,533	1,113,533
Interest Accrued on Loans and Advances	12,281,606	12,281,606	-	-	-	-
	2,121,941,849	**2,121,941,849**	**-**	**-**	**1,113,533**	**1,113,533**
Financial liabilities						
Trade Payables	-	-	-	-	-	-
Debt Securities	-	-	-	-	-	-
Borrowings (Other than Debt Securities)	1,697,499,835	1,697,499,835	-	-	1,697,499,835	1,697,499,835
Other financial liabilities	141,223,342	141,223,342	-	-	-	-
	1,838,723,177	**1,838,723,177**	**-**	**-**	**1,697,499,835**	**1,697,499,835**

As at 1 April 2017	Carrying amount	Amortised cost	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents	106,749,228	106,749,228	-	-	-	-
Bank Balance other than cash and cash equivalents	155,671	155,671	-	-	-	-
Loans	1,716,668,616	1,716,668,616	-	-	-	-
Security deposits	954,329	954,329	-	-	880,753	880,753
Interest Accrued on Loans and Advances	11,785,173	11,785,173	-	-	-	-
	1,836,313,017	**1,836,313,017**	**-**	**-**	**880,753**	**880,753**
Financial liabilities						
Trade Payables	-	-	-	-	-	-
Debt Securities	-	-	-	-	-	-
Borrowings (Other than Debt Securities)	1,488,227,502	1,488,227,502	-	-	1,488,227,502	1,488,227,502
Other financial liabilities	83,133,776	83,133,776	-	-	-	-
	1,571,361,278	**1,571,361,278**	**-**	**-**	**1,488,227,502**	**1,488,227,502**

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B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences in the carrying values presented.

ii) Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

iii) Transfers between levels I and II

There has been no transfer in between level I and level II.

iv) Valuation techniques

Security deposits

The Company has fair valued the security deposit using normal market rate of interest as on relevant date using cash flow method approach.

B. Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local HFC regulator, National Housing Bank (NHB). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB.

Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

1 Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

2 Regulatory capital

Particulars	2019	2018	2017
Tier 1 Capital	447,696,499	272,015,830	255,130,865
Tier 2 Capital	11,679,550	50,810,801	49,534,667
Total Capital	**459,376,049**	**322,826,631**	**304,665,533**
Risk weighted assets			
Tier 1 Capital Ratio (%)	27.68	26.81	28.51
Total Capital Ratio (%)	28.40	31.82	34.04

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42 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

1) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans and advances

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(Amount in ₹)

Particulars	Carrying Amount		
	31 March 2019	31 March 2018	1 April 2017
Retail customer	1,677,487,532	1,364,458,986	1,164,712,570
Wholesale customer	976,410,864	640,322,070	561,539,652
Total	2,653,898,396	2,004,781,056	1,726,252,222

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - Financial instruments. The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the ageing buckets is summarised below:

(Amount in ₹)

Days past due	31 March 2019	31 March 2018
Stage I	0.20%	0.18%
Stage II	5.87%	6.57%
Stage III	27.57%	30.02%
Amount of expected credit loss provided for	**12,493,147**	**10,878,281**

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Movement of ECL: (Amount in ₹)

Particulars	2018-19	2017-18
Opening provision of ECL	10,878,281	9,583,606
Addition during the year	1,614,866	1,294,675
Closing provision of ECL	**12,493,147**	**10,878,281**

Cash and cash equivalent and Bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term deposits with banks.

2) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities and bank loans. The Company has access to a sufficient variety of sources of funding.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Company, as on 31 March 2019 is 28.40% against regulatory norms of 12%. Tier I capital is 27.68%. Tier II capital is 0.72% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is ₹ 1700 lakhs spread across 2 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

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Exposure to liquidity risk

The table below summarises the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at Balance Sheet date.

(Amount in ₹)

Particulars	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 year to 5 years	Over 5 years	Total
As at March 31, 2019									
Debt Securities									-
Borrowings	39,344,303	38,928,889	115,531,697	123,545,008	411,930,365	1,250,104,308	423,991,775	131,034,293	2,534,410,639
Trade Payable	4,671,641	-	-	-	-	-	-	-	4,671,641
As at March 31, 2018									
Debt Securities	-	-	-	-	-	-	-	-	-
Borrowings	47,576,098	9,786,702	57,838,370	87,562,196	323,747,323	800,986,854	278,486,019	91,516,272	1,697,499,835
Trade Payable	3,879,562	-	-	-	-	-	-	-	3,879,562
As at April 1, 2017									
Debt Securities	-	-	-	-	-	-	-	-	-
Borrowings	22,636,780	6,897,421	51,104,624	90,849,999	217,055,701	556,277,063	338,362,584	195,043,330	1,488,227,502
Trade Payable	2,006,247	-	-	-	-	-	-	-	2,006,247

3) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

3.1) Interest Rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. The interest rates for the tenure of the fixed deposits are fixed. However, with the continuous decrease in the returns on fixed deposits, the income earned on such deposits may change in future based on the interest rates.

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(Amount in ₹)

Particulars	As At 31 March 2019	
Change in interest rates	50 bp increase	50 bp decrease
Variable rate lending	2,653,898,396	2,653,898,396
Impact on Profit for the year	10,063,303	(10,063,303)
Variable rate borrowings	2,546,041,090	2,546,041,090
Impact on Profit for the year	(8,602,958)	8,602,958

3.2) Foreign Currency Risk

The company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the company.

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43 Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

(Amount in ₹)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Type of income		
Services charges	-	-
Others	17,053,563	12,173,751
Total revenue from contracts with customers	**17,053,563**	**12,173,751**
Geographical markets		
India	17,053,563	12,173,751
Outside India	-	-
Total revenue from contracts with customers	**17,053,563**	**12,173,751**
Timing of revenue recognition		
Services transferred at a point in time	17,053,563	12,173,751
Services transferred over time	-	-
Total revenue from contracts with customers	**17,053,563**	**12,173,751**

44 There have been no events after the reporting date that require disclosure in these financial statements.

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45 Explanation to transition to Ind AS

As stated in Note 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2018, the company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information for the year ended 31 March 2018 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2017.

In preparing the Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

Property plant and equipment and Intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

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B. Mandatory exceptions

1. Accounting estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

2. Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition criteria for financial assets/liabilities prospectively. Hence, it has not recognised any financial assets/financial liabilities previously de-recognised.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

4. Impairment of financial assets

The Company being a HFC is required to assess the impairment of financial assets based upon the new model i.e. ECL instead of rule based guidance (NHB Prudential Norms) as prevailed under previous GAAP.

Accordingly, the Company has applied the impairment requirement of Ind-AS 109 on all financial assets recognised as per Ind-AS 109 retrospectively except:

1. The Company has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.

2. The Company has determined whether the financial asset is having low credit risk, as specified in Ind-AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 30 days past due.

3. If the Company is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Company shall recognise a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognised.

Accordingly, the Company has to develop ECL model for testing of impairment of loans and advances.

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ARAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Reconciliation of equity*

(Amount in ₹)

Particulars	Note	As at date of transition 1 April 2017			As at 31 March 2018		
		Previous GAAP#	Adjustment on transition to Ind AS	Ind AS	Previous GAAP#	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents		106,749,228	-	106,749,228	114,228,298	-	114,228,298
Bank Balance other than cash and cash equivalents		155,671	-	155,671	322,615	-	322,615
Loans	2, 3(a), 4, 5	1,719,593,641	(2,925,025)	1,716,668,616	1,998,207,859	(4,305,084)	1,993,902,775
Other Financial assets		12,739,502	-	12,739,502	13,488,161	-	13,488,161
Total Financial Assets		**1,839,238,042**	**(2,925,025)**	**1,836,313,017**	**2,126,246,933**	**(4,305,084)**	**2,121,941,849**
Non-Financial Assets							
Income tax assets (net)		908,725	-	908,725	1,698,698	-	1,698,698
Deferred tax Assets (Net)	8	-	11,617,205	11,617,205		11,660,063	11,660,063
Property, Plant and Equipment		15,755,425	-	15,755,425	12,229,406	-	12,229,406
Other intangible assets		63,653	-	63,653	167,539	-	167,539
Other non-financial assets	1, 7	903,081	-	903,081	3,526,253	(19,028)	3,507,225
Total Non Financial Assets		**17,630,884**	**11,617,205**	**29,248,089**	**17,621,896**	**11,641,035**	**29,262,931**
Total Assets		**1,856,868,926**	**8,692,180**	**1,865,561,106**	**2,143,868,829**	**7,335,951**	**2,151,204,780**
LIABILITIES AND EQUITY							
LIABILITIES							
Financial Liabilities							
Payables							
Trade Payables							
(i) total outstanding dues of micro and small enterprises		-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro and small enterprises		2,006,247	-	2,006,247	3,879,562	-	3,879,562
Borrowings (Other than Debt Securities)	3(b), 6	1,464,427,970	23,799,532	1,488,227,502	1,670,269,994	27,229,841	1,697,499,835
Deposits		-	-	-	-	-	-
Other financial liabilities		83,133,776	-	83,133,776	141,223,342	-	141,223,342
Total Financial Liabilities		**1,549,567,993**	**23,799,532**	**1,573,367,525**	**1,815,372,898**	**27,229,841**	**1,842,602,739**
Non-Financial Liabilities							
Provisions		736,686	-	736,686	852,093	-	852,093
Deferred tax liabilities (Net)	8	5,648,606	(5,648,606)	-	6,378,546	(6,378,546)	-
Other non-financial liabilities		1,006,677	-	1,006,677	1,169,585	-	1,169,585
Total Non Financial Liabilities		**7,391,969**	**(5,648,606)**	**1,743,363**	**8,400,224**	**(6,378,546)**	**2,021,678**
Total Liabilities		**1,556,959,962**	**18,150,926**	**1,575,110,888**	**1,823,773,122**	**20,851,296**	**1,844,624,417**
EQUITY							
Equity share capital		180,349,200		180,349,200	180,349,200		180,349,200
Other Equity	1 to 9	119,559,764	(9,458,746)	110,101,018	139,746,507	(13,515,345)	126,231,162
Total Equity		**299,908,964**	**(9,458,746)**	**290,450,218**	**320,095,707**	**(13,515,345)**	**306,580,362**
Total Liabilities and Equity		**1,856,868,926**	**8,692,180**	**1,865,561,106**	**2,143,868,829**	**7,335,951**	**2,151,204,780**

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Ahmedabad
Chartered Accountant

AAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Reconciliation of Total Comprehensive Income for the year ended 31 March 2018 *

(Amount in ₹)

Particulars	Note	Previous GAAP #	Adjustment on transition to Ind AS	Ind AS
I. Revenue from operations				
Interest Income	3(a), 4, 5	252,454,342	(1,172,546)	251,281,796
Fees and commission Income		12,950,062	(776,311)	12,173,751
Total Revenue from operations		**265,404,404**	**(1,948,857)**	**263,455,547**
Total Income		**265,404,404**	**(1,948,857)**	**263,455,547**
II. Expenses				
Finance Costs	3(b), 6	154,429,122	3,430,309	157,859,431
Fees and commission expense		-	-	-
Impairment on financial instruments	2	8,251,516	(568,799)	7,682,717
Employee Benefits Expenses	1, 9	42,760,261	881,499	43,641,760
Depreciation, amortization and impairment		4,378,994	-	4,378,994
Others expenses		21,284,893	-	21,284,893
Total Expenses		**231,104,785**	**3,743,010**	**234,847,795**
Profit before exceptional items and tax (I - II)		34,299,619	(5,691,867)	28,607,752
III. Profit Before Tax		**34,299,619**	**(5,691,867)**	**28,607,752**
IV. Tax Expense:				
Current Tax		8,582,935	-	8,582,935
Deferred Tax	8	729,940	(772,798)	(42,858)
Net tax expense		**9,312,875**	**(772,798)**	**8,540,077**
V. Profit After Tax for the period (III - IV)		**24,986,744**	**(4,919,069)**	**20,067,675**
VI. Other Comprehensive Income for the Period				
(A) Items that will not be reclassified to profit or loss:				
Remeasurement of the defined benefit liabilities	1, 7	-	252,932	252,932
Income tax impact on above	1, 7	-	(70,366)	(70,366)
Total		-	182,566	182,566
Other Comprehensive Income (A+B)		-	**182,566**	**182,566**
VII. Total Comprehensive Income for the Period (V + VI)		**24,986,744**	**(4,736,503)**	**20,250,241**

* Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The company has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure.

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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Notes to the reconciliations

1) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP, the Company recognised actuarial gains and losses in profit or loss. However, this has no major impact on the total comprehensive income and total equity as on 1 April 2017 or as on 31 March 2018.

2) Loss allowance

Under previous GAAP, the company has created provision for impairment of loans to customer as per the guidelines specified by NHB. Under Ind AS, the Company has recognised impairment loss on loans based on the expected credit loss (ECL) model as required by Ind AS 109. Consequently, the company has reversed its ECL on loans and advances by ₹ 12,15,500 on 1 April 2017 which has been added to retained earnings. Similarly provision for ECL of ₹ 5,68,799 has been reversed in the statement of profit and loss for the year ended on 31 March 2018.

3) EIR

a) Under previous GAAP, transaction cost charged to customers were recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using effective interest method. Consequently, loan to customer on the date of transition as on 1 April 2017 have decreased by ₹ 1,13,01,001 which has been eliminated against retained earnings. The impact of ₹ 7,76,311 for the year ended on 31 March 2018 has been recognised in the statement of profit and loss.

b) Under previous GAAP, transaction cost incurred on borrowings were amortized over the tenure of the loan on straight-line basis while under Ind AS, such cost are included in the initial recognition amount of financial assets and recognised as interest expense using effective interest method. Consequently, borrowings on the date of transition date have decrease by ₹ 7,11,188 and interest expenses for the year ended 31 March 2018 has increase by ₹ 7,53,565.

4) Interest reversal on Stage 3 Receivables

Under previous GAAP, the Company did not accrue interest on Stage 3 receivables. Under IND AS, the Company has recognized interest on Stage 3 Receivables resulting into income of ₹ 7,07,384 on the date of transition which has been recognised in retained earnings. The income reversal of ₹ 2,84,164 for the year ended 31 March 2018 has been adjusted against statement of profit and loss.

5) Assignment of Loan Portfolio

The Company derecognizes the loan portfolio assigned to assignees. Under previous GAAP, interest income spread on the loan portfolio assigned (net of minimum retention ratio) was recognized as and when it was accrued, i.e., over the life of the loan given. Under Ind AS, such interest income is recognized upfront i.e., at the time of assignment transaction.

This has resulted in increase in equity as on 1 April 2017 by ₹ 64,53,091 and as on 31 March 2018 by ₹ 55,64,709.

6) Convertible Instruments

Under previous GAAP, convertible instruments were disclosed at their carrying amount. Under Ind AS, these instruments are segregated into Equity and financial liability measured at amortised cost as per Ind AS 32. Accordingly, on the date of transition, a net impact of ₹ 15,489,280 on account of equity portion of convertible instruments has been added to retained earnings and ₹ 24,510,720 debt portion has been disclosed as liability. While for the year ended 31 March 2018, an impact of ₹ 26,76,744 has been recognised in Statement of Profit and Loss being interest on debt portion of convertible instruments.

7) Other comprehensive Income

Under previous GAAP, the company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8) Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transitional differences adjustments which were not required under Indian GAAP.

According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

9) IPO Discount given by Holding company

During the year 2017-18, pursuant to initial public offering (IPO) and Offer For Sale, the Holding Company MAS Financial Services Limited had allotted equity shares under Employee Reservation Category to the eligible employees of the company at a discount of Rs.45 per share on the offer price. The total discount Rs. 679,905 has been considered as an Equity Investment by the Holding Company.

In terms of our report attached
For Rajpara & Associates
Chartered Accountants

For and on behalf of the Board of Directors of
MAS Rural Housing and Mortgage Finance Ltd.

Jay Soni
Partner
Membership No.174165

RAJPARA ASSOCIATES * Ahmedabad * Chartered Accountant

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

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

Darshil Hiranandani
(Company Secretary)
(Membership No: A47986)

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

Place : Ahmedabad
Date : 24 April, 2019

Place: Ahmedabad
Date : 24 April, 2019

ANNEXURE A: (FORMING PART OF THE FINANCIAL STATEMENTS)

Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No.NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 and notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017.

As the information in this Annexure is to be provided as per the aforementioned NHB Circular and Notification, it is presented as per the extant provisions of National Housing Bank Act 1987 and Housing Finance Companies (NHB) Directions 2010 including framework on Prudential Norms, and other related Circulars and notifications etc., issued in this regard by the NHB from time to time and not as per the provisions of IND AS. This is in compliance with NHB Circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018.

I Capital to Risk Assets Ratio as on 31st March 2019

Sr. No.	Item	As at 31 March 2019	As at 31 March 2018
1	CRAR (%)	28.40%	31.82%
2	CRAR – Tier I Capital (%)	27.68%	26.81%
3	CRAR – Tier II Capital (%)	0.72%	5.01%
4	Amount of subordinated debt raised as Tier- II Capital	-	-
5	Amount raised by issue of Perpetual Debt Instruments	-	-

II INVESTMENT

The company does not have any outstanding investments at the beginning or at the end of the year.

III DERIVATIVE

The Company has not entered into any Derivative transactions.

IV SECURITIZATION

(a) For Securitization Transaction

(₹ In Crores)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018
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	Nil	Nil
	• First loss	Nil	Nil
	• Others		
	b) On-balance sheet exposures	Nil	Nil
	• First loss	Nil	Nil
	• Others		
4	Amount of exposures to securitization transactions other than		
	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

(b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ In Crores)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book Value	Nil	Nil

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(c) **Details of Assignment transactions undertaken by HFCs**

(₹ In Crores)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) No. of accounts	NIL	NIL
(ii) Aggregate value (net of provisions) of accounts assigned	NIL	NIL
(iii) Aggregate consideration	NIL	NIL
(iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
(v) Aggregate gain / loss over net book Value	NIL	NIL

(d) **Details of non-performing financial assets purchased / sold**

(i) ***Details of non-performing financial assets purchased:***

(₹ In Crores)

	Particulars	As at 31 March 2019	As at 31 March 2018
1	(a) No. of accounts purchased during	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil
2	(a) Of these, number of accounts	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil

(ii) ***Details of Non-performing Financial Assets sold:***

(Amount in Rs. crore)

Particulars	As at 31 March 2019	As at 31 March 2018
1. No. of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

V Assets Liability Management (Maturity Pattern of Certain Items of Assets Liabilities)

As at 31st March 2019 (₹ In Crores)

	1 day to 15 days	16 to 30-31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities												
Deposits												
Borrowings from banks/FI	2.53	1.47	3.95	11.61	12.50	41.45	125.44	42.52	11.62	1.50	-	254.60
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Assets												
Advances (Net of Security Deposits)	6.49	7.24	3.67	3.61	11.77	24.79	65.32	30.21	24.12	37.14	50.34	264.70
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-

As at 31st March 2018: (₹ In Crores)

	1 day to 15 days	16 to 30-31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities												
Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks/FI	3.51	1.22	1.02	5.82	8.89	32.58	79.91	26.10	5.23	3.48	-	167.76
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

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Assets												
Advances (Net of Security Deposits)	4.28	0.12	2.84	2.77	8.01	15.15	43.44	20.34	21.99	33.67	35.62	188.23
Investment	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-

VI Exposure

(a) Exposure to Real Estate Sector:

(₹ In Crores)

		Category	As at 31 March 2019	As at 31 March 2018
a)		Direct Exposures		
	(i)	Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)		
		-Individual Housing Loan up to Rs. 15 Lakh	137.11	115.05
		-Individual Housing Loan more than Rs. 15 Lakh	14.26	9.84
	(ii)	Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, 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;		
		-Individual Commercial Loan up to Rs. 15 Lakh	12.81	9.81
		-Individual Commercial Loan more than Rs. 15 Lakh	3.96	2.06
		-Builders	64.47	64.33
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
		A Residential	Nil	Nil
		B Commercial Real Estate	Nil	Nil
b)	Indirect Exposures			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		33.76	Nil

(b) Exposure to Capital Market

Category	As at 31 March 2019	As at 31 March 2018
(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;	Nil	Nil
(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	**Nil**	**Nil**

(c) Details of financing of parent company products

Not Applicable

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(d) **Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC**

The Company has not exceeded the prudential exposure limits during the year.

(e) **Unsecured Advances**

i. Refer Note no.7 to the financial statements.
ii. The Company has not granted any advances against intangible securities.

VII. Disclosure of Penalties Imposed by NHB and other regulators

During the financial year 2018-19 no penalties have been imposed by NHB and other regulators.

VIII. Rating assigned by Credit Rating Agencies and migration of rating during the year.

By India Ratings::

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities (Cash Credit/Term Loan)	Rs. 500.00 Crore	IND A (Stable)	IND A (Stable)

By ICRA:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities (Cash Credit/Term Loan)	Rs. 150.00 Crore	[ICRA]A(stable)	[ICRA]A(stable)

By CRISIL:

INSTRUMENT	AMOUNT	RATING ACTION	PREVIOUS RATING
Long term bank facilities (Cash Credit/Term Loan)	Rs 24.77 Crore	CRISIL A-/Stable	CRISIL A-/Stable

By CARE:

INSTRUMENT	AMOUNT	RATING ACTION	PREVIOUS RATING
Long term bank facilities (Cash Credit/Term Loan)	Rs 500.00 Crore	CARE A (Stable)	First Time Rating

IX Provisions and Contingencies

(₹ In Crores)

Break up of 'Provisions and Contingencies' charged as Expenditure for the Period	As at 31 March 2019	As at 31 March 2018
1. Provisions for depreciation on Investment	NIL	NIL
2. Provision made towards Income tax	1.34	0.94
3. Provision towards NPA	-	0.06
4. Provision for Standard Assets (with details like teaser		
loan, CRE, CRE-RH, etc.)		
i) Individual Housing	0.02	0.01
ii) Commercial Real Estate (CRE)	0.10	0.11
iii) Commercial Real Estate - Residential Housing (CRE-RH)	-	0.01
Provision for Employee Benefits	0.15	0.12

X Draw Down from Reserves

There has not been any draw down from reserves during FY 18-19.

XI Concentration of Public Deposits, Advances, Exposures and NPAs

XI.I Concentration of Public Deposits (for Public Deposit taking / holding HFCs)

Not Applicable

XI.II Concentration of Loans & Advances

(₹ In Crores)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Loans & Advances to twenty largest Borrowers	65.23	43.47
Percentage of Loans & Advances to twenty largest borrowers to Total	24.49%	21.62%

XI.III Concentration of all Exposure (including off-balance sheet exposure)

(₹ In Crores)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Loans & Advances to twenty largest Borrowers	68.48	43.47
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	24.91%	21.56%

XI.IV Concentration of NPAs

(₹ In Crores)

Particulars	As at 31 March 2019	As at 31 March 2018
Total Exposure to top ten NPA accounts	0.98	0.74

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XI.V Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
A.	Housing Loans:	
1	Individuals	0.28%
2	Builders/Project Loans	1.22%
3	Corporates	0.00%
4	Others (specify)	0.00%
B.	Non-Housing Loans:	
1	Individuals	0.09%
2	Builders/Project Loans	0.00%
3	Corporates	0.00%
4	Others (specify)	0.00%

XII Movement of NPAs

(₹ In Crores)

Particulars	As at 31 March 2019	As at 31 March 2018
(I) Net NPAs to Net Advances (%)	0.30%	0.28%
(II) Movement of NPAs (Gross)		
a) Opening balance	0.74	0.72
b) Additions during the year	1.51	0.96
c) Reductions during the year	1.27	0.94
d) Closing balance	0.98	0.74
(III) Movement of Net NPAs		
a) Opening balance	0.56	0.60
b) Additions during the year	1.24	0.76
c) Reductions during the year	1.00	0.80
d) Closing balance	0.79	0.56
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	0.19	0.13
b) Additions during the year	0.19	0.20
c) Reductions during the year	0.19	0.15
d) Closing balance	0.19	0.19

XIII Overseas Assets

(₹ In Crores)

Particulars	As at 31 March 2019	As at 31 March 2018
	NIL	NIL

XIV Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

XV Disclosure of Complaints

Particulars	As at 31 March 2019	As at 31 March 2018
a) No. of complaints pending at the beginning of the year	1	1
b) No. of complaints received during the year	2	3
c) No. of complaints redressed during the year	3	3
d) No. of complaints pending at the end of the year	0	1

XVI Category wise Provision for Standard, Sub-standard and Doubtful Assets as per NHB Norms

Contingent Provision against Standard Assets	As at 31st March 2019 Rupees	As at 31st March 2018 Rupees
	Housing	
Total Outstanding Amount	1,856,717,674	1,242,982,327
Provision Made	4,641,794	4,424,112
	Non Housing	
Total Outstanding Amount	168,191,808	118,700,678
Provision Made	1,681,918	1,187,007
	Project Funding for Housing	
Total Outstanding Amount	434,937,225	487,248,179
Provision Made	3,262,029	3,654,361
	Project Funding for Non-Housing	
Total Outstanding Amount	209,380,890	154,532,141
Provision Made	2,093,809	1,545,321
Total Provision for Standard Assets	**11,679,550**	**10,810,801**

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Provision for Sub Standard Assets	As at 31st March 2019 Rupees	As at 31st March 2018 Rupees
	Housing	
Total Outstanding Amount	4,305,935	5,881,807
Provision Made	814,701	1,470,452
	Non Housing	
Total Outstanding Amount	150,372	17,163
Provision Made	28,451	4,291
	Project Funding for Housing	
Total Outstanding Amount	5,330,882	-
Provision Made	1,008,626	-
Total Provision for Sub Standard Assets	**1,851,778**	**1,474,743**

Provision for Doubtful Assets	As at 31st March 2019 Rupees	As at 31st March 2018 Rupees
	Project Funding for Housing	
Total Outstanding Amount	-	1,508,143
Provision Made	-	377,036

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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]*

Name of the Member(s): ______________________________

Registered Address: ______________________________

E-mail Id: ______________ Folio No. / Client Id: __________ DP ID: ______________

I / We being the member of MAS Rural Housing & Mortgage Finance Limited, holding ________ shares, hereby appoint

1. Name: ______________________ Address: ______________________
   E-mail Id: ______________________ Signature: ______________________ or failing him;
2. Name: ______________________ Address: ______________________
   E-mail Id: ______________________ Signature: ______________________ or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 12th Annual General Meeting of members of the Company, to be held on Wednesday, June 19, 2019 at 5th Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009 of the Company at 10:00 A.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Brief details of the Resolutions	Optional*		
		For	Against	Abstain
1.	Adoption of the Audited Financial Statement and Reports of the Board of Directors and the Auditors thereon for the year ended March 31, 2019.			
2.	To declare dividend on equity and preference shares.			
3.	Appointment of Mrs. Darshana Pandya, (DIN 07610402), who retires by rotation and being eligible, offers herself for re-appointment.			
4.	Ratification of Appointment of M/s. Rajpara Associates, (FRN 113428W) as Auditors and fixing their remuneration.			

Signed this ___________day of ____________ 2019.

Affix Revenue Stamp

Signature of Shareholder:

Signature of Proxy holder(s):

Note:

1. **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.**
2. **A proxy need not be a member of the Company.**
3. *For the Resolutions, and Notes, please refer to the Notice of the 12th Annual General Meeting. It is optional to put a "√" in the appropriate column against the Resolutions indicated in the box. If you leave the "For", "Against" or "Abstain" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.

ATTENDANCE SLIP – 12th AGM
(To be handed over at the entrance of Meeting Hall)

Regd. Folio /DP ID & Client ID	
Name and Address of the Shareholder(s)	
Joint Holder 1 Joint Holder 2	
No. of Shares	

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the TWELFTH ANNUAL GENERAL MEETING of the Company at Wednesday, 19th Day of June, 2019 at the 5th Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009 of the Company at 10:00 A.M.

Full name of the Member/Proxy attending the Meeting	
Member's/Proxy's Signature	

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.
Shareholders attending the meeting are requested to bring their copies of the Annual Report with them.