



The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2020/28

June 03, 2020

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, 951920, 952312**

Trading Symbol: **MASFIN**

Dear Sir,

Sub.: Disclosure of material impact of COVID – 19 pandemic on the Company under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020; please find enclosed herewith the disclosure of material impact of CoVID-19 pandemic on the operations and performance of the Company.

You are requested to take the same on record.

Thanking you,

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

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



Encl. As above

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Annexure - III

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Material impact of CoVID-19 pandemic on operations and performance of the Company:

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 and regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform the stock exchange and stakeholders' impact of the Covid-19 pandemic on the business operation.

1. Impact of the CoVID-19 pandemic on the business:

The SARS-Cov-2 virus responsible for COVID-19 continues to spread across the globe and India. It has contributed to a significant decline and volatility in global and Indian Financial Markets and a significant decrease in the economic activities. On March 11, 2020, the COVID-19 outbreaks declared as a global pandemic by the World Health Organization. On March 24, 2020, the Indian Government had announced a strict 21-days lockdown which kept on getting extended across the country with gradual and modest relaxations.

There was no disbursement done during the period however the collection being banking based continued. The company aware of the fact that it serves the most needy borrowers predominantly the micro, small and medium entrepreneurs granted moratorium as per the extant RBI guidelines.

The Company has, based on current available information estimated and applied management overlays based on the policy approved by the Board of Directors for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts up to the date of approval of these financial results. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates Rs. 5,856.45 lakh (as at March 31 2019, Rs. 3,599.93 lakh) which includes potential impact on account of the pandemic of Rs. 2,033.18 lakh. Based on the current indicators of future economic conditions.

During this challenging time, MFSL focus is on supporting our customers, our employees and the local communities in which we operate along with sage guarding the interest of all the stake holders.

2. Ability to maintain operations and Steps taken to ensure smooth functioning & restarting of operations:

The operations of the Company were shut down as per the lockdown directives of Government as given on March 23, 2020. The administrative work of the company was continued through work from home facility to the best possible extent in order to comply with duly applicable legal framework. Further, in compliance with the various directives of the Government, operations of the Company have been resumed in the permitted manner. The operations at the office are currently working 33% so as to maintain social distancing. Many employees who belong from containment zone have been allowed the facility to work from home where their job duty permits it, until further notice by the management. In our efforts for the health and wellbeing of employees, steps have been taken to ensure efficient workplace; have moved meetings and trainings to virtual formats.



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The company is complying with all the conditions imposed by the Government of India / State Government(s) / Local authorities and undertaking the necessary measures for safeguarding health & safety of the workforce. The Company has taken various safety steps such as thermal screening of all employees and visitors, maintaining of social distancing at all work places, sanitizing the premises on regular basis and enforcing wearing of mask etc. The Company will continue its efforts towards achieving normalized level of operations, depending upon prevailing situation and the Government directives.

3. Estimation of the future impact of CoVID-19 on its operations :

The situation is still evolving and it is difficult to hazard a guess on how this pandemic will evolve.

Based on the current information available, we presume that there will be an impact on the normal business depending upon the geographies. However once the situation is under control we expect the normalcy to return over a period of time.

In consistent to its policy the Company and its subsidiary will be focusing on extending credit where ever it is due, thereby creating a win-win situation for the company and the clients. Focus will also remain on efficient liability management in terms of long term cost effective borrowing, strengthening collections, and preserving capital adequacy.

Additionally, company has made an additional provision off Rs. 2,033.18 lakh in the form of contingency provision on account of the impact of COVID-19.

In the ambit of the prevailing conditions, the impact of the COVID-19 pandemic is presently not completely ascertainable and the same will depend on how quickly, will the global economy recovers thereto.

The company will endeavour to focus on possibilities and magnify them to the fullest to enhance and preserve the stake holders interest.

4. Details of impact of COVID-19 on the Company:

Capital and financial resources - Capital adequacy remain strong at 30.96%. The Company has adequate capital and financial resources to run its business operations.

Profitability- The Company have recognized provisions as on March 31, 2020 towards its assets including loans based on the information available at this point of time including economic forecasts and various other parameters, in accordance with the Expected Credit Loss (ECL) method but it is difficult to foresee the final impact, so company keep on monitoring the overall situation and will recalibrate the model accordingly. The Company is taking various steps to control the operating cost.



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Liquidity position - The current liquidity position of the Company is comfortable and believes that going forward also liquidity and internal accruals shall be sufficient to continue business operations. Meanwhile, the company is also in discussions with various institutions for raising funds.

Ability to service debt and other obligations - Currently the Company is comfortably servicing its debt obligations and given the scale of operations, the Company will continue to meet its obligations in future too.

Assets - The economic disruption brought by the COVID-19 lockdown will have a severe impact on the incomes of borrowers for several months depending on the intensity and spread of the outbreak. The RBI has provided a 3-month moratorium to provide a temporary reprieve but the ability to return to steady state operations depends on how quick the industry scales up production. This results in an increase in the credit risk. Company has created contingent provision for increase in the credit risk.

Internal Financial Reporting and Control - The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively during post lock down period as well.

We may like to state that the foregoing expressions are initial assessment of the situation and the final impact of any activities can only be assessed once the normal economic activities commence and situation stabilizes.

5. Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the Company's business;

We have no such contract which will have significant impact on the operations of the company.

6. Other relevant material updates about the Company's business.

There is no other relevant update about the business of the company. However, the company is monitoring the situation and will further update on the matter as and when warranted.

The company shall keep all its stakeholders informed as and when any material development takes place which may have a significant impact on the company.

Note: Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other risk factors, viewers are cautioned not to place undue reliance on these forward-looking statements. The Company will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



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