



The Power of Distribution

# MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2021/12

10<sup>th</sup> February, 2021

To,  
The Manager,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400001

To,  
General Manager  
**National Stock Exchange of India Limited**  
Exchange Plaza  
Plot No. C/1, G Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai – 400051

Scrip Code: **540749, 947381**

Trading Symbol: **MASFIN**

Dear Sir,

**Sub.: Investor Presentation for the quarter and nine months ended on 31<sup>st</sup> December, 2020**

Please find enclosed herewith Investor Presentation for the quarter and nine months ended on 31<sup>st</sup> December, 2020.

Thanking you,

Yours faithfully,  
For, **MAS Financial Services Limited**

**Riddhi Bhaveshbhai Bhayani**  
Company Secretary and Compliance Officer  
ACS No.: 41206



Encl.: As above



*The Power of Distribution*

## INVESTOR PRESENTATION – Q3 FY21



1995-96

2019-20

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

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The adoption of Indian Accounting Standards (“IND-AS”) for the purposes of the company’s financial reporting. The disclosures provided here are to merely for comparing key differences with previous accounting standards. There is a possibility of the financial results and the additional disclosures to be updated, modified or amended because of adjustments which may be required to be made on account of introduction of new standards or its interpretation, receipt of guidelines or circulars from regulatory bodies and/ or Reserve Bank of India and/or changes because of exercising any available exemptions.

**The Company has restated the financial information of prior interim periods of the current financial year and the comparable interim periods of prior financial year to reflect the change in accounting policy with regard to recognition of gain on derecognition of financial assets on account of direct assignment of loans. The gain has been recognized as deferred revenue i.e. “Interest Receivable on loan transfer transactions” (Other Non-Financial Liabilities) in place of Retained earnings which is amortized over the maturity of the financial assets derecognized (assigned loans) in place of recognizing gain upfront through profit & loss statement as made applicable while migrating to IND AS The Company has also restated the financial information of previous financial years.**

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## 25 Years of Endeavours

**50,547** Mn.  
AUM

**6**  
States and NCR  
of Delhi

**99**  
Branches

**3,471**  
Customer locations

**7,00,000+**  
Active loan accounts

### Diversified Product Portfolio



Micro-Enterprise Loans  
(MEL)



SME Loans

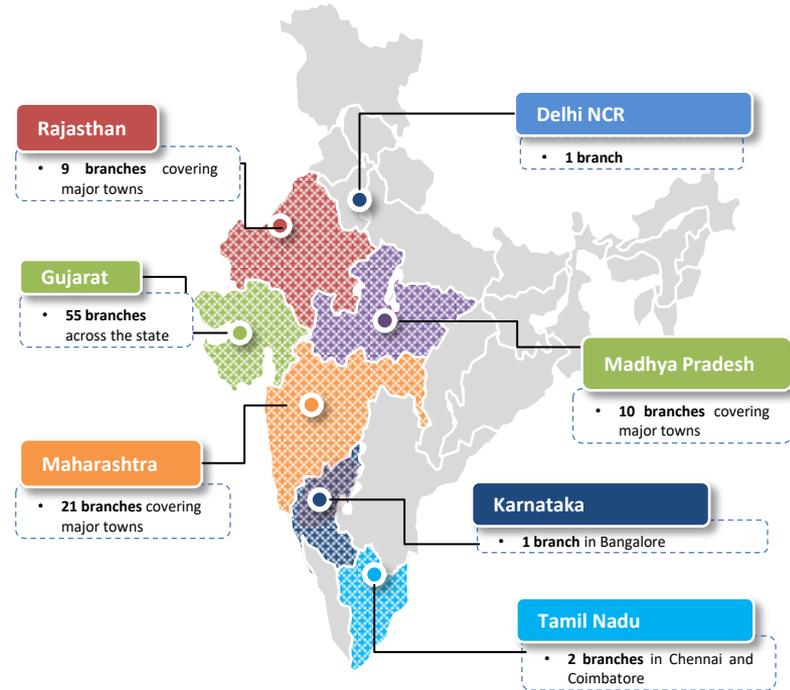


2-Wheeler Loans



Commercial Vehicle Loans

### Strong Retail Presence & Distribution Network

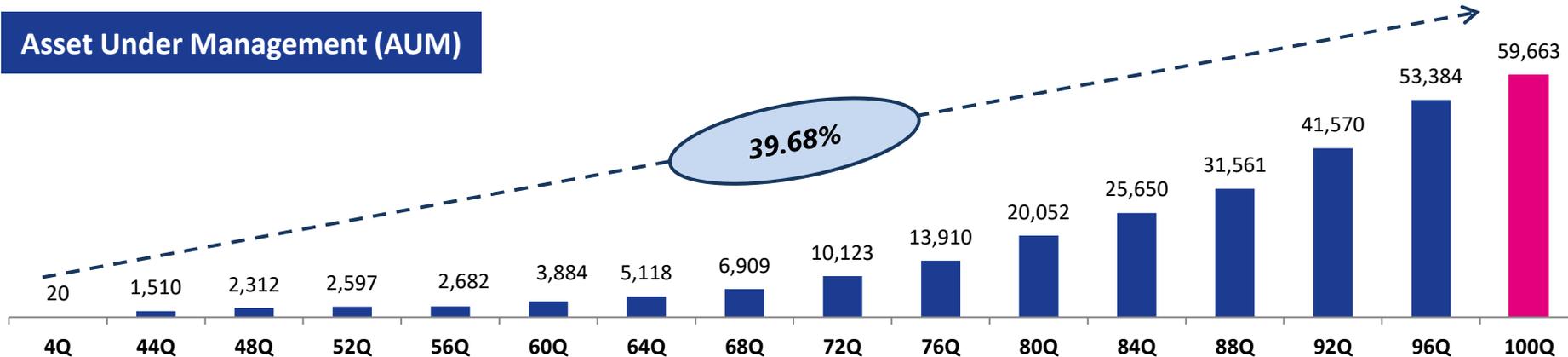


Sourcing Intermediaries:

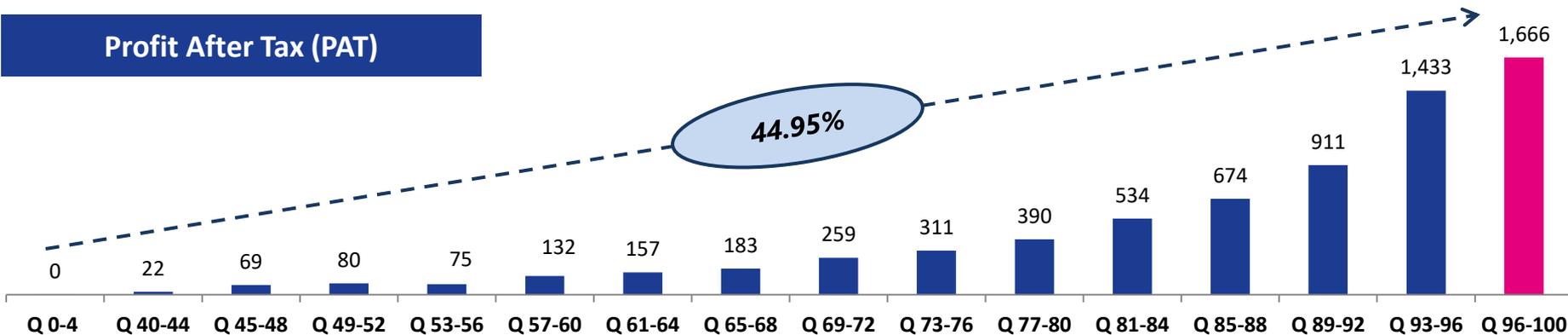


# Journey of 100 Quarters

## Asset Under Management (AUM)



## Profit After Tax (PAT)



(In INR Mn.)

Figures up to March 17 is as per I-GAAP and from thereon it is IND-AS

## Enablers for Navigating through current unprecedented challenges

### SUCCESSFUL TRACK RECORD

- Successfully withstood multiple headwinds over the years.
- Proven track record of 25 years with AUM CAGR of 39.68% and PAT CAGR of 44.95%.

### HIGHLY CAPITALISED

- Highly capitalised for future growth. Sufficient capital to continue the growth momentum.
- Capital Adequacy of 32.61% ,Tier I Capital Adequacy of 30.35% & Tier II Capital Adequacy of 2.26%

### STRONG PROVISION BUFFER & PORTFOLIO QUALITY

- Consistent track record of high-quality portfolio with Net Stage 3 Assets# of 1.00% as on 31st December 2020.
- High Covid-19 related provisioning buffer of INR 560.48 Mn. which is 1.66% of the on book Assets.

### ROBUST LIQUIDITY POSITION

- Cash and cash equivalent of INR 10,000 Mn. as on 31<sup>st</sup> December 2020.
- Sufficient liquidity to cover opex and debt liabilities for atleast next 12 months.
- Positive across all ALM buckets.

## ASSETS AND PORTFOLIO QUALITY

- The AUM stood at INR 50,547 Mn. a contraction of 15.20% over the corresponding period. However, the two quarters are not comparable due to the pandemic impact. The Gross Stage 3 Assets is 1.32% and Net Stage 3 Assets is 1.00% of AUM as on 31st December 2020.
- The Company is in process of constantly assessing the present evolving situation, in order to make necessary amendments in the credit policy. In line of our dictum of extending credit where it is due and adopting a cautious approach the disbursement was INR 10312.25 Mn. in the December quarter.
- **The Company has further strengthened the special COVID provision by INR 39.41Mn., thus the total special COVID provision as on 31<sup>st</sup> December 2020 stands at INR 560.48 Mn. which is 1.66% of the on book assets of INR 33,812 Mn.**
- Having served the sector for more than two decades, we firmly believe that the policy of the company of granting moratorium have enabled the borrowers to effectively manage their liquidity in this unprecedented time. Availing such forbearance by them does not signify a weak credit prognosis. It very clearly manifests company's resolve of not only extending credit but also all the facilities where it is due, within its capabilities.
- The collection efficiency for the December quarter was around 96% which is very close to pre COVID levels.

## CAPITAL AND LIQUIDITY MANAGEMENT

- Company's Capital adequacy remained strong at 32.61% with Tier I Capital of 30.35% and Tier II Capital of 2.26%. The Company has adequate capital and financial resources to fuel its future growth.
- As on 31st December 2020, the company had liquidity buffer of around INR 10,000 Mn. and unutilised Cash Credit facility of around INR 5,000 Mn. In addition the company has sanction on hand to the tune of INR 18,500 Mn. in the form of Term loan, NCD and Direct assignment.
- Company also assessed its structural liquidity for the period ended 31st December 2020 and no negative impact on liquidity has been observed and the cash flow in all the cumulative buckets remains positive.
- Company has also stress tested its liquidity model and is comfortably placed to meet its repayment obligations for the entire year.
- Company has not opted for moratorium benefits on the loan o/s from any of its lenders.
- Company has applied for fresh sanctions from its existing lenders as well as under the various schemes launched by Reserve Bank of India and Government of India.

## OPERATIONAL MANAGEMENT

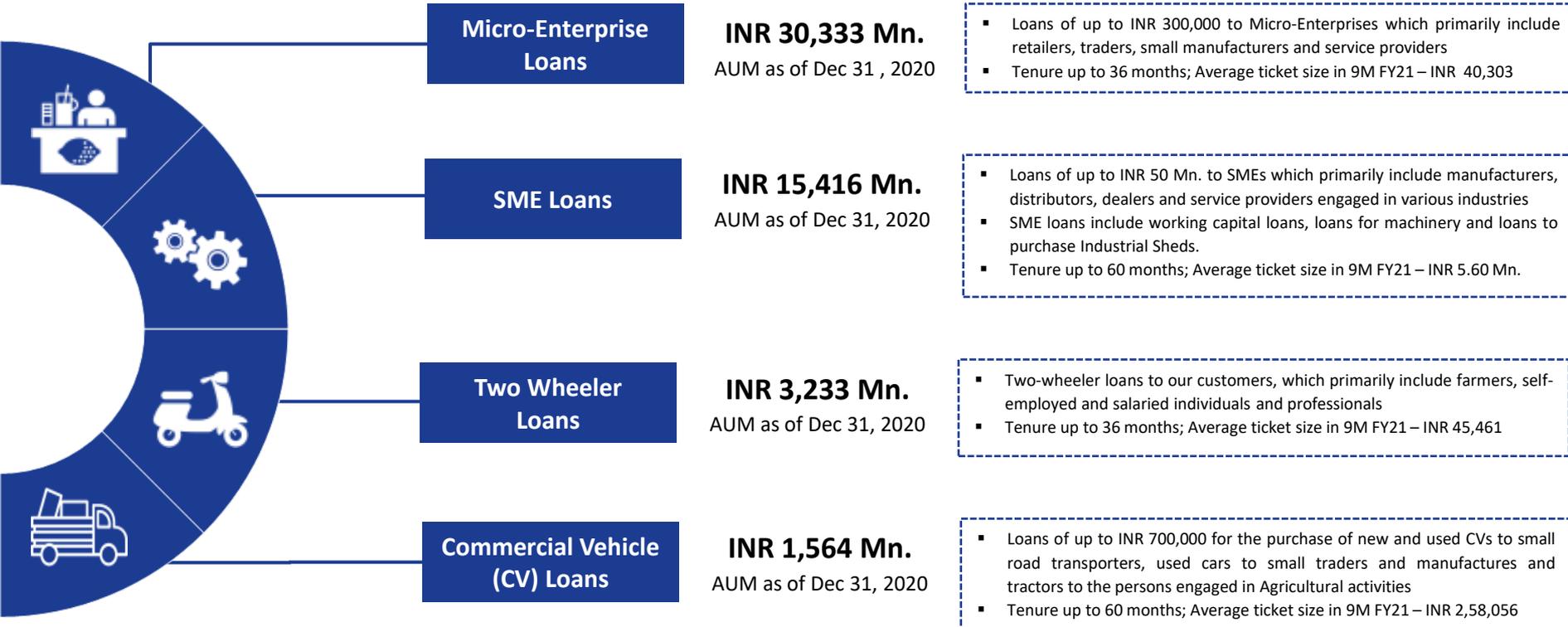
- Currently , all our 99 branches are operational with adequate staffing to be scaled up gradually depending upon the situation.
- Company uses banking platform for 100% of its disbursement and collections. The use of banking platform ensured seamless Collection operations during the lockdown.
- On cost monitoring, the company is taking various initiatives to enhance the efficiency of the employees, cutting on advertisement, travelling and other related expenses. The company is also taking steps to move more towards variable based cost structure.

## EMPLOYEES

- Reskilling and training of Employees.
- Daily basis Health advisory as well as regular monitoring of temperatures of employees.
- Regular sanitizing of office premises, as well compulsory sanitizing of all individuals entering the office premises.
- Availability of Doctor on call.

# Diversified product offerings presenting significant growth opportunities

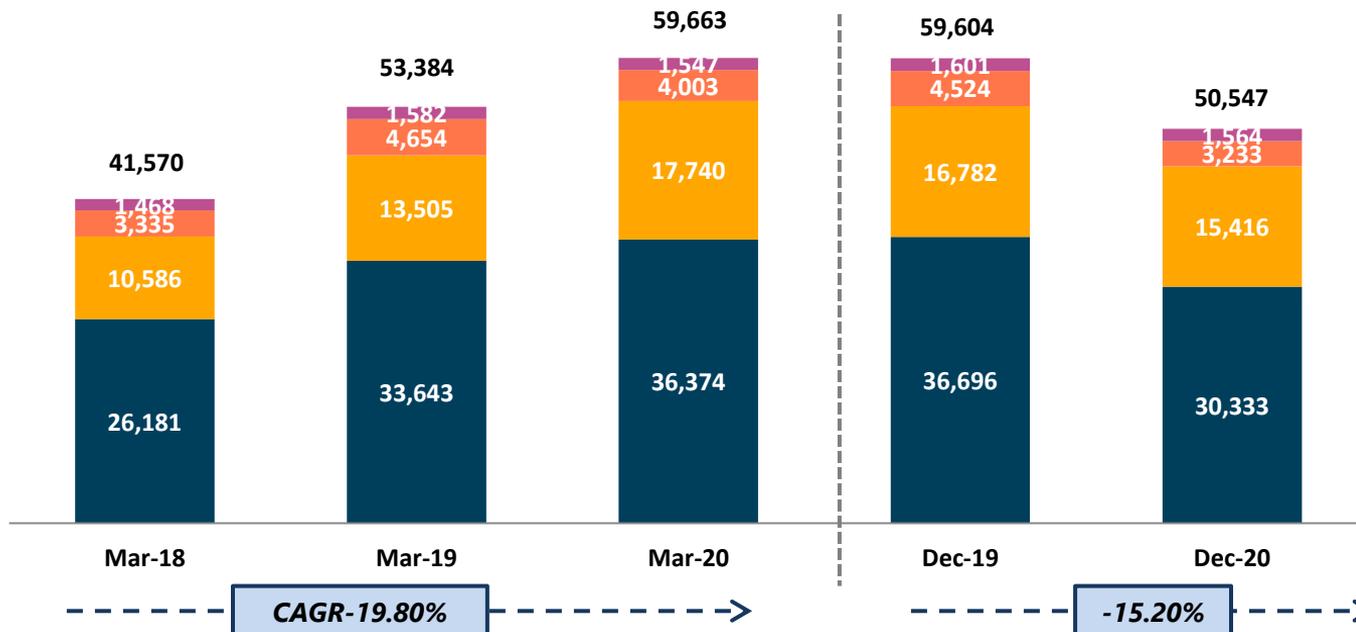
**HAS** focuses on serving the underserved credit needs of mid and low income group segments



# AUM by Product Category

## AUM by Product Category (INR Mn.)

■ Micro-Enterprise loans(MEL) ■ SME loans ■ 2-Wheeler loans ■ Commercial Vehicle loans



### Segment Performance Dec -20 vs Dec-19

▼ 17.34%

Micro-Enterprise loans (MEL)

▼ 8.14%

SME loans

▼ 28.54%

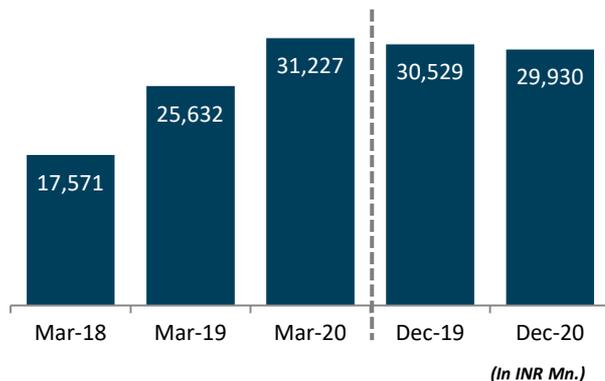
2-Wheeler loans

▼ 2.26%

Commercial Vehicle loans

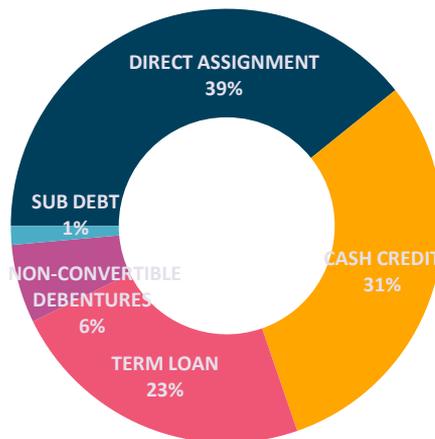
# Liability Management

## BORROWING

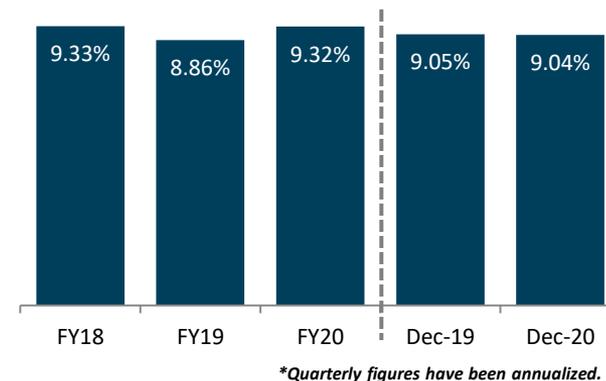


## SOURCES OF FUND

as on 31st December 2020



## COST OF BORROWING (COB)\*



- The composition of our liability mix ensures healthy ALM and well diverse resource mix.
- The Company withstood the litmus test very successfully during this most challenging period.
  - A testimony to its very efficient liability management.
- **Capital adequacy ratio**, as on 31st December 2020 is **32.61%** against regulatory norms of 15%. **Tier I capital** is **30.35%** as against requirement of 10%. **Tier II capital** is just **2.26%** which will increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen ALM.
- **Around 75% of the portfolio is MSME loans** which qualifies as Priority Sector Lending. Over the years we have maintained **around 35% to 40% of AUM as off book through Direct assignment transactions**. It is with door to door maturity and without recourse to the company. This further strengthens the liability management. The Direct Assignment sanction on hand is around INR 10,000 Mn.
- The **total Cash credit limit** available to the company is **INR 17.95 Bn.** spread across 18 banks. The **utilization level** is maintained at **65% - 70%** of the total Cash Credit Facility, ensuring sufficient liquidity on hand.
- **Leverage Ratio** on balance sheet works out to be **2.64 times** and going forward plan is to maintain the leverage at optimum level.

## ASSET CREATION

- ✓ To anchor to our belief that, growth along with quality is the key to enhance the shareholders' value.
- ✓ Anticipated growth for the next five years to be in the range of 20% - 30% with an understanding of recalibrating it depending on the macro situation, prioritising asset quality and profitability, thereby maintaining healthy ROA and ROCE.
- ✓ We will continue serving the informal LIG and MIG class of customers spread over rural, semi urban and urban areas leveraging on our more than two decades of experience and striving to add value to our clients.
- ✓ SME and Housing finance offers huge potential and company will maintain adequate focus as it is anticipated as one of the key growth drivers.
- ✓ The distribution network of the current states in operation will be strengthened and endeavors will be to provide one of the most efficient financial services which we term as the Power of Distribution. The company will also explore the potentiality of entering into new geographies.

## LIABILITY MANAGEMENT

- ✓ Ideal debt resource mix, ensuring continuous flow of funds while maintaining optimum utilization of capital.
- ✓ The assets created by the company is expected to generate good securitization/assignment demand thereby enabling the company to de-risk and maintain the off book portfolio.

## OPERATIONAL EXCELLENCE

- ✓ Learning and Unlearning is a constant endeavor at MAS and will strive to improve the efficiency in all the areas of operation.

# Strengthening the Fundamentals...



## Amortising the gain on assignment of loans over the tenure of the assets in place of booking it upfront

Till June quarter, on derecognition of loans in its entirety upon assignment, as per Ind AS 109 'Financial Instruments', the Company has been recognising the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the profit or loss.

**In view of the Company, this inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and improved capital adequacy ratio which does not reflect the faithful representation of the business model..**

Further, after taking views from RBI circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 which states that the responsibility of preparing and ensuring fair presentation of the financial statements of a NBFC vests primarily with its Board of Directors, RBI circular no. DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 and as per paragraph 19 of Ind AS 1 'Presentation of Financial Statements', management has concluded that the upfront booking of income which is to be received over underlying residual terms of the assigned portfolio would be so misleading that it would conflict with the objective of the financial statements set out in the Conceptual Framework for Financial Reporting under Ind AS and therefore to present a true and fair view of the Company's financial position, financial performance and cash flows, the Company has departed from the requirements of Ind AS 109 during the quarter.

Accordingly, the Company has changed its policy in September quarter for more transparent and fair representation of the financial results. As per the new policy, on derecognition of financial assets on account of direct assignment of loans, gain is recognized as "Unearned income on assigned loans" under the head other non-financial liabilities and amortized in the profit or loss over the underlying residual terms of the assigned portfolio.

As per paragraph 14(b) of Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', an entity may change its accounting policy if it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. The Company believes that by following new policy, the above objective will be achieved.

For detailed understanding, The detailed concept note has been attached to the below link:

[HTTPS://MAS.CO.IN/PDF/CONCEPT NOTE - ACCOUNTING TREATMENT OF GAIN ON ASSIGNMENT UNDER IND AS.PDF](https://mas.co.in/pdf/concept_note_-_accounting_treatment_of_gain_on_assignment_under_ind_as.pdf)

# FINANCIAL REVIEW

# Key Highlights – Q3 FY21

## ASSET UNDER MANAGEMENT (AUM)

INR **50,547** Mn.

 **15.20%**  
(Dec - 19: INR 59,604 Mn.)

## PROFIT AFTER TAX (PAT)

INR **362** Mn.  **25.16%**

(Q3 FY20: INR 483 Mn.)

*PAT without effect of special COVID provisioning*

INR **391** Mn.  **19.06%**

## NET INTEREST INCOME (NII)

INR **782** Mn.  **26.37%**

(Q3 FY20: INR 1,061Mn.)

*NII without effect of carrying cost*

INR **967** Mn.  **8.85%**

## COST OF BORROWING (COB)

**9.04%**  **0.01bps**

(Q3 FY20: 9.05%)

## OPERATING EXPENSE RATIO (OER)

**1.26%**  **21.88%**

(Q3 FY20: 1.61%)

## CAPITALIZATION



**TOTAL CRAR: 32.61%**

**TIER I CRAR : 30.35%**

**TIER II CRAR : 2.26%**



(Dec -19: CRAR – 30.11%)

## ASSIGNED TO BANKS/FIS

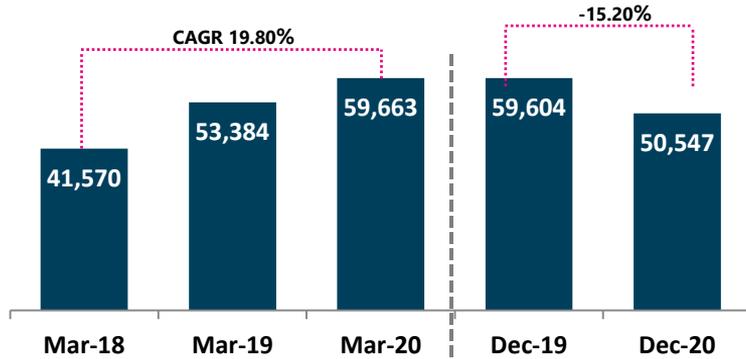


**33.11%**  
of AUM

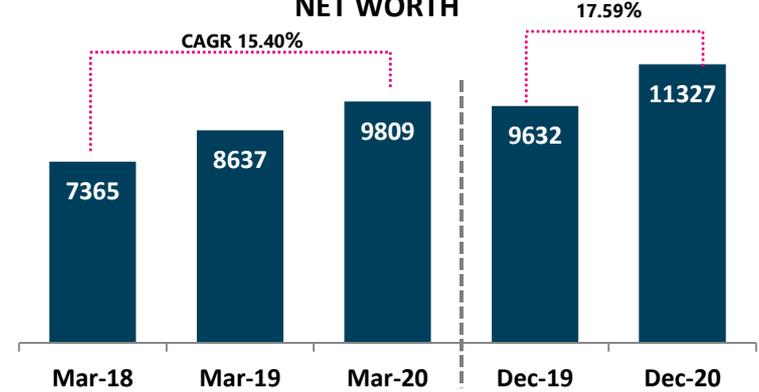
ACTUAL	WITHOUT EFFECT OF SPECIAL COVID PROVISIONING
RETURN ON AVG. NET WORTH*	
<b>13.04%</b>	<b>14.11%</b>
RETURN ON AVG. BALANCE SHEET ASSETS*	
<b>3.10%</b>	<b>3.35%</b>
RETURN ON AVG. AUM*	
<b>2.80%</b>	<b>3.02%</b>

# Financial Performance – Q3 FY21

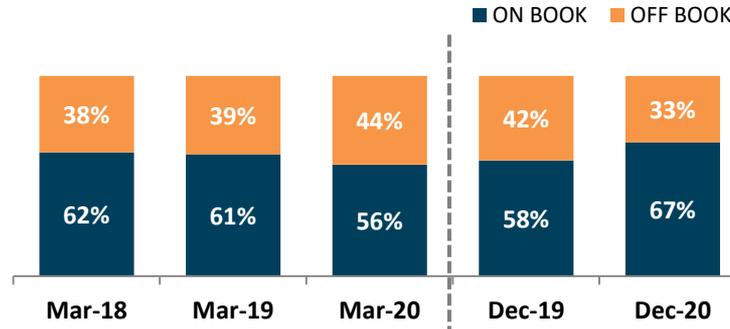
## ASSETS UNDER MANAGEMENT (AUM)



## NET WORTH

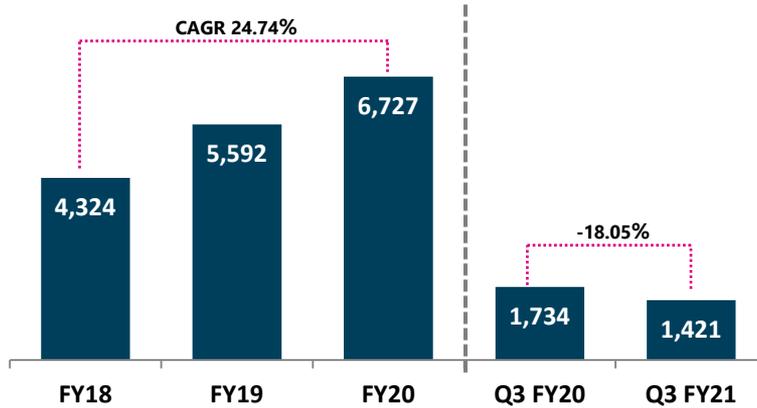


## ON & OFF BOOK AUM

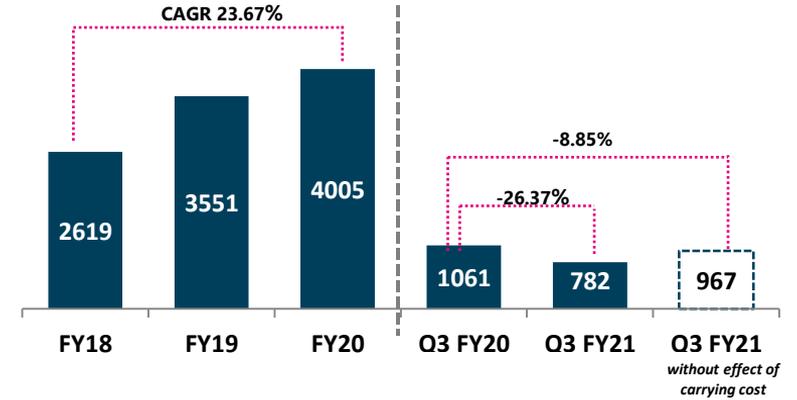


# Financial Performance – Q3 FY21

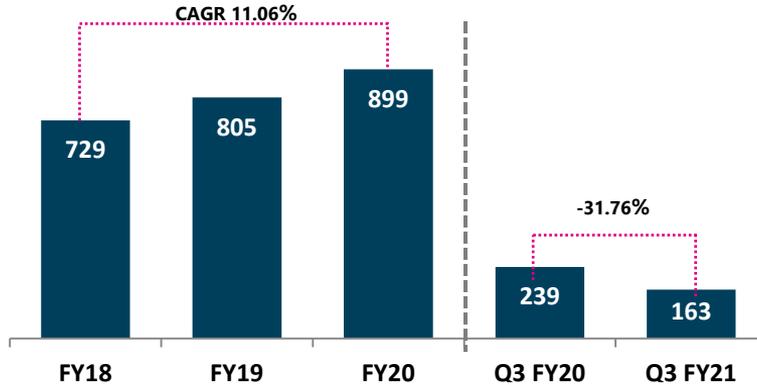
## REVENUE



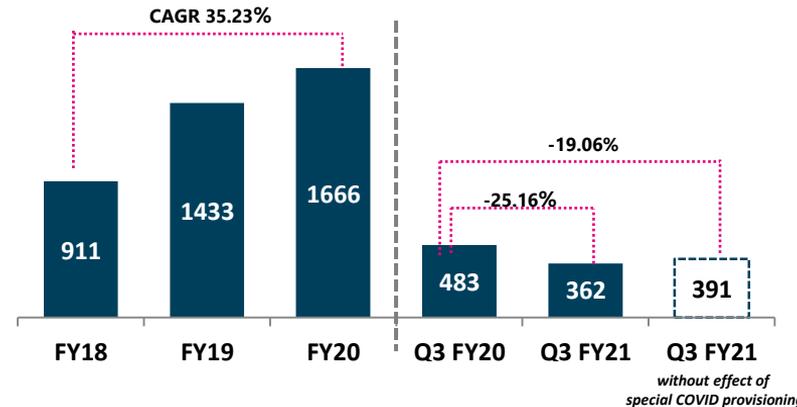
## NET INTEREST INCOME (NII)



## OPERATING EXPENSE

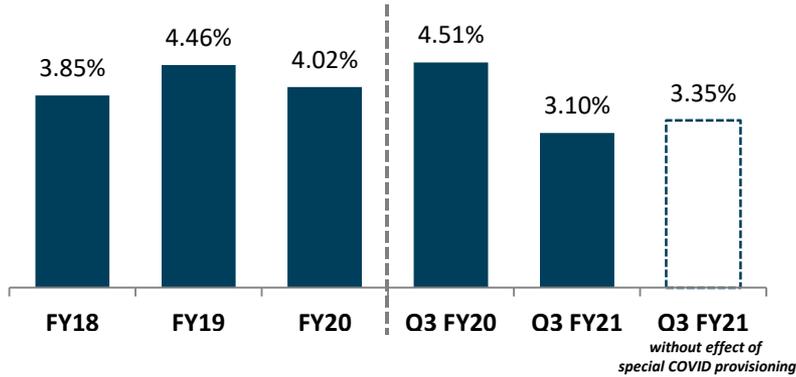


## PROFIT AFTER TAX (PAT)

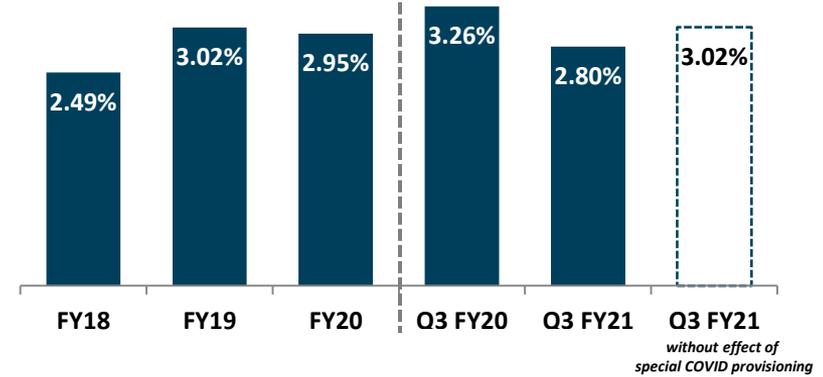


# Financial Performance – Q3 FY21

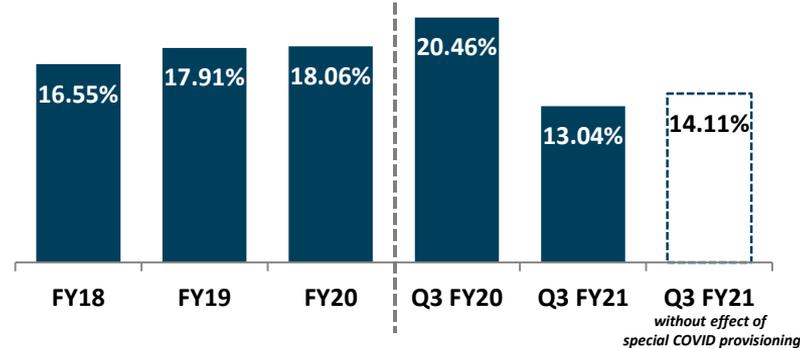
## RETURN ON AVG. BALANCE SHEET ASSETS (ROTA)\*



## RETURN ON AVG. AUM (ROAUM)\*



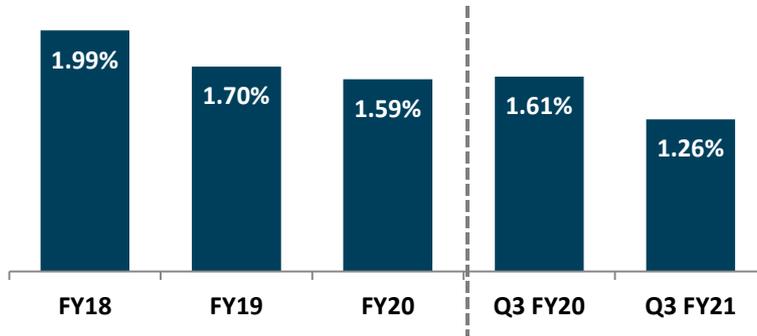
## RETURN ON AVG. NET WORTH (RONW)\*



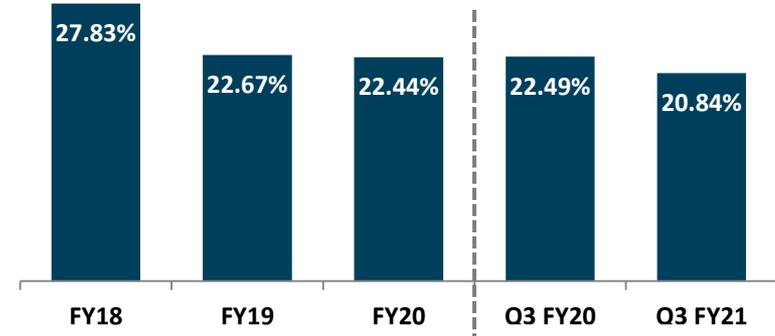
# Financial Performance – Q3 FY21

Optimized cost structure

OPERATING EXPENSE RATIO (OE RATIO)\*

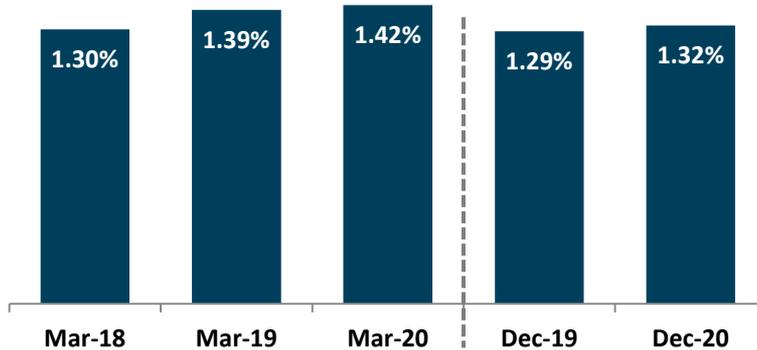


OPERATING EXPENSE AS % OF NII

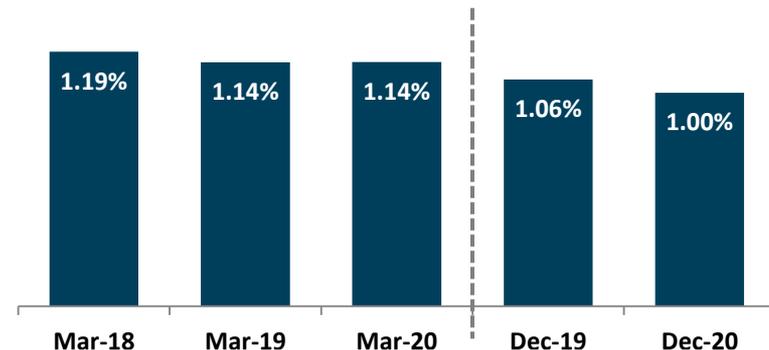


Efficiently maintaining the quality of assets

GROSS STAGE 3 ASSETS



NET STAGE 3 ASSETS



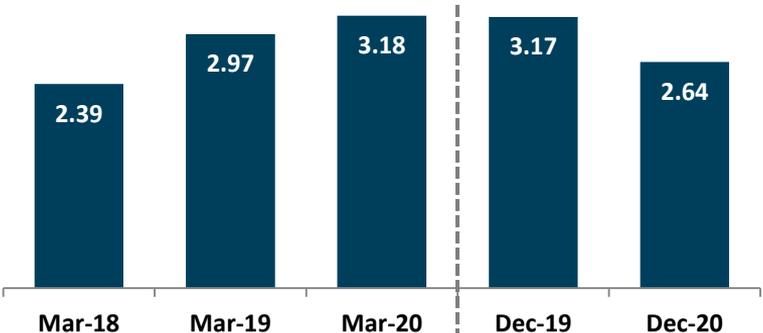
\*Quarterly figures have been annualized.

# Financial Performance – Q3 FY21

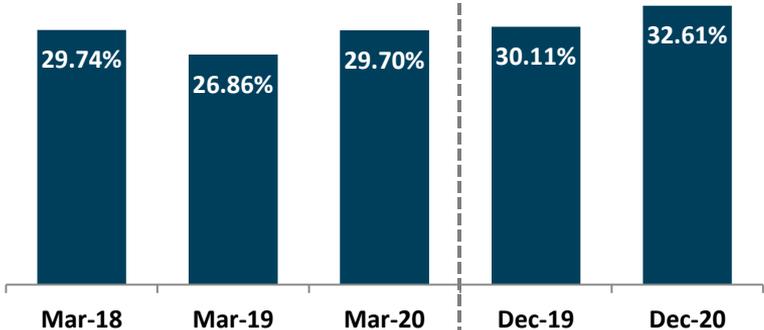


Strongly Capitalized

DEBT – EQUITY RATIO (DER)

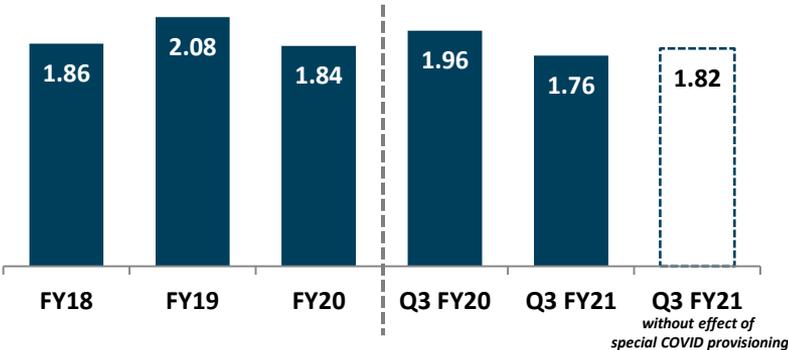


CAPITAL ADEQUACY RATIO (CAR)



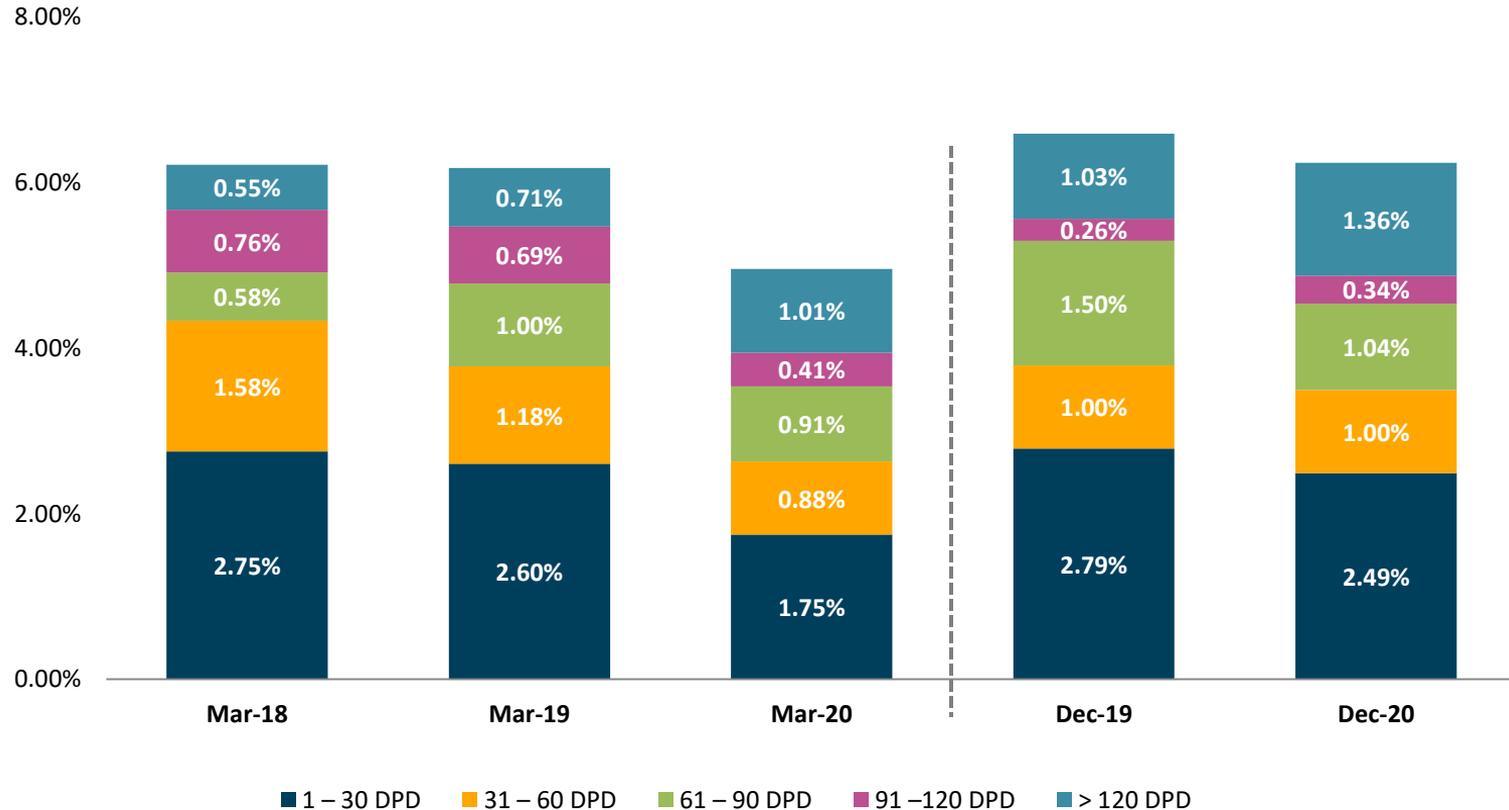
INTEREST COVERAGE RATIO (ICR)

Healthy Coverage



# Asset Under Management - Credit Quality

## ASSET UNDER MANAGEMENT- DPD



(In INR Mn.)

Particulars	Q3 FY21		Q3 FY20		FY20	
	AUM	Provision	AUM	Provision	AUM	Provision
Stage 1	32657.49	159.37	32582.30	125.47	31762.21	106.04
Stage 2	663.89	84.84	1230.31	121.17	863.52	111.56
Stage 3	490.34	163.31	651.85	139.35	629.19	164.73
<b>TOTAL ON BOOK</b>	<b>33811.71</b>	<b>407.52</b>	<b>34464.45</b>	<b>385.99</b>	<b>33254.91</b>	<b>382.33</b>
Assigned Portfolio	16734.93	N/A	25139.36	N/A	26407.92	N/A
<b>TOTAL AUM</b>	<b>50546.64</b>		<b>59603.82</b>		<b>59662.82</b>	

Particulars	Q3 FY21	Q3 FY20	FY20
Gross Stage 1 And Stage 2 Assets As % Of On Book Assets	98.55%	98.11%	98.11%
Stage 1 & Stage 2 Assets (Standard Assets) Provisioning	0.73%	0.73%	0.67%
Gross Stage 3 Assets As % Of On Book Assets	1.45%	1.89%	1.89%
Stage 3 Assets Provisioning	33.31%	21.38%	26.18%
Net Stage 3 Assets As % Of On Book Assets	0.97%	1.49%	1.40%
Gross Stage 3 As % Of AUM	1.32%	1.29%	1.42%
Net Stage 3 As % Of AUM	1.00%	1.06%	1.14%

Note: (1) Stage 3 (>90 DPD Assets) on Assigned portfolio is INR 177.80 Mn. on 31st December 2020, INR 119.36 Mn. on 31st December 2019 and INR 217.30 Mn. on 31<sup>st</sup> March 2020 which has been taken into consideration while calculating Stage 3 As % Of AUM.

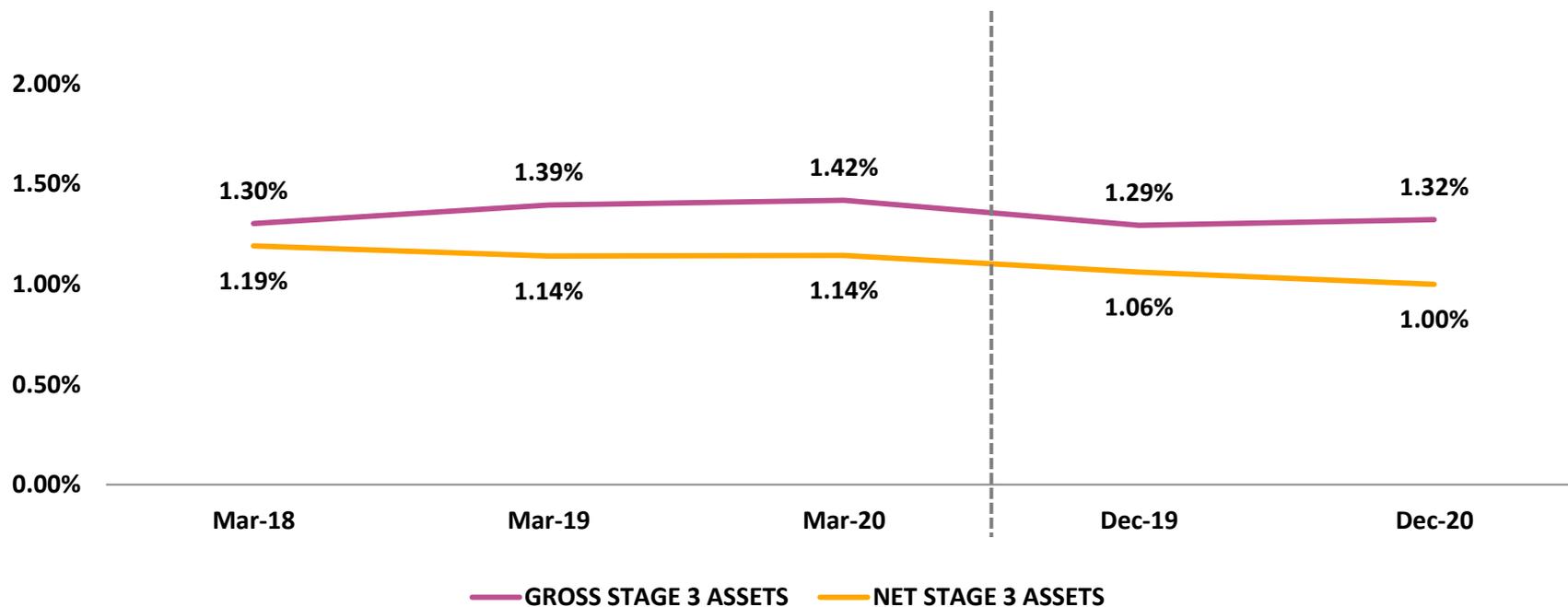
(2) The company special COVID provisioning as on 31st December 2020 is INR 560.48 Mn. (Not netted off with gross assets in various stages) with which total provision amounts to around INR 968.00 Mn. The Special COVID provision done during the quarter is INR 39.41 Mn.

(3) Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020, has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Company has not classified any accounts which were not NPA as of 31 August 2020, as per RBI norms, as NPA after 31 August 2020. However, if the Company had classified such borrower accounts stage 3 assets on 31st December 2020, the gross stage 3 assets and net stage 3 assets would have been 1.70% and 1.33% respectively.

# Constantly maintaining quality portfolio

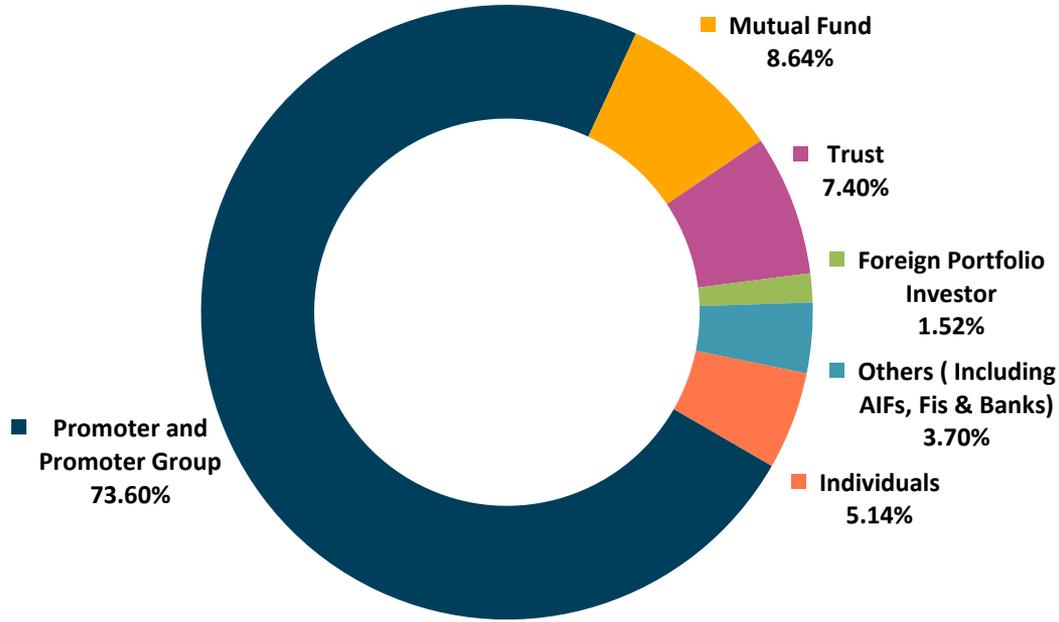
Catalyst in growth of Entrepreneurs, not creating just borrowers

## STAGE 3 ASSETS



# Reputed Marquee FIIs and DIIs shareholders base

Shareholding as on 31st December 2020



## Marquee Non Promoter Shareholders

MOTILAL PRIVATE EQUITY

AXIS MUTUAL FUND

IDFC MUTUAL FUND

TATA AIA LIFE INSURANCE

MOTILAL OSWAL MUTUAL FUND

ASK INVESTMENT MANAGERS PRIVATE LIMITED

SCHRODER INTERNATIONAL SELECTION FUND INDIAN OPPORTUNITIES

INDIA EMERGING OPPORTUNITIES FUND LIMITED

DIMENSIONAL FUND ADVISORS

UNISUPER LIMITED AS TRUSTEE FOR UNISUPER

# Financial Statement: FY18 – 9MFY21



PROFIT & LOSS STATEMENT					
INR Mn.	FY 2018	FY 2019	FY 2020	9M FY20	9M FY21
Total Revenue	4324	5592	6727	5028	4547
<b>Expenses</b>	<b>2861</b>	<b>3391</b>	<b>4446</b>	<b>3210</b>	<b>3118</b>
Finance Costs	1705	2041	2722	2034	2034
Operating Expense	729	805	899	665	410
Provisions and Loan Losses	428	545	825	511	674
<b>Profit Before Tax</b>	<b>1463</b>	<b>2201</b>	<b>2282</b>	<b>1818</b>	<b>1429</b>
<b>Profit After Tax</b>	<b>911</b>	<b>1433</b>	<b>1666</b>	<b>1321</b>	<b>1070</b>
Other comprehensive income	161	-66	47	19	66
<b>Total comprehensive income</b>	<b>1072</b>	<b>1367</b>	<b>1713</b>	<b>1340</b>	<b>1135</b>
BALANCE SHEET STATEMENT					
INR Mn.	Mar-18	Mar-19	Mar-20	Dec-19	Dec-20
ASSETS					
<b>Financial assets</b>	<b>26371</b>	<b>36435</b>	<b>44906</b>	<b>42797</b>	<b>44350</b>
Loans	25133	31807	33485	33708	33199
other financial assets	1238	4628	11422	9089	11151
<b>Non-financial assets</b>	<b>677</b>	<b>763</b>	<b>811</b>	<b>809</b>	<b>880</b>
<b>Total assets</b>	<b>27048</b>	<b>37197</b>	<b>45718</b>	<b>43605</b>	<b>45231</b>
LIABILITIES					
<b>Financial liabilities</b>	<b>18903</b>	<b>27494</b>	<b>34946</b>	<b>33033</b>	<b>33243</b>
Debt securities	597	598	599	599	3096
Borrowings (other than debt securities)	12252	19598	25202	24438	22722
Other Financial Liabilities	6054	7297	9145	7996	7424
<b>Non-financial liabilities</b>	<b>779</b>	<b>1067</b>	<b>963</b>	<b>940</b>	<b>661</b>
<b>Total liabilities</b>	<b>19682</b>	<b>28561</b>	<b>35909</b>	<b>33973</b>	<b>33904</b>
EQUITY					
Equity share capital	547	547	547	547	547
Other equity	6819	8090	9262	9086	10780
<b>Total equity</b>	<b>7365</b>	<b>8637</b>	<b>9809</b>	<b>9632</b>	<b>11327</b>
<b>Total liabilities and equity</b>	<b>27048</b>	<b>37197</b>	<b>45718</b>	<b>43605</b>	<b>45231</b>



**AA\$ Rural Housing & Mortgage Finance  
Limited (MRHMFL)**

Subsidiary

## ■ is targeting affordable housing finance segment through its subsidiary

- ■ Rural Housing & Mortgage Finance Limited (“■ Housing” or MRHMFL) is a non-deposit taking , NHB registered, housing finance institution. It was incorporated in 2008 and headquartered in Ahmedabad, Gujarat
- MRHMFL provides loans for purchase of new and old houses, construction of houses on owned plots, home improvement loans and loans for purchase and construction of commercial property. It also extend loans to developers for construction of affordable housing projects
- MRHMFL provides housing loans in rural and semi-urban areas of Gujarat, Maharashtra, Rajasthan and Madhya Pradesh
- With its continued focus on the rural and semi-urban segments, the company has 69 branches and have sourcing arrangements with 51 intermediaries – typically project developers and property agents

### Housing Loans



- Loans of up to INR 5 Mn. for residential and INR 10 Mn. for commercial
- Provides housing loans to customers, who are primarily salaried and self-employed individuals and loans to developers for construction of affordable housing project
- Tenure up to 300 months for residential and 144 months for commercial
- Average Ticket size in 9M FY21– INR 7,57,946
- **AUM as of 31st December 2020– INR 2,773Mn.**

## ASSETS AND PORTFOLIO QUALITY

- The AUM stood at INR 2,773 Mn. a contraction of 2.37% over the corresponding period. However, the two quarters are not comparable due to the pandemic impact. The Gross Stage 3 Assets is 0.03% and Net Stage 3 Assets is 0.03% of AUM as on 31st December 2020.
- The Company is in process of constantly assessing the present evolving situation, in order to make necessary amendments in the credit policy. In line of our dictum of extending credit where it is due and adopting a cautious approach the disbursement was INR 114.50 Mn. In December quarter.
- **The total special COVID provision as on 31st December 2020 stands at INR 24.51 Mn. which is around 0.96% of the on book assets of INR 2,553.56 Mn.**
- Having served the sector for more than two decades, we firmly believe that the policy of the company of granting moratorium have enabled the borrowers to effectively manage their liquidity in this unprecedented time. Availing such forbearance by them does not signify a weak credit prognosis. It very clearly manifests company's resolve of not only extending credit but also all the facilities where it is due, within its capabilities.
- The collection efficiency for the December quarter was around 93% which is very close to pre COVID levels.

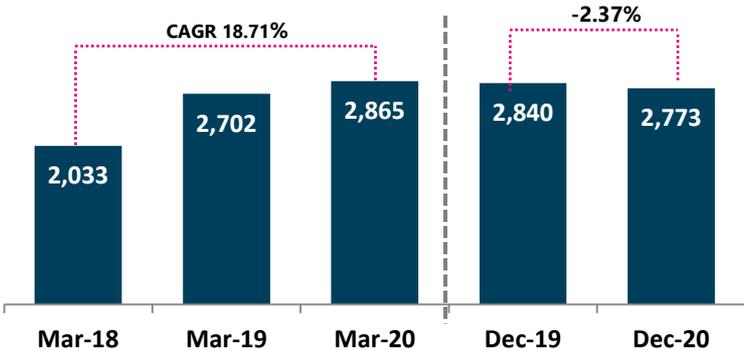
## CAPITAL AND LIQUIDITY MANAGEMENT

- Company's Capital adequacy remained strong at 44.14% with Tier I Capital of 35.65% and Tier II Capital of 8.49%. The Company has adequate capital and financial resources to grow its business operations.
- As on 31st December 2020, the company had liquidity buffer of around INR 166 Mn. and unutilised Cash Credit facility of INR 170 Mn. In addition the company has sanction on hand to the tune of INR 150 Mn. in the form of Term loan.
- Company also assessed its structural liquidity for the period ended 31st December 2020 after taking in to account the moratorium extended to its borrower under the RBI relief. Based on this assessment no negative impact on liquidity has been observed and the cash flow in all the cumulative buckets remains positive.
- Company has also stress tested its liquidity model and is comfortably placed to meet its repayment obligations for the entire year.
- Company has applied for fresh sanctions from its existing lenders as well as under the various schemes launched by Reserve Bank of India and Government of India.

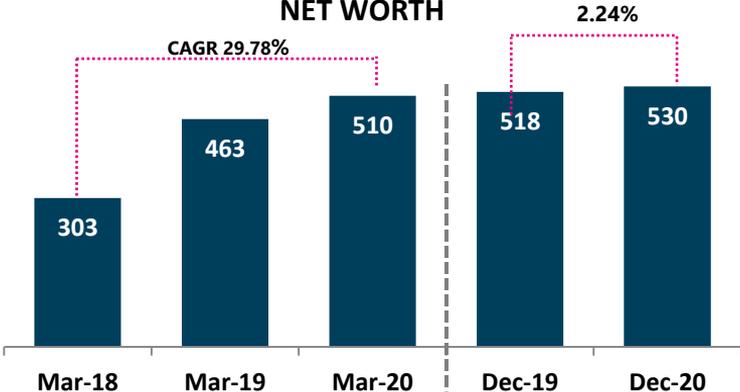
# Financial Performance – Q3 FY21



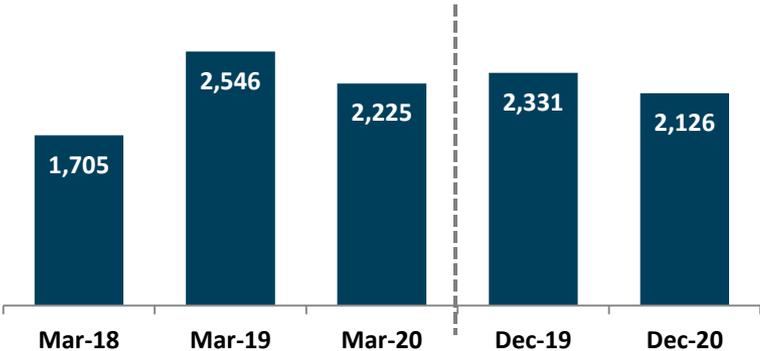
## ASSETS UNDER MANAGEMENT (AUM)



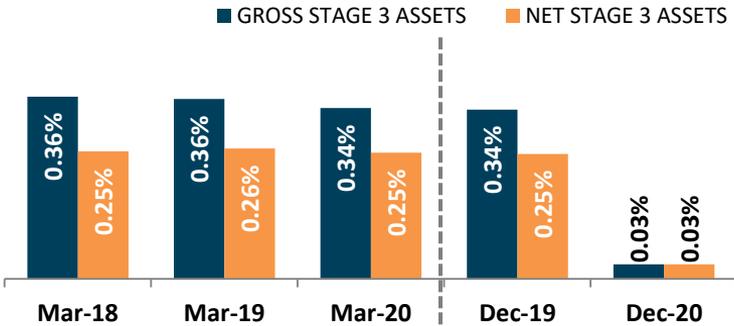
## NET WORTH



## BORROWING



## GROSS STAGE 3 ASSETS & NET STAGE 3 ASSETS

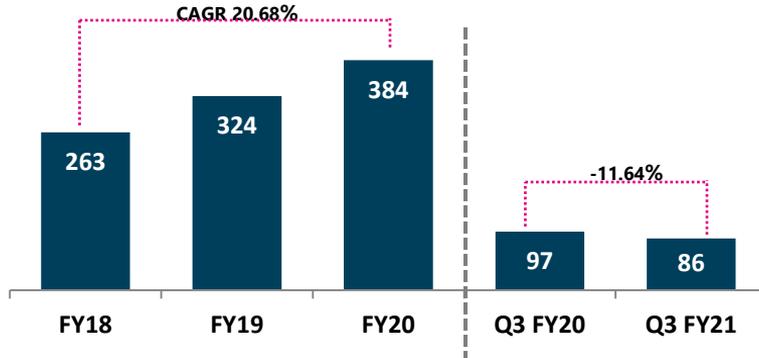


(In INR Mn.)

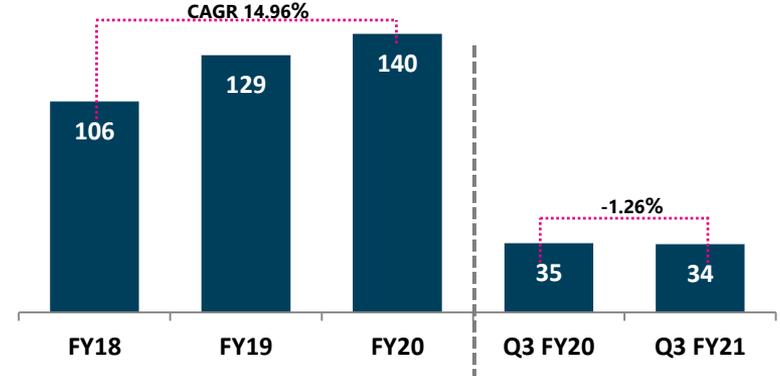
# Financial Performance – Q3 FY21



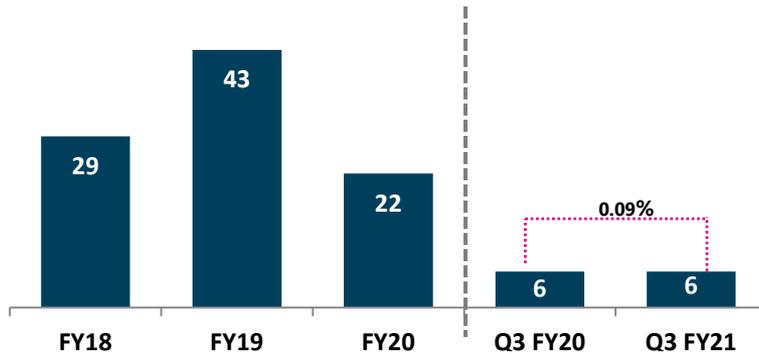
## REVENUE



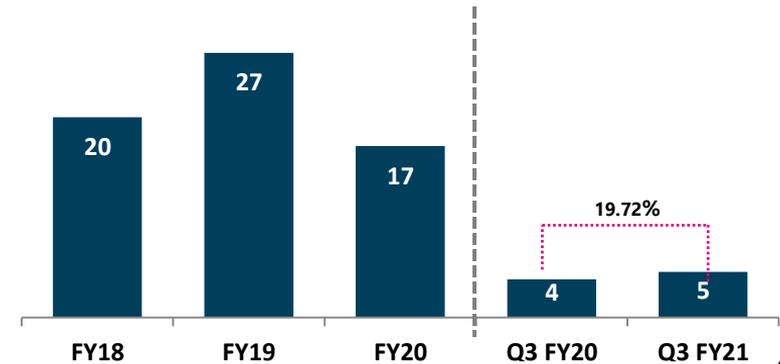
## NET INTEREST INCOME (NII)



## PROFIT BEFORE TAX (PBT)



## PROFIT AFTER TAX (PAT)

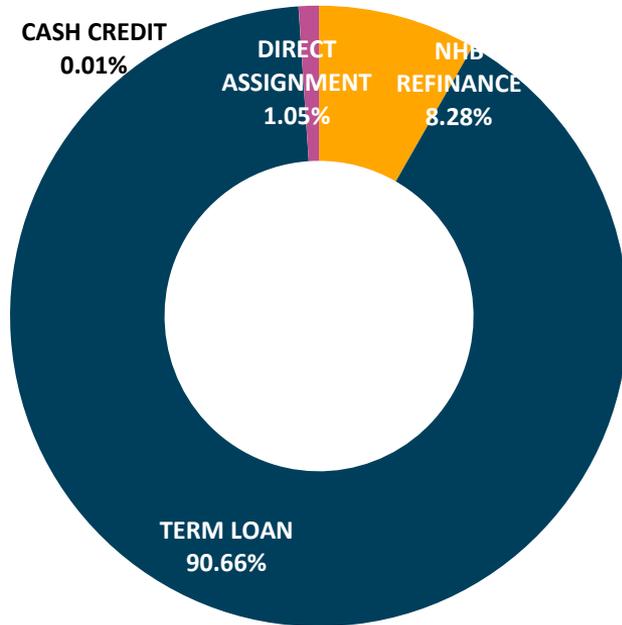


The company has made special COVID provision of INR 20.20 Mn. due to Covid-19 in March 20 Quarter

(In INR Mn.)

## Sources of Fund

as on 31st December 2020



- The composition of our liability mix ensures healthy ALM and well diverse resource mix.
- The Liability management was tested last quarter and the company could successfully demonstrate its capability of efficient liability management
- **Capital adequacy ratio**, as on 31st December 2020 is 44.14% against regulatory norms of 12%. **Tier I capital is 35.65%. Tier II capital** is just 8.49% which will increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen ALM.
- **Around 65% of the on book portfolio qualifies as priority sector lending for banks as on lending to HFCs.** We keep on raising term loans from banks both priority sector and Non priority sector lending with a average maturity of 5 -7 years.
- We keep on availing **refinance from NHB which is currently 8.28% of our total borrowing mix.** This help us to raise matching tenure loans at very competitive rates. The company is working very hard to enhance NHB refinance share in our total liability management.
- The **total Cash credit limit** available to the company is **INR 170 Mn..** The **utilization level** is maintained at **50% - 60% of the total Cash Credit Facility**, ensuring sufficient liquidity on hand.
- **Around 100% of the housing loan portfolio qualifies as priority sector lending for banks if the same is assigned to banks.** Increase in direct assignment of portfolio over a period of time will enable efficient ALM and will bring about capital efficiency.

# Credit Quality



(In INR Mn.)

Particulars	Q3 FY21		Q3 FY20		FY20	
	AUM	Provision	AUM	Provision	AUM	Provision
Stage 1	2,366.92	2.31	2,627.61	4.02	2,487.95	3.48
Stage 2	186.27	12.20	81.95	4.33	101.37	5.44
Stage 3	0.37	0.11	9.17	2.52	9.27	2.56
<b>TOTAL ON BOOK</b>	<b>2,553.56</b>	<b>14.61</b>	<b>2,718.73</b>	<b>10.87</b>	<b>2,598.59</b>	<b>11.48</b>
Assigned Portfolio	219.66	N/A	121.74	N/A	266.85	N/A
<b>TOTAL AUM</b>	<b>2,773.22</b>		<b>2,840.47</b>		<b>2,865.44</b>	

Particulars	Q3 FY21	Q3 FY20	FY20
Stage 1 And Stage 2 Assets As % Of On Book Assets	99.99%	99.66%	99.64%
Stage 1 And Stage 2 Assets ( Standard Assets) Provisioning	0.57%	0.31%	0.34%
Stage 3 As % Of On Book Assets	0.01%	0.34%	0.36%
Stage 3 Assets Provisioning	29.88%	27.50%	27.56%
Net Stage 3 As % Of On Book Assets	0.01%	0.24%	0.26%
Stage 3 As % Of AUM	0.03%	0.34%	0.34%
Net Stage 3 As % Of AUM	0.03%	0.25%	0.25%

Note: **(1)** Stage 3 (>90 DPD Assets) on Assigned portfolio is INR 0.54 Mn. on 31st December 2020, INR 0.44 Mn. on 31st December 2019 and INR 0.51 Mn. on 31<sup>st</sup> March 2020 which has been taken into consideration while calculating Stage 3 As % Of AUM.

**(2)** The company special COVID provisioning as on 31st December 2020 is INR 24.51 Mn. (Not netted off with gross assets in various stages) with which total provision amounts to around INR 39.12 Mn.

**(3)** Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020, has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Company has not classified any accounts which were not NPA as of 31 August 2020, as per RBI norms, as NPA after 31 August 2020. However, if the Company had classified such borrower accounts stage 3 assets on 31st December 2020, the gross stage 3 assets and net stage 3 assets would have been 0.36% and 0.26% respectively.

# UNDERSTANDING MAS



**VISION**

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



**MISSION**

To constantly endeavor, to attain excellence and create a very wide Financial distribution network and to be 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”

**LIABILITY MANAGEMENT**

- ✓ Self Propelling Business Model – Capital requirement met predominantly from internal accruals
- ✓ Healthy ALM
- ✓ Right mix of resources
- ✓ Planning and maintaining Cost Efficiency

**ASSET CREATION**

- ✓ Dictum: Credit Where It Is Due
- ✓ Product Mix
- ✓ Adding Value
- ✓ Unique Distribution Model

01

02

03

**OPERATIONAL EXCELLENCE**

Key Enablers:

- ✓ Focusing on extending credit where it is due
- ✓ HR Policy
- ✓ Being a Learning Organization

# Unique and Robust Distribution Network Through NBFC Partners (1/3)



## AIM & OUR UNDERSTANDING

Efficient last mile delivery of credit across its product range namely MEL, SME, 2 Wheeler and Commercial Vehicle Loans

Value chain approach has proven to be the most potent one to solve informality because of proximity to the end borrowers

Better quality of intermediation with advantage of adequate capital base along with better understanding of the operations and demography

Revenue sharing model ensures scalability of the relationships where the operational cost and credit cost to be borne by the partner NBFCs is considered. The partnership is with full recourse to the partner

## KEY CRITERIA FOR STARTING RELATIONSHIP

Promoters Evaluation

Product Alignment

Operational Excellence

Growth Strategy

Capital Base

Financial Performance

## CREDIT ASSESSMENT

### Pre-Engagement Due Diligence

- Promoters' Domain Expertise
- Strategic alignment
- Range of Products
- On site system and Operational Setup

### Transaction Level Due Diligence

- Alignment of Credit screen for various products
- Creation of portfolio
- On site audit of the portfolio Hypothecated

### Periodical Deep Diving

- Continuous engagement in order to improve their Systems & Operations to ensure the quality of portfolio and compliance

# Unique and Robust Distribution Network Through NBFC Partners (2/3)

## IMPACT

### HAS

- Widens its network while maintaining a relatively lower risk profile
- Establishes knowledge partnerships and increase its local market knowledge

### NBFCs

- Value addition in improving their systems and operations which helps in scalability and Sustainability of business
- Gets vital liability support due to our understanding of the retail products

### Borrowers

- Creates an all-round enabling situation of extending credit where it is due by extending credit with deep penetration and understanding

### Eco-System

- Catalyst in Efficient last mile delivery of credit

## TRACK RECORD

Started with 1 NBFC in 2008, currently having relationship with more than 100 such NBFCs having virtual presence Pan India.

Have grown at a CAGR of around 30% in last five years across our product range with immaculate track record.

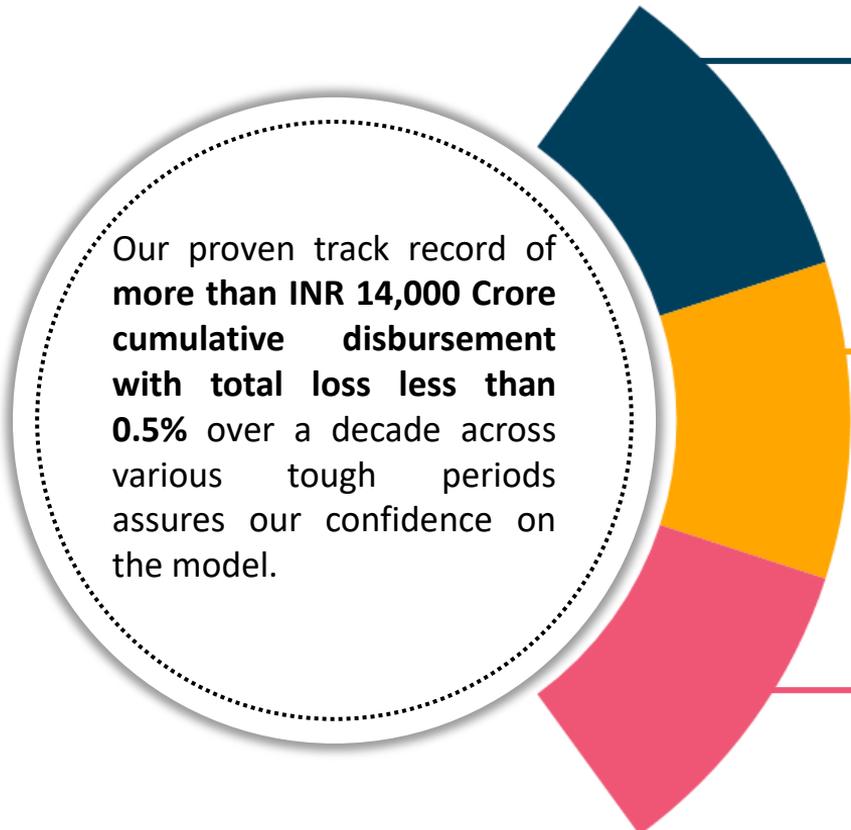
## GOING FORWARD

Huge potential to grow along with these NBFCs partners across our product range for efficient last mile delivery of credit

360° view for scalability and sustainability of relationship in the form of :

- a) Providing Liability Solution
- b) Product Development & Strengthening their system and Operations
- c) Capital Advisory

## The learning curve is further strengthened:



Our proven track record of **more than INR 14,000 Crore cumulative disbursement with total loss less than 0.5%** over a decade across various tough periods assures our confidence on the model.

### CREDIT ASSESSMENT

Continuous strengthening of due diligence and audit process - both pre and post disbursement.

Further strengthening the field due diligence.

### CONSTANT MONITORING

Close indulgence with partner NBFCs both on the system as well as credit part. Additional diligence of financial accounting with necessary deep diving also to be the part of monitoring to preempt any irregularities.

### EVALUATION MATRIX

Further strengthening the evaluation and the exposure matrix for all the NBFCs partners.

# Robust and Comprehensive Credit Assessment & Risk Management Framework

**MAS** aims to give credit where it is due with the dictum of adherence and adaptability

## Robust credit assessment



## Credit assessment process overview by Product

### Micro-Enterprise Loans

- Analysis of business potential and end use, cash flows and model (business to have cash profit for the previous 3 years)
- Requires a guarantor or co-applicant according to the assessment of the applicant's profile

### SME Loans

- Business operating history is required from minimum 1 year to 5 years depending on loan size
- 50-70% of turnover to be reflected in current account
- Eligibility criteria is based on turnover, debt/equity ratio and net worth on a case-to-case basis

### Two-wheeler Loans

- At least one property (residential or business) should be owned by the applicant or jointly residing family members
- For a student applicant, a co-applicant is compulsory

### Commercial Vehicle Loans

- Requires vehicle hypothecation and insurance cover
- Analysis of income, experience, and business stability requirements depending on whether the applicant is a first time user, first time owner, fleet operator or a captive user

## EXPERIENCED PROMOTER



**Mr. Kamlesh Chimanlal Gandhi**  
Chairman & MD

- **Mr. Kamlesh Chimanlal Gandhi**, aged 55 years, is the Founder, Chairman and Managing Director of **MAS** since inception.
- He visualized the opportunities in the retail financial services very early and has been leading the strategic initiatives and the execution team at **MAS**.
- He has close to 30 years of experience in the financial services sector.
- Under his leadership the company grew very consistently at CAGR of more than 40% over all these years.



**Mr. Mukesh Chimanlal Gandhi**  
Director - Finance

- **Mr. Mukesh Chimanlal Gandhi**, aged 62 years, was a Co-founder, whole-time Director - Finance **MAS** Financial Services Limited. He was associated with the Company since May 25, 1995
- He was designated as the Director (Finance) and Chief Financial Officer of the Company on March 20, 2015. He holds bachelor's and Master's degrees in commerce from Gujarat University
- He had over 30 years of experience in the financial services sector, with the Company
- He was also the chairman of the Gujarat Finance Company Association and a director of the Finance Industry Development Council

## EMINENT DIRECTORS



**Mrs. Darshana Saumil Pandya**  
Executive Director & CEO

- **Darshana Saumil Pandya**, aged 47 years, is an executive Director and Chief Executive Officer of **MAS** Financial. She has been associated with the Company since June 1, 1996, and as an executive Director since December 23, 2016
- She holds a bachelor's degree in commerce from Gujarat University
- She has over 20 years of experience in the financial service sector



**Mr. Bala Bhaskaran**  
Independent Director

- He has been associated with the Company as a Director since November 1995 and as an independent Director since April 2014
- He is a management graduate with two decades of experience in the consultancy and financial sector.
- He has a number of management consultancy inputs from his rich experience
- He has done his engineering from IIT-Madras, MBA from IIM-Bangalore and CFA from ICFAI



**Mr. Chetan Ramniklal Shah**  
Independent Director

- He has been associated with the Company since June 2008 and as an independent Director since April 2014
- He holds bachelor's degrees in commerce and law (general) from Gujarat University
- He is also a qualified chartered accountant registered with the Institute of Chartered Accountants of India
- He has over 33 years of experience in the financial services sector and has in the past worked with the Natpur Co-operative Bank as the Manager – Finance



**Mr. Umesh Rajanikant Shah**  
Independent Director

- He has been associated with the Company as an independent Director since December 2016
- He is a Chartered Accountant
- He has more than 35 years of experience in the diverse fields connected with Finance, Accounting, Auditing and Taxation
- He also has 5 years hands-on experience of working in an NBFC



**Mrs. Daksha Niranjn Shah**  
Independent Director

- She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specializing in Finance and Marketing and also a student of Economics and Statistics.
- She worked as a Programme Director of Vikas Centre for Development and Friends of Women's World Banking by serving and building capacity of more than 80 Microfinance Organizations all over India.
- She worked as Managing Director of Pahal Financial Services Pvt. Ltd from 2011 to 2014. At present she is the Managing Director of Altura Financial Services Ltd since 2014.

### CORE TEAM

Consisting of **more than 35 employees** being with **MAS** since inception and inclusion of lateral talents who have proven their capability, dedication and loyalty.

### EXECUTION TEAM

Consisting of **more than 1500 employees** who works along with the core team towards accomplishing the company's Mission and Vision.

## INTIMATION OF SAD DEMISE OF SHRI. MUKESH GANDHI, (CO-PROMOTER, WTD & CFO)



With deep sorrow, we hereby inform that our Co-Promoter, Whole-time Director & CFO Shri. Mukesh Gandhi, aged 63 years has left us for the heavenly abode on 19<sup>th</sup> January, 2021.

Shri. Mukesh Gandhi played an important role in bringing the company to its present level from a humble beginning in the year 1995, based on very strong fundamentals.

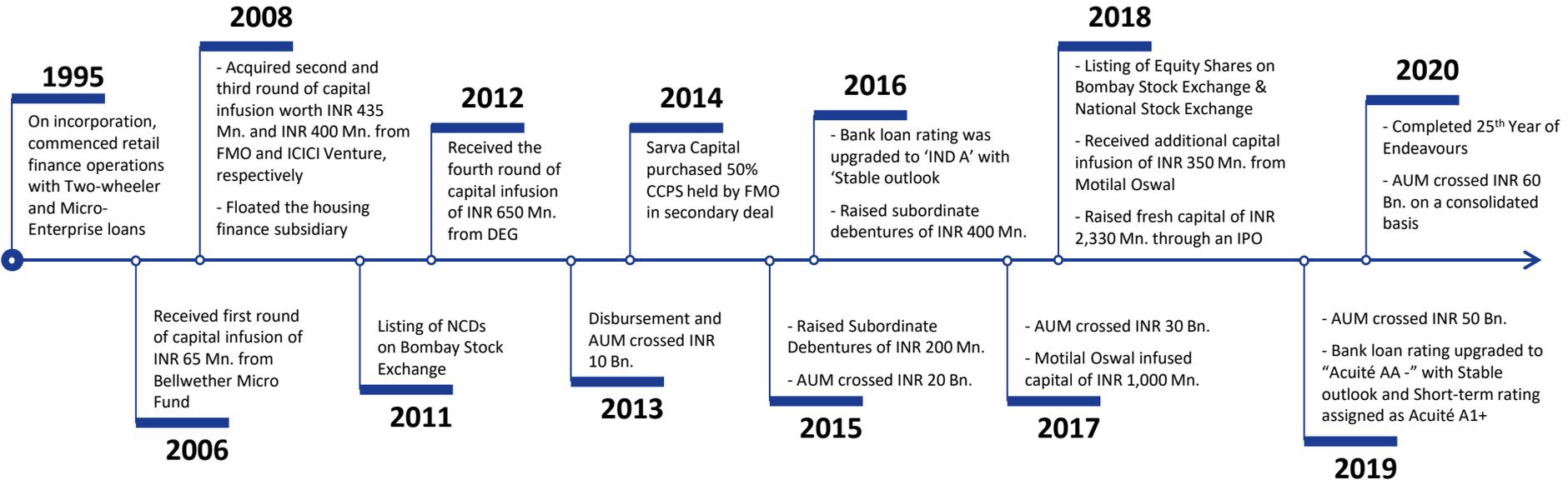
He was filled with positivity, enthusiasm, zeal, kindness and pragmatism. He very successfully groomed and mentored the second line to take on responsibilities and active operational role thus ensuring seamless transmission of the efficient working of the company right from 2018. The Company has immensely benefitted from his vision and vigilance.

Shri. Mukesh Gandhi's passing away will be irreparable loss to the family, organization and also for everyone associated with him.

We, the management and the employees of the Company convey deep sorrow and condolences to his family.

Team **MAS** remains dedicated to its vision of excellence through endeavours.

# Major events and milestones





*The Power of Distribution*

**REGISTERED OFFICE**

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Ashram Road, Ahmedabad-380009

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

**INVESTOR CONTACT**

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**Mr. Nishant Vyas**  
**Investor Relations Manager**  
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