



The Power of Distribution

# MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2020/61

11<sup>th</sup> November, 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, 947381**

Trading Symbol: **MASFIN**

Dear Sir,

**Sub.: Press Release for the quarter and half year ended on September 30, 2020**

Please find enclosed herewith Press Release for the quarter and half year ended on September 30, 2020.

Thanking you,

Yours faithfully,

FOR, **MAS FINANCIAL SERVICES LIMITED**

**RIDDHI BHAYANI**  
**(COMPANY SECRETARY & COMPLIANCE OFFICER)**  
**MEMBERSHIP NO.: A41206**



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6, Ground Floor, Narayan Chambers,

B/h Patang Hotel, Ashram Road, Ahmedabad-380 009.

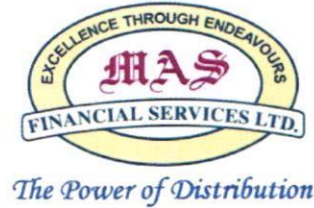
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## PRESS RELEASE

### MAS Financial Services Limited results – 2<sup>nd</sup> quarter FY 21

#### A Robust Financial Performance

#### 102 Quarters of Consistent Financial Performance

**Wednesday, 11<sup>th</sup> November 2020, Ahmedabad:** The Board of Directors of MAS Financial Services Limited (MAS Financial) (BSE: 540749, NSE: MASFIN), specialized in MSME financing, announced today the unaudited financial results for the Quarter ended 30 September 2020.

The consistent financial performance during all the past turbulent period is the testimony of the strong fundamentals of the company; which is being followed over two decades.

Commenting on the performance, **Mr. Kamlesh Gandhi - Founder, Chairman & Managing Director, MAS Financial** said, "In light of the current situation the main focus of the company continues to remain on maintaining:

1. Strong capital base.
2. High level of liquidity.
3. The quality of Assets.
4. High provisioning buffers.
5. Constant engagement with all the stakeholders for understanding the evolving situation.

With a further improved Tier-1 capital adequacy ratio of **32.72%** and total capital adequacy of **35.58%**, sufficient liquidity due to very efficient liability management, stable quality of portfolio of around 1.16% of net stage 3 assets and by creating additional provisioning buffer which stands at 1.69% of on book assets should enable the company to navigate the current unprecedented situation successfully".

#### **Update on Moratorium**

- **Borrowers:** The constant engagement with the clients resulted in to **88%** collection efficiency by value in the month of August despite of having granted moratorium. This effectively translates to **12%** of the customers by value under moratorium for the month of August. The collection efficiency reached the normal level at **92%** in the month of September 2020.
- **Lenders:** The Company did not avail any moratorium facility from its lender as the liquidity position of the company remained strong.



**As per IND-AS**

MAAS Financial Services Limited reports Assets under Management (AUM) of ₹ 5300.87 Crore and profit after tax of ₹ 34.20 Crore for the quarter ended 30 September 2020 from ₹ 5894.37 Crore and ₹ 40.20 Crore respectively for quarter ended 30 September 2019

- A contraction of 10.07% in AUM over the corresponding period of the previous year, due to adopting a cautious approach on disbursement while maintaining high Collection efficiency.
- Contraction of 14.91% in PAT over the corresponding period of the previous year due to contraction in AUM and maintaining high level of liquidity due to the current market scenario.
- The total special COVID provision as on 30<sup>th</sup> September 2020 stood at ₹ 52.11 Crore for the total on book assets of ₹ 3083.32 Crores i.e. 1.69 % of the total on book assets with an additional special COVID provision of ₹ 1.23 Crore during the quarter and ₹ 31.78 crore during the half year due to Covid-19.

(Excluding this special COVID provision the PAT stands at ₹ 35.13 Crore contraction of 12.62% over the corresponding period of the previous year)

The profit after tax for H1 is ₹ 70.80 Crore – A contraction of 15.43% over the corresponding period of the previous year.

(Excluding this special COVID provision the PAT for H1 stands at ₹ 94.57 Crore growth of 12.98% over the corresponding period of the previous year)

- The portfolio quality remained stable at 1.16% net stage 3 assets of AUM as compared to 1.14% in June quarter and 1.06% over the corresponding period of the previous year despite of the prolonged ongoing crisis followed by the unprecedented pandemic situation.

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 as stage 3 assets on 30<sup>th</sup> September 2020, net stage 3 assets would have been 1.18%.

- The special COVID provisioning is not netted off against assets in any stage and the same stands as additional provisioning.



### Performance Highlights:

Capital Adequacy Ratio (including Tier II capital) as of **30 September, 2020** stood at 35.58%. The Tier-I capital stood at 32.72%.

(₹ in CR)

Particulars	Q2'21	Q2'20	QoQ	H1'21	H1'20	HoH	FY 20
Assets Under Management	5300.87	5894.37	10.07%↓	5300.87	5894.37	10.07%↓	5966.28
Total Income	153.00	167.46	8.63%↓	313.40	330.97	5.31%↓	676.80
Profit Before Tax	45.63	50.00	8.73%↓	94.55	116.94	19.14%↓	228.16
Profit After Tax	34.20	40.20	14.91%↓	70.80	83.71	15.43%↓	166.55
Profit After Tax (Without special COVID provision for Covid-19)	35.13	40.20	12.62%↓	94.57	83.71	12.98%↑	181.77
Gross Stage 3 Assets % to AUM	1.56%	1.27%	29 bps↑	1.56%	1.27%	29 bps↑	1.42%
Net Stage 3 Assets % to AUM	1.16%	1.06%	10 bps↑	1.16%	1.06%	10 bps↑	1.14%

- Note: The total special COVID provision as on 30<sup>th</sup> September 2020 stood at ₹ 52.11 Crore for the total on book assets of ₹ 3083.32 Crores i.e. 1.69 % of the total on book assets with an additional special COVID provision of ₹ 1.23 Crore during the quarter and ₹ 31.78 crore during the half year due to Covid-19. Excluding this special COVID provision the PAT stands at ₹ 35.13 Crore contraction of 12.62% over the corresponding period of the previous year
- The on book exposure of Sambandh Finserve has been fully provided in the September Quarter.

(₹ in CR)

Asset Under Management (AUM)*	Sep-20	Sep-19	YoY
Micro-Enterprise loans	3146.96	3613.98	12.92%↓
SME loans	1643.82	1678.30	2.05%↓
2-Wheeler loans	359.66	463.01	22.32%↓
Commercial Vehicle loans	150.43	139.07	8.16%↑
<b>TOTAL AUM</b>	<b>5300.87</b>	<b>5894.37</b>	<b>10.07%↓</b>

\*Represents underlying assets in each of the category. As on 30 September, 2020 58.59% of the total underlying assets is through various NBFCs.

### Amortising the gain on assignment of loans over the tenure of the assets in place of booking it upfront – Further strengthening the fundamentals of the company:

For more transparent and fair representation, on derecognition of financial assets (assignment of loan), 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 necessary adjustments are done accordingly** for all the related period ensuring that the assets are recognized at fair value in lines with the IND AS requirement, and the gains would be amortized over the maturity of assets.

For detailed understanding, please visit following web address: <https://www.mas.co.in/financial-results.aspx#>



### Note on MAS Rural Housing and Mortgage Finance Limited (Subsidiary)

The Board of Directors of MAS Rural Housing and Mortgage Finance Limited in their meeting held on 28<sup>th</sup> October 2020 took on record the unaudited Financial Results of the company for quarter ended 30 September, 2020.

#### As per IND-AS

MAS Rural Housing and Mortgage Finance Limited reports Assets under Management (AUM) of ₹ 281.72 Crore and profit after tax of ₹ 1.17 Crore for the quarter ended 30 September 2020 from ₹ 282.18 Crore and ₹ 1.09 Crore respectively for quarter ended 30 September 2019.

- A contraction of 0.16% in AUM and growth of 7.52% in PAT over the corresponding period of the previous year. The COVID provision stands at ₹ 2.56 crore i.e. 1.00% of the total on book assets.

The Profit after tax for H1 is ₹ 2.22 Crore –A growth of 0.21% over corresponding period of the previous year

#### Performance Highlights:

- The company is engaged predominantly into affordable and rural housing financing. Moratorium was granted to all such borrowers. The collection in this segment for the month of August and September is 87% and 93% respectively by value.
- The portfolio quality improved despite of the ongoing crisis followed by the unprecedented situation at 0.18% net stage 3 assets of AUM as compared to 0.30% over the corresponding period of the previous year.

However, if the Company had classified borrower accounts without the effect of Hon'ble Supreme Court order (as mentioned above), net stage 3 assets would have been 0.28%.

- Capital Adequacy Ratio (including Tier II capital) as of 30 September 2020 stood at 40.32%. The Tier-I capital stood at 32.41%.

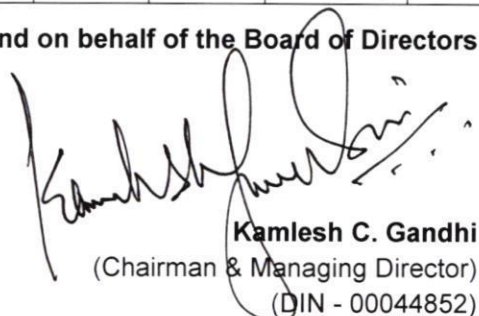
(₹ in CR)

Particulars	Q2'21	Q2'20	QoQ	H1'21	H1'20	HoH	FY'20
Assets Under Management	281.72	282.18	0.16%↓	281.72	282.18	0.16%↓	286.54
Total Income	9.33	9.75	4.30%↓	18.10	19.57	7.51%↓	38.37
Profit Before Tax	1.50	1.42	5.57%↑	2.91	2.87	1.37%↑	2.24
Profit After Tax	1.17	1.09	7.52%↑	2.22	2.22	0.21%↑	1.72
Gross Stage 3 Assets % to AUM	0.24%	0.40%	16 bps↓	0.24%	0.40%	16 bps↓	0.34%
Net Stage 3 Assets % to AUM	0.18%	0.30%	12 bps↓	0.18%	0.30%	12 bps↓	0.25%

For and on behalf of the Board of Directors



Place : Ahmedabad  
Date : November 11, 2020

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