B S R & Co. LLP
Chartered Accountants

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Limited review report on unaudited quarterly standalone financial results and year-to-date standalone financial results of MAS Financial Services Limited under Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
MAS Financial Services Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of MAS Financial Services Limited for the quarter ended and year to date results for the period from 1 April 2020 to 30 September 2020 (the 'Statement').

2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 '*Interim Financial Reporting*' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 (the 'Act'), and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations'). Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. As described in Note 5 to the Statement, during the current quarter, the Company has changed accounting policy of recognising gain on derecognition of loans upon assignment. As per the previous policy, such gain was recognised immediately in the profit or loss. As per the new policy adopted by the Company, such gain is recorded as unearned income on assigned loans under the head other non-financial liability and is amortised in the profit or loss over the period of the underlying residual terms of the assigned portfolio. This change in accounting policy would constitute a departure from the Indian Accounting Standards prescribed under section 133 of the Act (Ind AS 109 – '*Financial Instruments*') which requires the gain / loss to be recognised immediately in the profit or loss upon derecognition of assigned loans. In our view, this change in accounting policy is not in compliance with the requirements of Ind AS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*' that permits to change the accounting policy only if the change satisfies given criteria therein.

   Had the Company not revised its policy, other equity would have increased by Rs. 5,156.42 lakh, deferred tax assets would have decreased by Rs. 1,734.43 lakh and liability on account of unearned income on assigned loans would have decreased by Rs. 6,890.85 lakh to Nil as at 30 September 2020. Further, gain on assignment would have decreased by Rs. 706.98 lakh and Rs. 834.69 lakh and deferred tax credit would have been increased by of Rs. 177.95 lakh and Rs. 210.09 lakh for the quarter ended 30 September 2020 and year-to-date results for the period from 1 April 2020 to 30 September 2020, respectively. There is no impact on the net cash flows of the Company.

MAS Financial Services Limited

Limited review report on unaudited quarterly standalone financial results and year-to-date standalone financial results of MAS Financial Services Limited under Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *(Continued)*

5. Based on our review conducted as above, except for the effects / possible effects of the matter described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. As described in Note 10 to the Statement, in respect of borrower accounts where moratorium benefit was granted, the staging of those accounts as at 30 September 2020 is based on the days past due status considering the benefit of moratorium period in accordance with the Covid-19 Regulatory Package announced by Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020.

   Further, the extent to which the Covid-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

   Our conclusion on the Statement is not modified in respect of these matters.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

SAMEER HIRACHAND MOTA
Digitally signed by SAMEER HIRACHAND MOTA
Date: 2020.11.11 18:49:45 +05'30'

Sameer Mota
Partner
Membership No: 109928
UDIN: 20109928AAABCD8166

Mumbai
11 November 2020

MAS FINANCIAL SERVICES LIMITED
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CIN: L65910GJ1995PLC026064

Statement of unaudited standalone financial results for the quarter and half year ended 30 September 2020

(₹ in Lakh)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2020 (Unaudited)	30.06.2020 (Unaudited)	30.09.2019 (Unaudited)	30.09.2020 (Unaudited)	30.09.2019 (Unaudited)	31.03.2020 (Audited)
			(Revised refer note 6)	(Revised refer note 6)		(Revised refer note 6)	(Revised refer note 6)
1	INCOME						
	(a) Revenue from operations						
	Interest income	12,062.42	14,123.98	13,938.38	26,186.40	27,509.65	55,917.14
	Gain on assignment of financial assets (Refer note 5)	2,451.43	1,571.72	2,424.48	4,023.15	4,855.53	10,117.19
	Fees and commission income	748.32	303.27	374.55	1,051.59	710.90	1,573.89
	Total revenue from operations	**15,262.17**	**15,998.97**	**16,737.41**	**31,261.14**	**33,076.08**	**67,608.22**
	(b) Other income	38.22	40.61	8.16	78.83	20.49	71.75
	Total income	**15,300.39**	**16,039.58**	**16,745.57**	**31,339.97**	**33,096.57**	**67,679.97**
2	EXPENSES						
	(a) Finance costs	6,971.68	6,935.41	7,177.23	13,907.09	13,575.45	27,201.70
	(b) Fees and commission expense	75.98	98.95	128.48	174.93	235.85	601.88
	(c) Impairment on financial instruments	2,475.72	2,987.31	2,250.93	5,463.03	3,547.34	8,675.65
	(d) Employee benefits expenses	701.83	812.34	1,279.66	1,514.17	2,526.78	5,240.79
	(e) Depreciation, amortisation and impairment	55.04	57.05	58.29	112.09	113.36	231.51
	(f) Other expenses	457.04	256.47	851.17	713.51	1,404.16	2,912.24
	Total expenses	**10,737.29**	**11,147.53**	**11,745.76**	**21,884.82**	**21,402.94**	**44,863.77**
3	**Profit before exceptional items and tax (1-2)**	**4,563.10**	**4,892.05**	**4,999.81**	**9,455.15**	**11,693.63**	**22,816.20**
4	Exceptional items	-	-	-	-	-	-
5	**Profit before tax (3-4)**	**4,563.10**	**4,892.05**	**4,999.81**	**9,455.15**	**11,693.63**	**22,816.20**
6	**Tax expense**						
	(a) Current tax	1,298.05	1,286.43	650.69	2,584.48	3,015.52	6,291.68
	(b) Short / (excess) provision for tax relating to prior years	-	-	(96.10)	-	(96.10)	(96.10)
	Net current tax expense	1,298.05	1,286.43	554.59	2,584.48	2,919.42	6,195.58
	(c) Deferred tax expense/(credit)	(155.35)	(53.61)	425.40	(208.96)	403.17	(34.73)
	Total tax expense	**1,142.70**	**1,232.82**	**979.99**	**2,375.52**	**3,322.59**	**6,160.85**
7	**Profit for the period / year from continuing operations (5-6)**	**3,420.40**	**3,659.23**	**4,019.82**	**7,079.63**	**8,371.04**	**16,655.35**
8	Profit / (loss) from discontinued operations	-	-	-	-	-	-
9	Tax expense of discontinued operations	-	-	-	-	-	-
10	**Profit / (loss) from discontinued operations (after tax) (8-9)**	-	-	-	-	-	-
11	**Profit for the period / year (7+10)**	3,420.40	3,659.23	4,019.82	7,079.63	8,371.04	16,655.35
12	**Other comprehensive income (OCI)**						
	(a) (i) Items that will not be reclassified to profit or loss						
	- Re-measurement of the defined benefit liabilities	6.66	(7.42)	(9.75)	(0.76)	(13.40)	(29.68)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(1.68)	1.87	2.09	0.19	3.37	7.47
	Sub-total (a)	4.98	(5.55)	(7.66)	(0.57)	(10.03)	(22.21)
	(b) (i) Items that will be reclassified to profit or loss						
	- Loans and advances through other comprehensive Income	(851.87)	691.42	408.36	(160.45)	341.59	658.09
	(ii) Income tax relating to items that will be reclassified to profit or loss	214.42	(174.03)	(109.31)	40.39	(85.98)	(165.64)
	Sub-total (b)	(637.45)	517.39	299.05	(120.06)	255.61	492.45
	Other comprehensive income / (loss) (a+b)	**(632.47)**	**511.84**	**291.39**	**(120.63)**	**245.58**	**470.24**
13	**Total comprehensive income for the period / year (11+12)**	2,787.93	4,171.07	4,311.21	6,959.00	8,616.62	17,125.59
14	**Earnings per share (of ₹10 each) (not annualized for interim periods)**						
	(a) Basic (₹)	6.26	6.69	7.35	12.95	15.31	30.47
	(b) Diluted (₹)	6.26	6.69	7.35	12.95	15.31	30.47

MAS FINANCIAL SERVICES LIMITED
AHMEDABAD

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CIN: L65910GJ1995PLC026064

Standalone Balance Sheet

(₹ in Lakh)

Particulars	As at 30.09.2020 (Unaudited)	As at 31.03.2020 (Audited) (Revised refer note 6)
ASSETS		
Financial assets		
Cash and cash equivalents	161,092.65	102,446.81
Bank balance other than cash and cash equivalents	164.40	190.55
Loans	301,441.01	334,846.64
Investments	3,285.36	3,750.03
Other financial assets	7,261.04	7,830.01
	473,244.46	**449,064.04**
Non-financial assets		
Income tax assets (net)	326.80	221.38
Deferred tax assets (net)	1,747.93	1,498.40
Property, plant and equipment	1,138.75	1,198.56
Capital work-in-progress	4,918.83	4,821.34
Right-of-use asset	86.50	128.44
Other intangible assets	10.82	11.07
Other non-financial assets	289.79	234.54
	8,519.42	**8,113.73**
	481,763.88	**457,177.77**
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Payables		
(I)Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	423.28	753.08
(II) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Debt securities	30,955.15	5,989.18
Borrowings (other than debt securities)	248,628.39	252,021.34
Other financial liabilities	84,932.88	90,693.87
	364,939.70	**349,457.47**
Non-financial liabilities		
Current tax liabilities (net)	49.42	-
Provisions	79.39	45.65
Other non-financial liabilities	8,070.93	9,584.27
	8,199.74	**9,629.92**
	373,139.44	**359,087.39**
EQUITY		
Equity share capital	5,466.20	5,466.20
Other equity	103,158.24	92,624.18
	108,624.44	**98,090.38**
	481,763.88	**457,177.77**

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Standalone Statement of Cash flow

(₹ in Lakh)

Sr. No.	Particulars	Half year ended 30.09.2020 (Unaudited)		Half year ended 30.09.2019 (Unaudited) (Revised refer note 6)	
A.	CASH FLOW FROM OPERATING ACTIVITIES				
	Profit before exceptional items and tax		**9,455.15**		**11,693.63**
	Adjustments for :				
	Depreciation and amortisation	112.09		113.36	
	Finance cost	13,907.08		13,575.45	
	Provision for impairment on financial assets	3,575.08		110.68	
	Loans written off (net of recoveries)	1,887.95		3,436.66	
	(Profit) / loss on sale of property, plant and equipment	1.38		0.72	
	Loss on sale of repossessed assets	81.63		164.73	
	Interest income	(23,862.18)		(25,882.76)	
	Interest income from deposits	(1,476.67)		(701.44)	
	Income received in advance	8.70		(5.20)	
	Income from debt component of OCPS investment in subsidiary	(31.64)		(2.88)	
	Interest income from NCD measured at amortised cost	(39.25)		-	
	Financial guarantee commission income	(1.31)		(2.90)	
	Dividend income	-		(6.33)	
	Gain on derecognition of leased asset	-		(0.30)	
			(5,837.14)		(9,200.21)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		3,618.01		2,493.42
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Loans	25,656.56		(49,419.13)	
	Advances received against loan agreements	1,925.91		-	
	Deposits given as collateral	3.84		(3.79)	
	Bank balance other than cash and cash equivalents	36.32		987.73	
	Other non-financial asset	(137.63)		(250.70)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	(329.81)		222.98	
	Security deposits from borrowers	(9,396.53)		747.08	
	Other financial and non-financial liabilities	2,151.20		2,602.75	
	Provisions	33.74	19,943.60	23.78	(45,089.30)
	CASH GENERATED FROM / (USED IN) OPERATIONS		23,561.61		(42,595.88)
	Interest income received	30,397.51		26,572.15	
	Finance cost paid	(15,666.09)		(12,906.76)	
	Income tax paid (net)	(2,640.49)	12,090.93	(4,992.65)	8,672.74
	CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		**35,652.54**		**(33,923.14)**
B.	CASH FLOW FROM INVESTING ACTIVITIES				
	Capital expenditure on property, plant and equipments and intangible assets, including capital adv	(108.95)		(226.87)	
	Proceeds from sale of property, plant and equipments and intangible assets	-		0.31	
	Change in Earmarked balances with banks	(10.17)		58.62	
	Interest income from bank deposits	1,204.33		697.62	
	(Purchase) / Redemption of investments at amortised cost	500.00		(1,000.00)	
	Dividend received	-		6.33	
	Interest income on Investment measured at amortised cost	42.02		-	
	CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**1,627.23**		**(463.99)**
C.	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds from debt securities and borrowings	47,904.00		34,500.00	
	Repayments of borrowings	(32,739.30)		(16,163.46)	
	Net increase in working capital borrowings	6,245.40		22,093.82	
	Repayment of principal component of lease liabilities	(44.03)		(42.27)	
	Dividends paid including dividend distribution tax	-		(2,376.01)	
	CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)		**21,366.07**		**38,012.08**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**58,645.84**		**3,624.95**
	Cash and cash equivalents at the beginning of the period		102,446.81		35,577.06
	Cash and cash equivalents at the end of the period		**161,092.65**		**39,202.01**

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Components of cash and cash equivalents (₹ in Lakh)

Particulars	Half year ended 30.09.2020	Half year ended 30.09.2019
Cash and bank balances comprises:		
(a) Cash on hand	10.33	4.88
(b) Balances with banks	51,459.18	18,818.13
Total	**51,469.51**	**18,823.01**
Bank deposits with original maturity of 3 months or less	109,623.14	20,379.00
Cash and cash equivalents as per the balance sheet	**161,092.65**	**39,202.01**

The above cash flow statement has been prepared under the 'indirect method' as set out in the Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

Change in liabilities arising from financing activities (₹ in Lakh)

Particulars	As at 31.03.2020	Cash flows	Non-cash changes*	As at 30.09.2020
Debt securities	5,989.18	25,000.00	(34.03)	30,955.15
Borrowings other than debt securities	252,021.34	(3,589.90)	196.95	248,628.39
Total liabilities from financing activities	**258,010.52**	**21,410.10**	**162.92**	**279,583.54**

* Non-cash changes represents the effect of amortization of transaction cost.

Notes :

1 The unaudited standalone financial results of the Company have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (referred to as 'Ind AS') - 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations'). Any application guidance/ clarifications/ directions issued by Reserve Bank of India ('RBI') or other regulators are implemented as and when they are issued/ applicable.

2 The unaudited standalone financial results for the quarter and half year ended 30 September 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 11 November 2020.

3 In compliance with the SEBI Listing Regulations, a limited review of the standalone financial results for the quarter and half year ended 30 September 2020 has been carried out by the Statutory Auditors.

4 The accounting policies and practices followed in the preparation of the standalone financial results for the quarter and half year ended 30 September 2020 are the same as those followed in the preparation of the financial statement for the year ended 31 March 2020, except for the change in accounting policy as explained in note no. 5 below.

5 Till previous 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. 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 current 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.

The new accounting policy has been implemented retrospectively from the beginning of the earliest period presented i.e. 1 April 2019. On account of new policy, in case of derecognition of loans upon assignment prior to 1 April 2019, where underlying residual terms of the assigned portfolio was falling on or after 1 April 2019, the Company has reduced other equity by ₹ 4,615.07 lakh, reduced the deferred tax liability by ₹ 2,478.92 lakh and recognized unearned income on assigned loans under the head other non-financial liabilities of ₹ 7,093.99 lakh.

Had the Company not revised its policy, other equity would have increased by ₹ 5,156.42 lakh, deferred tax assets would have decreased by ₹ 1,734.43 lakh and liability on unearned income would have decreased by ₹ 6,890.85 lakh to Nil as at 30 September 2020. Had the Company followed the accounting policy which it followed hitherto, the Company would have recognized gain on assignment of ₹ 1,744.45 lakh and ₹ 3,188.46 lakh for the quarter ended and year-to-date results for the period from 1 April 2020 to 30 September 2020, respectively. As per the new policy, the Company has recognized gain on assignment (on amortised basis) of ₹ 2,451.43 lakh and ₹ 4,023.15 lakh for the quarter ended and year-to-date results for the period from 1 April 2020 to 30 September 2020, respectively. Accordingly, gain on assignment would have decreased by ₹ 706.98 lakh and ₹ 834.69 lakh and deferred tax credit would have increased by ₹ 177.95 lakh and ₹ 210.09 lakh for the quarter ended and year-to-date results for the period from 1 April 2020 to 30 September 2020, respectively. There is no impact on the net cash flow of the Company.

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6 As per the requirement of Ind AS 8 and Ind AS 34, 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 as per point no. 5 above. The Company has also restated the financial information of previous financial year 2019-20. The following table summarises the reconciliation of figures restated with previously reported figures:

Particulars	Quarter ended		Half year ended	Year ended
	30.06.2020	30.09.2019	30.09.2019	31.03.2020
Revised gain on assignment of financial assets	1,571.72	2,424.48	4,855.53	10,117.19
Impact due to change in accounting policy	(127.71)	(5.57)	(433.28)	631.56
Gain on assignment as previously reported before policy change	1,444.01	2,418.91	4,422.25	10,748.75
Revised profit before tax	4,892.05	4,999.81	11,693.63	22,816.20
Add/(Less) adjustments for:				
Gain on assignment of financial assets reversed (recognised on date of assignment)	1,444.01	2,418.91	4,422.25	10,748.75
Gain on assignment of financial assets recorded (on amortisation basis)	(1,571.72)	(2,424.48)	(4,855.53)	(10,117.19)
Profit before tax as previously reported before policy change	4,764.34	4,994.24	11,260.35	23,447.76
Revised deferred tax expense / (credit)	(53.61)	425.40	403.17	(34.73)
Impact due to change in accounting policy	(32.15)	(652.96)	(802.42)	(534.40)
Deferred tax credit as previously reported before policy change	(85.76)	(227.56)	(399.25)	(569.13)
Revised profit after tax	3,659.23	4,019.82	8,371.04	16,655.35
Add/(Less) adjustments for:				
Gain on assignment of financial assets reversed (recognised on date of assignment)	1,444.01	2,418.91	4,422.25	10,748.75
Gain on assignment of financial assets recorded (on amortisation basis)	(1,571.72)	(2,424.48)	(4,855.53)	(10,117.19)
Tax Impact on above adjustments	32.15	652.96	802.42	534.40
Profit after tax as previously reported before policy change	3,563.67	4,667.21	8,740.18	17,821.31
Revised basic earnings per share	6.69	7.35	15.31	30.47
Impact due to change in accounting policy	(0.17)	1.19	0.68	2.13
Basic earnings per share as previously reported before policy change	6.52	8.54	15.99	32.60
Revised diluted earnings per share	6.69	7.35	15.31	30.47
Impact due to change in accounting policy	(0.17)	1.19	0.68	2.13
Diluted earnings per share as previously reported before policy change	6.52	8.54	15.99	32.60

Particulars	As on 31.03.2020
Revised other equity	92,624.18
Impact due to change in accounting policy	5,781.02
Other equity as previously reported before policy change	98,405.20
Revised other non-financial liabilities	9,584.27
Impact due to change in accounting policy	(7,725.54)
Other non-financial liabilities as previously reported before policy change	1,858.73
Revised deferred tax asset / (liability)	1,498.40
Impact due to change in accounting policy	(1,944.52)
Deferred tax asset / (liability) as previously reported before policy change	(446.12)

7 The Board of Directors had declared an interim dividend of ₹ 2 per equity share of ₹ 10 at its meeting held on 6 November 2019. The dividend was subsequently paid on 26 November 2019. Further, second interim dividend of ₹ 6 per equity share of ₹ 10 was declared at its meeting held on 19 February 2020. The said dividend was subsequently paid on 6 March 2020.

8 During the quarter ended 30 September 2019, the Company had made an investment of ₹ 1,000 lakh in MAS Rural Housing & Mortgage Finance Limited, its subsidiary, by way of 6% optionally convertible preference shares ('OCPS') of face value of ₹ 10 each with a non-cumulative dividend right. The preference shares are optionally convertible into equity shares at a price to be determined at the time of conversion. The conversion / redemption option is to be exercised for 33.33% of OCPS in the 5th year, for 33.33% of OCPS in the 6th year and for remaining 33.34% of OCPS in the 7th year from the date of issue. If the option of conversion is not exercised then the preference shares shall be redeemed at the face value of ₹ 10 each.

9 The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate and has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate since quarter ended 30 September 2019.

MAS FINANCIAL SERVICES LIMITED AHMEDABAD

10 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. RBI has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020, 17 April 2020 and 23 May 2020 and in accordance therewith, the Company has offered loan moratorium of up to six months on the payment of all principal instalments and / or interest, as applicable, falling due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation does not automatically trigger a significant increase in credit risk. The Company continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers, along with the associated impact on the Indian and global economy. The Company has been duly servicing its debt obligations, maintaining a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the year ended 31 March 2020, 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 30 September 2020 aggregates ₹ 9,431.52 lakh (as at 30 June 2020, ₹ 8,535.61 lakh) which includes potential impact on account of the pandemic of ₹ 123.14 lakh and ₹ 3,177.53 lakh for the quarter and half year ended 30 September 2020 respectively. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro- economic condition, the impact of COVID-19 pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

The Honourable Supreme Court of India in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020, has directed that no additional borrower accounts shall be classified as impaired ('non-performing assets' or 'NPA') which were not declared NPA till 31 August 2020, till further orders. Basis the said interim order, the Company has not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. Pending disposal of the case, as at 30 September 2020, the Company, as a matter of prudence has created additional management overlay had the Company impaired the accounts after 31 August 2020.

11 In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian Accounting Standards, Non-Banking Financial Companies ('NBFCs') are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and income recognition asset classification and provisioning ('IRACP') norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard assets provisioning), as at 30 September 2020 and accordingly, no amount is required to be transferred to impairment reserve.

12 Disclosure as required under RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning.

(₹ in lakhs)

	Particulars	30 September 2020
i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended *	29,015.73
ii)	Respective amount where asset classification benefits is extended ** (net of accounts which have moved out of SMA/overdue category during moratorium period)	13,735.81
iii)	Provision made on the cases where asset classification benefit is extended	-
iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N.A.

* Outstanding as on 30 September 2020 on account of all cases where moratorium benefit is extended by the Company up to 31 August 2020.

** Outstanding as on 30 September 2020 on account of above cases where the asset classification benefit is extended for cases which were entitled to a moratorium until 31 August 2020.

Note: The Company has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments.

13 The Board of Directors in its meeting held on 16 June 2020 had approved issuance of non-convertible debentures ('NCDs') in tranches up to ₹ 50,000 lakh on a private placement basis. Up to the date of finalization of these financial results, NCDs amounting to ₹ 25,000 lakhs have been issued to various investors on a private placement basis. These NCDs are listed on BSE Limited.

14 All secured NCDs issued by the Company are secured by way of a first ranking, exclusive and continuing charge on identified standard receivables ("Hypothecated Receivables") to maintain the value of security at all times equal to 1.10x (One Decimal One Zero times) or 110.0% (One Hundred and Ten Percent) of the aggregate amount of principal outstanding (including accrued interest) of the NCDs as per the respective term-sheets of outstanding secured NCDs. These NCDs are proposed to be guaranteed by the guarantor by way of the Government of India guarantee.

15 The Company is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

16 Previous period / year figures have been regrouped / reclassified, wherever found necessary, to conform to current period / year classification.

MAS FINANCIAL SERVICES LIMITED AHMEDABAD

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

Ahmedabad
11 November 2020

B S R & Co. LLP
Chartered Accountants

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Tower 4, Nesco Center,
Western Express Highway, Goregaon (East),
Mumbai – 400063

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Limited review report on unaudited quarterly and year-to-date consolidated financial results of MAS Financial Services Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
MAS Financial Services Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results of MAS Financial Services Limited (the 'Parent') and its subsidiary (the Parent and its subsidiary together referred to as the 'Group'), for the quarter ended 30 September 2020 and year to date results for the period from 1 April 2020 to 30 September 2020 (the 'Statement'), being submitted by the Parent pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (the 'SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations').

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 '*Interim Financial Reporting*' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 (the 'Act'), and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

Name of companies	**Relationship**
MAS Financial Services Limited	Parent
MAS Rural Housing & Mortgage Finance Limited	Subsidiary

MAS Financial Services Limited

Limited review report on unaudited quarterly and year-to-date consolidated financial results of MAS Financial Services Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *(Continued)*

5. As described in Note 5 to the Statement, during the current quarter, the Group has changed accounting policy of recognising gain on derecognition of loans upon assignment. As per the previous policy, such gain was recognised immediately in the profit or loss. As per the new policy adopted by the Group, such gain is recorded as unearned income on assigned loans under the head other non-financial liability and is amortised in the profit or loss over the period of the underlying residual terms of the assigned portfolio. This change in accounting policy would constitute a departure from the Indian Accounting Standards prescribed under section 133 of the Act (Ind AS 109 – '*Financial Instruments*') which requires the gain / loss to be recognised immediately in the profit or loss upon derecognition of assigned loans. In our view, this change in accounting policy is not in compliance with the requirements of Ind AS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*' that permits to change the accounting policy only if the change satisfies given criteria therein.

   Had the Group not revised its policy, other equity would have increased by Rs. 5,250.59 lakh, non-controlling interest would have increased by Rs. 63.67 lakh, deferred tax assets would have decreased by Rs. 1,792.04 lakh and liability on account of unearned income on assigned loans would have decreased by Rs. 7,106.30 lakh to Nil as at 30 September 2020. Further, gain on assignment would have decreased by Rs. 726.00 lakh and Rs. 867.08 lakh and deferred tax credit would have been increased by of Rs. 182.73 lakh and Rs. 218.24 lakh for the quarter ended 30 September 2020 and year-to-date results for the period from 1 April 2020 to 30 September 2020, respectively. There is no impact on the net cash flows of the Group.

6. Based on our review conducted and procedures performed as stated in paragraph 3 above, based on the consideration of the review reports of the other auditor referred to in paragraph 8 below, except for the effects / possible effects of the matters described in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. As described in Note 9 to the Statement, in respect of borrower accounts where moratorium benefit was granted, the staging of those accounts as at 30 September 2020 is based on the days past due status considering the benefit of moratorium period in accordance with COVID-19 Regulatory Package announced by Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020.

   Further, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.

   Our conclusion on the Statement is not modified in respect of these matters.

8. We did not review the interim financial information of the subsidiary included in the Statement, whose interim financial information reflect total assets of Rs. 27,565.91 lakh as at 30 September 2020 and total revenues of Rs. 932.91 lakh and Rs. 1,809.58 lakh, total net profit after tax of Rs. 117.34 lakh and Rs. 222.41 lakh and total comprehensive income of Rs. 131.64 lakh and Rs. 215.12 lakh, for the quarter ended 30 September 2020 and for the period from 1 April 2020 to 30 September 2020, respectively, and cash flows (net) of Rs. (191.68) lakh for the period from 1 April 2020 to 30 September 2020, as considered in the Statement.

MAS Financial Services Limited

Limited review report on unaudited quarterly and year-to-date consolidated financial results of MAS Financial Services Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *(Continued)*

This interim financial information has been reviewed by other auditor whose report has been furnished to us by management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

SAMEER HIRACHAND MOTA
Digitally signed by SAMEER HIRACHAND MOTA
Date: 2020.11.11 18:51:54 +05'30'

Sameer Mota
Partner
Membership No: 109928
UDIN: 20109928AAABCE2874

Mumbai
11 November 2020

MAS FINANCIAL SERVICES LTD.

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CIN: L65910GJ1995PLC026064

Statement of unaudited consolidated financial results for the quarter and half year ended 30 September 2020

(₹ in Lakh)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2020 (Unaudited)	30.06.2020 (Unaudited) (Revised refer note 6)	30.09.2019 (Unaudited) (Revised refer note 6)	30.09.2020 (Unaudited)	30.09.2019 (Unaudited) (Revised refer note 6)	31.03.2020 (Audited) (Revised refer note 6)
1	**INCOME**						
	(a) Revenue from operations						
	Interest income	12,967.67	14,979.88	14,904.10	27,947.55	29,451.52	59,690.94
	Gain on assignment of financial assets (Refer note 5)	2,470.45	1,585.09	2,426.65	4,055.54	4,859.43	10,098.08
	Fees and commission income	751.79	309.02	374.99	1,060.81	713.68	1,584.52
	Total revenue from operations	**16,189.91**	**16,873.99**	**17,705.74**	**33,063.90**	**35,024.63**	**71,373.54**
	(b) Other income	23.57	22.81	6.73	46.38	9.14	35.91
	Total income	**16,213.48**	**16,896.80**	**17,712.47**	**33,110.28**	**35,033.77**	**71,409.45**
2	**EXPENSES**						
	(a) Finance costs	7,513.38	7,474.71	7,787.64	14,988.09	14,838.26	29,611.20
	(b) Fees and commission expense	75.98	98.95	128.48	174.93	235.85	601.88
	(c) Impairment on financial instruments	2,529.53	2,988.21	2,246.55	5,517.74	3,532.30	8,894.53
	(d) Employee benefits expenses	818.28	959.17	1,432.36	1,777.45	2,818.96	5,869.00
	(e) Depreciation, amortisation and impairment	66.40	69.53	76.13	135.93	140.93	285.05
	(f) Other expenses	497.78	274.21	900.91	771.99	1,496.16	3,119.95
	Total expenses	**11,501.35**	**11,864.78**	**12,572.07**	**23,366.13**	**23,062.46**	**48,381.61**
3	**Profit before exceptional items and tax (1-2)**	**4,712.13**	**5,032.02**	**5,140.40**	**9,744.15**	**11,971.31**	**23,027.84**
4	Exceptional items	-	-	-	-	-	-
5	**Profit before tax (3-4)**	**4,712.13**	**5,032.02**	**5,140.40**	**9,744.15**	**11,971.31**	**23,027.84**
6	**Tax expense**						
	(a) Current tax	1,336.05	1,314.23	672.89	2,650.28	3,070.82	6,391.18
	(b) Short / (Excess) provision for tax relating to prior years	-	-	(96.10)	-	(96.10)	(95.99)
	Net current tax expense	1,336.05	1,314.23	576.79	2,650.28	2,974.72	6,295.19
	(c) Deferred tax expense/(credit)	(156.69)	(41.84)	436.23	(198.53)	412.96	(76.03)
	Total tax expense	**1,179.36**	**1,272.39**	**1,013.02**	**2,451.75**	**3,387.68**	**6,219.16**
7	**Profit for the period / year from continuing operations (5-6)**	3,532.77	3,759.63	4,127.38	7,292.40	8,583.63	16,808.68
8	Profit / (loss) from discontinued operations	-	-	-	-	-	-
9	Tax expense of discontinued operations	-	-	-	-	-	-
10	**Profit / (loss) from discontinued operations (after tax) (8-9)**	-	-	-	-	-	-
11	**Profit for the period / year (7+10)**	3,532.77	3,759.63	4,127.38	7,292.40	8,583.63	16,808.68
12	**Other comprehensive income (OCI)**						
	(a) (i) Items that will not be reclassified to profit or loss						
	- Re-measurement of the defined benefit liabilities	9.75	(8.45)	(11.36)	1.30	(14.24)	(33.82)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(2.45)	2.51	2.51	0.06	3.58	8.51
	Subtotal (a)	7.30	(5.94)	(8.85)	1.36	(10.66)	(25.31)
	(b) (i) Items that will be reclassified to profit or loss						
	- Loans and advances through other comprehensive Income	(835.86)	663.09	408.36	(172.77)	341.59	665.35
	(ii) Income tax relating to items that will be reclassified to profit or loss	210.39	(166.90)	(109.31)	43.49	(85.98)	(167.47)
	Subtotal (b)	(625.47)	496.19	299.05	(129.28)	255.61	497.88
	Other comprehensive income / (loss) (a+b)	**(618.17)**	**490.25**	**290.20**	**(127.92)**	**244.95**	**472.57**
13	**Total comprehensive income for the period / year (11+12)**	2,914.60	4,249.88	4,417.58	7,164.48	8,828.58	17,281.25
14	**Profit for the period / year attributable to**						
	Owners of the Parent	**3,485.44**	**3,717.25**	**4,083.36**	**7,202.69**	**8,494.11**	**16,739.40**
	Non-controlling interest	**47.33**	**42.38**	**44.02**	**89.71**	**89.52**	**69.28**
15	**Other comprehensive income for the period / year attributable to**						
	Owners of the Parent	**(623.94)**	**498.96**	**290.67**	**(124.98)**	**245.20**	**471.63**
	Non-controlling interest	**5.77**	**(8.71)**	**(0.47)**	**(2.94)**	**(0.25)**	**0.94**
16	**Total comprehensive income for the period / year attributable to**						
	Owners of the Parent	**2,861.50**	**4,216.21**	**4,374.03**	**7,077.71**	**8,739.31**	**17,211.03**
	Non-controlling interest	**53.10**	**33.67**	**43.55**	**86.77**	**89.27**	**70.22**
17	**Earnings per share (of ₹10 each) (not annualized for interim periods)**						
	(a) Basic (₹)	6.38	6.80	7.47	13.18	15.54	30.62
	(b) Diluted (₹)	6.38	6.80	7.47	13.18	15.54	30.62

MAS FINANCIAL SERVICES LIMITED
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CIN: L65910GJ1995PLC026064

Consolidated Balance Sheet

(₹ in Lakh)

Particulars	As at 30.09.2020 (Unaudited)	As at 31.03.2020 (Audited)
		(Revised refer note 6)
ASSETS		
Financial assets		
Cash and cash equivalents	1,63,008.43	1,04,554.26
Bank balance other than cash and cash equivalents	164.87	192.60
Loans	3,26,690.13	3,60,186.73
Investments	-	500.00
Other financial assets	7,493.61	8,092.50
Total financial assets	**4,97,357.04**	**4,73,526.09**
Non-financial assets		
Income tax assets (net)	326.80	223.22
Deferred tax assets (net)	1,868.07	1,626.01
Property, plant and equipment	1,212.61	1,282.91
Capital work-in-progress	4,918.83	4,821.34
Right-of-use asset	112.57	167.65
Other intangible assets	11.39	11.80
Other non-financial assets	339.38	317.82
Total non-financial assets	**8,789.65**	**8,450.75**
Total assets	**5,06,146.69**	**4,81,976.84**
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Payables		
(I)Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	469.00	812.78
(II) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Debt securities	30,955.15	5,989.18
Borrowings (other than debt securities)	2,69,765.26	2,73,599.82
Subordinated liabilities		
Other financial liabilities	85,114.66	91,051.12
Total financial liabilities	**3,86,304.07**	**3,71,452.90**
Non-financial liabilities		
Current tax liabilities (net)	90.06	-
Provisions	82.06	47.22
Other non-financial liabilities	8,301.86	9,852.83
Total non-financial liabilities	**8,473.98**	**9,900.05**
Total liabilities	**3,94,778.05**	**3,81,352.95**
EQUITY		
Equity share capital	5,466.20	5,466.20
Other equity	1,03,897.86	93,241.97
Equity attributable to the owners of the Holding Company	**1,09,364.06**	**98,708.17**
Non-controlling interest	2,004.58	1,915.72
Total equity	**1,11,368.64**	**1,00,623.89**
Total liabilities and equity	**5,06,146.69**	**4,81,976.84**

MAS FINANCIAL SERVICES LIMITED * AHMEDABAD *

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Consolidated Statement of Cash flow

(₹ in Lakh)

Sr. No.	Particulars	Half year ended 30.09.2020 (Unaudited)		Half year ended 30.09.2019 (Unaudited) (Revised refer note 6)	
A.	CASH FLOW FROM OPERATING ACTIVITIES				
	Profit before exceptional items and tax		**9,744.15**		**11,971.31**
	Adjustments for :				
	Depreciation and amortisation	135.93		140.93	
	Finance cost	14,988.09		14,838.26	
	Provision for impairment on financial assets	3,603.77		99.20	
	Loans written off (net of recoveries)	1,913.97		3,433.10	
	(Profit) / loss on sale of property, plant and equipment	1.38		0.72	
	Loss on sale of repossessed assets	81.63		164.73	
	Interest income	(25,581.39)		(27,740.94)	
	Interest income from deposits	(1,514.85)		(785.13)	
	Income received in advance	8.70		(5.21)	
	Interest income from NCD measured at amortised cost	(39.25)		-	
	Gain on derecognition of leased asset	-		(0.30)	
			(6,402.02)		(9,854.64)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		3,342.13		2,116.67
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Loans and advances	24,693.36		(51,070.67)	
	Deposits given as collateral	3.85		(4.05)	
	Bank balance other than cash and cash equivalents	37.90		989.65	
	Other non-financial asset	762.72		147.74	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	(343.78)		212.90	
	Security deposits from borrowers	(9,444.29)		668.11	
	Other financial and non-financial liabilities	3,977.78		2,499.10	
	Provisions	34.84		24.19	
			19,722.38		(46,533.03)
	CASH GENERATED FROM / (USED IN) OPERATIONS		23,064.51		(44,416.36)
	Interest income received	32,274.41		28,433.88	
	Finance cost paid	(16,810.54)		(14,504.24)	
	Income tax paid (net)	(2,663.79)		(5,040.98)	
			12,800.08		8,888.66
	CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		**35,864.59**		**(35,527.70)**
B.	CASH FLOW FROM INVESTING ACTIVITIES				
	Capital expenditure on property, plant and equipments and intangible assets, including capital advances	(109.01)		(230.08)	
	Proceeds from sale of property, plant and equipments and intangible assets	-		0.31	
	Change in Earmarked balances with banks	(10.17)		58.62	
	Interest income from bank deposits	1,242.51		781.30	
	Interest income on investments measured at amortised cost	42.02		-	
	Proceeds from redemption of investments	500.00		-	
	CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**1,665.35**		610.15
C.	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds from debt securities and borrowings	25,000.00		67,000.01	
	Repayments of borrowings	(7,265.14)		(19,993.89)	
	Net decrease in working capital borrowings	3,247.43		(7,907.47)	
	Repayment of principal component of lease liability	(58.06)		(57.01)	
	Dividends paid including dividend distribution tax	-		(2,420.83)	
	CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)		**20,924.23**		**36,620.81**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**58,454.17**		**1,703.26**
	Cash and cash equivalents at the beginning of the period		1,04,554.26		39,699.95
	Cash and cash equivalents at the end of the period		**1,63,008.43**		**41,403.21**

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CIN: L65910GJ1995PLC026064

Components of cash and cash equivalents

(₹ in Lakh)

Particulars	Half year ended 30.09.2020	Half year ended 30.09.2019
Cash and bank balances comprises:		
(a) Cash on hand	17.86	12.76
(b) Balances with banks	53,367.43	21,011.45
Total	**53,385.29**	**21,024.21**
Bank deposits with original maturity of 3 months or less	109,623.14	20,379.00
Cash and cash equivalents as per the balance sheet	**163,008.43**	**41,403.21**

The above cash flow statement has been prepared under the 'indirect method' as set out in the Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

Change in liabilities arising from financing activities

(₹ in Lakh)

Particulars	As on 31.03.2020	Cash flows	Non-cash changes*	As on 30.09.2020
Debt securities	5,989.18	25,000.00	(34.03)	30,955.15
Borrowings other than debt securities	273,599.82	(4,017.71)	183.15	269,765.26
Total liabilities from financing activities	279,589.00	20,982.29	149.12	300,720.41

* Non-cash changes represents the effect of amortization of transaction cost.

Notes :

1 The unaudited consolidated financial results of MAS Financial Services Limited (the 'Parent') and its subsidiary (collectively referred to as the 'Group') have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (referred to as 'Ind AS') - 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations'). Any application guidance/ clarifications/ directions issued by Reserve Bank of India ('RBI') or other regulators are implemented as and when they are issued/ applicable.

2 The unaudited consolidated financial results for the quarter and half year ended 30 September 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Parent at its meeting held on 11 November 2020.

3 In compliance with the SEBI Listing Regulations, a limited review of the consolidated financial results for the quarter and half year ended 30 September 2020 has been carried out by the Statutory Auditors.

4 The accounting policies and practices followed in the preparation of the consolidated financial results for the quarter and half year ended 30 September 2020 are the same as those followed in the preparation of the financial statement for the year ended 31 March 2020, except for the change in accounting policy as explained in note no. 5 below.

5 Till previous quarter, on derecognition of loans in its entirety upon assignment, as per Ind AS 109 *'Financial Instruments'*, the Group 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 Group, 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. 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 Group's financial position, financial performance and cash flows, the Group has departed from the requirements of Ind AS 109 during the quarter.

Accordingly, the Group has changed its policy in current 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 Group believes that by following new policy, the above objective will be achieved.

The new accounting policy has been implemented retrospectively from the beginning of the earliest period presented i.e. 1 April 2019. On account of new policy, in case of derecognition of loans upon assignment prior to 1 April 2019, where underlying residual terms of the assigned portfolio was falling on or after 1 April 2019, the Group has reduced other equity by ₹ 4,633.29 lakh, reduced the deferred tax liability by ₹ 2,495.39 lakh, reduced non-controlling interest by ₹ 12.35 lakh and recognized unearned income on assigned loans under the head other non-financial liabilities ₹ 7,141.03 lakh.

Had the Group not revised its policy, other equity would have increased by ₹ 5,250.59 lakh, non-controlling interest would have increased by ₹ 63.67 lakh, deferred tax assets would have decreased by ₹ 1,792.04 lakh and liability on unearned income would have decreased by ₹ 7,106.30 lakh to Nil as at 30 September 2020. Had the Group followed the accounting which it followed hitherto, the Group would have recognized gain on assignment of ₹ 1,744.45 lakh and ₹ 3,188.46 lakh for the quarter ended and year-to-date results for the period from 1 April 2020 to 30 September 2020, respectively. As per the new policy, the Group has recognized gain on assignment (on amortised basis) of ₹ 2,470.45 lakh and ₹ 4,055.54 lakh for the quarter ended and year-to-date results for the period from 1 April 2020 to 30 September 2020, respectively. Accordingly, gain on assignment would have decreased by ₹ 726.00 lakh and ₹ 867.08 lakh and deferred tax credit would have increased by ₹ 182.73 lakh and ₹ 218.24 lakh for the quarter ended and year-to-date results for the period from 1 April 2020 to 30 September 2020, respectively. There is no impact on the net cash flow of the Group.

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6 As per the requirement of Ind AS 8 and Ind AS 34, the Group 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 as per point no. 5 above. The Group has also restated the financial information of previous financial year 2019-20. The following table summarises the reconciliation of figures restated with previously reported figures:

Particulars	Quarter ended		Half year	Year ended
	30.06.2020	30.09.2019	30.09.2019	31.03.2020
Revised gain on assignment of financial assets	1,585.09	2,426.65	4,859.43	10,098.08
Impact due to change in accounting policy	(141.08)	(7.73)	(437.17)	832.35
Gain on assignment as previously reported before policy change	**1,444.01**	**2,418.92**	**4,422.26**	**10,930.43**
Revised profit before tax	**5,032.02**	**5,140.40**	**11,971.31**	**23,027.84**
Add/(Less) adjustments for:				
Gain on assignment of financial assets reversed (recognised on date of assignment)	1,444.01	2,418.92	4,422.26	10,930.43
Gain on assignment of financial assets recorded (on amortisation basis)	(1,585.09)	(2,426.65)	(4,859.43)	(10,098.08)
Profit before tax as previously reported before policy change	**4,890.94**	**5,132.67**	**11,534.14**	**23,860.19**
Revised deferred tax expense / (credit)	(41.84)	436.23	412.96	(76.03)
Impact due to change in accounting policy	(35.51)	(654.70)	(804.64)	(485.11)
Deferred tax credit as previously reported before policy change	**(77.35)**	**(218.47)**	**(391.68)**	**(561.14)**
Revised profit after tax	**3,759.63**	**4,127.38**	**8,583.63**	**16,808.68**
Add/(Less) adjustments for:				
Gain on assignment of financial assets reversed (recognised on date of assignment)	1,444.01	2,418.92	4,422.26	10,979.51
Gain on assignment of financial assets recorded (on amortisation basis)	(1,585.09)	(2,426.65)	(4,859.43)	(10,147.16)
Tax Impact on above adjustments	35.51	654.70	804.64	485.11
Profit after tax as previously reported before policy change	**3,654.06**	**4,774.35**	**8,951.10**	**18,126.14**
Revised profit for the period / year attributable to owners of the parent	3,717.25	4,083.36	8,494.11	16,739.40
Impact due to change in accounting policy	(101.54)	647.14	368.14	1,256.36
Profit for the period / year attributable to owners of the parent as previously reported before policy change	3,615.71	4,730.50	8,862.25	17,995.76
Revised profit for the period / year attributable to non-controlling interest	42.38	44.02	89.52	69.28
Impact due to change in accounting policy	(4.03)	(0.17)	(0.67)	61.10
Profit for the period / year attributable to non-controlling interest as previously reported before policy change	38.35	43.85	88.85	130.38
Revised basic earnings per share	6.80	7.47	15.54	30.62
Impact due to change in accounting policy	(0.19)	1.26	0.84	2.30
Basic earnings per share as previously reported before policy change	**6.61**	**8.73**	**16.38**	**32.92**
Restated diluted earnings per share	6.80	7.47	15.54	30.62
Impact due to change in accounting policy	(0.19)	1.26	0.84	2.30
Diluted earnings per share as previously reported before policy change	**6.61**	**8.73**	**16.38**	**32.92**

Particulars	As on 31.03.2020
Revised other equity	**93,241.97**
Impact due to change in accounting policy	5,889.67
Other equity as previously reported before policy change	**99,131.64**
Revised other non-financial liabilities	9,852.83
Impact due to change in accounting policy	(7,973.38)
Other non-financial liabilities as previously reported before policy change	**1,879.45**
Revised deferred tax asset / (liability)	1,626.01
Impact due to change in accounting policy	(2,010.29)
Deferred tax asset / (liability) as previously reported before policy change	**(384.28)**
Revised non-controlling interest	1,915.72
Impact due to change in accounting policy	73.43
Non-controlling interest as previously reported before policy change	**1,989.15**

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7 The Board of Directors of the Parent had declared an interim dividend of ₹ 2 per equity share of ₹ 10 at its meeting held on 6 November 2019. The dividend was subsequently paid on 26 November 2019. Further, second interim dividend of ₹ 6 per equity share of ₹ 10 was declared at its meeting held on 19 February 2020. The said dividend was subsequently paid on 6 March 2020.

8 The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Group has elected to apply the concessional tax rate and has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate since quarter ended 30 September 2019.

9 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. RBI has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020, 17 April 2020 and 23 May 2020 and in accordance therewith, the Group has offered loan moratorium of up to six months on the payment of all principal instalments and / or interest, as applicable, falling due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation does not automatically trigger a significant increase in credit risk. The Group continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers, along with the associated impact on the Indian and global economy. The Group has been duly servicing its debt obligations, maintaining a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the year ended 31 March 2020, the Group 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 Group'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 30 September 2020 aggregates ₹ 9,777.19 lakh (as at 30 June 2020, ₹ 8,853.75 lakh) which includes potential impact on account of the pandemic of ₹ 168.60 lakh and ₹ 3,231.26 lakh for the quarter and half year ended 30 September 2020 respectively. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate.

The extent to which the COVID-19 pandemic will impact the Group's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Group. Given the uncertainty over the potential macro- economic condition, the impact of COVID-19 pandemic may be different from that estimated as at the date of approval of these financial results and the Group will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

The Honourable Supreme Court of India in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020, has directed that no additional borrower accounts shall be classified as impaired ('non-performing assets' or 'NPA') which were not declared NPA till 31 August 2020, till further orders. Basis the said interim order, the Group has not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. Pending disposal of the case, as at 30 September 2020, the Group, as a matter of prudence has created additional management overlay had the Group impaired the accounts after 31 August 2020.

10 In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian Accounting Standards, Non-Banking Financial Companies ('NBFCs') are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and income recognition asset classification and provisioning ('IRACP') norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Group exceeds the total provision required under IRACP (including standard assets provisioning), as at 30 September 2020 and accordingly, no amount is required to be transferred to impairment reserve.

11 The Board of Directors of the Parent in its meeting held on 16 June 2020 had approved issuance of non-convertible debentures ('NCDs') in tranches up to ₹ 50,000 lakh on a private placement basis. Up to the date of finalization of these financial results, NCDs amounting to ₹ 25,000 lakhs have been issued to various investors on a private placement basis. These NCDs are listed on BSE Limited.

12 All secured NCDs issued by the Parent are secured by way of a first ranking, exclusive and continuing charge on identified standard receivables ("Hypothecated Receivables") to maintain the value of security at all times equal to 1.10x (One Decimal One Zero times) or 110.0% (One Hundred and Ten Percent) of the aggregate amount of principal outstanding (including accrued interest) of the NCDs as per the respective term-sheets of outstanding secured NCDs. These NCDs are proposed to be guaranteed by the Guarantor by way of the Government of India Guarantee.

13 The Group is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Group.

14 Previous period / year figures have been regrouped / reclassified, wherever found necessary, to conform to current period / year classification.

MAS FINANCIAL SERVICES LIMITED * AHMEDABAD *

Ahmedabad
11 November 2020

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