The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2021/10

10th February, 2021

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

Scrip Code: **540749, 947381**

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

Dear Sir,

Sub.: Outcome of Board Meeting of the Company held today i.e. Wednesday, 10th February, 2021.

The Board of Directors of the Company in its Meeting held today i.e. on 10th February, 2021 has inter alia:

1. Formed, reviewed and updated various policies of the Company;
2. Approved the unaudited Standalone Financial Results of the Company for the quarter and nine months ended on 31st December, 2020 along with Limited Review Report issued by the Statutory Auditors of the Company; and
3. Approved unaudited Consolidated Financial Results of the Company for the quarter and nine months ended on 31st December, 2020 along with Limited Review Report issued by the Statutory Auditors of the Company.

The said meeting of the Board of Directors **commenced at 05:00 P.M.** and **concluded at 07:00 P.M.**

As required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, all the above mentioned documents will be uploaded on the Stock Exchange websites at **www.nseindia.com** and **www.bseindia.com** and will also be simultaneously posted on the website of the Company at www.mas.co.in.

You are requested to take the same on record.
Thanking you,

Yours faithfully,
FOR, MAS FINANCIAL SERVICES LIMITED

Riddhi

RIDDHI BHAVESHBHAI BHAYANI
(COMPANY SECRETARY & COMPLIANCE OFFICER)
MEMBERSHIP NO.: A41206
Encl.: As Above

MAS FINANCIAL SERVICES LIMITED AHMEDABAD

B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai – 400063

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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 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 31 December 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 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 previous quarter ended 30 September 2020, the Company had changed accounting policy for recognising gain on derecognition of loans upon assignment. As per the previous policy, such gain was recognised immediately in the statement of 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 statement of 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 statement of profit or loss upon derecognition of assigned loans. In our view, this change in accounting policy was 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, gain on assignment would have decreased by Rs. 1,760.33 lakh and Rs. 2,595.02 lakh and deferred tax credit would have been increased by of Rs. 443.08 lakh and Rs. 653.17 lakh for the quarter ended 31 December 2020 and year-to-date results for the period from 1 April 2020 to 31 December 2020, respectively.

Am

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 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 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 8 to the Statement, in respect of borrower accounts where moratorium benefit was granted, the staging of those accounts as at 31 December 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 no additional borrower accounts have been classified as impaired (non-performing assets) which were not declared non-performing till 31 August 2020, in view of the Supreme Court order dated 3 September 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 n...

Sameer Mota
Partner
Membership No: 109928
UDIN: 21109928AAAACX4231

Mumbai
10 February 2021

MAS FINANCIAL SERVICES LIMITED

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CIN: L65910GJ1995PLC026064

Statement of unaudited standalone financial results for the quarter and nine month period ended 31 December 2020

(₹ in Lakh)

Sr. No.	Particulars	Quarter ended 31.12.2020 (Unaudited)	Quarter ended 30.09.2020 (Unaudited)	Quarter ended 31.12.2019 (Unaudited) (Restated refer note 6)	Nine month ended 31.12.2020 (Unaudited)	Nine month ended 31.12.2019 (Unaudited) (Restated refer note 6)	Year ended 31.03.2020 (Audited) (Restated refer note 6)
1	**INCOME**						
	(a) Revenue from operations						
	Interest income	10,800.94	11,987.76	14,354.43	36,912.68	41,712.31	55,509.01
	Gain on assignment of financial assets (Refer note 5)	2,293.92	2,451.43	2,534.55	6,317.07	7,390.08	10,117.19
	Fees and commission income	1,051.87	748.32	427.14	2,103.46	1,138.04	1,573.89
	Total revenue from operations	**14,146.73**	**15,187.51**	**17,316.12**	**45,333.21**	**50,240.43**	**67,200.09**
	(b) Other income	62.32	38.22	22.13	141.15	42.62	71.75
	Total income	**14,209.05**	**15,225.73**	**17,338.25**	**45,474.36**	**50,283.05**	**67,271.84**
2	**EXPENSES**						
	(a) Finance costs	6,393.87	7,011.52	6,724.71	20,340.80	20,339.21	27,220.31
	(b) Fees and commission expense	276.83	75.98	168.78	451.76	404.63	601.88
	(c) Impairment on financial instruments	1,348.61	2,401.06	1,739.53	6,736.98	5,114.86	8,247.29
	(d) Employee benefits expenses	728.29	701.83	1,436.77	2,242.46	3,963.55	5,240.79
	(e) Depreciation, amortisation and impairment	53.14	55.04	58.92	165.23	172.28	231.51
	(f) Other expenses	570.76	417.20	722.70	1,244.43	2,108.05	2,913.86
	Total expenses	**9,371.50**	**10,662.63**	**10,851.41**	**31,181.66**	**32,102.58**	**44,455.64**
3	**Profit before exceptional items and tax (1-2)**	**4,837.55**	**4,563.10**	**6,486.84**	**14,292.70**	**18,180.47**	**22,816.20**
4	Exceptional items	-	-	-	-	-	-
5	**Profit before tax (3-4)**	**4,837.55**	**4,563.10**	**6,486.84**	**14,292.70**	**18,180.47**	**22,816.20**
6	**Tax expense**						
	(a) Current tax	1,484.21	1,298.05	1,670.10	4,068.69	4,685.62	6,291.68
	(b) Short / (excess) provision for tax relating to prior years	-	-	-	-	(96.10)	(96.10)
	Net current tax expense	1,484.21	1,298.05	1,670.10	4,068.69	4,589.52	6,195.58
	(c) Deferred tax expense/(credit)	(264.70)	(155.35)	(17.72)	(473.66)	385.45	(34.73)
	Total tax expense	**1,219.51**	**1,142.70**	**1,652.38**	**3,595.03**	**4,974.97**	**6,160.85**
7	**Profit for the period / year from continuing operations (5-6)**	**3,618.04**	**3,420.40**	**4,834.46**	**10,697.67**	**13,205.50**	**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)**	**3,618.04**	**3,420.40**	**4,834.46**	**10,697.67**	**13,205.50**	**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	(0.38)	6.66	(6.70)	(1.14)	(20.10)	(29.68)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.10	(1.68)	1.69	0.29	5.06	7.47
	Sub-total (a)	(0.28)	4.98	(5.01)	(0.85)	(15.04)	(22.21)
	(b) (i) Items that will be reclassified to profit or loss						
	- Loans and advances through other comprehensive Income	1,036.97	(851.87)	(64.32)	876.52	277.27	658.09
	(ii) Income tax relating to items that will be reclassified to profit or loss	(261.01)	214.42	16.19	(220.62)	(69.79)	(165.64)
	Sub-total (b)	775.96	(637.45)	(48.13)	655.90	207.48	492.45
	Other comprehensive income / (loss) (a+b)	**775.68**	**(632.47)**	**(53.14)**	**655.05**	**192.44**	**470.24**
13	**Total comprehensive income for the period / year (11+12)**	**4,393.72**	**2,787.93**	**4,781.32**	**11,352.72**	**13,397.94**	**17,125.59**
14	**Earnings per share (of ₹10 each) (not annualized for interim periods)**						
	(a) Basic (₹)	6.62	6.26	8.84	19.57	24.16	30.47
	(b) Diluted (₹)	6.62	6.26	8.84	19.57	24.16	30.47

MAS FINANCIAL SERVICES LIMITED AHMEDABAD

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CIN: L65910GJ1995PLC026064

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 nine month period ended 31 December 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 10 February 2021.

3 In compliance with the SEBI Listing Regulations, a limited review of the standalone financial results for the quarter and nine month period ended 31 December 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 nine month period ended 31 December 2020 are the same as those followed in the preparation of the standalone financial statement for the year ended 31 March 2020, except for the change in accounting policy as explained in note no. 5 below.

5 **Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront and management's response to comments of the statutory auditors in the Limited Review Report:**

With regards to comments of the statutory auditors in paragraph 4 of the limited review report, it is submitted that, till quarter ended 30 June 2020, on derecognition of loans in its entirely 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 statement of 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 had departed from the requirements of Ind AS 109 during the quarter ended 30 September 2020.

Accordingly, the Company had changed its policy in quarter ended 30 September 2020 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 ₹ 3,839.18 lakh, deferred tax assets would have decreased by ₹ 1,291.34 lakh and liability on unearned income would have decreased by ₹ 5,130.52 lakh to Nil as at 31 December 2020. Had the Company followed the accounting policy which it followed hitherto, the Company would have recognized gain on assignment of ₹ 533.59 lakh and ₹ 3,722.05 lakh for the quarter ended and year-to-date results for the period from 1 April 2020 to 31 December 2020, respectively. As per the new policy, the Company has recognized gain on assignment (on amortised basis) of ₹ 2,293.92 lakh and ₹ 6,317.07 lakh for the quarter ended 31 December 2020 and year-to-date results for the period from 1 April 2020 to 31 December 2020, respectively. Accordingly, gain on assignment would have decreased by ₹ 1,760.33 lakh and ₹ 2,595.02 lakh and deferred tax credit would have increased by ₹ 443.08 lakh and ₹ 653.17 lakh for the quarter ended 31 December 2020 and year-to-date results for the period from 1 April 2020 to 31 December 2020, respectively.

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	Nine month ended	Year ended
	31.12.2019	31.12.2019	31.03.2020
Revised gain on assignment of financial assets	**2,534.55**	**7,390.08**	**10,117.19**
Impact due to change in accounting policy	905.76	472.49	631.56
Gain on assignment as previously reported before policy change	**3,440.31**	**7,862.57**	**10,748.75**
Revised profit before tax	**6,486.84**	**18,180.47**	**22,816.20**
Add/(Less) adjustments for:			
Gain on assignment of financial assets reversed (recognised on date of assignment)	3,440.31	7,862.56	10,748.75
Gain on assignment of financial assets recorded (on amortisation basis)	(2,534.55)	(7,390.08)	(10,117.19)
Profit before tax as previously reported before policy change	**7,392.60**	**18,652.95**	**23,447.76**
Revised deferred tax expense / (credit)	**(17.72)**	**385.45**	**(34.73)**
Impact due to change in accounting policy	227.98	(574.44)	(534.40)
Deferred tax credit as previously reported before policy change	**210.26**	**(188.99)**	**(569.13)**
Revised profit after tax	**4,834.46**	**13,205.50**	**16,656.35**
Add/(Less) adjustments for:			
Gain on assignment of financial assets reversed (recognised on date of assignment)	3,440.31	7,862.56	10,748.75
Gain on assignment of financial assets recorded (on amortisation basis)	(2,534.55)	(7,390.08)	(10,117.19)
Tax impact on above adjustments	(227.98)	574.44	534.40
Profit after tax as previously reported before policy change	**5,512.24**	**14,252.42**	**17,821.31**
Revised basic earnings per share	**8.84**	**24.16**	**30.47**
Impact due to change in accounting policy	1.24	1.92	2.13
Basic earnings per share as previously reported before policy change	**10.08**	**26.07**	**32.60**
Revised diluted earnings per share	**8.84**	**24.16**	**30.47**
Impact due to change in accounting policy	1.24	1.92	2.13
Diluted earnings per share as previously reported before policy change	**10.08**	**26.07**	**32.60**

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MAS FINANCIAL SERVICES LIMITED AHMEDABAD

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CIN: L65910GJ1995PLC026064

Particulars	As on 31.03.2020
Revised other equity	**92,624.19**
Impact due to change in accounting policy	5,781.02
Other equity as previously reported before policy change	**98,405.21**
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 In accordance with the board approved moratorium policy read with the RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. 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 separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. As at 31 December 2020, the cumulative amount of management overlay provisions stood at ₹ 5,604.83 lakh in the standalone financial results, to reflect deterioration in the macroeconomic outlook. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial results. Management will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Company.

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 ('interim order'), 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. Based on the said interim order, the Company has not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. The Company, as a matter of prudence has created an additional management overlay of ₹ 151.01 lakh and ₹ 172.57 lakh for the quarter ended 31 December 2020 and year to date period from 1 April 2020 to 31 December 2020 respectively.

9 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 31 December 2020 and accordingly, no amount is required to be transferred to impairment reserve.

10 The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ('the Scheme'), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. During the quarter, the Company has implemented the Scheme and credited the accounts of the eligible borrowers as per the Scheme. Further, the Company has filed claim for reimbursement as per the procedure specified in the Scheme.

11 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 lakh 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 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.

13 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the provident fund Act and the gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

14 The Company is engaged primarily inthe 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.

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

Ahmedabad
10 February 2021

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

FINANCIAL SERVICES LIMITED MAS AHMEDABAD

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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 31 December 2020 and year to date results for the period from 1 April 2020 to 31 December 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

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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 quarter ended 30 September 2020, the Group had changed accounting policy for 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, gain on assignment would have decreased by Rs. 1,779.55 lakh and Rs. 2,646.63 lakh and deferred tax credit would have been increased by of Rs. 447.91 lakh and Rs. 666.16 lakh for the quarter ended 31 December 2020 and year-to-date results for the period from 1 April 2020 to 31 December 2020, respectively.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and 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.

6. As described in Note 8 to the Statement, in respect of borrower accounts where moratorium benefit was granted, the staging of those accounts as at 31 December 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 no additional borrower accounts have been classified as impaired (non-performing assets) which were not declared non-performing till 31August 2020, in view of the Supreme Court order dated 3 September 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.

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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)*

7. We did not review the interim financial information of the subsidiary included in the Statement, whose interim financial information reflect total revenues of Rs. 860.11 lakh and Rs. 2,669.69 lakh, total net profit after tax of Rs. 45.87 lakh and Rs. 268.28 lakh and total comprehensive income of Rs. 10.44 lakh and Rs. 225.56 lakh, for the quarter ended 31 December 2020 and for the period from 1 April 2020 to 31 December 2020, respectively, as considered in the Statement. 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.M

Sameer Mota
Partner
Membership No: 109928
UDIN: 21109928AAAACY7596

Mumbai
10 February 2021

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Statement of unaudited consolidated financial results for the quarter and nine month period ended 31 December 2020

(₹ in Lakh)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited) (Restated refer note 6)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited) (Restated refer note 6)	31.03.2020 (Audited) (Restated refer note 6)
1	**INCOME**						
	(a) Revenue from operations						
	Interest income	11,632.22	12,893.01	15,313.15	39,505.11	44,612.90	59,282.81
	Gain on assignment of financial assets (Refer note 5)	2,313.14	2,470.45	2,536.70	6,368.68	7,396.13	10,098.08
	Fees and commission income	1,056.56	751.79	430.07	2,117.37	1,143.75	1,584.52
	Total revenue from operations	**15,001.92**	**16,115.25**	**18,279.92**	**47,991.16**	**53,152.78**	**70,965.41**
	(b) Other income	7.81	23.57	11.84	54.19	20.98	35.91
	Total income	**15,009.73**	**16,138.82**	**18,291.76**	**48,045.35**	**53,173.76**	**71,001.32**
2	**EXPENSES**						
	(a) Finance costs	6,895.63	7,553.22	7,336.93	21,923.56	22,214.25	29,629.81
	(b) Fees and commission expense	276.83	75.98	168.78	451.76	404.63	601.88
	(c) Impairment on financial instruments	1,452.46	2,454.87	1,766.77	6,895.54	5,127.07	8,466.17
	(d) Employee benefits expenses	860.18	818.28	1,606.08	2,637.63	4,425.04	5,869.00
	(e) Depreciation, amortisation and impairment	63.56	66.40	71.72	199.49	212.65	285.05
	(f) Other expenses	604.73	457.94	796.65	1,336.88	2,273.98	3,121.57
	Total expenses	**10,153.39**	**11,426.69**	**11,746.93**	**33,444.86**	**34,657.62**	**47,973.48**
3	**Profit before exceptional items and tax (1-2)**	**4,856.34**	**4,712.13**	**6,544.83**	**14,600.49**	**18,516.14**	**23,027.84**
4	Exceptional items	-	-	-	-	-	-
5	**Profit before tax (3-4)**	**4,856.34**	**4,712.13**	**6,544.83**	**14,600.49**	**18,516.14**	**23,027.84**
6	**Tax expense**						
	(a) Current tax	1,513.71	1,336.05	1,694.60	4,163.99	4,765.42	6,391.18
	(b) Short / (Excess) provision for tax relating to prior years	-	-	0.11	-	(95.99)	(95.99)
	Net current tax expense	1,513.71	1,336.05	1,694.71	4,163.99	4,669.43	6,295.19
	(c) Deferred tax expense/(credit)	(276.13)	(156.69)	(20.74)	(474.66)	392.22	(76.03)
	Total tax expense	**1,237.58**	**1,179.36**	**1,673.97**	**3,689.33**	**5,061.65**	**6,219.16**
7	**Profit for the period / year from continuing operations (5-6)**	**3,618.76**	**3,532.77**	**4,870.86**	**10,911.16**	**13,454.49**	**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)**	**3,618.76**	**3,532.77**	**4,870.86**	**10,911.16**	**13,454.49**	**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	0.65	9.75	(7.12)	1.95	(21.36)	(33.82)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.17)	(2.45)	1.80	(0.11)	5.38	8.51
	Subtotal (a)	0.48	7.30	(5.32)	1.84	(15.98)	(25.31)
	(b) (i) Items that will be reclassified to profit or loss						
	- Loans and advances through other comprehensive Income	988.59	(835.86)	(64.32)	815.82	277.27	665.35
	(ii) Income tax relating to items that will be reclassified to profit or loss	(248.83)	210.39	16.19	(205.34)	(69.79)	(167.47)
	Subtotal (b)	739.76	(625.47)	(48.13)	610.48	207.48	497.88
	Other comprehensive income / (loss) (a+b)	**740.24**	**(618.17)**	**(53.45)**	**612.32**	**191.50**	**472.57**
13	**Total comprehensive income for the period / year (11+12)**	**4,359.00**	**2,914.60**	**4,817.41**	**11,523.48**	**13,645.99**	**17,281.25**
14	**Profit for the period / year attributable to**						
	Owners of the Parent	**3,600.26**	**3,485.44**	**4,855.40**	**10,802.95**	**13,349.51**	**16,739.40**
	Non-controlling interest	**18.50**	**47.33**	**15.46**	**108.21**	**104.98**	**69.28**
15	**Other comprehensive income for the period / year attributable to**						
	Owners of the Parent	**754.53**	**(623.94)**	**(53.32)**	**629.55**	**191.88**	**471.63**
	Non-controlling interest	**(14.29)**	**5.77**	**(0.13)**	**(17.23)**	**(0.38)**	**0.94**
16	**Total comprehensive income for the period / year attributable to**						
	Owners of the Parent	**4,354.79**	**2,861.50**	**4,802.08**	**11,432.50**	**13,541.39**	**17,211.03**
	Non-controlling interest	**4.21**	**53.10**	**15.33**	**90.98**	**104.60**	**70.22**
17	**Earnings per share (of ₹10 each) (not annualized for interim periods)**						
	(a) Basic (₹)	6.59	6.38	8.88	19.76	24.42	30.62
	(b) Diluted (₹)	6.59	6.38	8.88	19.76	24.42	30.62

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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 nine month period ended 31 December 2020 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Parent at its meeting held on 10 February 2021.

3 In compliance with the SEBI Listing Regulations, a limited review of the consolidated financial results for the quarter and nine month period ended 31 December 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 nine month period ended 31 December 2020 are the same as those followed in the preparation of the consolidated financial statement for the year ended 31 March 2020, except for the change in accounting policy as explained in note no. 5 below.

5 **Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront and management's response to comments of the statutory auditors in the Limited Review Report:**

With regards to comments of the statutory auditors in paragraph 5 of the limited review report, it is submitted that, till quarter ended 30 June 2020, 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 statement of 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 had departed from the requirements of Ind AS 109 during the quarter ended 30 September 2020.

Accordingly, the Group had changed its policy in quarter ended 30 September 2020 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 ₹ 3,924.77 lakh, non-controlling interest would have increased by ₹ 57.86 lakh, deferred tax assets would have decreased by ₹ 1,344.11 lakh and liability on unearned income would have decreased by ₹ 5,326.74 lakh to Nil as at 31 December 2020. Had the Group followed the accounting which it followed hitherto, the Group would have recognized gain on assignment of ₹ 533.59 lakh and ₹ 3,722.05 lakh for the quarter ended and year-to-date results for the period from 1 April 2020 to 31 December 2020, respectively. As per the new policy, the Group has recognized gain on assignment (on amortised basis) of ₹ 2,313.14 lakh and ₹ 6,368.68 lakh for the quarter ended 31 December 2020 and year-to-date results for the period from 1 April 2020 to 31 December 2020, respectively. Accordingly, gain on assignment would have decreased by ₹ 1,779.55 lakh and ₹ 2,646.63 lakh and deferred tax credit would have increased by ₹ 447.91 lakh and ₹ 666.16 lakh for the quarter ended 31 December 2020 and year-to-date results for the period from 1 April 2020 to 31 December 2020, respectively.

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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 31.12.2019	Nine month ended 31.12.2019	Year ended 31.03.2020
Revised gain on assignment of financial assets	2,536.70	7,396.13	10,098.08
Impact due to change in accounting policy	979.29	542.12	832.35
Gain on assignment as previously reported before policy change	**3,515.99**	**7,938.25**	**10,930.43**
Revised profit before tax	**6,544.83**	**18,516.14**	**23,027.84**
Add/(Less) adjustments for:			
Gain on assignment of financial assets reversed (recognised on date of assignment)	3,515.99	7,938.25	10,930.43
Gain on assignment of financial assets recorded (on amortisation basis)	(2,536.70)	(7,396.13)	(10,098.08)
Profit before tax as previously reported before policy change	**7,524.12**	**19,058.26**	**23,860.19**
Revised deferred tax expense / (credit)	(20.74)	392.22	(76.03)
Impact due to change in accounting policy	246.48	(558.16)	(485.11)
Deferred tax credit as previously reported before policy change	**225.74**	**(165.94)**	**(561.14)**
Revised profit after tax	**4,870.86**	**13,454.49**	**16,808.68**
Add/(Less) adjustments for:			
Gain on assignment of financial assets reversed (recognised on date of assignment)	3,515.99	7,938.25	10,979.51
Gain on assignment of financial assets recorded (on amortisation basis)	(2,536.70)	(7,396.13)	(10,147.16)
Tax impact on above adjustments	(246.48)	558.16	485.11
Profit after tax as previously reported before policy change	**5,603.67**	**14,554.77**	**18,126.14**
Revised profit for the period / year attributable to owners of the parent	4,855.40	13,349.51	16,739.40
Impact due to change in accounting policy	710.61	1,078.75	1,256.36
Profit for the period / year attributable to owners of the parent as previously reported before policy change	**5,566.01**	**14,428.26**	**17,995.76**
Revised profit for the period / year attributable to non-controlling interest	15.46	104.98	69.28
Impact due to change in accounting policy	22.19	21.52	61.10
Profit for the period / year attributable to non-controlling interest as previously reported before policy change	**37.65**	**126.50**	**130.38**
Revised total comprehensive income attributable to owners of the parent	4,802.08	13,541.39	17,211.03
Impact due to change in accounting policy	710.61	1,078.75	1,256.36
Total comprehensive income attributable to owners of the parent as previously reported before policy change	**5,512.69**	**14,620.14**	**18,467.39**
Revised total comprehensive income attributable to non-controlling interest	15.33	104.60	70.22
Impact due to change in accounting policy	22.19	21.52	61.10
Total comprehensive income attributable to non-controlling interest as previously reported before policy change	**37.52**	**126.12**	**131.32**
Revised basic earnings per share	8.88	24.42	30.62
Impact due to change in accounting policy	1.30	1.98	2.30
Basic earnings per share as previously reported before policy change	**10.18**	**26.40**	**32.92**
Restated diluted earnings per share	8.88	24.42	30.62
Impact due to change in accounting policy	1.30	1.98	2.30
Diluted earnings per share as previously reported before policy change	**10.18**	**26.40**	**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 In accordance with the board approved moratorium policy read with the RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Group continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. 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 separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Group has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. As at 31 December 2020, the cumulative amount of management overlay provisions stood at ₹ 5849.90 lakh in the consolidated financial results, to reflect deterioration in the macroeconomic outlook. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial results. Management will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Group.

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 ('interim order'), 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. Based on the said interim order, the Group has not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. The Group, as a matter of prudence has created additional management overlay of ₹168.63 lakh and ₹199.53 lakh for the quarter ended 31 December 2020 and year to date period from 1 April 2020 to 31 December 2020 respectively.

9 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 31 December 2020 and accordingly, no amount is required to be transferred to impairment reserve.

10 The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ('the Scheme'), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. During the quarter, the Group has implemented the Scheme and credited the accounts of the eligible borrowers as per the Scheme. Further, the Group has filed claim for reimbursement as per the procedure specified in the Scheme.

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 lakh 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 Indian Parliament has approved the Code on Social Security, 2020 which subsumes the provident fund Act and the gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

14 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.

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

MAS FINANCIAL SERVICES LIMITED AHMEDABAD

Ahmedabad
10 February 2021

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

BSR & Co. LLP
14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai 400 063

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PRESS RELEASE

MAS Financial Services Limited results – 3rd quarter FY 21

A Robust Financial Performance

103 Quarters of Consistent Financial Performance

Wednesday, 10th February 2021, 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 31 December, 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 Tier-1 capital adequacy ratio of **30.35%** and total capital adequacy of **32.61%,** sufficient liquidity due to very efficient liability management, stable quality of portfolio of around **1.00%** of net stage 3 assets (**if the company had classified borrower accounts without the effect of Hon'ble Supreme Court order net stage 3 assets would have been 1.33%**) and by creating additional provisioning buffer which stands at 1.66% of on book assets should enable the company to navigate the current unprecedented situation successfully".

MAS FINANCIAL SERVICES LIMITED * AHMEDABAD *

As per IND-AS

MAS Financial Services Limited reports Assets under Management (AUM) of ₹ 5054.66 Crore and profit after tax of ₹ 106.98 Crore for the 9M ended 31 December 2020 from ₹ 5960.38 Crore and ₹ 132.06 Crore respectively for 9M ended 31 December 2019

- **A contraction of 15.20% 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 18.99% 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 31 December 2020 stood at ₹ 56.05 Crore for the total on book assets of ₹ 3381.17 Crores i.e. 1.66 % of the total on book assets with an additional special COVID provision of ₹ 3.94 Crore during the quarter and ₹ 35.72 crore during the 9M FY 2021 due to Covid-19.**

  (Excluding this special COVID provision the PAT stands at ₹ 133.70 Crore growth of 1.25% over the corresponding period of the previous year)

The profit after tax for quarter ended 31 December 2020 is ₹ 36.18 Crore – A contraction of 25.16% over the corresponding period of the previous year.

  (Excluding this special COVID provision the PAT for quarter ended 31 December 2020 stands at ₹ 39.13 Crore contraction of 19.06% over the corresponding period of the previous year)

- **The portfolio quality improved at 1.00% net stage 3 assets of AUM as compared to 1.16% in September 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 31st December 2020, net stage 3 assets would have been 1.33%.

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

MAS FINANCIAL SERVICES LIMITED
MAS
AHMEDABAD

Performance Highlights:

Capital Adequacy Ratio (including Tier II capital) as of **31 December, 2020** stood at 32.61**%.** The Tier-I capital stood at 30.35**%.**

(₹ in CR)

Particulars	Q3'21	Q3'20	QoQ	9M'21	9M'20	9Mo9M	FY 20
Assets Under Management	5054.66	5960.38	15.20%↓	5054.66	5960.38	15.20%↓	5966.28
Total Income	142.09	173.38	18.05%↓	454.74	502.83	9.56%↓	672.72
Profit Before Tax	48.38	64.87	25.43%↓	142.93	181.80	21.38%↓	228.16
Profit After Tax	36.18	48.34	25.16%↓	106.98	132.06	18.99%↓	166.55
Profit After Tax (Without special COVID provision for Covid-19)	39.13	48.34	19.06%↓	133.70	132.06	1.25%↑	181.77
Gross Stage 3 Assets % to AUM	1.32%	1.29%	03 bps↑	1.32%	1.29%	03 bps↑	1.42%
Net Stage 3 Assets % to AUM	1.00%	1.06%	06 bps↓	1.00%	1.06%	06 bps↓	1.14%

- Note: The total special COVID provision as on 31 December 2020 stood at ₹ 56.05 Crore for the total on book assets of ₹ 3381.17 Crores i.e. 1.66 % of the total on book assets with an additional special COVID provision of ₹ 3.94 Crore during the quarter and ₹ 35.72 crore during the 9M FY 21 due to Covid-19.Excluding this special COVID provision the PAT stands at ₹ 39.13 Crore contraction of 19.06% over the corresponding period of the previous year

(₹ in CR)

Asset Under Management (AUM)*	Dec-20	Dec-19	YoY
Micro-Enterprise loans	3033.27	3669.65	17.34%↓
SME loans	1541.64	1678.23	8.14%↓
2-Wheeler loans	323.31	452.44	28.54%↓
Commercial Vehicle loans	156.45	160.06	2.26%↓
TOTAL AUM	**5054.66**	**5960.38**	**15.20%↓**

*Represents underlying assets in each of the category. As on 31 December, 2020 58.26% 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 derecognisation 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#

MAS FINANCIAL SERVICES LIMITED * AHMEDABAD *

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 3rd February 2021 took on record the unaudited Financial Results of the company for quarter ended 31 December, 2020.

As per IND-AS

MAS Rural Housing and Mortgage Finance Limited reports Assets under Management (AUM) of ₹ 277.32 Crore and profit after tax of ₹ 2.68 Crore for the 9M ended 31 December 2020 from ₹ 284.05 Crore and ₹ 2.60 Crore respectively for 9M ended 31 December 2019.

- A contraction of 2.37% in AUM and growth of 3.08% in PAT over the corresponding period of the previous year. The COVID provision stands at ₹ 2.45 crore i.e. 0.96% of the total on book assets.

The Profit after tax for quarter ended December 20 is ₹ 0.46 Crore –A growth of 19.72% over corresponding period of the previous year

Performance Highlights:

- The portfolio quality improved despite of the ongoing crisis followed by the unprecedented situation at 0.03% net stage 3 assets of AUM as compared to 0.25% 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 0.26%.

- Capital Adequacy Ratio (including Tier II capital) as of **31 December 2020** stood at 44.14**%.** The Tier-I capital stood at 35.65**%.**

(₹ in CR)

Particulars	**Q3'21**	**Q3'20**	**QoQ**	**9M'21**	**9M'20**	**9Mo9M**	**FY'20**
Assets Under Management	277.32	284.05	2.37%↓	277.32	284.05	2.37%↓	286.54
Total Income	8.60	9.73	11.64%↓	26.70	29.30	8.88%↓	38.37
Profit Before Tax	0.60	0.60	0.09%↑	3.51	3.47	1.15%↑	2.24
Profit After Tax	0.46	0.38	19.72%↑	2.68	2.60	3.08%↑	1.72
Gross Stage 3 Assets % to AUM	0.03%	0.34%	31 bps↓	0.03%	0.34%	31 bps↓	0.34%
Net Stage 3 Assets % to AUM	0.03%	0.25%	22 bps↓	0.03%	0.25%	22 bps↓	0.25%

For and on behalf of the Board of Directors

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

Place : Ahmedabad
Date : February 10, 2021