



*The Power of Distribution*

## 24<sup>TH</sup> ANNUAL REPORT 2018-19



***EVERY TIME WE REACH  
A MILESTONE,  
WE BELIEVE  
WE HAVE  
JUST BEGUN...***

# Contents

## 01-13

### Corporate Overview

Letter from the Founder and CMD	02
Letter from Co-Founder and Director-Finance	04
Corporate Snapshot	06
Financial Performance	09
What Makes Us Who We Are and What Do We Want to Be!	10
Board of Directors	12
Corporate Information	13

## 14-82

### Statutory Reports

Notice	14
Directors' Report	26
Management Discussion and Analysis	56
Report on Corporate Governance	60

## 83-234

### Financial Statements

Standalone Financial Statements	83
Consolidated Financial Statements	162



[www.mas.co.in](http://www.mas.co.in)

Visit Company's official website to download the Annual Report.

**When we set our sights on a milestone in the distance, we work single-mindedly towards reaching it, putting our heart and soul and all our efforts into the endeavour.**



Yet we know all along that once it is reached, we will definitely be setting our sights further... towards reaching the next milestone. And then the next.

Over the past 24 years, **MASS** has come a long way. Rather than a single journey, it has been a series of journeys, every single one of which ends with us crossing a milestone, which then becomes the starting point of a fresh adventure.

We constantly endeavour to live up to expectations, surpassing them and setting ourselves higher targets and goals. On our journeys, we are always alert to follow cautions that make the journey safe and fruitful. Rather than chase reckless growth, we pursue long-term and sustainable growth that is characterised by quality. And it is precisely this – not just growth per se, but quality growth that makes **MASS** distinct and different.

As we stand on the brink of a quarter century of our existence, we look back at the road we have traversed so far, with PRIDE. The journey of many milestones has left us with happy experiences and valuable learnings.



**More importantly, we look at the road ahead with excitement. And as we set our sights on the next milestone, we feel confident that we will seek out and CROSS many more on our journey into the future.**



# From the Desk of Founder, Chairman & MD

 The Company grew immensely in confidence that the strategy followed over the years has the strength to navigate through tough environment.



### My Dear Shareholders,

I am delighted to present to you the financial results for FY 2018-19. **MAS** crossed ₹ 5,000 crores in Assets under Management, one more important milestone in the journey of the Company; creating an enabling base for the coming decades. A steady growth from hereon will make this Company very formidable in size.

While this being an important achievement, we at **MAS** believe that we have just started. The belief at **MAS** right from the inception is, "Every time we reach a milestone we feel we have just begun". This attitude has and will continue to play an important role in all our future achievements.

The year was marked by very significant events in the industry, the time where the fundamentals, the resilience, along with the prudence of the strategy was put to test. I am happy to share that the Company could not only achieve the desired objective in terms of Assets under Management and profitability with impeccable quality, but grew immensely in confidence, that the strategy followed over the years has the strength to navigate through tough environment.

Through a very prudent liability management, we could very successfully navigate the situation without any negative impact on the profitability of the Company.

Execution is the key to success. The Company continues to pay immense focus on the efficient execution of its strategy, which is a continuous task to be worked upon and can't be worked out. Focus on efficiency is a constant endeavour at **MAS**.

Serving the MSME segment through various distribution channels depending upon the demography remains the key area of our working. The customers we cater to requires not only credit, but advisory which can potentially change the way they understand their business from the financial perspective. We are committed to add value to these segments and are confident to grow along with them besides adding new customers which is a huge opportunity. The Company also endeavours to extend credit to the

Two-Wheeler and the CV segment, which once again is a huge market to be served.

Serving the affordable housing segment through our subsidiary **MAS** Rural Housing & Mortgage Finance Ltd. is also one of the key focus areas of our working. We firmly believe that going forward this will contribute significantly in our overall growth.

Creating entrepreneurs and not just borrowers is the primary objective of the Company, by "Extending credit where it is due" thus being catalyst in promoting a very creditworthy ecosystem.

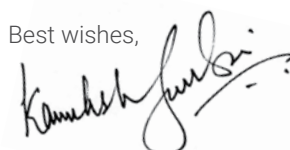
As an organisation grows, the human resource also has to cope up with the increased responsibilities. The Company is working tirelessly to train and empower the senior personnel to have a 360 degree view of the business namely to define the objectives, strategise, execute and lead by example to attain the objective defined.

The year ahead as always has challenges, which we reckon as opportunities. Team **MAS** is looking forward to give its best in terms of efforts, dedication and energy and I am confident that we will be able to realise the set objective of quality growth.

I sincerely acknowledge the support of the board, team **MAS** and all the stakeholders.

Let me reiterate on behalf of team **MAS**, the commitment to our mission of "Excellence through Endeavours" and maximising shareholders' value, aware of the fact that we have miles to go and promises to keep and I trust together we can and we will...

Best wishes,



**Kamlesh C. Gandhi**

Chairman and Managing Director

# From the Desk of Co-Founder and Director-Finance

 The year ahead will demand the same level of commitment to fulfil the aspiration of the Company's growth.



### My Dear Shareholders,

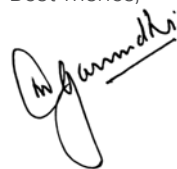
I am delighted to share the financial results for FY 2018-19. This year was significant from the perspective that, we crossed ₹ 5,000 crores in AUM despite one of the most challenging environment for the NBFC sector. Navigating this challenge successfully can be mainly attributed to our understanding based on the experience of more than two decades of following the basics. I can very confidently share with you that, we had never entertained any imprudent practice for the short-term benefits.

The debt management at **HAAS** comprises of direct assignment, term loans, and cash credit facilities. It is important to note that the direct assignment route is successfully practised by us since more than a decade. The respect we command from our lenders during this tough period is the testimony of our immaculate track record; pursuing quality growth and more than satisfactory level of capitalisation.

The year ahead will demand the same level of commitment to fulfil the aspiration of the Company's growth. Let me assure you that we have strategised accordingly and are confident of executing the same. The interest shown by the various lenders is also very encouraging.

The board, team **HAAS**, the lenders, investors, and all stakeholders deserve our heartfelt appreciation for their continuous belief in us. We, at **HAAS**, remain committed to our mission of "Excellence through Endeavours".

Best wishes,



**Mukesh C. Gandhi**  
Director - Finance





# Corporate Snapshot

## Portrait of HFS

HFS has been engaged in specialised retail financing services for over two decades. The Company's inception dates back to 1995, when it was registered with the Reserve Bank of India as an NBFC.

Catering to the financial needs of lower income and middle-income groups of society, HFS offers a range of retail financing products for Micro Enterprises and Small and Medium Enterprises, Home Loans, Two-Wheeler Loans, Used Car Loans and Commercial Vehicle Loans. With a presence across urban, semi-urban and rural areas, the Company provides credit solutions for both the formal and informal sectors.

With its network of 78 branches, as at end March 2019, HFS caters to over 5,00,000 clients in more than 3,300 centres, in an endeavour to fulfil its

quest to take top-class services to the doorstep of the people of India. These touchpoints are spread across the states of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu and Karnataka.

Targeting a significant market share of the financial services space, HFS has been putting in place systems and processes that enable the Company to expand its distribution and assess various perspectives of credibility, in the absence of proper and systematic credit documents, including creditworthiness through other channels. It also leverages the distribution network of its partner MFI-NBFCs/NBFCs/HFCs/franchisees, thus tapping the emerging opportunity by extending financial services to underpenetrated regions and the BOP segment.



## Vision

To be one of the most efficient distributors of financial services and create value on a very large scale.



## Mission

To constantly endeavour, to attain excellence and create a very wide financial distribution network and to be a catalyst in providing the most efficient financial services which we term as financial inclusion.

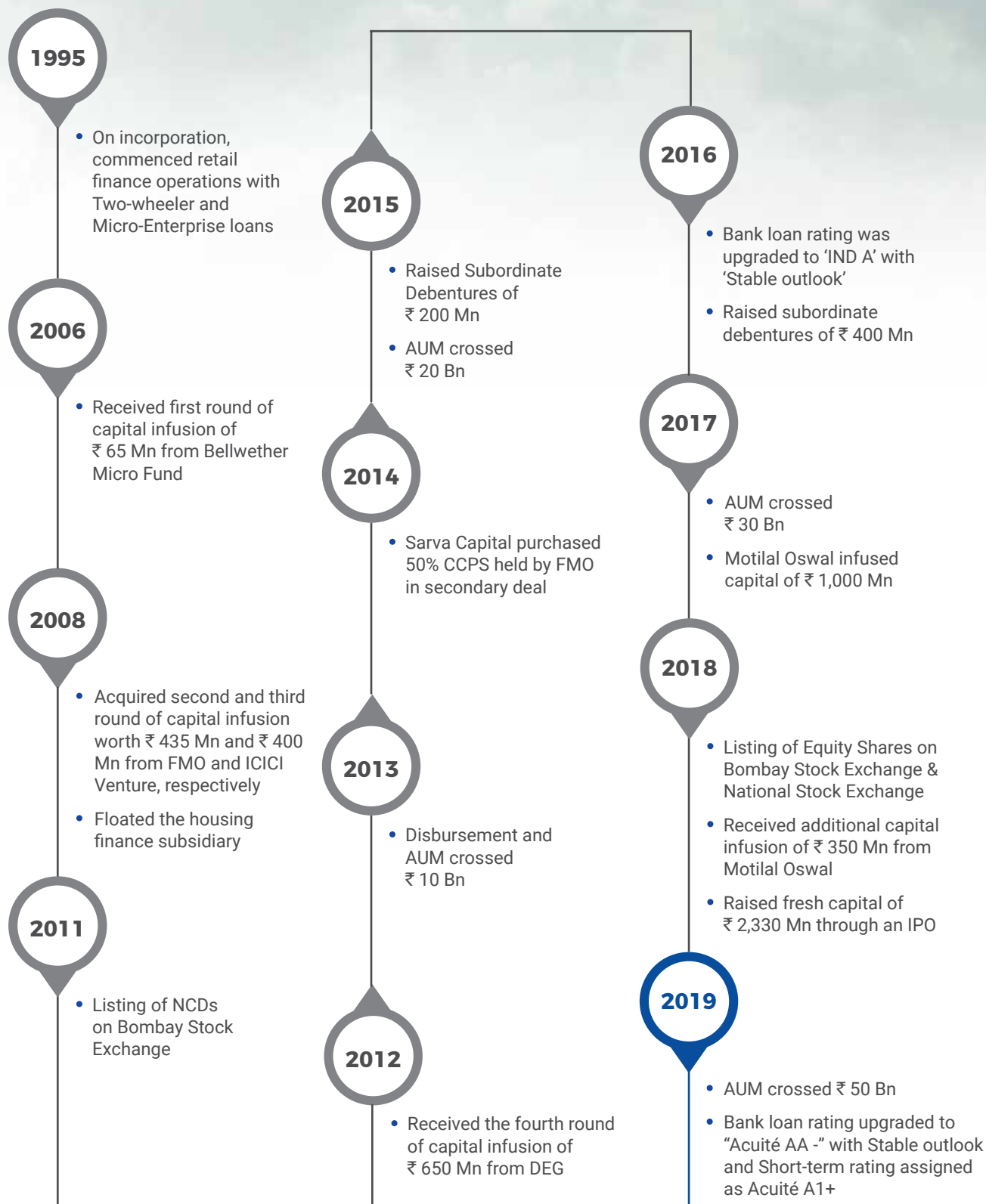
## Belief

*"We have miles to go & Promises to keep..."*

*"Together we can and we will"*



## Key Milestones over the years



## Geographical Presence



HFS has 78 branches across 6 States and NCT of Delhi



5,00,000+ active customers across 3,300+ locations in rural, semi urban and urban areas.

### 1 GUJARAT

Branches 38: across the state

### 2 MAHARASHTRA

Branches 19: covering major towns

### 3 RAJASTHAN

Branches 8: covering major towns

### 4 MADHYA PRADESH

Branches 8: covering major towns

### 5 KARNATAKA

Branches 2: in Bengaluru & Hubli

### 6 TAMIL NADU

Branches 2: in Chennai & Coimbatore

### 7 DELHI NCT

Branch 1

## Key Strengths

### Caters to a wide base of Borrowers

HFS has been catering to the needs of the vast financially underserved masses of the country, both in the formal and informal sectors of the urban, semi-urban and rural areas across seven states. This presents a colossal opportunity to expand its presence and business.

### Growing range of Lending Products

Over the past 24 years, HFS has created a diversified portfolio of loan products, which include for Micro Enterprises and Small and Medium

Enterprises, Home Loans, Two-Wheeler Loans, Used Car Loans and Commercial Vehicle Loans.

### Strong Retail Presence and Wide Distribution Network

HFS believes in offering best-in-class services at the doorstep of its customers. Powered by this mission, it has set up a robust retail network that expands even into the hinterlands.

### Achieved Consistent Growth

Irrespective of economic cycles and other external factors, HFS

has delivered consistent growth in profitability and returns over the years. Alongside stellar growth in the AUM, the GNPA's and NPA's have remained negligible.

### Efficient Liability Management

HFS enjoys an efficient cost of borrowing on various instruments including NCDs, Term Loans, Commercial Paper and Cash Credit. Over a third of its AUM is assigned to Banks and Financial Institutions. Side by side, the Company ensures robust Tier I and Tier II CRAR.