

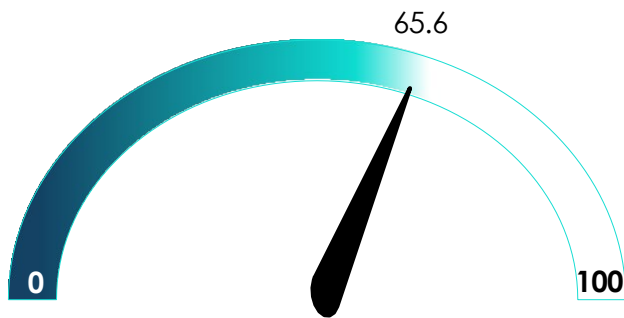
Rating Rationale

MAS	Previous Score	Rating Symbol	Current Score	Rating Symbol	Rating Movement
ESG Rating	61.4	CareEdge-ESG 2	65.6	CareEdge-ESG 2	

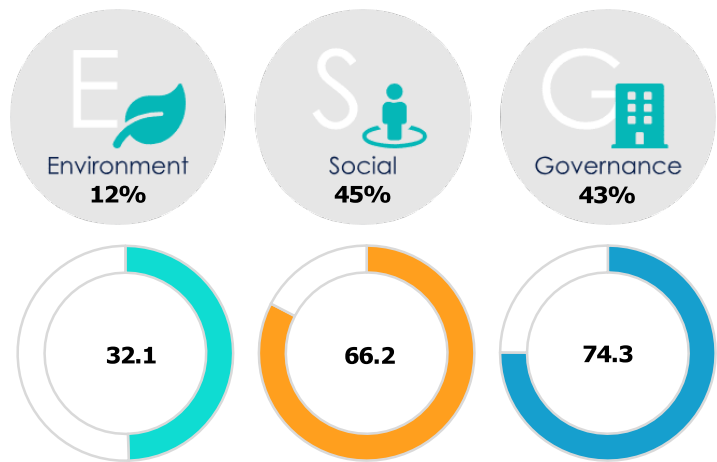
* Please refer www.careedgeesg.com for detailed understanding of CareEdge-ESG's rating symbols and definitions.

Strong position in managing ESG Risk through superior disclosures, policies, and performance

ESG Score



Pillar Weights & Scores



Data Transparency Level: **High**
 BRSR Reporting Boundary: **Standalone**
 Overall Transition Pathway Trajectory: **Adequate**
 Environment Transition Pathway Trajectory: **Adequate**
 Social Transition Pathway Trajectory: **Adequate**

Rating Scale



Please note: All scores mentioned in the document are on the scale of 0 – 100

Rating Rationale

The ESG rating of MAS has been upgraded from 61.4 (CareEdge-ESG 2) to 65.6 (CareEdge-ESG 2), highlights its strong position in managing ESG risks through superior disclosures, policies and performance. As a Non-Banking Financial Company (NBFC) primarily focused on lending to Micro, Small and Medium Enterprises (MSME), MAS has enabled sustainable livelihood and employment generation since its inception. MAS, with a legacy spanning two decades, has products and services targeted to the underpenetrated states and the bottom of the pyramid segments; thereby enabling creation of jobs in rural areas. MAS's rating reflects its strong board diversity coupled with the leadership expertise and skills. The rating also factors in its unqualified information systems audit report which augments its cybersecurity practices. The rating, however, is constrained by the absence of targets for lending in green financing, absence of initiatives such as green/social bonds and green deposits, increase in scope

3 emissions and the lack of third-party verified climate data assessments. It is also affected by a decline in employee participation in skill-upgradation training and the absence of health insurance coverage.

Social Score



The social pillar is critical for the BFSI sector as banks interact directly with individuals, businesses, and communities, making trust and transparency central to their sustainability. Recognising this, the CareEdge-ESG model assigns a higher weightage of 45% to the social pillar. MAS’s ESG score on social pillar witnessed an improvement from 57.9 (industry median: 54.8) to 66.2 (industry median: 59.5), outperforming its peers and demonstrating strong performance across key themes such as community support and development, privacy and security, etc.

The score reflects the company’s strong emphasis on customer grievance redressal, supported by a consistent complaint resolution rate exceeding 95% and a noticeable decline in customer grievances. Building on this foundation, the company has also enhanced customer service by taking proactive steps to improve the overall customer experience. This includes the implementation of a comprehensive end-to-end digital ecosystem that integrates more than 50 APIs across the lending lifecycle. The digital framework enables centralized onboarding, automated credit assessment through rule-based engines and authenticated data sources, paperless operations via e-sign and e-stamp, and fully cashless disbursement and collection through multiple digital payment platforms. Together, these initiatives have reduced turnaround times, lowered operating costs, and improved credit quality through data-driven decision-making. As the company continues to strengthen its digital infrastructure, these initiatives have been complemented by ISO 27001 certification, periodic cybersecurity audits, and employee training on cybersecurity. Collectively, these measures have enhanced data security and operational resilience, thereby positively contributing to the company’s performance under the social pillar.

MAS’s social score reflects its commitment in promoting financial inclusivity by lending to underpenetrated regions and the bottom of the pyramid segments coupled with a substantial share of women borrowers (accounting for 54.2 % of total borrowers) in FY25. MAS also demonstrates a strong commitment to community support and development through a range of initiatives focused on education, healthcare, and social welfare. Key interventions include scholarships and infrastructure support for schools, menstrual hygiene awareness programs, elderly care initiatives, blood donation drives, and hunger relief activities. While the company’s CSR fund utilization has shown improvement over the past three years, it remains below the median, indicating scope for more effective deployment of resources. Additionally, CSR allocations toward Aspirational Districts declined from ₹3.5 lakh in FY24 to ₹2.12 lakh in FY25, which has marginally moderated the company’s score under the community support and development theme.

Under the human capital theme, the company maintains an effective employee grievance redressal mechanism

and offers supportive workplace policies, including paid paternal leave and flexible working hours. The company reported no POSH complaints over the past two years and achieved 100% employee training on POSH, contributing to an improvement in its human rights score compared to the previous year. The company has also made progress in enhancing gender diversity, with the ratio of female to male employees increasing from 7 per 100 male employees in FY24 to 9 per 100 male employees in FY25. However, as a larger proportion of women have joined at entry-level positions, the ratio of median pay of female to male employees declined from 0.81 to 0.78, marginally moderating the overall assessment under this theme. The score is further constrained due to absence of employee benefits encompassing health and life insurance.

Governance Score



MAS's governance pillar score has improved from 73.5 (industry median: 64.2) to 74.3 (industry median: 63.2), underscoring the bank's strong governance practices, adherence to regulatory requirements, and robust risk management framework. The company is compliant with regulations and has formulated requisite policies relating to business ethics. Additionally, MAS has established an ESG Policy, which is managed by a dedicated ESG committee. The governance at MAS is enhanced by its coverage of the majority of the BRSR principles in its policies, adequate oversight by the board, and a Business Continuity Plan (BCP). The company has more than 50% of its board as independent directors and has 2 women directors demonstrating strong gender diversity and independence within its Board of Directors.

MAS maintains compliance with key SEBI regulations on insider trading, related-party transactions, and regulatory disclosures. The bank has publicly available, board-approved policies such as a code of conduct and whistleblower Policy, which clearly lays out the roles, responsibilities, and procedures for preventing, detecting, and addressing fraudulent activities and corruption, as well as ensuring staff accountability. MAS has rolled out comprehensive code of conduct training during the year, covering both new joiners and refresher programs for existing employees. No cases of corruption, conflict of interest, or anti-competitive behavior were reported in FY25. The company has an investor grievance mechanism, and no shareholder complaints reported. All Board and Key Managerial Personnel have undergone training in BRSR principles

However, certain areas within the governance pillar present opportunities for further improvement. Additionally, while all key policies are board-approved, aligned with BRSR principles, and reviewed annually, an independent external evaluation of policy implementation has not yet been conducted, limiting assurance on actual effectiveness. Additionally, the absence of ISO 22301 certification places MAS slightly behind peers that align with international business continuity standards. Hence, a standalone anti-corruption policy and training on the same, external evaluation of policies and adoption of international standard for business continuity such as ISO 22301 can further improve the company's score in the governance pillar. The company's performance in the Governance pillar could also benefit from implementing frequent training on anti-corruption and anti-bribery.

For BFSI industry, the environment pillar has less relevance as opposed to the manufacturing sector, given its low impact on emissions, energy efficiency and waste management. Therefore, this pillar carries the least weight of 12%. Climate change risk management and emission & energy intensity are the most important categories within this pillar.

Environment Score

In the theme of climate change risk management, the company has initiated the exercise of considering climate risk management framework into its enterprise risk management system to identify and manage climate-related risks and opportunities. It assesses climate impacts on borrowers, assets, and operations through climate risk assessments and ESG-based credit underwriting. The framework also supports identifying opportunities in climate-positive sectors, green financing, and sustainable products. The company's green asset portfolio as a proportion of total assets has increased from 0.6% to 1.33%, driven primarily by higher allocations to electric vehicles and rooftop solar loans. Although the portfolio remains relatively small, this growth reflects MAS's ongoing transition toward a cleaner and more sustainable asset book.

In terms of carbon emissions, MAS has witnessed a 3.8% increase in Scope 1 emission intensity (per employee), although Scope 2 emission intensity declined by 5.0%, resulting in a net 2.4% reduction in combined Scope 1 and 2 emission intensity. While emission reduction targets were defined up to FY2025, the absence of forward-looking decarbonization targets beyond this period limits long-term visibility. Further, Scope 3 emission intensity increased by 49%, primarily due to more comprehensive accounting, including the capture of categories such as employee commuting. Scope 3 disclosures could be strengthened through the inclusion of financed emissions, which remain unaccounted for. Additionally, the company has not yet incorporated renewable energy into its operations, indicating a material opportunity for improvement.

MAS has meaningful scope to enhance its climate profile through the setting of medium- to long-term decarbonization targets, systematic tracking of financed emissions, adoption of renewable energy, and external assurance of climate-related disclosures, which could support stronger alignment with best-practice climate risk management frameworks.

Key Rating Drivers

Strengths

Sound governance framework and board oversight

MAS has a robust board structure with 57% of its board members being independent directors. The company has a strong women representation on the board with two female directors as against one female director for majority of its peers. The board of directors of MAS is composed of an eclectic mix of individuals with extensive experience across social and governance domains. The members bring in expertise from varied fields such as accounting, financial services, cybersecurity, international banking and law. The presence of a dedicated ESG committee, effective regulatory compliance, and absence of governance-related controversies further strengthen its governance profile.

Proactive and strong board advisory committee represented by prominent people

MAS has formed an external advisory board comprising professionals from the industry that advises the board of directors and top management on the ongoing and future strategies. The advisory committee comprises three eminent persons with previous stints with RBI, NITI Aayog, Finance Industry Development Council and Association of Small Finance Banks of India.

Large scale social impact attributed to micro enterprise loans and substantial female borrowers

MAS has effectively leveraged its wide distribution network to extend its financial services across the underpenetrated regions and the bottom of the pyramid segments. Amongst the various asset classes, micro enterprise loans (MEL: 39.6%) and small & medium enterprise (SME: 37.2%) loans account for 76.8% of its total AUM as on March 31, 2025. The social impact is further accentuated reflecting from the significant proportion of female borrowers comprising 54.2 % of its total borrowers.

Robust customer protection and digital capabilities

The company's end-to-end digital lending ecosystem, supported by extensive API integration, automated credit assessment, and fully cashless operations, has resulted in reduced turnaround times, lower operating costs, and improved credit quality. Consistently high grievance resolution rates (above 95%) and a decline in customer complaints underscore strong customer protection and service quality.

Weaknesses

Lack of forward-looking climate targets and financed emissions tracking

While emission reduction targets existed up to FY2025, the absence of medium- to long-term decarbonization targets reduces long-term climate transition visibility. Further, Scope 3 disclosures remain incomplete due to the

non-inclusion of financed emissions, which are critical for BFSI institutions.

Lack of third-party verification of crucial climate and social metrics

The company is yet to undertake third-party verification of its climate-related targets, and independent assurance of emissions and energy data is currently not in place. In addition, external assessment of human rights practices across its own operations and key value-chain partners has not been conducted so far. Given the nature of the customer segments served by NBFCs, independent validation of customer protection and human rights practices could further strengthen proactive risk identification and mitigation.

Geographical concentration risk of lending

Although MAS has reduced its lending concentration in western India from 61.6% to 60.6% of the portfolio, its products and customer base continues to be concentrated in the states of Gujarat (March 25: 42.5%) and Maharashtra (March 25: 18.1%). This exposes MAS to business risk arising from any adverse climate, social or political changes affecting these states. However, CareEdge-ESG expects the geographical concentration in these states to reduce gradually, as the company plans to expand its operations in existing and newer geographies.

Key ESG Parameters of MAS

Parameters	Unit	FY 2025	Industry Median
Environment			
Scope 1 intensity	tCO ₂ equivalent/employee	0.3	0.006
Scope 2 intensity	tCO ₂ equivalent/employee	0.6	0.4
Scope 3 intensity	tCO ₂ equivalent/employee	0.8	0.7
Renewable energy consumption	% (of total energy consumption)	0.0	0
Energy intensity	GJ/employee	6.7	2.8
Waste intensity	MT/employee	0.0002	0.001
Green finance as % of total AUM	%	1.3	0.8
Social			
Consumer complaints resolved	%	97.2	97.6
Women borrowers	%	54.2	89.0
CSR spent in Aspirational Districts	per INR crore of turnover	140.1	1510.8
Employee turnover	%	38.0	33.7
Female turnover transition	% (FY25 VS FY24)	30.8	28.4
Female to male employees' ratio	Per 100 male employees	9.0	10.0
Female to male employees' median pay	Per ₹100 of male employees' median pay	78.0	95.2
Health & safety complaints	% (per employee)	0	0
POSH complaints upheld over reported	X/Y	0/0	-
Governance			
No. of Female in board	#	2	1
% board members trained on BRSR	%	100	100
Income gap ratio (CMD pay to median pay)	X:Y	169.85:1	85:1

Data source: company information, public sources, CareEdge-ESG research & analysis
NR = Not Reported | MT = metric tons | GJ = gigajoules

Rating Sensitivities

Positive Factors

- Increase in green finance portfolio
- Incorporation of renewable energy in operations
- Accounting and reporting of waste disposal and recycling data, along with the implementation of responsible waste diversion practices
- Conducting of third-party verification of climate-related data

Negative Factors

- Increase in carbon emissions/energy intensities
- Occurrence of data or privacy breach
- Increment in the extant geographical concentration in western India
- Lower utilization of CSR funds.

Analytical approach

Rating boundary: CareEdge-ESG has considered standalone data of ESAF for assessment. The same is in line with their disclosure in BRSR.

Methodology/ Criteria

For detailed understanding of the criteria and methodology used by CareEdge-ESG, please refer to the methodology document available on www.careedgeesg.com

About the company and industry

MAS Financial Services Limited (MAS) is an RBI-registered non-deposit-taking non-banking financial company (NBFC) based in Ahmedabad, Gujarat, established in 1995. It focuses on serving middle and low-income customers with financial products such as microenterprise loans, SME loans, home loans, two-wheeler loans, pre-owned car loans, commercial vehicle loans, and personal loans. MAS operates two subsidiaries: MAS Rural Housing & Mortgage Finance (MRHMFL), specializing in affordable housing loans, and MASF Insurance Broking.

MAS primarily targets micro, small, and medium enterprises, with around 77% of their loan portfolio focused on this sector, allowing significant portion to qualify for priority sector lending. Its AUM as of March 31, 2025, stands at Rs 12,868 crore, with microenterprise and SME loans contributing 39.6% and 37.2%, respectively. Additionally, its housing finance business, through its subsidiary MAS Rural Housing, manages Rs. 768 crores in AUM.

The company operates in 13 states and union territories, with 204 branches as of March 2025. In alignment with its strategic expansion plans, the company added 15 new branches during the financial year. It has established partnerships with 200 NBFCs to expand its reach into underserved regions. As of December 23, 2025, the Company has a market capitalization of Rs. 5,861.85 crore.

Source of information

While assigning the ratings, CareEdge-ESG has considered publicly available information such as latest annual reports of the company and other policies, sustainability reports, certifications, BRSR reports and additional non-public information and comments provided by the company.















Status of non-cooperation with previous ERP: Not applicable

Rating history for last three years:

Sr. No.	Name of Product	Current Rating		Rating history		
		Rating	Score	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1	ESG Rating	CareEdge-ESG 2	65.6	January 25, 2025 CareEdge-ESG 2 – 61.4	-	-

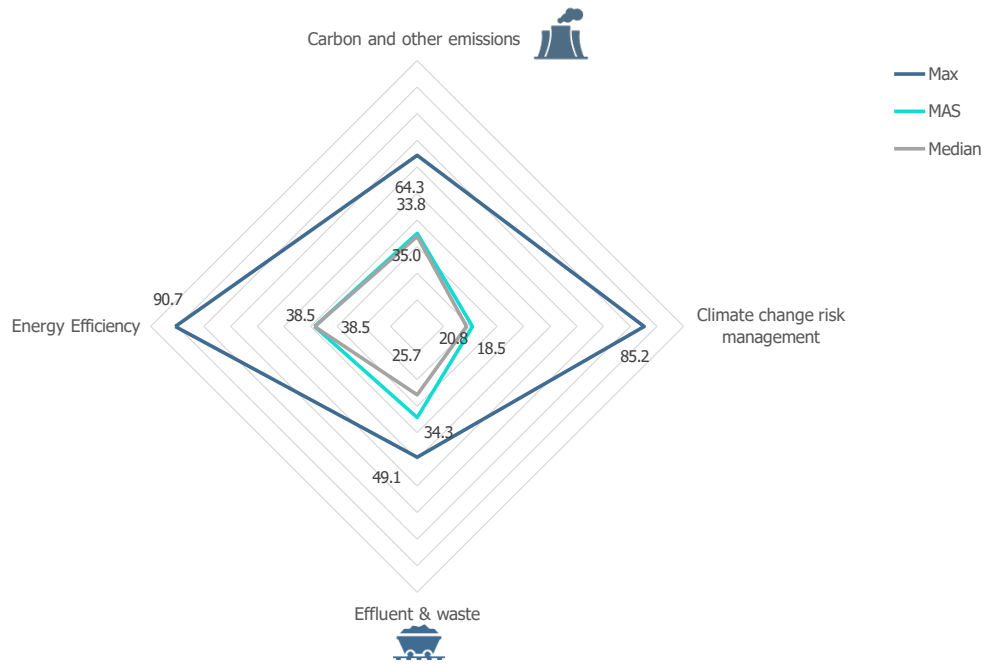
Annexure: Graphical summary of key rating drivers¹

Hierarchy: While arriving at pillar level scores for MAS, CareEdge–ESG has assigned theme weights based on relative importance and sectoral hierarchy as depicted in the exhibit below.

Materiality	Environment	Social	Governance
H I G H	 Climate Change Risk Management	<ul style="list-style-type: none">  Customer protection  Privacy & data security 	<ul style="list-style-type: none">  Oversight on ESG  Business Ethics
	M E D I U M	<ul style="list-style-type: none">  Carbon and other emissions  Energy Efficiency 	<ul style="list-style-type: none">  Human Capital  Human rights
L O W		 Waste	<ul style="list-style-type: none">  Community support & development  Employee Health & Safety  Product Safety & Quality  Value Chain

¹ Comprehensive analytical insights, inferences and benchmarking is provided in CareEdge-ESG’s detailed ESG Report

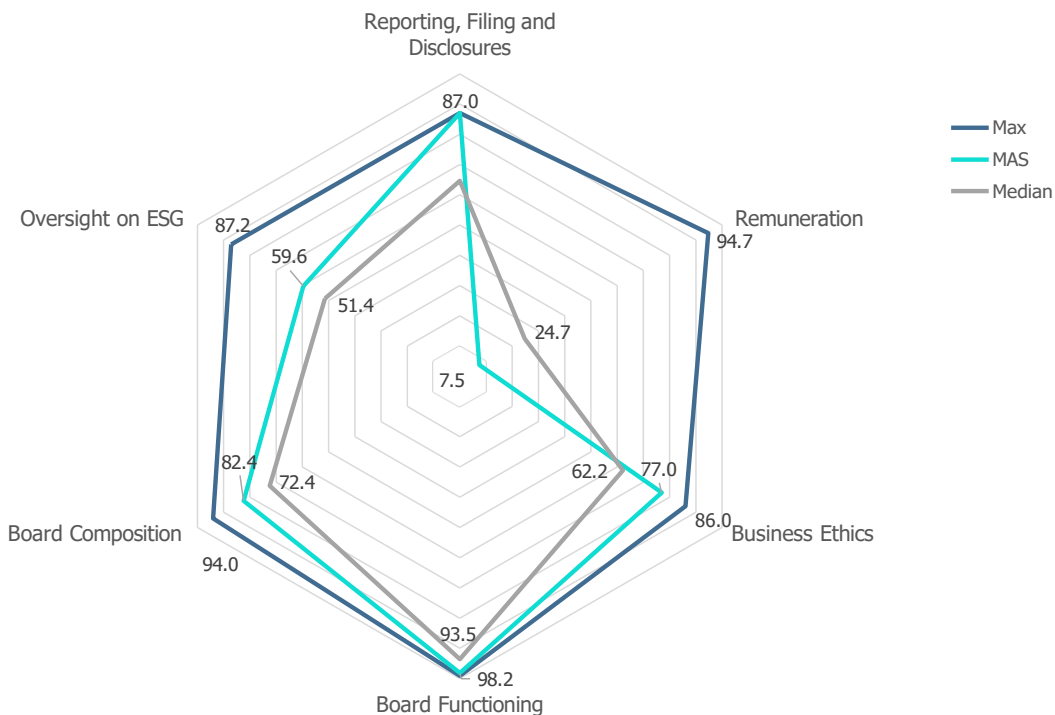
Environment Pillar: MAS's theme-wise performance and industry benchmarks



Social Pillar: MAS's theme-wise performance and industry benchmarks



Governance Pillar: MAS's theme-wise performance and industry benchmarks



Summary Pillars and Theme Scores

Theme	MAS FY25	Industry Median
Carbon and other emissions	35.0	33.8
Climate change risk management	20.8	18.5
Effluent & waste	34.3	25.7
Energy Efficiency	38.5	38.5
Total Environment Score	32.1	31.4
Product safety & quality	88.9	88.9
Consumer Protection	60.6	63.1
Human Rights	84.2	71.9
Human Capital	45.8	45.8
Employee health & safety	84.2	87.5
Privacy & Data Security	90.5	70.5
Value Chain	78.9	63.2
Community support & development	45.4	32.5
Total Social Score	66.2	59.5
Reporting, Filing and Disclosures	87.0	64.6
Remuneration	7.5	24.7
Business Ethics	77.0	62.2
Board Functioning	98.2	93.5
Board Composition	82.4	72.4
Oversight on ESG	59.6	51.4
Total Governance Score	74.3	63.2
Total ESG Score	65.6	57.3

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About:

CareEdge is a knowledge based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE ESG Ratings Limited (CareEdge-ESG) is one of the India's pioneer ESG rating provider fostering sustainability with ESG insights. With an aim of being a catalyst of change for a sustainable future with the most credible ESG assessments, CareEdge-ESG provides a 360-degree appraisal for the ESG performance benchmarking cum transition enabling ESG risk mitigation and enhanced decision-making capabilities for all stakeholders.

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