



The Power of Distribution

Restated Financial Information
FY 2011-12, FY 2012-13, FY 2013-14
FY 2014-15, FY 2015-16, SEP-2016

REGISTERED OFFICE

6, Ground Floor, Narayan Chambers,
B/h. Patang Hotel Ashram Road
Ahmedabad – 380009.

MAS FINANCIAL SERVICES LIMITED
ANNEXURE 1: RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Millions)

Particulars	Annexure	As at September 30, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES							
Shareholders' funds							
Share capital	6	634.72	594.72	594.72	594.72	534.71	934.71
Reserves and surplus	7	1,568.51	1,223.27	879.51	614.68	448.49	336.00
		2,203.23	1,817.99	1,474.23	1,209.40	983.20	1,270.71
Minority Interest		100.89	97.73	92.27	65.80	39.84	23.53
Preference Shares issued by the Subsidiary Company outside the group	8	40.00	20.00	-	-	-	-
Compulsorily Convertible Debentures	9	499.80	499.80	499.80	499.80	499.80	-
Non-current liabilities							
Deferred Subsidy	10	-	-	-	0.08	0.22	0.36
Long-term borrowings	11	3,749.32	3,948.44	1,648.08	1,034.59	716.57	858.54
Deferred tax liabilities (net)	12	5.30	4.23	2.96	-	-	-
Other long-term liabilities	13	1,579.47	1,526.66	929.24	1,022.78	522.13	221.97
Long-term provisions	14	25.72	19.54	11.92	9.73	6.57	2.97
		5,359.81	5,498.87	2,592.20	2,067.18	1,245.49	1,083.84
Current liabilities							
Short-term borrowings	15	7,964.70	7,411.16	7,454.01	5,500.93	3,530.32	2,271.36
Trade payables							
- Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 34.10)		-	-	-	-	-	-
- Total outstanding dues to creditors other than micro enterprises and small enterprises	16	25.92	46.86	14.86	20.63	21.59	15.80
Other current liabilities	17	4,391.45	3,964.13	3,387.13	1,831.70	1,579.71	1,251.22
Short-term provisions	18	126.14	101.01	205.37	135.87	118.18	123.89
		12,508.21	11,523.16	11,061.37	7,489.13	5,249.80	3,662.27
TOTAL		20,711.94	19,457.55	15,719.87	11,331.31	8,018.13	6,040.35
ASSETS							
Non-current assets							
Fixed assets							
Tangible assets	19	84.68	81.74	44.80	57.49	60.05	60.65
Intangible assets		0.08	-	-	0.61	0.93	0.90
Capital work-in-progress		1.91	-	0.99	-	-	-
		86.67	81.74	45.79	58.10	60.98	61.55
Non-current investments	20	0.07	2.73	3.49	0.83	0.83	0.83
Deferred tax assets (net)	12	34.40	30.09	22.58	12.49	5.02	1.64
Long-term loans and advances	21	6,891.05	5,863.54	4,190.57	3,429.64	2,329.89	1,040.33
Other non-current assets	22	94.97	79.42	101.75	90.87	111.86	70.74
		7,107.16	6,057.52	4,364.18	3,591.93	2,508.58	1,175.09
Current assets							
Cash and bank balances	23	2,377.37	1,817.02	2,176.72	1,854.36	1,750.13	1,410.27
Short-term loans and advances	24	11,040.44	11,385.28	9,029.74	5,796.78	3,681.43	3,389.56
Other current assets	25	186.97	197.73	149.23	88.24	77.99	65.43
		13,604.78	13,400.03	11,355.69	7,739.38	5,509.55	4,865.26
TOTAL		20,711.94	19,457.55	15,719.87	11,331.31	8,018.13	6,040.35

The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexures 4 and 5.

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

Kartikeya Raval

Kartikeya Raval
Partner



For and on behalf of the Board of Directors

[Signature]

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

[Signature]

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

[Signature]

Nirav P. Patel
(Company Secretary)

[Signature]

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

Place: Ahmedabad
Date: March 23, 2017

Place: Ahmedabad
Date: 23/03/2017



MAS FINANCIAL SERVICES LIMITED
ANNEXURE 2: RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in Millions)

Particulars	Annexure	For the half year ended September 30, 2016	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME							
Revenue from operations	26	1,808.27	3,034.51	2,374.31	1,842.24	1,422.49	1,147.43
Other income	27	4.97	7.47	7.71	6.97	8.71	9.63
Total Revenue (I)		1,813.24	3,041.98	2,382.02	1,849.21	1,431.20	1,157.06
EXPENSES							
Employee benefits expense	28	145.65	243.78	171.30	146.39	132.49	101.51
Finance costs	29	831.24	1,423.01	1,117.43	788.28	559.98	438.18
Depreciation and amortisation expense	30	6.71	10.94	10.45	5.77	6.30	5.37
Provisions and Loan Losses	31	125.61	235.94	194.94	145.64	84.92	90.51
Other expenses	32	172.35	343.22	271.09	265.96	241.89	234.80
Total expenses (II)		1,281.56	2,256.89	1,765.21	1,352.04	1,025.58	870.37
Profit before tax (III) = (I) - (II)		531.68	785.09	616.81	497.17	405.62	286.69
Tax expense / (benefit):							
Current tax		186.53	276.80	214.89	173.69	134.31	84.98
Deferred tax		(3.25)	(6.23)	(6.10)	(7.46)	(3.38)	0.03
Net tax expense (IV)		183.28	270.57	208.79	166.23	130.93	85.01
Profit after tax (as restated) (before share of profit attributable to minority interest) (V) = (III) - (IV)		348.40	514.52	408.02	330.94	274.69	201.68
Less: Share of profit attributable to minority Interest		(3.16)	(6.31)	(8.19)	(4.86)	(1.58)	(0.39)
Profit for the year/half year attributable to the shareholders of the Company		345.24	508.21	399.83	326.08	273.11	201.29
Earnings per equity share (of Rs. 10/- each)							
Basic (Rs.)	33	8.12 (Refer note 33.3)	11.82	9.12	7.33	5.63	3.22
Diluted (Rs.)		7.71 (Refer note 33.3)	11.82	9.12	7.33	5.63	3.22

The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexures 4 and 5.

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

Kartikeya Raval

Kartikeya Raval
Partner



Place: Ahmedabad
Date: *March 23, 2017*

For and on behalf of the Board of Directors

Darshana S. Pandya

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

Nirav P. Patel

Nirav Patel
(Company Secretary)

Place: Ahmedabad
Date: *23/03/2017*

Kamlesh C. Gandhi

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

Mukesh C. Gandhi

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



MAS FINANCIAL SERVICES LIMITED
ANNEXURE 3 : RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOW

Particulars	(Rs. in Millions)					
	For the half year ended September 30, 2016	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash Flow from Operating Activities						
Restated Net Profit Before Tax	531.68	785.09	616.81	497.17	405.62	286.69
Adjustments for :						
Depreciation and Amortisation	6.71	10.94	10.45	5.77	6.30	5.37
Finance Costs charged to Restated Consolidated Summary Statement of Profit and Loss	831.24	1,423.01	1,117.43	788.28	559.98	438.18
Provision for Non Performing Assets	3.71	2.59	8.19	13.52	6.60	2.52
Contingent Provision against Standard Assets	10.75	19.65	10.66	8.37	4.43	2.57
Loss Assets Written Off	104.38	202.01	157.13	106.21	68.20	44.78
Loss on Sale of Fixed Assets	0.01	0.61	-	-	0.05	0.06
Loss on Sale of Repossessed Assets	6.77	11.69	18.96	17.54	5.69	40.64
Depreciation Recouped from Deferred Subsidy	-	-	(0.08)	(0.14)	(0.14)	(0.17)
Interest Income from Investments and Deposits	(4.32)	(7.44)	(7.61)	(6.62)	(8.36)	(9.11)
Income distribution on Pass Through Certificates held as non-current investments	(0.63)	-	-	-	-	-
Profit on Redemption of Investment	-	(0.03)	-	-	-	-
Dividend on Current Investments - Mutual Fund Units	-	-	-	(0.10)	(0.20)	(0.32)
Dividend Income on others	-	-	-	(0.02)	(0.01)	(0.20)
Operating profit before working capital changes	1,490.30	2,448.12	1,931.94	1,429.98	1,048.16	811.01
Changes in Working Capital:						
Adjustments for (increase)/decrease in operating assets:						
Loans and Advances	(764.96)	(4,229.44)	(4,149.04)	(3,320.07)	(1,650.70)	(782.14)
Deposits given as Collateral	-	63.85	28.81	82.44	69.27	(31.00)
Other Current Assets	(4.65)	(58.67)	(54.24)	(31.42)	(33.33)	(60.71)
Adjustments for increase/(decrease) in operating liabilities:						
Trade Payables	(20.91)	31.98	(5.75)	(0.94)	5.81	9.09
Security Deposits from Borrowers	370.02	363.46	693.24	663.50	467.69	306.20
Other Current Liabilities	(24.39)	257.52	202.77	262.38	(54.90)	78.00
Short Term Provisions	0.62	1.26	1.28	1.22	0.47	0.31
Cash Generated from / (used in) operations	1,046.03	(1,121.92)	(1,350.99)	(912.91)	(147.53)	330.76
Finance Costs	(761.41)	(1,393.60)	(1,094.73)	(759.47)	(530.14)	(418.22)
Income Tax Paid (Net)	(176.78)	(285.08)	(223.28)	(170.31)	(123.98)	(91.25)
Net cash flow from/ (used in) operating activities (A)	107.84	(2,800.60)	(2,669.00)	(1,842.69)	(801.65)	(178.71)
Cash flows from investing activities						
Capital expenditure on fixed assets, including capital advances	(14.33)	(49.30)	(8.15)	(4.04)	(6.51)	(5.28)
Proceeds from sale of Fixed Assets	0.09	2.70	-	-	0.02	0.06
Bank balances not considered as Cash and Cash Equivalents						
- Fixed Deposits Matured	252.50	336.50	149.88	30.76	33.14	22.69
- Fixed Deposits Placed	(258.61)	(341.31)	(158.30)	(24.50)	-	-
Purchase of Mutual Fund Units	-	-	-	(33.50)	(79.80)	(45.20)
Proceeds from Sale of Mutual Fund Units	-	-	-	33.60	80.00	45.52
Interest Income from Investments and Deposits	3.67	15.61	1.52	1.85	16.61	3.65
Income distribution on Pass Through Certificates held as non-current investments	0.63	-	-	-	-	-
Purchase of Long Term Investments	-	-	(2.66)	-	-	-
Proceeds from redemption of Long Term Investments	2.66	0.79	-	-	-	-
Dividend Income	-	-	-	0.02	0.01	0.20
Net cash flow from/ (used in) investing activities (B)	(13.39)	(35.01)	(17.71)	4.19	43.47	21.64
Cash flows from financing activities						
Proceeds from Issue of Non-Convertible Debentures	-	400.00	200.00	-	-	360.00
Proceeds from Issue of Compulsorily Convertible Debentures	-	-	-	-	649.74	-
Proceeds from Issue of Compulsorily Convertible Cumulative Preference Shares	40.00	-	-	-	-	-
Redemption of Preference Shares	-	-	-	-	(621.32)	-
Redemption of Non-Convertible Debentures	-	-	-	(360.00)	-	(270.00)
Proceeds from Issue of Equity Shares	-	-	-	-	0.15	-
Proceeds from Issue of Optionally Convertible Preference Shares	20.00	20.00	-	-	-	-
Proceeds from Issue of Equity Shares to Minority Shareholders	-	-	20.00	20.00	14.00	22.50
Proceeds from Long Term Borrowings	800.00	3,903.74	1,688.74	1,012.90	820.00	590.00
Repayments of Long Term Borrowings	(927.62)	(1,486.50)	(760.57)	(535.93)	(775.96)	(1,260.60)
Net Increase / (Decrease) in Working Capital Borrowings	553.54	(42.85)	1,953.08	1,970.61	1,258.96	1,244.31
Dividends paid including Dividend Distribution Tax	(12.52)	(279.77)	(69.80)	(105.54)	(110.83)	(87.48)
Net cash flow from/ (used in) financing activities (C)	473.40	2,514.62	3,031.45	2,002.04	1,234.74	598.73
Net increase/(decrease) in cash and cash equivalents (A + B + C)	567.85	(320.99)	344.74	163.54	476.56	441.66
Cash and cash equivalents at the beginning of the year / half year	1,808.97	2,129.96	1,785.22	1,621.68	1,145.12	703.46
Cash and cash equivalents at the end of the year / half year	2,376.82	1,808.97	2,129.96	1,785.22	1,621.68	1,145.12
Components of cash and cash equivalents						
Cash on Hand	0.67	4.25	5.49	3.73	0.94	0.41
Balances with banks	2,376.15	1,804.72	2,124.47	1,781.49	1,620.74	1,144.71
Total cash and cash equivalents (Refer annexure 23)	2,376.82	1,808.97	2,129.96	1,785.22	1,621.68	1,145.12

The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 "Cash Flow Statements" specified under Section 133 of the Companies Act, 2013.

The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexures 4 and 5.

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

Kartikaya Raval
Partner



For and on behalf of the Board of Directors

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

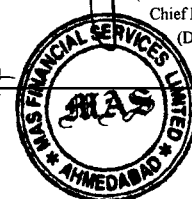
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(Whole Time Director & Chief Finance Officer)
(DIN - 00187086)

Place: Ahmedabad
Date: March 23, 2017

Place: Ahmedabad
Date: 23/03/2017



MAS FINANCIAL SERVICES LIMITED

ANNEXURE 4 : CONSOLIDATED SUMMARY STATEMENT OF MATERIAL ADJUSTMENTS AND REGROUPINGS TO CONSOLIDATED AUDITED FINANCIAL STATEMENTS

ANNEXURE 4 (A) : SUMMARY STATEMENT OF MATERIAL ADJUSTMENTS TO CONSOLIDATED AUDITED FINANCIAL STATEMENTS

(Rs. in Millions)

Particulars	For the half year ended September 30, 2016	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
A. Net Profit after tax (as per audited accounts) (A)	347.79	547.54	409.39	324.53	265.38	185.46
B. Restatement Adjustments						
- Interest Income	-	(52.02)	6.19	2.77	14.35	9.93
- Interest Expense	0.52	(0.52)	-	-	-	-
- Contingent Provision against Standard Assets	-	0.13	(0.02)	(0.00)	(0.03)	0.03
Total effect of adjustments before tax (B)	0.52	(52.41)	6.17	2.77	14.32	9.96
C. Tax adjustments						
- Current Tax impact of adjustments	0.15	(18.72)	2.19	0.47	4.67	2.33
- Tax pertaining to earlier years	(0.24)	(0.71)	5.35	(4.11)	0.37	(8.61)
- Deferred Tax impact of adjustments	-	0.04	(0.01)	-	(0.02)	0.02
Total of tax adjustments (C)	(0.09)	(19.39)	7.53	(3.64)	5.02	(6.26)
D. Net increase/(decrease) in profit after tax (B) - (C)	0.61	(33.02)	(1.36)	6.40	9.30	16.22
E. Net Profit after tax as restated before adjusting minority interest (E) = (A + D)	348.40	514.52	408.03	330.93	274.68	201.68

The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profit and loss and cash flows as appearing in Annexures 4 and 5.

Notes to Material Adjustments

a) Interest Income:

From FY 2015-16 the Company has started recognizing interest income accrued on all retail loans for the period from the date of the last installment upto the end of the year, for more appropriate presentation of the financial statements. In order to maintain uniformity, such unrecognized accrued interest income for earlier years has been adjusted to the corresponding years.

b) Interest Expense:

Interest on Income tax for FY 15-16 was accounted for on payment during the half year ended on September 30, 2016 which has been adjusted against the income of FY 15-16 to which it relates.

c) Contingent Provisions against standard assets:

Consequent to the accrued interest income being adjusted to the respective years, the contingent provision against standard assets in respect of the same has also been calculated and adjusted in the corresponding years.

d) Tax impact of adjustments:

Tax has been computed on adjustments as detailed above and has been adjusted in the restated consolidated summary statement of Profit and Loss for the half year ended September 30, 2016 and years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and the balance brought forward in the restated consolidated summary statement of Profit and Loss as at April 01, 2011.

e) Tax pertaining to earlier years:

The Statement of Profit and Loss for certain financial years/half year includes amounts paid/ provided for or refunded/ written back, in respect of shortfall/ excess current tax arising upon filing of tax returns, assessments etc. which have now been adjusted in the respective years to which they relate.

f) Restatement of Minority Interest:

For the years ended March 31, 2012, 2013 and 2014 the minority interest has been restated to reflect the share, as per their equity shareholding, in the balance of Reserves and Surplus as at the balance sheet date which also includes their share in the Reserve Fund u/s 29-C of the NHB Act, 1987. The said restatement has impact on the balances of Reserves and Surplus and Minority Interest but does not have any impact on the Statement of Profit and Loss.

ANNEXURE 4 (B) : SUMMARY OF MATERIAL REGROUPINGS

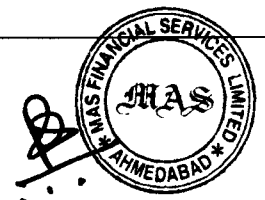
g) Material regroupings:

With effect from April 1, 2014, Schedule III notified under the Companies Act, 2013 has become applicable to the Group for preparation and presentation of its financial statements. The adoption of Schedule III does not impact the recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has reclassified the figures for the previous financial years ended March 31, 2014, March 31, 2013 and March 31, 2012 in accordance with the requirements of the Companies Act, 2013.

Appropriate adjustments have been made in the restated consolidated summary statement of Asset and Liabilities, restated consolidated summary statement of Profit and Loss and restated consolidated summary statement of cash flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the classifications as per the audited financial statements of the Group as at and for the half year ended September 30, 2016 prepared in accordance with Schedule III of the Companies Act, 2013 and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2009 (as amended).

ANNEXURE 4 (C) : OPENING RESERVE RECONCILIATION

Particulars	(Rs. in Millions)
A. Net surplus in Statement of Profit and Loss as at April 1, 2011 as per audited financial statements	39.68
Adjustments:	
B. Interest Income	18.78
C. Contingent Provision against Standard Assets	(0.11)
D. Tax Impact on above adjustment	(5.93)
E. Tax pertaining to earlier years	(6.30)
F. Change in method of calculation of holding company's share in reserves of subsidiary company (Refer Note 4(A)(f) above)	(2.07)
Net surplus in the Restated Consolidated Summary Statement of Profit and Loss as at April 1, 2011.	44.05



MAS FINANCIAL SERVICES LIMITED**ANNEXURE 5 : SUMMARY OF CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES****5.1 CORPORATE INFORMATION**

MAS Financial Services Limited (“the Company/the Holding Company”) together with its subsidiary MAS Rural Housing & Mortgage Finance Limited, is hereinafter referred to as ‘the Group’. The Group is engaged in retail asset finance by way of providing Micro Enterprise Loans, SME Loans, Two Wheeler Loans, Commercial Vehicle Loans, Agri-based Loans, Loans to MFIs and NBFCs. and housing finance by way of providing housing loans, commercial loans and project loans for real estate projects to customers especially in the segment of Affordable Housing in Rural & Urban areas.

5.2 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES:**A. BASIS OF PREPARATION**

The Restated Consolidated Financial Information of MAS Financial Services Limited (“the Company or the Holding Company”) and its subsidiary (together the ‘Group’) have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 (“the Act”) / Companies Act, 1956, as applicable. The restated consolidated financial Information have been prepared on accrual basis under the historical cost convention. Further, the Group follows the prudential norms for income recognition and provisioning for Non-performing Assets as prescribed by the Reserve Bank of India / National Housing Bank for Non-Banking Financial Companies / Housing Finance Companies. Loans to customers outstanding at the close of the period/year are stated net of amounts written off. The Group assesses all receivables for their recovery and accordingly provisions for non-performing assets are enhanced as considered necessary, based on past experience emerging trends and estimates. The accounting policies adopted in the preparation of the restated consolidated financial information are consistent with those followed in the previous year.

The Restated Consolidated Summary Statement of Assets and Liabilities as at September 30, 2016 and March 31, 2016, 2015, 2014, 2013 and 2012 and Restated Consolidated Summary Statements of Profit and Loss and Cash Flows for the half year ended September 30, 2016, and years ended March 31, 2016, 2015, 2014, 2013 and 2012 (hereinafter collectively referred to as “Restated Summary Statements”) relate to MAS Financial Services Limited and its subsidiary company MAS Rural Housing & Mortgage Finance Ltd. and have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India (“SEBI”), Registrar of Companies and relevant stock exchange/s in connection with its proposed Initial Public Offering. These Restated Summary Statements have been prepared to comply in all material respects with the requirements of Schedule III to the Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “Regulations”).

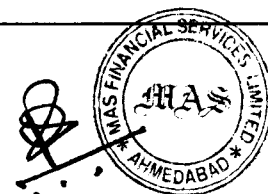
B. PRINCIPLES OF CONSOLIDATION

The consolidated restated financial statements relate to MAS Financial Services Limited and its subsidiary company. The consolidated restated financial statements have been prepared on the following basis:

- The restated financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company.
- The restated financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered.
- The excess of share of equity of the Group in the subsidiary company as on the date of investments over the cost of investments of the Group in the subsidiary company is recognised as 'Capital Reserve on Consolidation' and shown under the head 'Reserves & Surplus', in the consolidated restated financial statements.
- Minority Interest in the net assets of the consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary company were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit for the year/period of the subsidiary attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to the shareholders of the Company.
- The following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power as at					
				September 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
MAS Rural Housing and Mortgage Finance Limited	Subsidiary Company	India	MAS Financial Services Limited	59.61%	59.61%	59.61%	65.75%	74.91%	83.01%

- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s standalone financial statements.



MAS FINANCIAL SERVICES LIMITED**ANNEXURE 5 : SUMMARY OF CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES****5.1 CORPORATE INFORMATION**

MAS Financial Services Limited (“the Company/the Holding Company”) together with its subsidiary MAS Rural Housing & Mortgage Finance Limited, is hereinafter referred to as ‘the Group’. The Group is engaged in retail asset finance by way of providing Micro Enterprise Loans, SME Loans, Two Wheeler Loans, Commercial Vehicle Loans, Agri-based Loans, Loans to MFIs and NBFCs. and housing finance by way of providing housing loans, commercial loans and project loans for real estate projects to customers especially in the segment of Affordable Housing in Rural & Urban areas.

5.2 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES:**A. BASIS OF PREPARATION**

The Restated Consolidated Financial Information of MAS Financial Services Limited (“the Company or the Holding Company”) and its subsidiary (together the ‘Group’) have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 (“the Act”) / Companies Act, 1956, as applicable. The restated consolidated financial Information have been prepared on accrual basis under the historical cost convention. Further, the Group follows the prudential norms for income recognition and provisioning for Non-performing Assets as prescribed by the Reserve Bank of India / National Housing Bank for Non-Banking Financial Companies / Housing Finance Companies. Loans to customers outstanding at the close of the period/year are stated net of amounts written off. The Group assesses all receivables for their recovery and accordingly provisions for non-performing assets are enhanced as considered necessary, based on past experience emerging trends and estimates. The accounting policies adopted in the preparation of the restated consolidated financial information are consistent with those followed in the previous year.

The Restated Consolidated Summary Statement of Assets and Liabilities as at September 30, 2016 and March 31, 2016, 2015, 2014, 2013 and 2012 and Restated Consolidated Summary Statements of Profit and Loss and Cash Flows for the half year ended September 30, 2016, and years ended March 31, 2016, 2015, 2014, 2013 and 2012 (hereinafter collectively referred to as “Restated Summary Statements”) relate to MAS Financial Services Limited and its subsidiary company MAS Rural Housing & Mortgage Finance Ltd. and have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India (“SEBI”), Registrar of Companies and relevant stock exchange/s in connection with its proposed Initial Public Offering. These Restated Summary Statements have been prepared to comply in all material respects with the requirements of Schedule III to the Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “Regulations”).

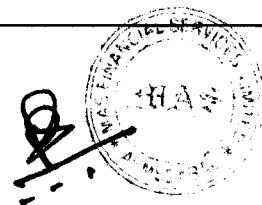
B. PRINCIPLES OF CONSOLIDATION

The consolidated restated financial statements relate to MAS Financial Services Limited and its subsidiary company. The consolidated restated financial statements have been prepared on the following basis:

- The restated financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company.
- The restated financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered.
- The excess of share of equity of the Group in the subsidiary company as on the date of investments over the cost of investments of the Group in the subsidiary company is recognised as 'Capital Reserve on Consolidation' and shown under the head 'Reserves & Surplus', in the consolidated restated financial statements.
- Minority Interest in the net assets of the consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary company were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit for the year/period of the subsidiary attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to the shareholders of the Company.
- The following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power as at					
				September 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
MAS Rural Housing and Mortgage Finance Limited	Subsidiary Company	India	MAS Financial Services Limited	59.61%	59.61%	59.61%	65.75%	74.91%	83.01%

- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s standalone financial statements.



L. EMPLOYEE BENEFITS

Defined contribution plans

Contribution to provident fund and employee state insurance scheme by the entities in the Group are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

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

Short-term employee benefits

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

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

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

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

M. RECOURSE OBLIGATIONS UNDER ASSIGNMENT TRANSACTIONS

The holding company used to assign loans under assignment transactions under "at premium structure" upto F.Y. 2011-12. Such loans were derecognised and gains/losses were recorded on assignment of loan contracts. The recourse obligations with respect to these loans assigned were provided in books as per past track record of delinquency/servicing of the loans of the holding company.

N. BORROWING COSTS

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

O. EARNINGS PER SHARE

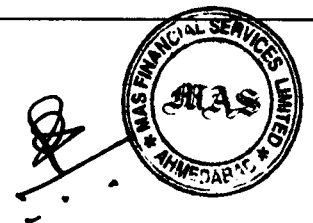
Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax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

P. TAXES ON INCOME

Current tax is determined on the basis of taxable income computed for each of the entities in the Group in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961.

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

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



MAS FINANCIAL SERVICES LIMITED

ANNEXURE 5 : SUMMARY OF CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

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

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

R. CASH FLOW STATEMENT

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

S. LEASES

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

T. PROVISIONS AND CONTINGENCIES

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



MAS FINANCIAL SERVICES LIMITED
ANNEXURE 6 : RESTATED CONSOLIDATED SUMMARY STATEMENT OF SHARE CAPITAL

Particulars	(Rs. in Millions)						
	As at September 30, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	
Authorised:							
Equity Shares of Rs. 10/- each	21,500,000	21,500,000	21,500,000	21,500,000	15,500,000	15,500,000	
- Number of shares	215.00	215.00	215.00	215.00	155.00	155.00	
- Rs. in Millions							
Cumulative Redeemable Non Convertible Preference Shares of Rs. 100/- each							
- Number of shares	650,000	650,000	650,000	650,000	650,000	650,000	
- Rs. in Millions	65.00	65.00	65.00	65.00	65.00	65.00	
8% Cumulative Redeemable Preference Shares of Rs.10/- each							
- Number of shares	-	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000	
- Rs. in Millions	-	400.00	400.00	400.00	400.00	400.00	
7% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each							
- Number of shares	-	-	-	-	44,000,000	44,000,000	
- Rs. in Millions	-	-	-	-	440.00	440.00	
0.01% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each							
- Number of shares	22,000,000	22,000,000	22,000,000	22,000,000	-	-	
- Rs. in Millions	220.00	220.00	220.00	220.00	-	-	
13.31% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each							
- Number of shares	22,000,000	22,000,000	22,000,000	22,000,000	-	-	
- Rs. in Millions	220.00	220.00	220.00	220.00	-	-	
9.75% Compulsorily Convertible Cumulative Preference Shares of Rs.100,000/- each							
- Number of shares	4,000	-	-	-	-	-	
- Rs. in Millions	400.00	-	-	-	-	-	
Total authorised share capital	1,120.00	1,120.00	1,120.00	1,120.00	1,060.00	1,060.00	
Issued, Subscribed and Fully Paid-Up:							
Equity Shares of Rs.10/- each							
- Number of shares	16,000,125	16,000,125	16,000,125	16,000,125	10,000,125	10,000,000	
- Rs. in Millions	160.00	160.00	160.00	160.00	100.00	100.00	
8% Cumulative Redeemable Preference Shares of Rs.10/- each							
- Number of shares	-	-	-	-	-	40,000,000	
- Rs. in Millions	-	-	-	-	-	400.00	
7% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each							
- Number of shares	-	-	-	-	43,471,090	43,471,090	
- Rs. in Millions	-	-	-	-	434.71	434.71	
0.01% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each							
- Number of shares	21,735,545	21,735,545	21,735,545	21,735,545	-	-	
- Rs. in Millions	217.36	217.36	217.36	217.36	-	-	
13.31% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each							
- Number of shares	21,735,545	21,735,545	21,735,545	21,735,545	-	-	
- Rs. in Millions	217.36	217.36	217.36	217.36	-	-	
9.75% Compulsorily Convertible Cumulative Preference Shares of Rs.100,000/- each							
- Number of shares	400	-	-	-	-	-	
- Rs. in Millions	40.00	-	-	-	-	-	
Total issued, subscribed and fully paid-up share capital	634.72	594.72	594.72	594.72	534.71	934.71	

