



The Power of Distribution

# MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2019/61

November 07, 2019

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

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

Scrip Code: **540749**

Trading Symbol: **MASFIN**

Dear Sir,

**Sub.: Investor Presentation for the quarter and half year ended on September 30, 2019**

Please find enclosed herewith Investor Presentation for the quarter and half year ended September 30, 2019.

Thanking you,

Yours faithfully,

For, **MAS Financial Services Limited**

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



Encl.: As above

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INVESTOR  
PRESENTATION –  
Q2 FY20



*The Power of Distribution*

**REGISTERED OFFICE**

MAS Financial Services Limited  
6, Ground Floor, Narayan Chambers,  
Ashram Road, Ahmedabad-380009

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# Company Overview

## SPECIALISED IN RETAIL LENDING SINCE 20 YEARS

### Diversified Product Portfolio



### Strong Retail Presence & Wide Distribution Network

6 states and  
NCT of Delhi



102 branches



6,00,000+

Active loan accounts

3,417

Customer locations

Sourcing Intermediaries



325



321



133 NBFCs

## CONSISTENT GROWTH

### AUM with immaculate Quality



AUM: INR 58,944 Mn  
(YoY Growth of 26.44%)

Gross Stage 3 Assets: 1.27%  
Net Stage 3 Assets: 1.06%

### Consistent Profitability & Returns

Revenue: INR 1,674 Mn



PAT: INR 467 Mn

19.35%

Return on Avg. Net  
Worth\*



4.46%  
Return on  
Avg. Balance Sheet

Assets\*

3.25%  
Return on Avg. AUM\*

## EFFICIENT LIABILITY MANAGEMENT

### Capitalization



TOTAL CRAR: 26.88%

TIER I CRAR : 25.52%

TIER II CRAR : 1.36%



37.09% of AUM  
Assigned to Banks/FIs

### Fund Raising

9.71%  
Cost of borrowings\*

- Direct Assignment
- Cash credit
- Term loans
- Sub Debt

All the above figures are for Q 2FY 20 & as per IND-AS

\* Figures have been annualized.

## VISION

**To be one of the most efficient distributors of financial services and create value on a very large scale.**

## MISSION

**To constantly endeavour, to attain excellence and create a very wide Financial distribution network and to be catalyst; in providing the most efficient financial services which we term as financial inclusion.**

## BELIEF

**“We have miles to go & Promises to keep.....”**

**“Together we can and we will”**

# Major events and milestones in the history



H1 20	AUM crossed INR 60 Bn. on a consolidated basis.
2019	AUM crossed INR 50 Bn. Bank loan rating upgraded to “ACUITE AA -” with Stable outlook and Short term rating assigned as ACUITE A1+.
2018	Listing of Equity Shares on Bombay Stock Exchange & National Stock Exchange
2016	Bank loan rating upgraded to “IND A” with Stable outlook Raised Subordinate Debentures of INR 400 Mn
2015	Raised Subordinate Debentures of INR 200 Mn
2014	Sarva Capital purchased 50% CCPS held by FMO from secondary market
2013	Disbursement & AUM crossed INR 10 Bn
2012	Fourth round of capital infusion of INR 650 Mn by DEG
2011	Listing of NCDs on Bombay Stock Exchange
2008	Second and third round of Capital infusion by FMO & ICICI Venture of INR 435 Mn and INR 400 Mn respectively Floated housing finance subsidiary
2006	First round of Capital infusion of INR 65 Mn by Bellwether Micro Fund
1995	MAS Financial Services Limited got incorporated . Started retail finance operations into Two-wheeler loans and Micro-Enterprise loans.

# Diversified product offerings presenting significant growth opportunities

**MAS focuses on serving the underserved credit needs of mid and low income group segments**

## Micro-Enterprise Loans



- Loans of up to INR 300,000 to Micro-Enterprises which primarily include retailers, traders, small manufacturers and service providers
- Tenure up to 36 months; Average ticket size in H1 FY20 – INR 29,013
- **AUM as of Sept 30,2019– INR 36,140 Mn**

## SME Loans



- Loans of up to INR 50 mn to SMEs which primarily include manufacturers, distributors, dealers and service providers engaged in various industries
- SME loans include working capital loans, loans for machinery and loans to purchase Industrial Sheds.
- Tenure up to 60 months; Average ticket size in H1 FY20 – INR 3.85 Mn
- **AUM as of Sept 30,2019– INR 16,783 Mn**

## Two Wheeler Loans



- Two-wheeler loans to our customers, which primarily include farmers, self-employed and salaried individuals and professionals
- Tenure up to 36 months; Average ticket size in H1 FY20 – INR 45,104
- **AUM as of Sept 30,2019– INR 4,630 Mn**

## Commercial Vehicle (CV) Loans

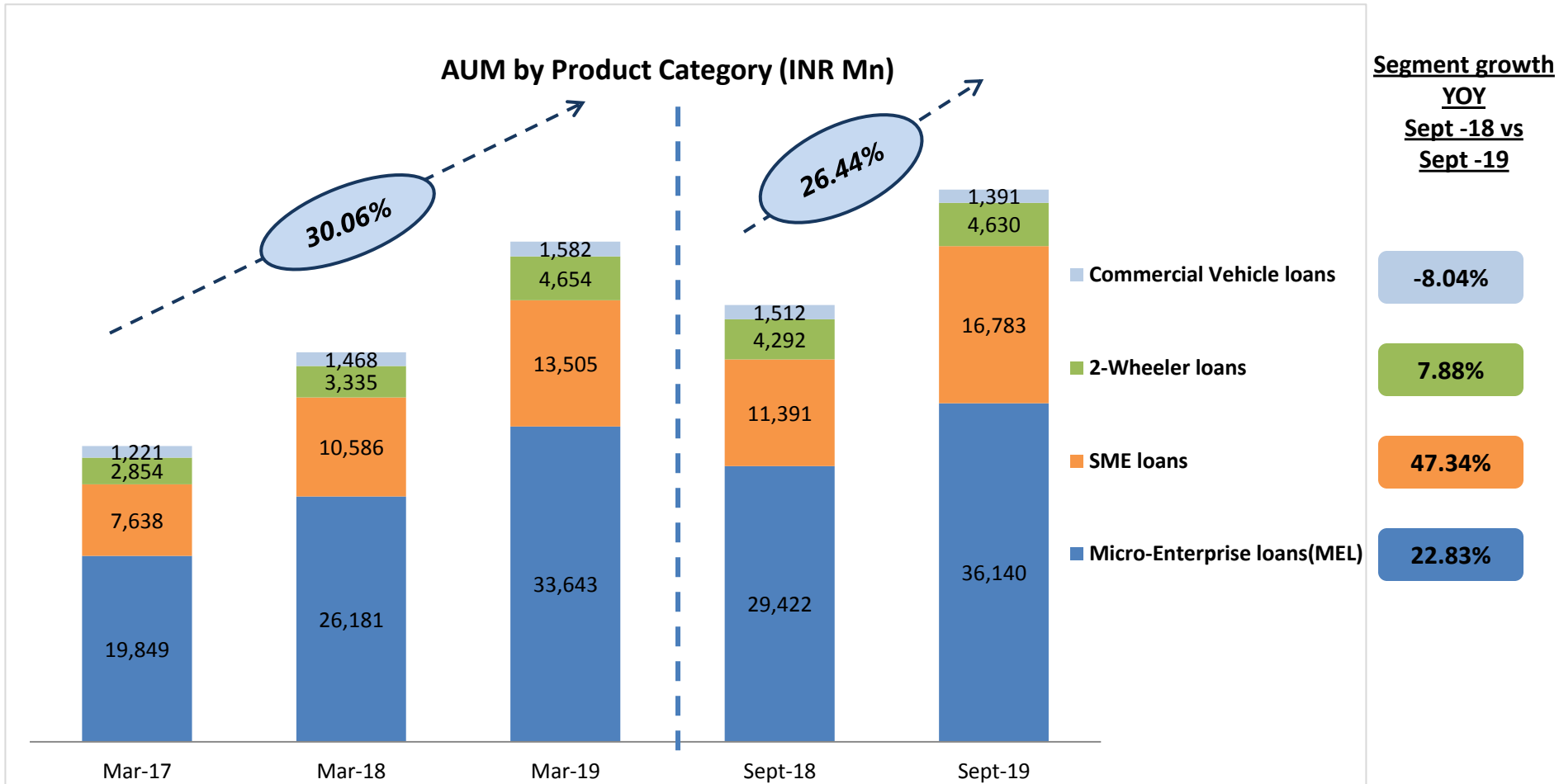


- Loans of up to INR 700,000 for the purchase of new and used CVs to small road transporters, used cars to small traders and manufactures and tractors to the persons engaged in Agricultural activities
- Tenure up to 60 months; Average ticket size in H1 FY20 – INR 2,03,701
- **AUM as of Sept 30,2019– INR 1,391 Mn**



# Recent Growth in Overall AUM

MAS' has exhibited steady growth in AUM over the years



PARTICULARS	MAR-17	MAR-18	MAR-19	SEPT-18	SEPT-19
<b>AUM</b>	<b>31,561</b>	<b>41,570</b>	<b>53,384</b>	<b>46,616</b>	<b>58,944</b>

All the above figures are as per IND-AS, except FY17

# Robust and Comprehensive Credit Assessment and Risk Management Framework

**MAS aims to give credit where it is due with the dictum of adherence and adaptability**

## Robust credit assessment



## Credit assessment process overview by Product

### Micro-Enterprise Loans

- Analysis of business potential and end use, cash flows and model (business to have cash profit for the previous 3 years)
- Requires a guarantor or co-applicant according to the assessment of the applicant's profile

### SME Loans

- Business operating history is required from minimum 1 year to 5 years depending on loan size
- 50-70% of turnover to be reflected in current account
- Eligibility criteria is based on turnover, debt/equity ratio and net worth on a case-to-case basis

### Two-wheeler Loans

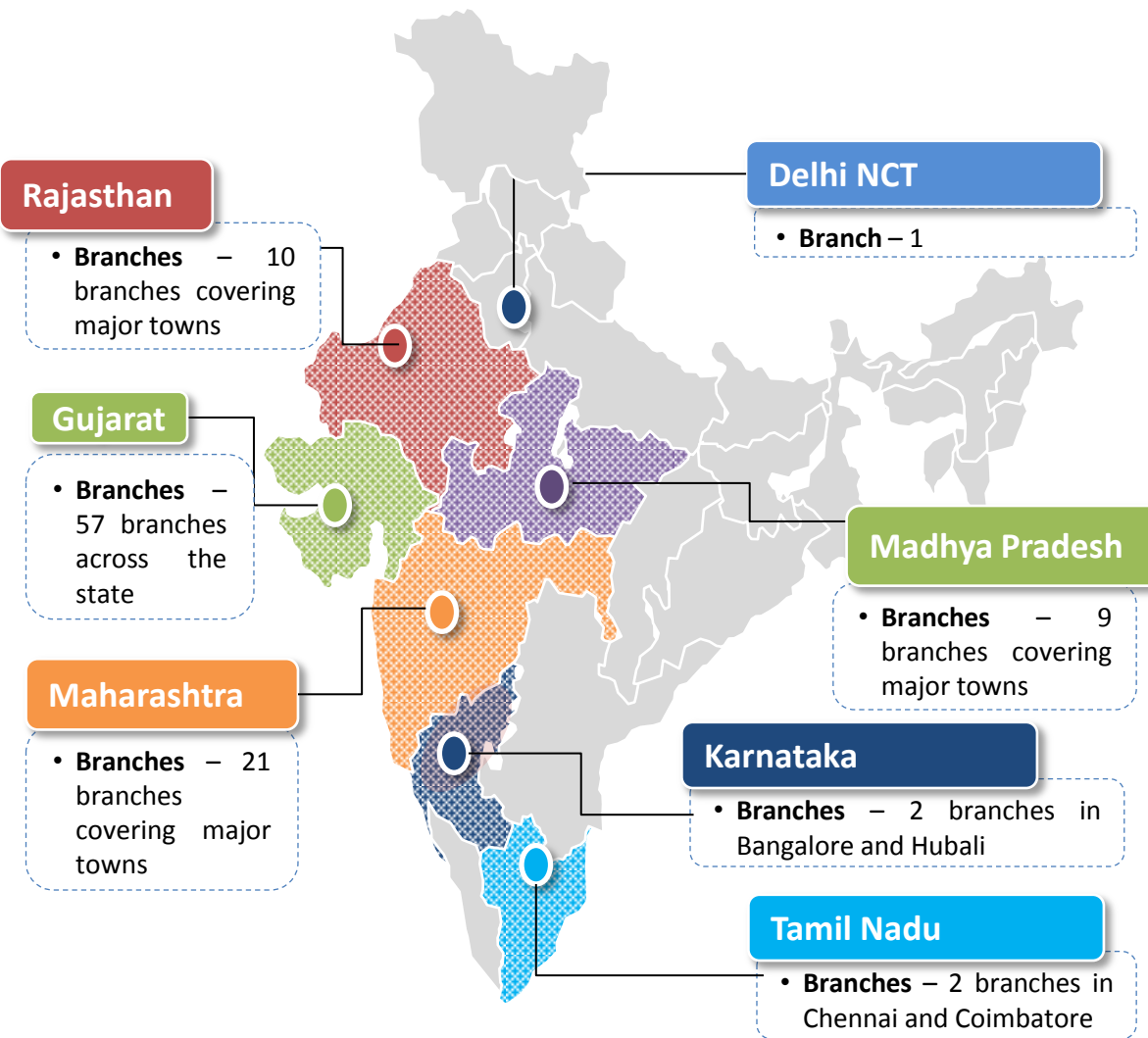
- At least one property (residential or business) should be owned by the applicant or jointly residing family members
- For a student applicant, a co-applicant is compulsory

### Commercial Vehicle Loans

- Requires vehicle hypothecation and insurance cover
- Analysis of income, experience, and business stability requirements depending on whether the applicant is a first time user, first time owner, fleet operator or a captive user

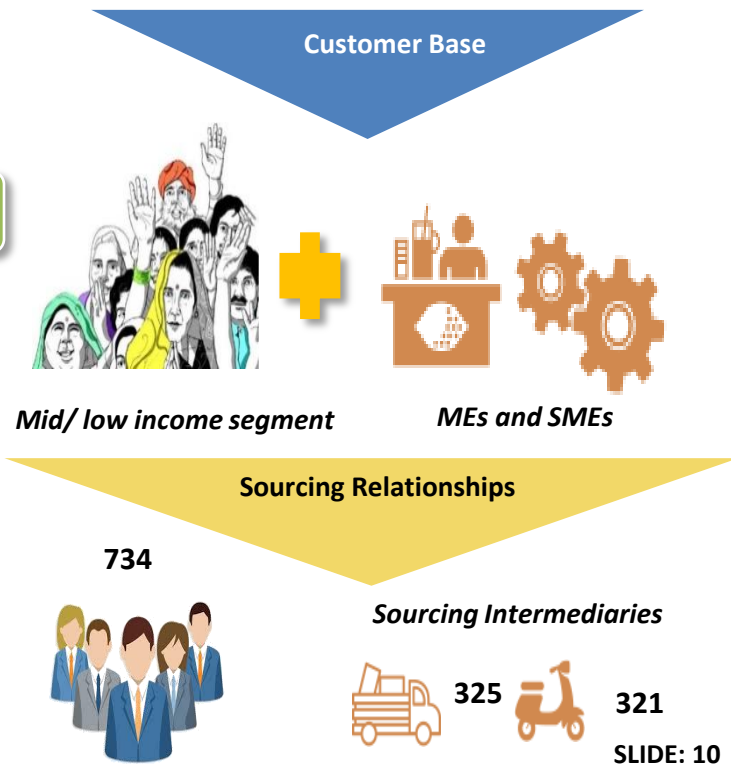
# Retail Presence and Distribution

600,000+ active customers across 3,417 locations in Rural, semi urban and urban locations



## Presence in the high growth markets in West and South

- MAS has expanded to 102 branches in 6 states and NCT Delhi
- Currently MAS' retail portfolio is concentrated in Gujarat and Maharashtra



# Unique and Robust Distribution Network Through NBFC Partners

Efficient last mile delivery of credit across its product range namely MEL, SME, 2 Wheeler and Commercial Vehicle Loans

Value chain approach has proven to be the most potent one to solve informality because of proximity to the end borrowers

## AIM & Our Understanding

Better quality of intermediation with advantage of adequate capital base along with better understanding of the operations and demography

Revenue sharing model ensures scalability of the relationships where the operational cost and credit cost to be borne by the partner NBFCs is considered. The partnership is with full recourse to the partner

# Unique and Robust Distribution Network Through NBFC Partners



## Operational Dynamics

### Key Criteria for starting relationship:

Promoters Evaluation	Product Alignment	Operational Excellence	Growth Strategy	Capital Base	Financial Performance
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## Credit Assessment

### Pre-Engagement Due Diligence

- Promoters' Domain Expertise
- Strategic alignment
- Range of Products
- On site system and Operational Setup

### Transaction Level Due Diligence

- Alignment of Credit screen for various products
- Creation of portfolio
- On site audit of the portfolio Hypothecated

### Periodical Deep Diving

- Continuous engagement in order to improve their Systems & Operations to ensure the quality of portfolio and compliance

# Unique and Robust Distribution Network Through NBFC Partners

## MAS

- Widens its network while maintaining a relatively lower risk profile
- Establishes knowledge partnerships and increase its local market knowledge

## NBFCs

- Value addition in improving their systems and operations which helps in scalability and Sustainability of business.
- Gets vital liability support due to our understanding of the retail products

## IMPACT

## Borrowers

- Creates an all-round enabling situation of extending credit where it is due by extending credit with deep penetration and understanding

## Eco - System

- Catalyst in Efficient last mile delivery of credit.

# Unique and Robust Distribution Network Through NBFC Partners

## TRACK RECORD

- Started with 1 NBFC in 2008, currently having relationship with more than 100 such NBFCs having virtual presence Pan India.
- Have grown at a CAGR of around 35% in last five years across our product range with immaculate track record.

## GOING FORWARD

- Huge potential to grow along with these NBFCs partners across our product range for efficient last mile delivery of credit.
- 360° view for scalability and sustainability of relationship in the form of :
  - a) Providing Liability Solution
  - b) Product Development & Strengthening their system and Operations
  - c) Capital Advisory

# Retailed focused partner NBFCs – An Overview



Retail focused small regional NBFCs inevitable for last mile delivery of credit.

Adequately Capitalized

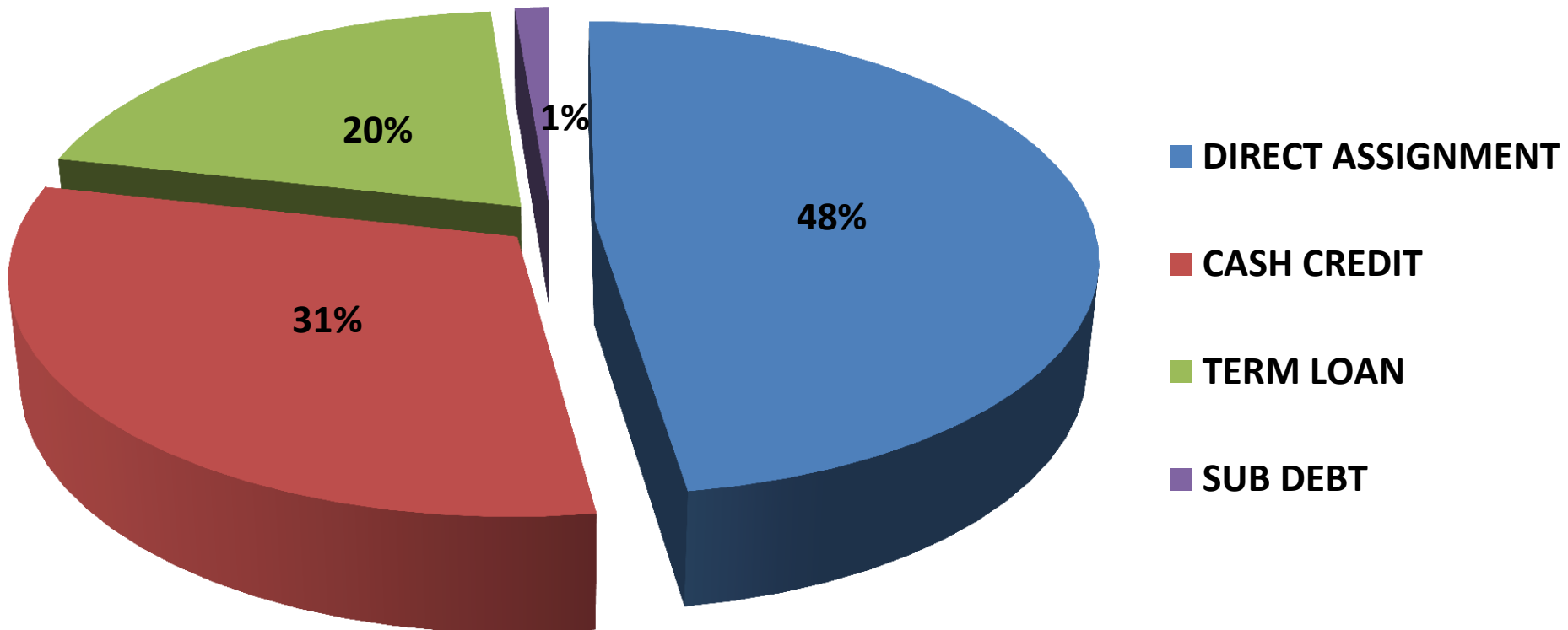
Experienced Management

Matching ALM with no liquidity issue for repayment.  
Demonstrated their capabilities during the recent turbulence.

Assets quality on track.



## Borrowing Mix as on 30<sup>th</sup> Sept 2019



- **Efficient liability management ensures :**

- Adequate liquidity round the year.
- No asset liability mismatch.
- Tie up for the fund requirement of the whole financial year.

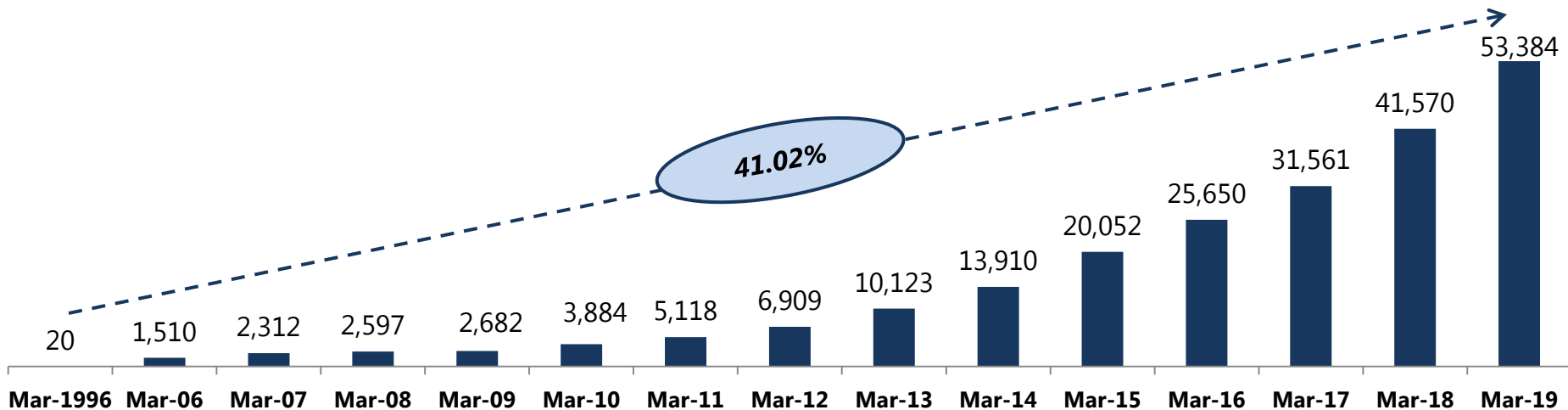
## Liability Planning:

- The composition of our liability mix ensures healthy ALM and well diverse resource mix.
- The Company withstood the litmus test very successfully also in this one of the most challenging year – **A testimony to its very efficient liability management.**
- Capital adequacy ratio, as on 30<sup>th</sup> Sept 2019 is 26.88% against regulatory norms of 15%. Tier I capital is 25.52% as against requirement of 10%. Tier II capital is just 1.36% which will increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen ALM.
- Around 75% of the portfolio is MSME loans which qualifies as Priority Sector Lending. Over the years we have maintained around 35% to 40% of AUM as off book through Direct assignment transactions. It is with door to door maturity and without recourse to the company. This further strengthens the liability management.
- The total Cash credit limit available to the company is Rs. 18.05 BN. spread across 19 banks. The utilization level is maintained at 65% - 70% of the total Cash Credit Facility, ensuring sufficient liquidity on hand.
- Leverage Ratio on balance sheet works out to be 3.05 times and going forward plan is to maintain the leverage at optimum level.

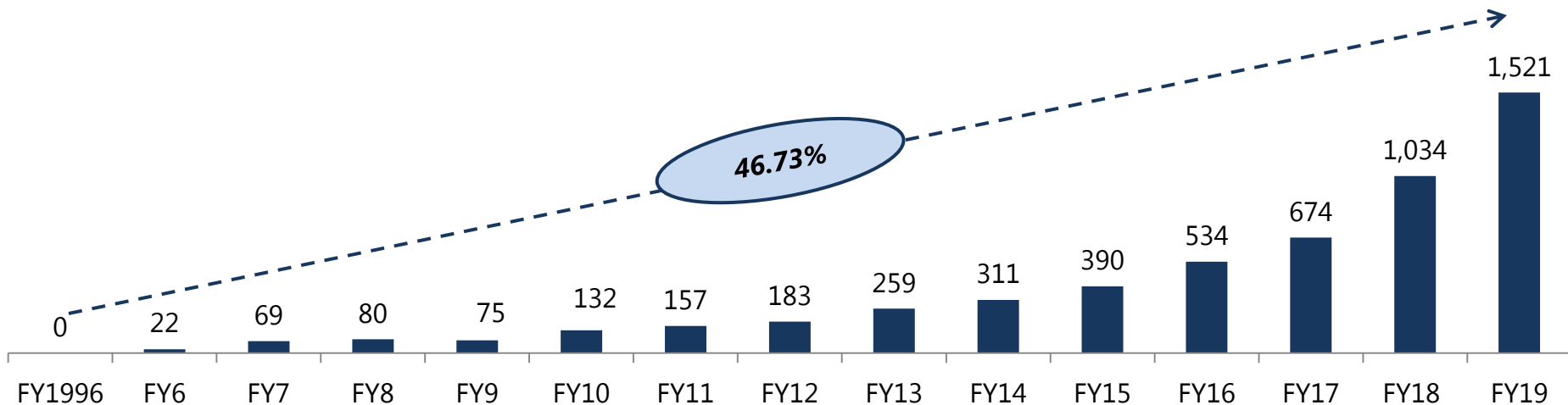
# Consistent Growth in AUM and PAT

## Asset Under Management (AUM)

In INR Mn

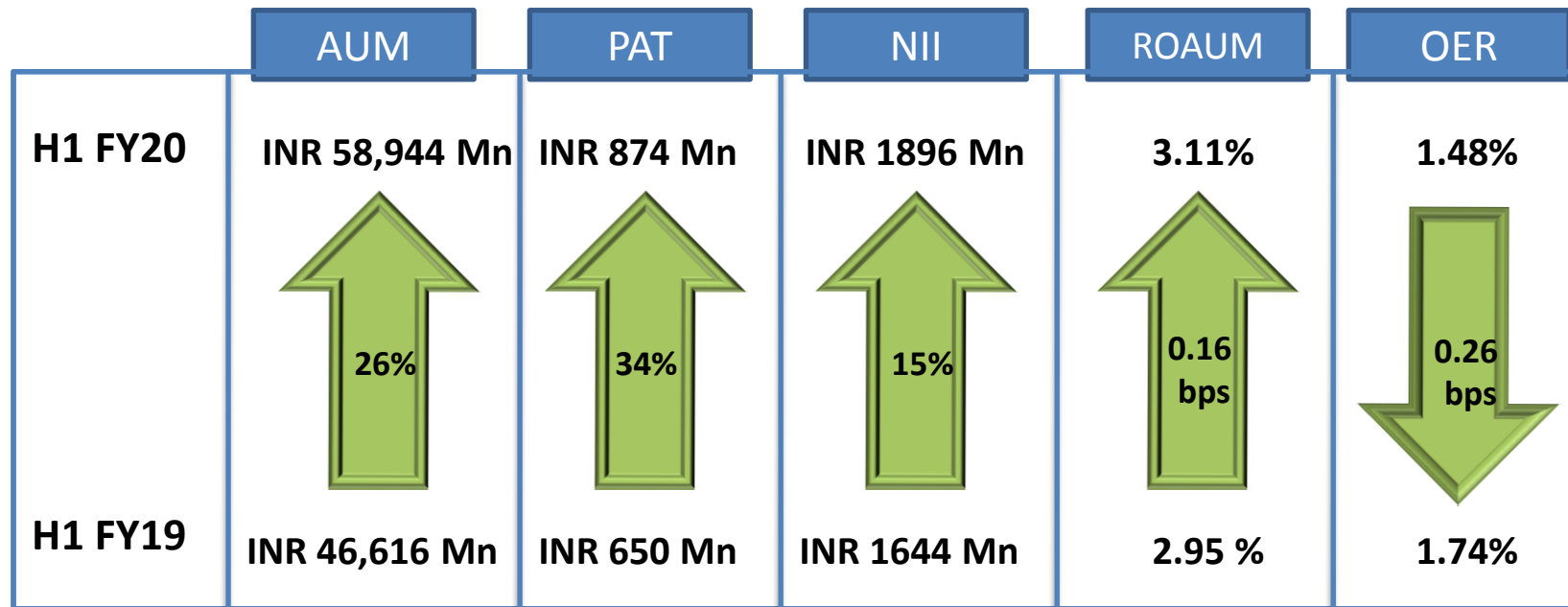


## Profit After Tax (PAT)



Figures up to March 17 is as per I-GAAP and from thereon it is IND-AS

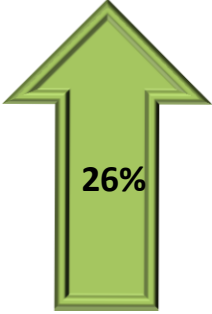
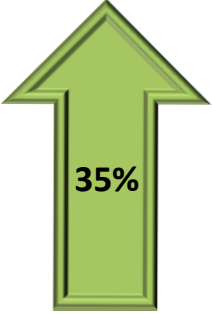
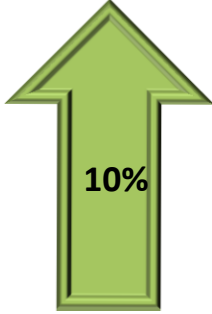
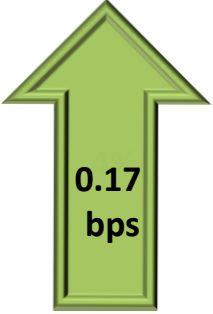
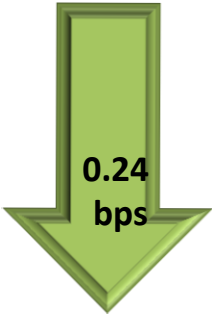
# Key Achievements Highlights – H1 FY 20 vs H1 FY 19



## ABBREVIATIONS

AUM	ASSET UNDER MANAGEMENT
PAT	PROFIT AFTER TAX
NII	NET INTEREST INCOME
ROAUM	RETURN ON AUM
OER	OPERATING EXPENSE RATIO

# Key Achievements Highlights – Q2 FY 20 vs Q2 FY 19

	AUM	PAT	NII	ROAUM	OER
<b>Q2 FY20</b>	<b>INR 58,944 Mn</b>	<b>INR 467 Mn</b>	<b>INR 947 Mn</b>	<b>3.25%</b>	<b>1.55%</b>
					
<b>Q2 FY19</b>	<b>INR 46,616 Mn</b>	<b>INR 346 Mn</b>	<b>INR 858 Mn</b>	<b>3.08 %</b>	<b>1.79%</b>

## ABBREVIATIONS

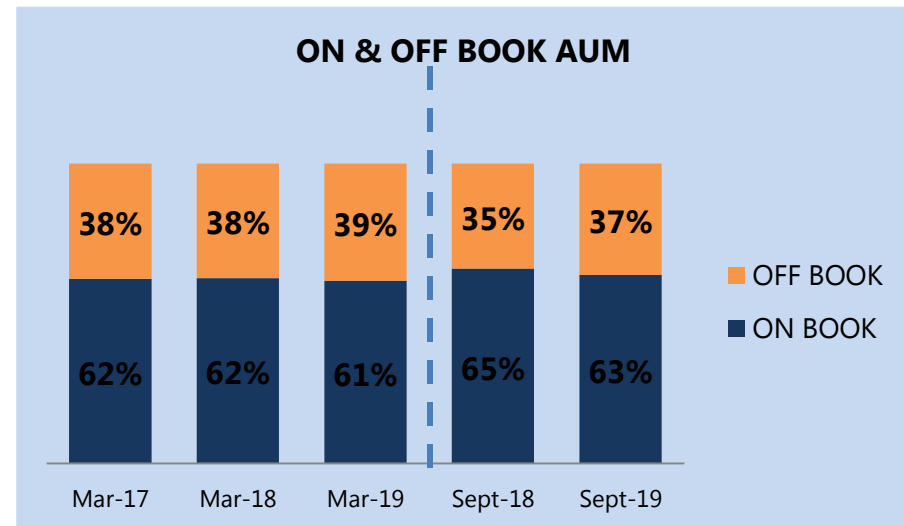
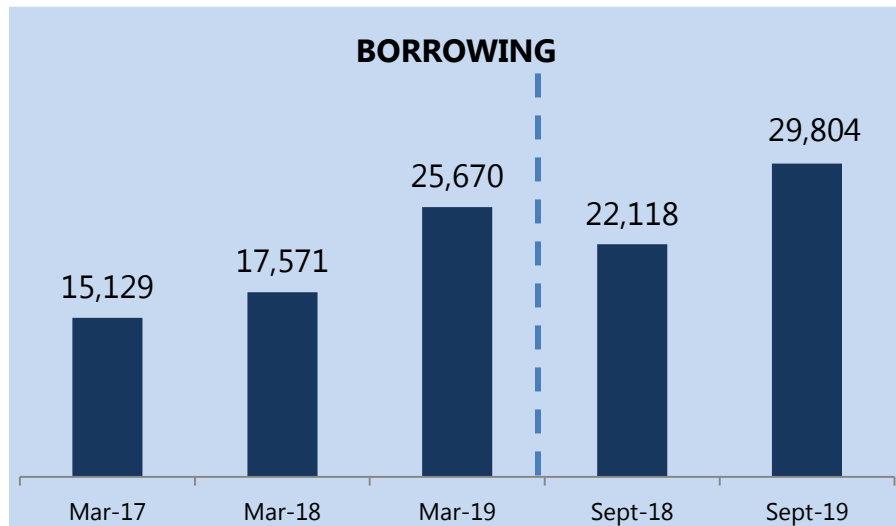
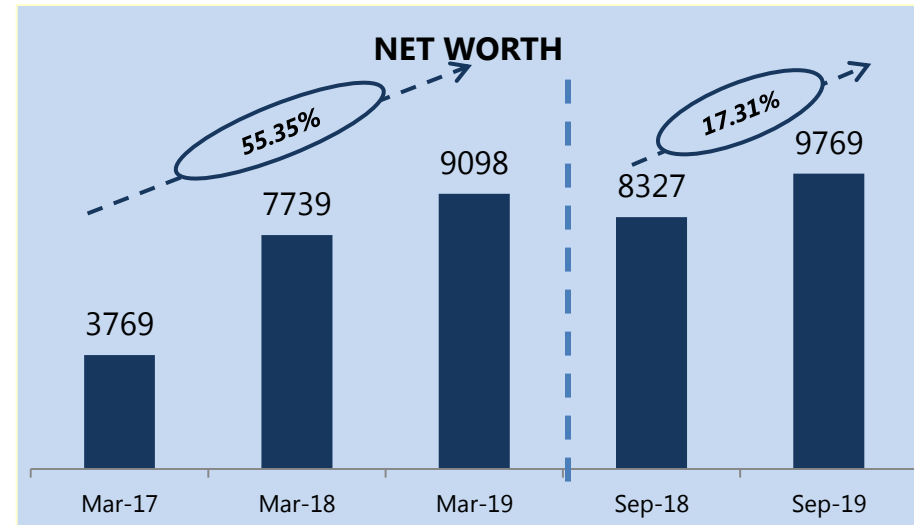
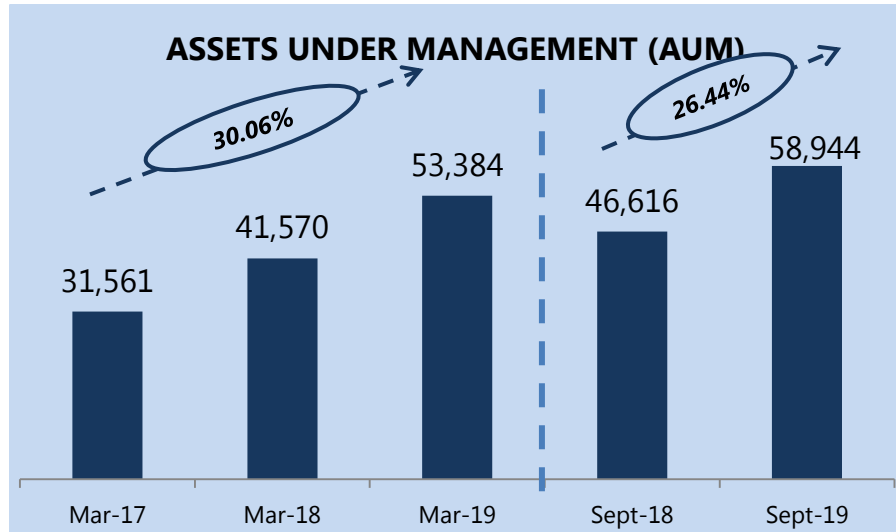
AUM	ASSET UNDER MANAGEMENT
PAT	PROFIT AFTER TAX
NII	NET INTEREST INCOME
ROAUM	RETURN ON AUM
OER	OPERATING EXPENSE RATIO

# Financial Performance Trends – Q2 FY20



## Robust Performance

In INR Mn



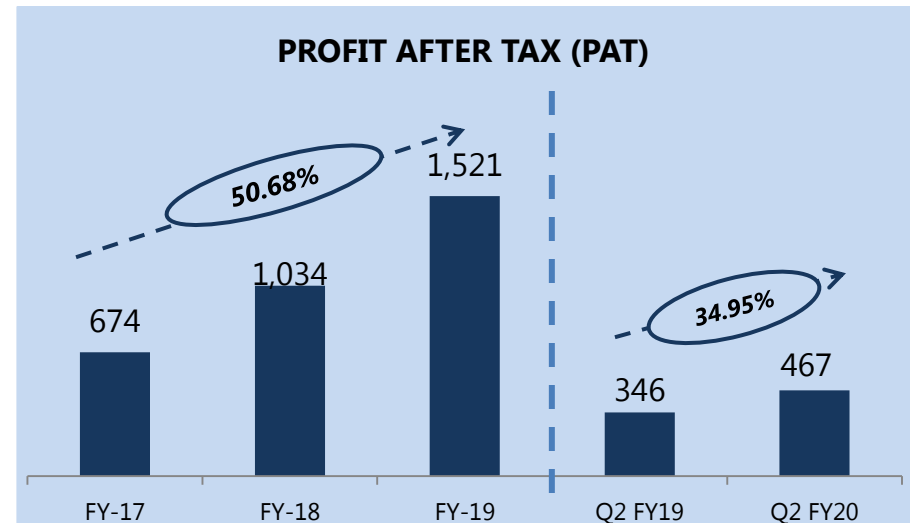
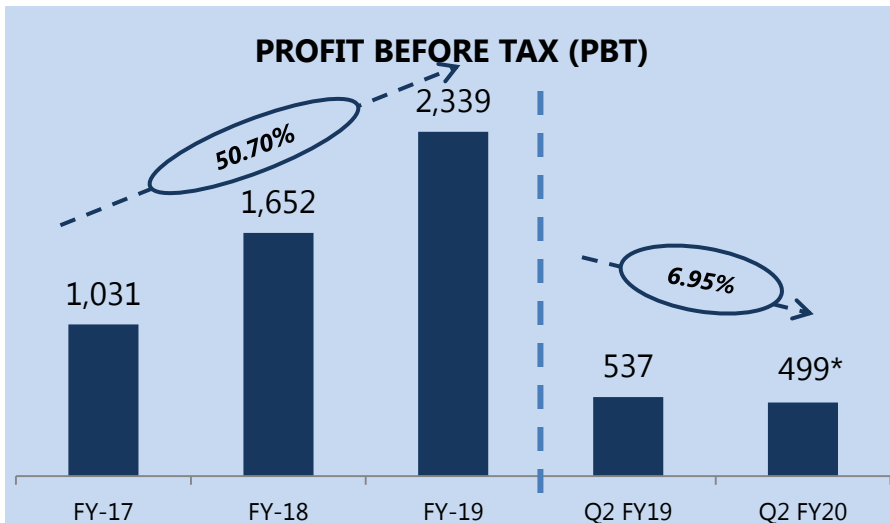
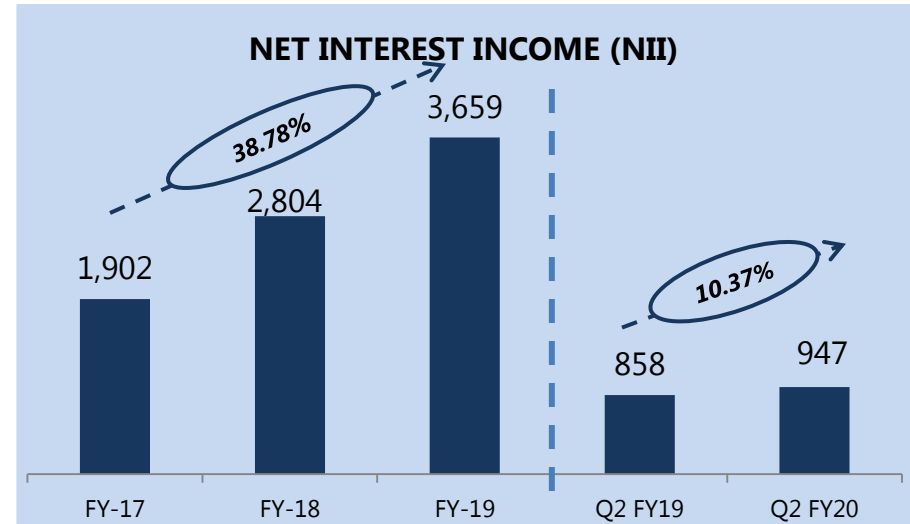
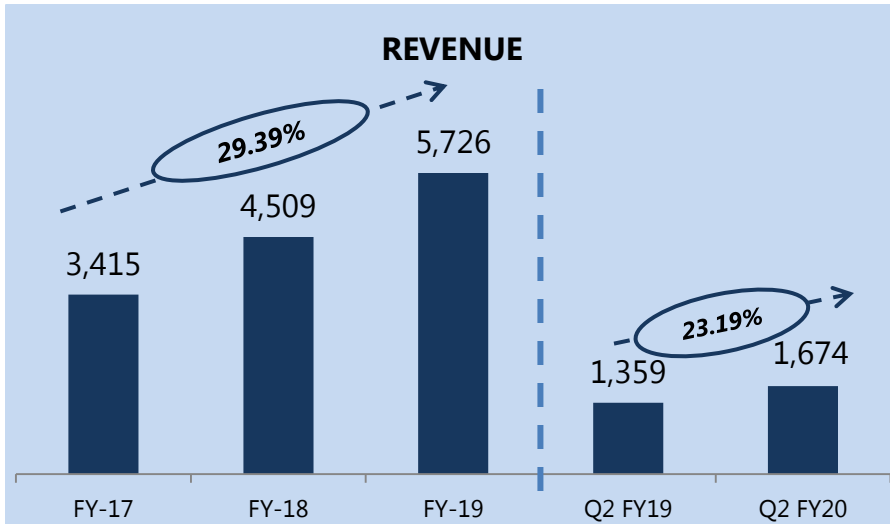
All the above figures are as per IND-AS, except FY17

# Financial Performance Trends – Q2 FY20



## Consistent Rise in ...

In INR Mn



Note: \* The company adopted the policy of using the majority part of the tax benefit to further strengthen the quality of the portfolio by aggressively writing off the stage 3 Assets. The net stage 3 Assets on AUM improved to 1.06% as on Sept 19 against 1.14% as on June 19 and is maintained at the same level of 1.06 % as of September 18 (Pre- crisis period) despite of the significant stress experienced across all the segments of the economy during this period. The company registered a very healthy growth in it's PAT of 34.95% QoQ and 34.37% HoH.

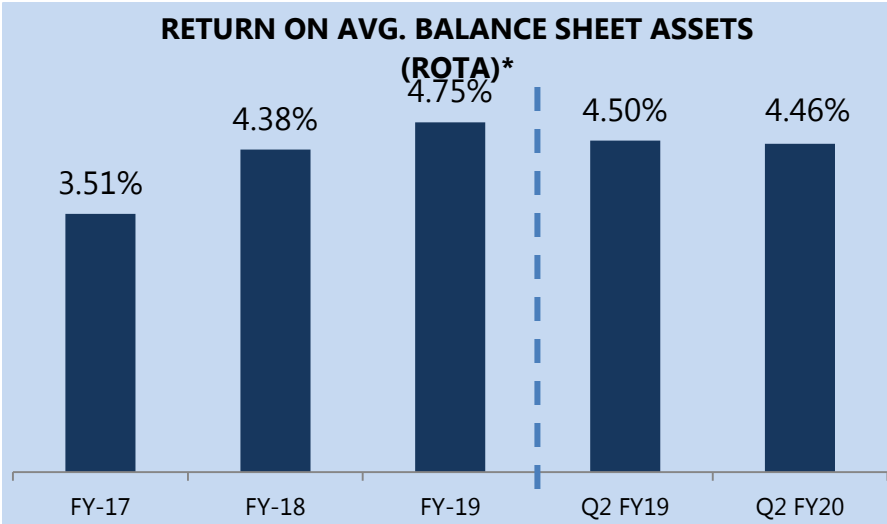
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# Financial Performance Trends – Q2 FY20

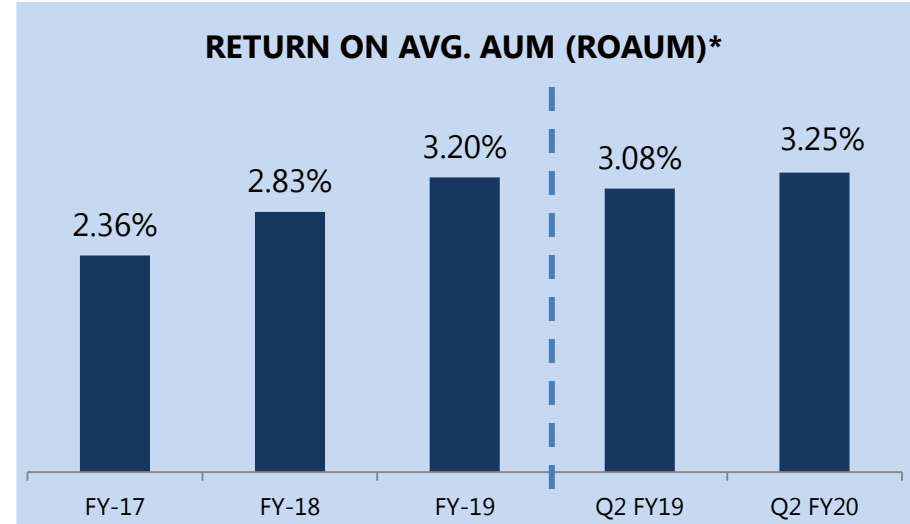


## Focus on Efficiency

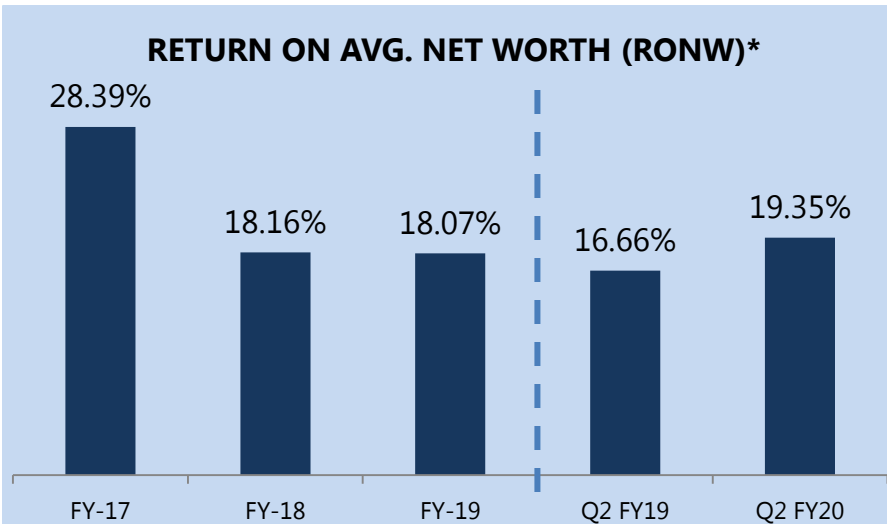
### RETURN ON AVG. BALANCE SHEET ASSETS



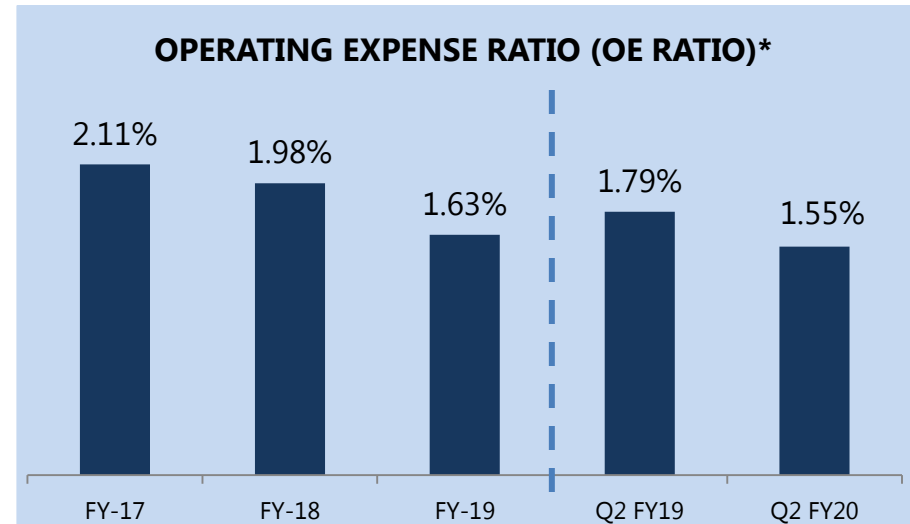
### RETURN ON AVG. AUM (ROAUM)\*



### RETURN ON AVG. NET WORTH (RONW)\*



### OPERATING EXPENSE RATIO (OE RATIO)\*



All the above figures are as per IND-AS, except FY17

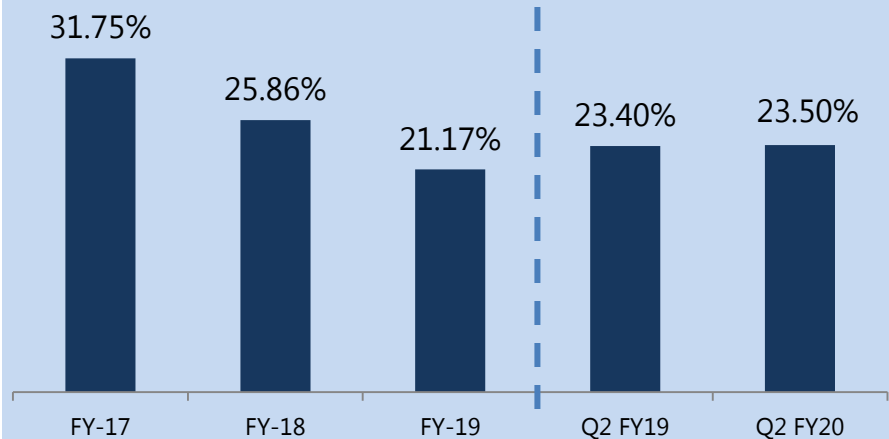
\*Quarterly figures have been annualized. SLIDE: 23



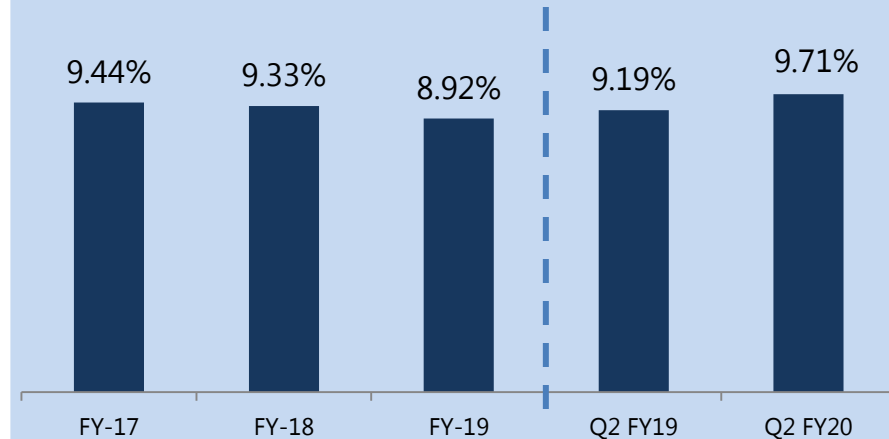
# Financial Performance Trends – Q2 FY20



## OPERATING EXPENSE AS % OF NII\*

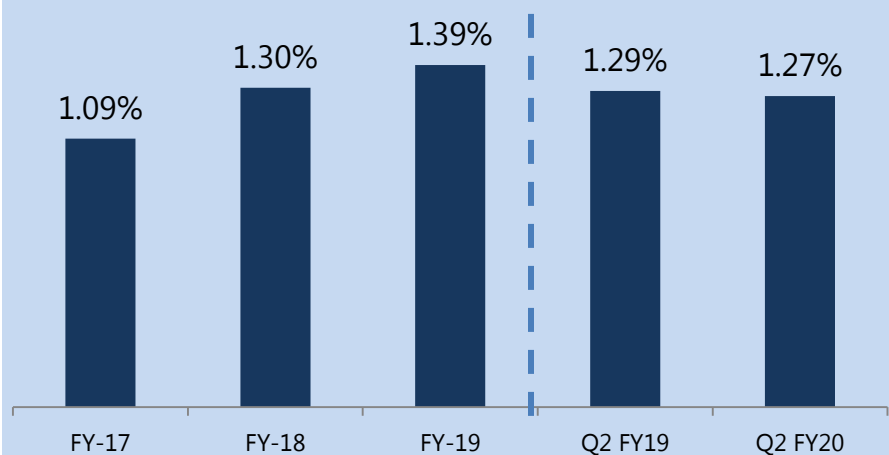


## COST OF BORROWING (COB)\*

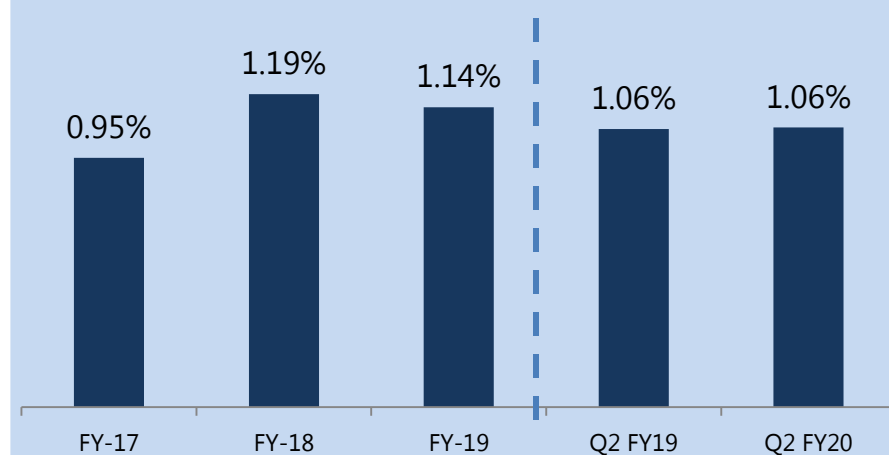


## Efficiently maintaining the quality of assets

### GROSS STAGE 3 ASSETS



### NET STAGE 3 ASSETS



\*Quarterly figures have been annualized.

**Stage 3 Assets classification criteria**

For FY17: >4 months installment overdue

From FY18 onwards: >3 months installment overdue

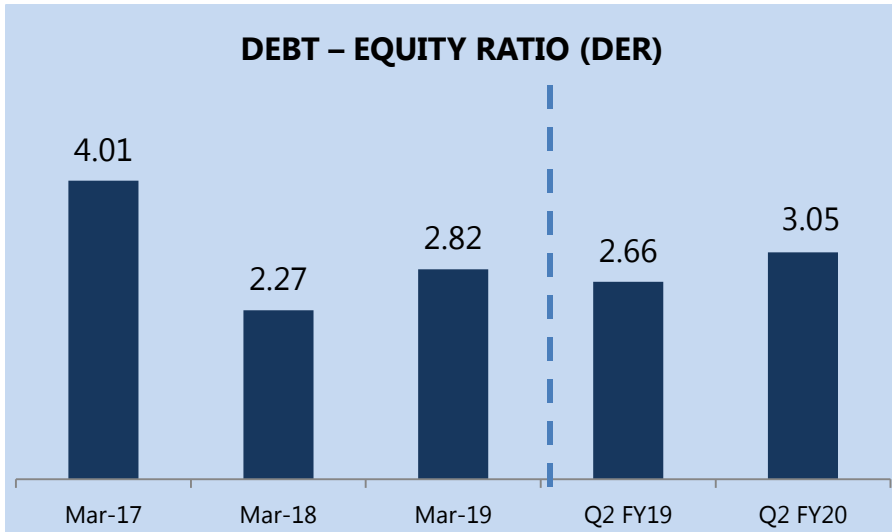
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# Financial Performance Trends – Q2 FY20

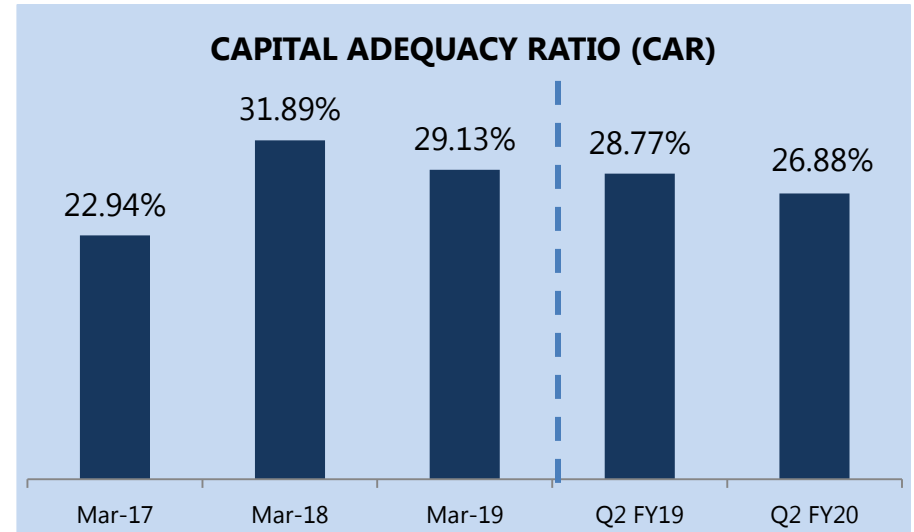


## Adequately Capitalized

### DEBT – EQUITY RATIO (DER)

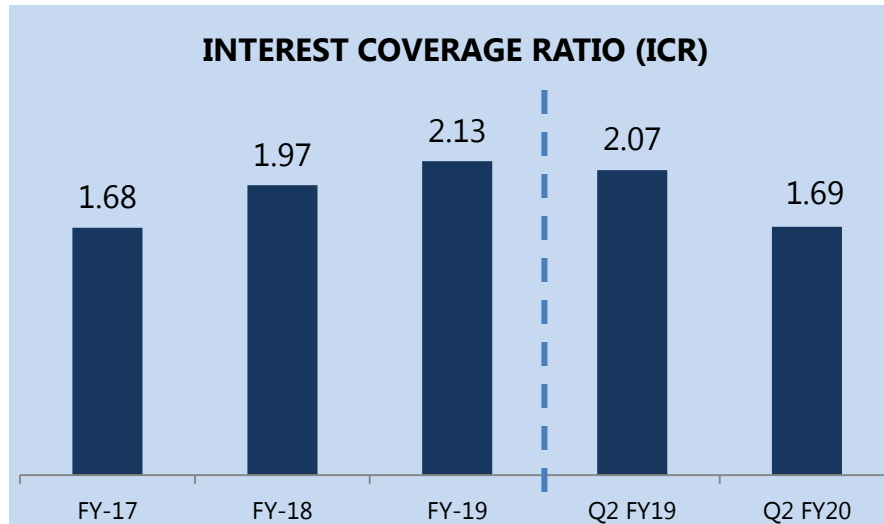


### CAPITAL ADEQUACY RATIO (CAR)



## Healthy Coverage

### INTEREST COVERAGE RATIO (ICR)

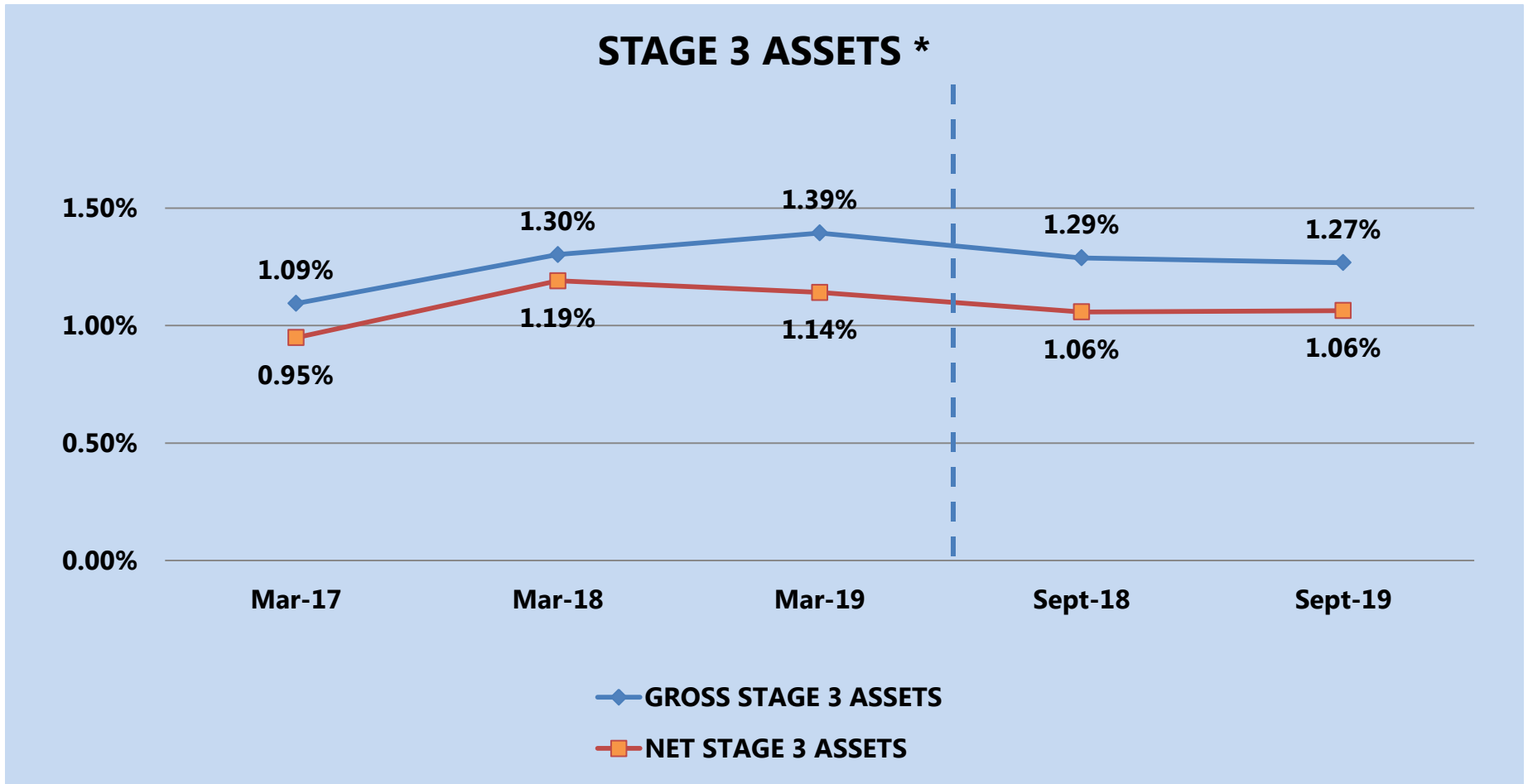


All the above figures are as per IND-AS, except FY17

# Quality of the portfolio : Consistently maintained



Catalyst in growth of Entrepreneurs, not creating just borrowers



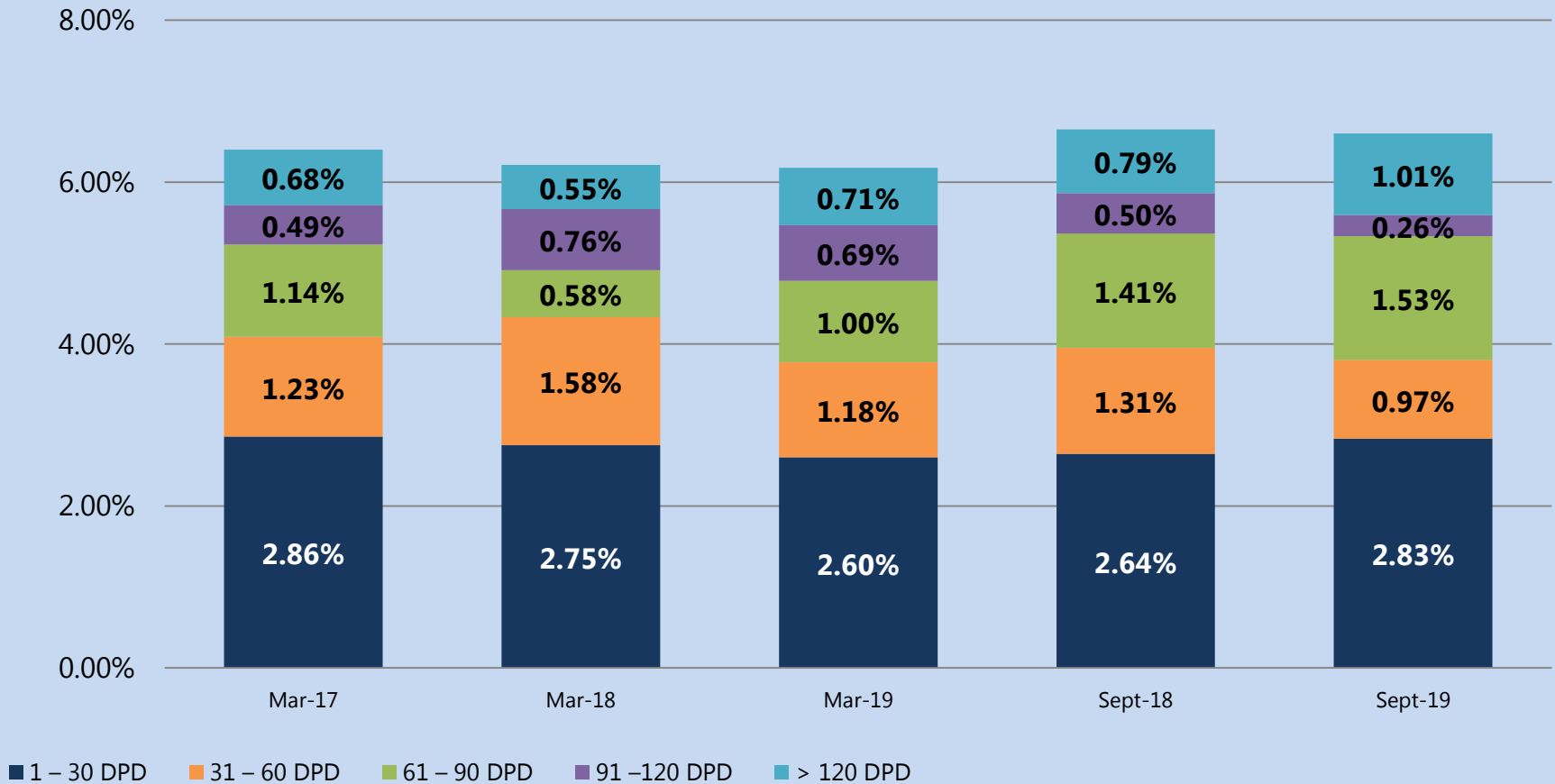
*\*Stage 3 Assets classification criteria*  
FY17: >4 months installment overdue  
From FY18 onwards: >3 months installment overdue

All the above figures are as per IND-AS, except FY17

# Asset Under Management - Credit Quality



**ASSET UNDER MANAGEMENT- DPD**



*All the above figures are as per IND-AS, except FY17*

# Eminent Board of Directors

## Extensive industry experience and deep domain knowledge of financial services sector



**Mr. Kamlesh Chimanlal Gandhi**  
Chairman & MD

- **Mr. Kamlesh Chimanlal Gandhi**, aged 53 years, is the Founder, Chairman and Managing Director of **HAS** since inception.
- He visualized the opportunities in the retail financial services very early and has been leading the strategic initiatives and the execution team at **HAS**.
- He has close to 30 years of experience in the financial services sector.
- Under his leadership the company grew very consistently at CAGR of more than 40% over all these years.



**Mr. Mukesh Chimanlal Gandhi**  
Director & CFO

- **Mr. Mukesh Chimanlal Gandhi**, aged 61 years, is a Co-founder, whole-time Director and Chief Financial Officer of **HAS** Financial Services Limited. He has been associated with the Company since May 25, 1995
- He was designated as the Director (Finance) and Chief Financial Officer of the Company on March 20, 2015. He holds bachelor's and Master's degrees in commerce from Gujarat University
- He has over 30 years of experience in the financial services sector, with the Company
- He is also the chairman of the Gujarat Finance Company Association and a director of the Finance Industry Development Council



**Mrs. Darshana Saumil Pandya**  
Executive Director & COO

- **Darshana Saumil Pandya**, aged 46 years, is an executive Director and Chief Executive Officer of **HAS** Financial. She has been associated with the Company since June 1, 1996, and as an executive Director since December 23, 2016
- She holds a bachelor's degree in commerce from Gujarat University
- She has over 20 years of experience in the financial service sector

# Eminent Board of Directors

## Extensive industry experience and deep domain knowledge of financial services sector



**Bala Bhaskaran**

Independent Director

- He has been associated with the Company as a Director since November 1995 and as an independent Director since April 2014
- He is a management graduate with two decades of experience in the consultancy and financial sector.
- He has a number of management consultancy inputs from his rich experience
- He has done his engineering from IIT-Madras, MBA from IIM-Bangalore and CFA from ICFAI



**Mr. Chetan Ramniklal Shah**

Independent Director

- He has been associated with the Company since June 2008 and as an independent Director since April 2014
- He holds bachelor's degrees in commerce and law (general) from Gujarat University
- He is also a qualified chartered accountant registered with the Institute of Chartered Accountants of India
- He has over 33 years of experience in the financial services sector and has in the past worked with the Natpur Co-operative Bank as the Manager – Finance



**Mr. Umesh Rajanikant Shah**

Independent Director

- He has been associated with the Company as an independent Director since December 2016
- He is a Chartered Accountant
- He has more than 35 years of experience in the diverse fields connected with Finance, Accounting, Auditing and Taxation
- He also has 5 years hands-on experience of working in an NBFC



**Mrs. Daksha Niranjani Shah**

Independent Director

- She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specializing in Finance and Marketing and also a student of Economics and Statistics.
- She worked as a Programme Director of Vikas Centre for Development and Friends of Women's World Banking by serving and building capacity of more than 80 Microfinance Organizations all over India.
- She worked as Managing Director of Pahal Financial Services Pvt. Ltd from 2011 to 2014. At present she is the Managing Director of Altura Financial Services Ltd since 2014.

# Strengthening of Senior Management Bandwidth



In a move to strengthen its senior management bandwidth, the company has created certain new senior positions and has elevated some of the existing key management personnel (KMPs). All the new appointments were approved by the board in its meeting held on November 6, 2019.

## Brief Profile of New Appointees at MAS Financial Services Limited

**Mrs. Darshana Pandya from Director & COO to Director & CEO:** Mrs. Darshana Pandya started her career with Company in the year 1996 as a junior executive with Accounts Dept. Through her immaculate hard work and determination to excel she was promoted to Chief Operating Officer (“COO”) of the Company. Over the years she gained varied experience in all the departments of the Company and on Board meeting held on 23<sup>rd</sup> September, 2016 she was appointed as Director of the Company. Her extremely focused, passionate and dedicated work has helped the Company to achieve very impressive growth.

**Mr. Ankit Jain from Vice President – Finance to Chief Financial Officer (“CFO”):** Mr. Ankit Jain is associated with Company since last 9 years. He joined the Company as Asst. to Director Finance in the year 2010 and due to his constant hard work and dedication he was promoted to Vice President – Finance in the year 2017. He is responsible for Syndication of Funds (Term Loans, Cash Credit, Securitization, Preference Shares, Debentures) for Company through various sources such as Banks, Financial Institutions, Private equity players and development organizations. He played significant part in getting the company listed with stock exchange and has been handling investor relationship for the company. He also ensures compliance to various regulatory norms pertaining to RBI.

# Strengthening of Senior Management Bandwidth

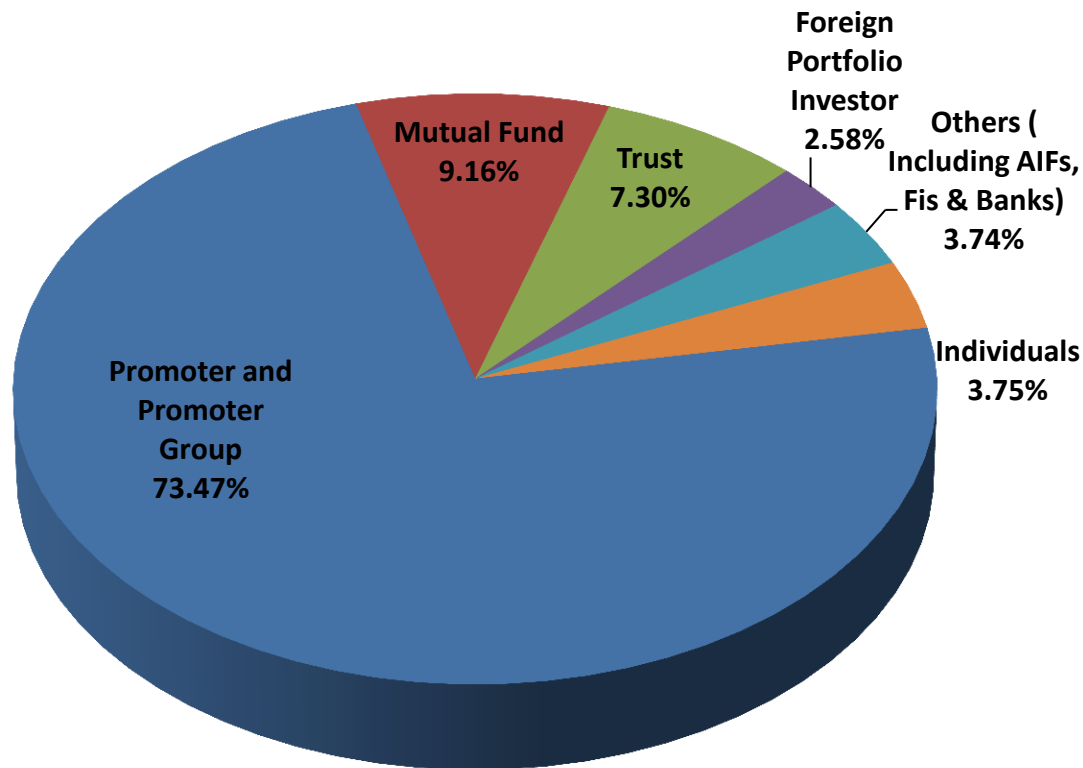


**CA Nishant Jain from Head – Risk & Monitoring to Chief Risk Officer (“CRO”):**Mr. Nishant Jain has overall experience of more than 8 years in Credit & Risk field. Mr. Jain had first joined MAS Financial in 2012 and worked with the company till 2016 as Manager – Operations. He re-joined the Company in 2018 as Head – Risk & Monitoring. Owing to his proven abilities and his dedication towards all the given assignments, he is now being appointed and promoted as Chief Risk Officer of the Company.

**Mr. Dipak Dangar from Vice President – Retail Assets Channel to Chief Operating Officer – Retail Asset Channel (“COO-RAC”):**Mr. Dipak Dangar is associated with Company since last 11 years. He joined the Company as a Relationship Manager in the year 2008. Due to his hard work and dedication towards all the assignments given to him during his tenure, he was promoted to thrice till date. His last designation was Vice President – Retail Assets Channel. He is appointed and promoted as Chief Operating Officer – Retail Asset Channel (“COO- RAC”).



## Shareholding as on 30<sup>th</sup> Sept 2019



## Marquee Non Promoter Shareholders

- TIMF HOLDINGS
- SCHRODER INTERNATIONAL SELECTION FUND INDIAN OPPORTUNITIES
- JPMORGAN INDIA SMALLER COMPANIES FUND
- INDIA EMERGING OPPORTUNITIES FUND LIMITED
- MIRAE ASSET INDIA
- UNISUPER LIMITED AS TRUSTEE FOR UNISUPER
- MOTILAL PRIVATE EQUITY
- AXIS MUTUAL FUND
- IDFC MUTUAL FUND
- TATA AIA LIFE INSURANCE
- RELIANCE ALTERNATIVE INVESTMENT FUND
- MOTILAL OSWAL MUTUAL FUND
- ASK INVESTMENT MANAGERS PRIVATE LIMITED

## Asset Creation

- To anchor to our belief that, growth with quality will enhance the shareholders' value.
- Anticipated growth for the next five years to be in the range of 20% - 30% and maintain healthy ROA and ROCE, which will be among the best in the industry.
- We will continue serving the informal LIG and MIG class of customers spread over rural , semi urban and urban areas leveraging on our more than two decades of experience and striving to add value to our clients.
- SME and Housing finance offers huge potential and company will maintain adequate focus as it is anticipated as one of the key growth drivers.
- The distribution network of the current states in operation will be strengthened and endeavors will be to provide one of the most efficient financial services which we term as the Power of Distribution. The company will also explore the potentiality of entering into new geographies.
- Strengthening and expanding the association with various channel partners will be one of the key focus areas.

## Liability Management

- Ideal debt resource mix, ensuring continuous flow of funds while maintaining optimum utilization of capital.
- The assets created by the company is expected to generate good securitization/assignment demand thereby enabling the company to de-risk and maintain the off book portfolio.

# Financial Statement: FY18 – H1 FY20

PROFIT & LOSS STATEMENT				
INR Mn	FY 2018	FY 2019	H1 FY19	H1 FY20
Total Revenue	4509	5726	2555	3266
<b>Expenses</b>	<b>2857</b>	<b>3387</b>	<b>1550</b>	<b>2140</b>
Finance Costs	1705	2067	911	1371
Operating Expense	725	775	385	415
Provisions and Loan Losses	428	545	255	355
<b>Profit Before Tax</b>	<b>1652</b>	<b>2339</b>	<b>1005</b>	<b>1126</b>
<b>Profit After Tax</b>	<b>1034</b>	<b>1521</b>	<b>650</b>	<b>874</b>
Other comprehensive income	161	-66	-48	25
<b>Total comprehensive income</b>	<b>1195</b>	<b>1455</b>	<b>603</b>	<b>899</b>
BALANCE SHEET STATEMENT				
INR Mn	Mar-18	Mar-19	H1 FY19	H1 FY20
ASSETS				
<b>Financial assets</b>	<b>26371</b>	<b>36435</b>	<b>31565</b>	<b>41357</b>
Loans	25463	32185	30013	36818
other financial assets	908	4249	1552	4539
<b>Non-financial assets</b>	<b>606</b>	<b>601</b>	<b>600</b>	<b>687</b>
<b>Total assets</b>	<b>26977</b>	<b>37036</b>	<b>32166</b>	<b>42045</b>
LIABILITIES				
<b>Financial liabilities</b>	<b>18903</b>	<b>27494</b>	<b>23600</b>	<b>32034</b>
Debt securities	597	598	598	599
Borrowings (other than debt securities)	12252	19598	16344	23631
Other Financial Liabilities	6054	7297	6657	7804
<b>Non-financial liabilities</b>	<b>335</b>	<b>444</b>	<b>239</b>	<b>242</b>
<b>Total liabilities</b>	<b>19238</b>	<b>27937</b>	<b>23838</b>	<b>32275</b>
EQUITY				
Equity share capital	547	547	547	547
Other equity	7192	8552	7781	9223
<b>Total equity</b>	<b>7739</b>	<b>9098</b>	<b>8327</b>	<b>9769</b>
<b>Total liabilities and equity</b>	<b>26977</b>	<b>37036</b>	<b>32166</b>	<b>42045</b>

All the above figures are as per IND-AS

# MA&S Rural Housing & Mortgage Finance Limited (MRHMFL) – Subsidiary



## MA&S is targeting affordable housing finance segment through its subsidiary

- MA&S Rural Housing & Mortgage Finance Limited (“MA&S Housing” or MRHMFL) is a non-deposit taking, NHB registered, housing finance institution. It was incorporated in 2008 and headquartered in Ahmedabad, Gujarat
- MRHMFL provides loans for purchase of new and old houses, construction of houses on owned plots, home improvement loans and loans for purchase and construction of commercial property. It also extends loans to developers for construction of affordable housing projects
- MRHMFL provides housing loans in rural and semi-urban areas of Gujarat, Maharashtra, Rajasthan and Madhya Pradesh
- With its continued focus on the rural and semi-urban segments, the company has 69 branches and has sourcing arrangements with 59 intermediaries – typically project developers and property agents

### Housing Loans



- Loans of up to INR 5 Mn for residential and INR 10 Mn for commercial
- Provides housing loans to customers, who are primarily salaried and self-employed individuals and loans to developers for construction of affordable housing project
- Tenure up to 240 months for residential and 120 months for commercial
- Average Ticket size in H1 FY20– INR 8,26,899
- **AUM as of Sept 30, 2019– INR 2,822 Mn**

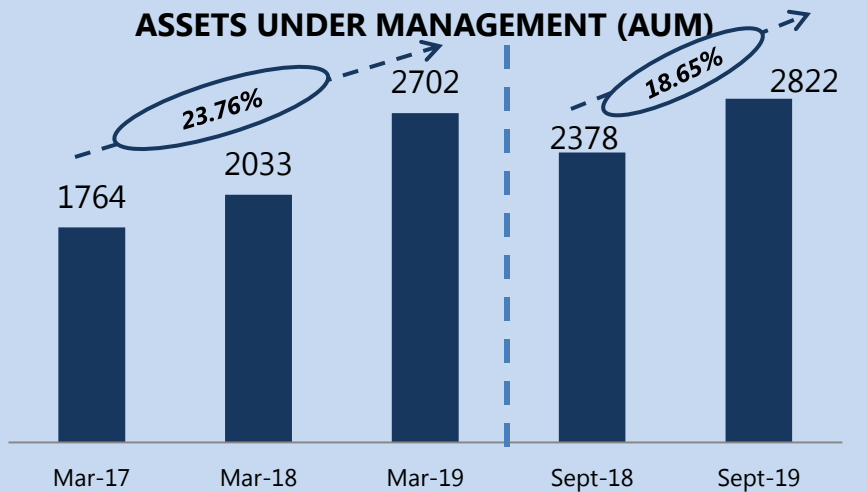
# Financial Performance Trends – Q2 FY20

## MRHMFL

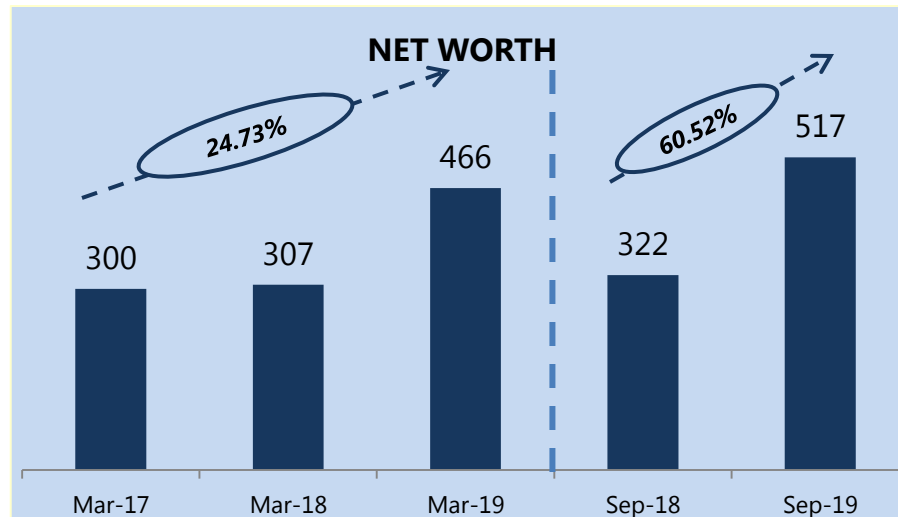


In INR Mn

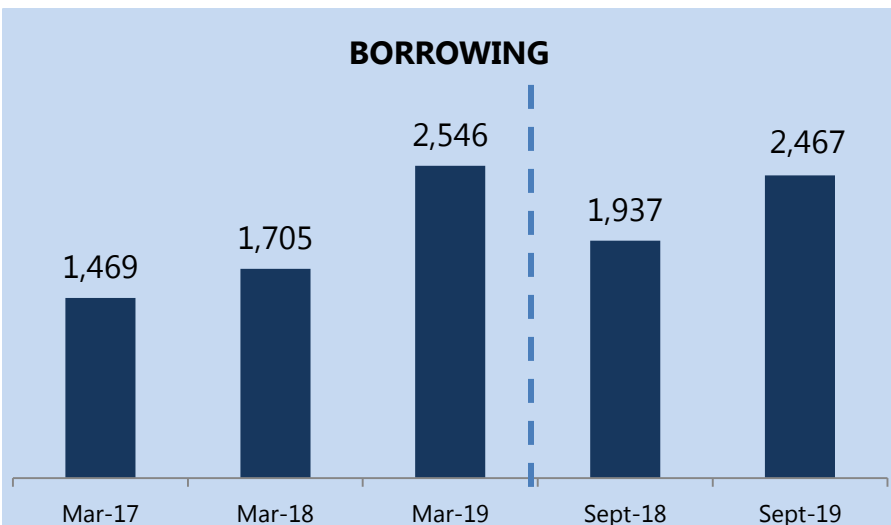
### ASSETS UNDER MANAGEMENT (AUM)



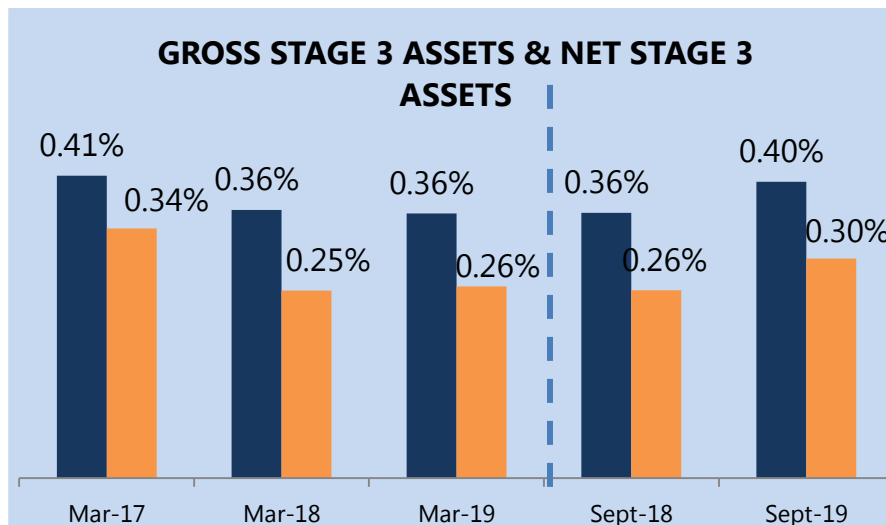
### NET WORTH



### BORROWING



### GROSS STAGE 3 ASSETS & NET STAGE 3 ASSETS



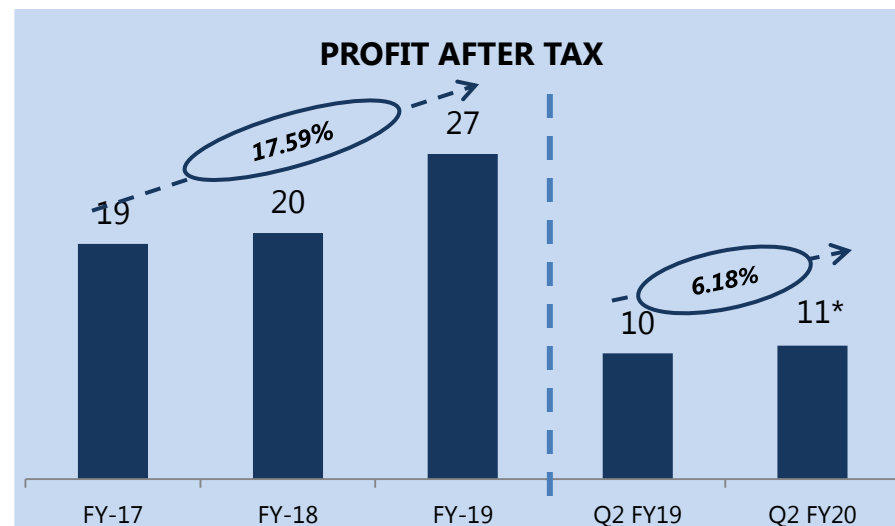
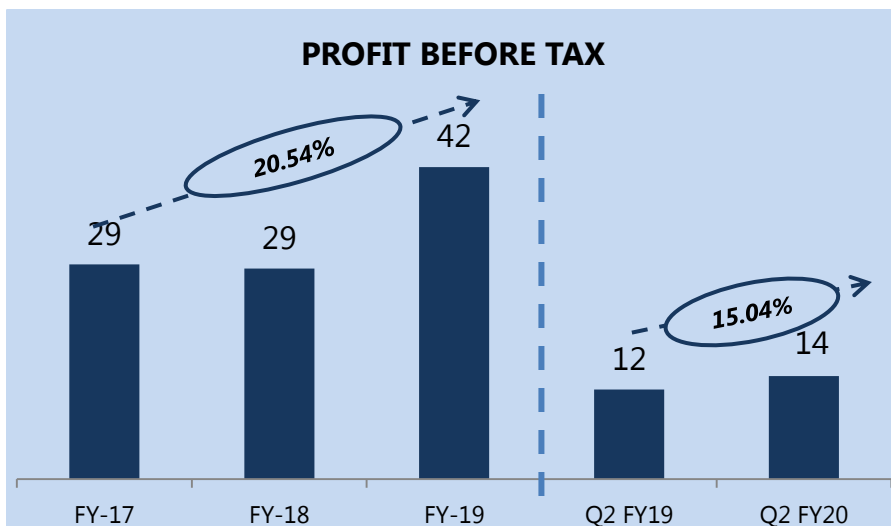
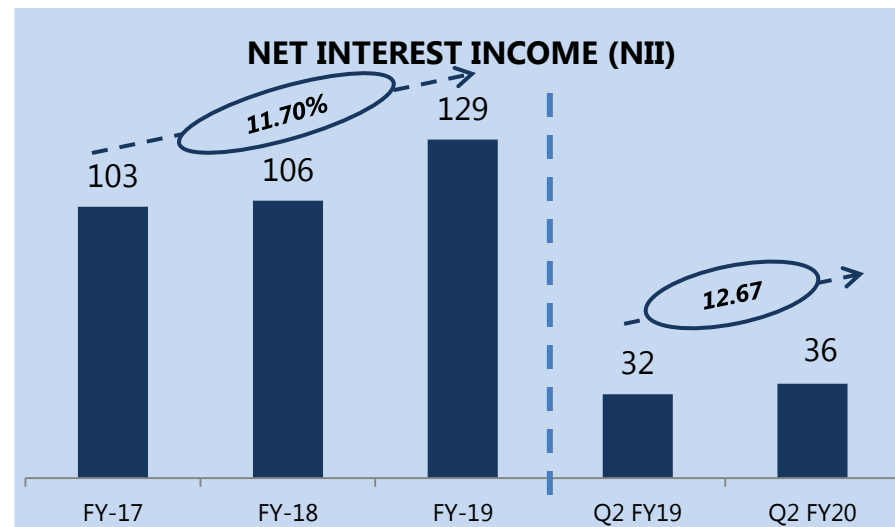
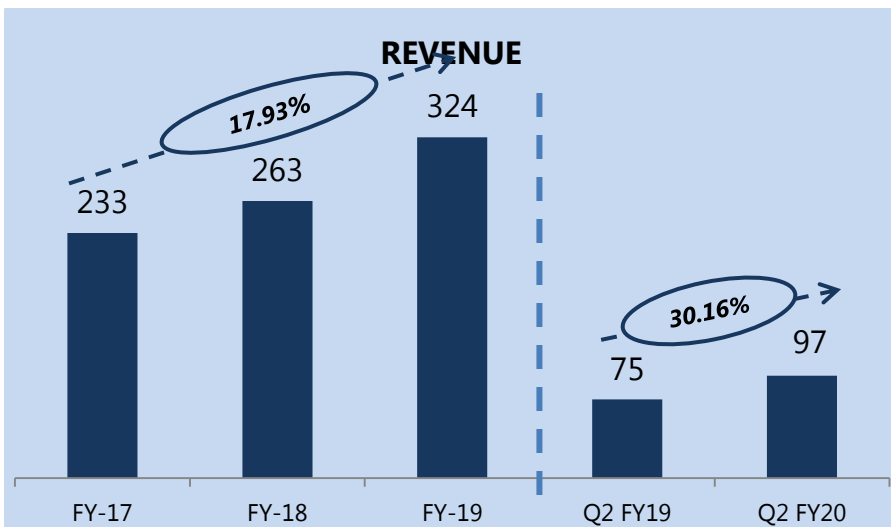
All the above figures are as per IND-AS, except FY17

# Financial Performance Trends – Q2 FY20

## MRHMFL



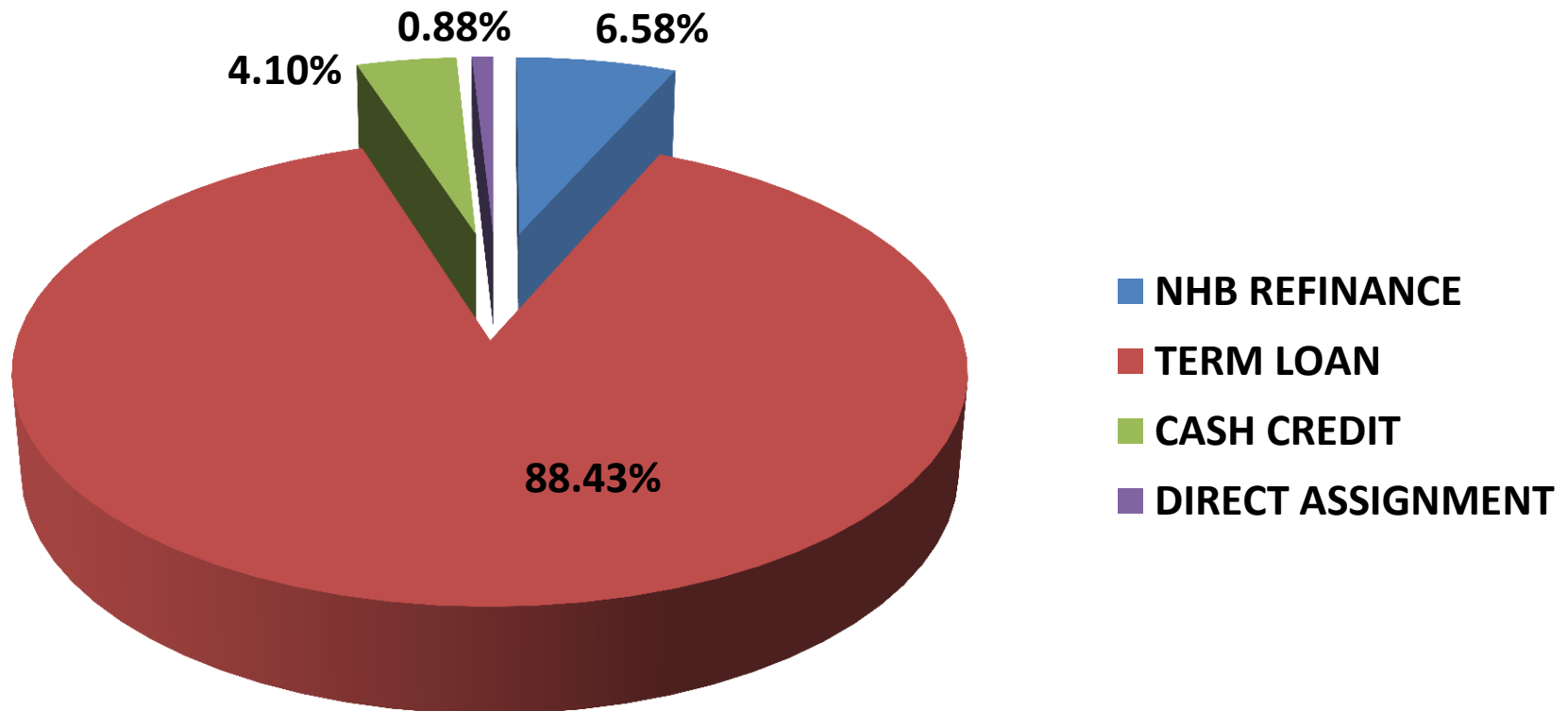
In INR Mn



\* Profit After Tax growth is lower because of one time impact of Rs.6.61 lakhs. due to tax rate change.

All the above figures are as per IND-AS, except FY17

## Borrowing Mix as on 30<sup>th</sup> Sept 2019



- Efficient liability management ensures :
  - Adequate liquidity round the year.
  - Minimum asset liability mismatch.
  - Tie up for the fund requirement of the whole financial year.

# Liability Management



## Liability Planning:

- The composition of our liability mix ensures healthy ALM and well diverse resource mix.
- The Liability management was tested last quarter and the company could successfully demonstrate its capability of efficient liability management
- Capital adequacy ratio, as on 30<sup>th</sup> Sept 2019 is 35.29% against regulatory norms of 12%. Tier I capital is 28.45%. Tier II capital is just 6.84% which will increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen ALM.
- Around 65% of the on book housing loan portfolio qualifies as priority sector lending for banks as onlending to HFCs. We keep on raising term loans from banks both priority sector and Non priority sector lending with a average maturity of 5 -7years.
- We keep on availing refinance from NHB which is currently 6.58% of our total borrowing mix. This help us to raise matching tenure loans at very competitive rates. The company is working very hard to enhance NHB refinance share in our total liability management.
- The total Cash credit limit available to the company is Rs. 170 Mn. The utilization level is maintained at 65% - 70% of the total Cash Credit Facility, ensuring sufficient liquidity on hand.
- Around 100% of the housing loan portfolio qualifies as Priority Sector Lending for banks if the same is assigned to banks. Increase in direct assignment of portfolio over a period of time will enable efficient ALM and will bring about capital efficiency.



# Reconciliation of profit from IND-AS to I-GAAP



IN INR MN

Particulars		Q2 FY 20	Q2 FY 19	H1 FY 20	H1 FY 19	FY 19
<b>Total Comprehensive Income for the Period (based on IND-AS)</b>		<b>495.86</b>	<b>(44.91)</b>	<b>898.58</b>	<b>602.75</b>	<b>1,455.48</b>
Other Comprehensive Income for the Period, Net of Tax		(29.14)	390.74	(24.56)	47.71	65.67
<b>Profit After Taxes (based on IND-AS)</b>		<b>466.72</b>	<b>345.84</b>	<b>874.02</b>	<b>650.47</b>	<b>1,521.15</b>
Adjustments	Impact of Adopting EIR on Financial Assets	9.67	20.76	10.82	13.66	18.87
	Impact of Adopting EIR on Financial Liabilities	-	0.09	-	1.10	1.13
	Impact of Income accrues on Stage 3 Assets	3.28	(9.67)	(11.23)	(12.95)	(28.00)
	Impact of recognition of Assigned Portfolio	0.56	(13.32)	43.33	20.84	(138.42)
	Impact on application of ECL method for Provision on Loan Portfolio	(0.41)	(13.46)	(0.55)	10.09	13.49
	Impact on adopting IND AS 116 Leases	(1.34)	0.70	(1.34)	0.70	(1.46)
	Reclassification actuarial gain/loss on Employee benefit schemes	0.12	-	0.43	-	-
	Others	(0.37)	(1.78)	(0.77)	(2.12)	(2.54)
	<b>Total of the above Adjustments</b>	<b>11.51</b>	<b>(16.69)</b>	<b>40.68</b>	<b>31.33</b>	<b>(136.93)</b>
Add/Less: Impact of Taxes on account of above adjustments		0.43	5.98	(10.31)	(10.95)	47.98
<b>Profit after Taxes (based on I-GAAP)</b>		<b>478.66</b>	<b>335.13</b>	<b>904.39</b>	<b>670.85</b>	<b>1,432.20</b>

# Assignment Income Reconciliation

IN INR MN

Sr. No.	Particulars	Q2 FY20	Q2 FY19	H1 FY20	H1 FY19	FY19
1	Upfront spread booked on present value basis on portfolio assigned during the year (based on IND-AS)	241.89	200.12	442.23	355.70	941.45
2	Income booked on asset created out of spread receivable (based on IND-AS)	15.38	11.20	30.80	22.65	49.62
3	Spread that would have been booked on assigned portfolio on amortization basis (based on I-GAAP)	257.83	198.06	516.36	399.19	852.64
4	<b>Net Impact on income due to upfront booking of spread on the assigned portfolio (based on IND-AS) (1+2-3)</b>	<b>-0.56</b>	<b>13.26</b>	<b>-43.33</b>	<b>-20.84</b>	<b>138.42</b>

# Credit Quality

IN INR MN

Particulars	Sept-19		Sept-18	
	AUM	Provision	AUM	Provision
Stage 1	35211.21	112.50	28552.16	89.84
Stage 2	1245.13	138.38	1165.28	145.70
Stage 3	623.06	120.18	564.46	107.31
<b>TOTAL ON BOOK</b>	<b>37079.40</b>	<b>371.06</b>	<b>30281.90</b>	<b>342.85</b>
Assigned Portfolio	21864.29	N/A	16334.26	N/A
<b>TOTAL AUM</b>	<b>58943.69</b>		<b>46616.16</b>	

Particulars	Sept-19	Sept-18
Gross Stage 1 And Stage 2 Assets As % Of On Book Assets	98.32%	98.14%
Stage 1 & Stage 2 Assets (Standard Assets) Provisioning	0.69%	0.79%
Gross Stage 3 Assets As % Of On Book Assets	1.68%	1.86%
Stage 3 Assets Provisioning	19.29%	19.01%
Net Stage 3 Assets As % Of On Book Assets	1.36%	1.51%
Gross Stage 3 As % Of AUM	1.27%	1.29%
Net Stage 3 As % Of AUM after provisioning	1.06%	1.06%

Note: Stage 3 (>90 DPD Assets) on Assigned portfolio was Rs. 124.27 MN. on 30<sup>th</sup> Sept 2019 and Rs. 36.13 MN. on 30<sup>th</sup> Sept 2018 which has been taken into consideration while calculating Stage 3 As % Of AUM.

# Reconciliation of profit from IND-AS to I-GAAP



IN INR MN

Particulars		Q2 FY 20	Q2 FY 19	H1 FY 20	H1 FY 19	FY 19
<b>Total Comprehensive Income for the Period (based on IND-AS)</b>		<b>10.75</b>	<b>10.41</b>	<b>21.96</b>	<b>19.49</b>	<b>26.74</b>
Other Comprehensive Income for the Period, Net of Tax		0.12	(0.17)	0.06	(0.22)	(0.22)
<b>Profit After Taxes (based on IND-AS)</b>		<b>10.87</b>	<b>10.24</b>	<b>22.03</b>	<b>19.27</b>	<b>26.52</b>
Adjustments	Impact of Adopting EIR on Financial Assets	(1.94)	1.20	(1.69)	2.14	2.61
	Impact of Adopting EIR on Financial Liabilities	(0.33)	0.61	0.13	1.25	2.84
	Impact of Income accrues on Stage 3 Assets	(0.42)	0.05	(0.63)	(0.17)	0.10
	Impact of recognition of Assigned Portfolio	0.22	0.22	0.39	0.40	0.86
	Impact on application of ECL method for Provision on Loan Portfolio	(0.65)	(0.46)	(0.66)	(1.66)	0.75
	Impact on adopting IND AS 116 Leases	0.08	-	0.14	0.00	0.00
	Reclassification actuarial gain/loss on Employee benefit schemes	(0.16)	0.17	(0.08)	0.22	0.31
	Others	0.88	(0.12)	0.05	(0.27)	(2.86)
	<b>Total of the above Adjustments</b>	<b>(2.32)</b>	<b>1.68</b>	<b>(2.35)</b>	<b>1.91</b>	<b>4.60</b>
Add/Less: Impact of Taxes on account of above adjustments		0.59	(1.06)	0.37	(1.35)	5.49
<b>Profit after Taxes (based on I-GAAP)</b>		<b>9.14</b>	<b>10.86</b>	<b>20.04</b>	<b>19.83</b>	<b>36.61</b>

# Credit Quality



IN INR MN

Particulars	Sept-19		Sept-18	
	AUM	Provision	AUM	Provision
Stage 1	2,716.84	4.60	2,240.71	2.88
Stage 2	72.47	3.81	103.80	4.92
Stage 3	10.92	2.94	8.57	2.50
<b>TOTAL ON BOOK</b>	<b>2,800.23</b>	<b>11.35</b>	<b>2,353.08</b>	<b>10.30</b>
Assigned Portfolio	21.53	N/A	25.16	N/A
<b>TOTAL AUM</b>	<b>2,821.76</b>		<b>2,378.24</b>	

Particulars	Sept-19	Sept-18
Stage 1 And Stage 2 Assets As % Of On Book Assets	99.61%	99.64%
Stage 1 And Stage 2 Assets ( Standard Assets) Provisioning	0.30%	0.33%
Stage 3 As % Of On Book Assets	0.39%	0.36%
Stage 3 Assets Provisioning	26.93%	29.20%
Stage 3 As % Of On Book Assets after provisioning	0.28%	0.26%
Stage 3 As % Of AUM	0.40%	0.36%
Stage 3 As % Of AUM after provisioning	0.30%	0.26%

Note: Stage 3 (>90 DPD Assets) on Assigned portfolio was Rs. 0.44 MN. on 30<sup>th</sup> Sept 2019 and Nil on 30<sup>th</sup> Sept 2018 which has been taken into consideration while calculating Stage 3 As % Of AUM.

# Glossary

<b>AUM</b>	Assets Under Management
<b>Bn</b>	Billion
<b>CCPS</b>	Compulsorily Convertible Preference Shares
<b>COB</b>	Cost of Borrowing
<b>CRAR</b>	Capital To Risk Assets Ratio
<b>DPD</b>	Days Past Due
<b>FIs</b>	Financial Institutions
<b>ICR</b>	Interest Coverage Ratio
<b>IPO</b>	Initial Public Offer
<b>MEL</b>	Micro Enterprise Loans
<b>Mn</b>	Million
<b>NBFC</b>	Non Banking Financial Company
<b>NCD</b>	Non Convertible Debentures
<b>NCT</b>	National Capital Territory
<b>NII</b>	Net Interest Income
<b>PAT</b>	Profit After Tax
<b>ROTA</b>	Return On Avg. Balance Sheet Assets
<b>SME</b>	Small And Medium Enterprises
<b>YoY</b>	Year On Year
<b>IND-AS</b>	Indian Accounting Standard
<b>GAAP</b>	Generally accepted accounting principles

<b>EIR</b>	Effective Interest Rate
<b>ECL</b>	Estimated Credit Loss
<b>OCPS</b>	Optionally Convertible Preference Share



*The Power of Distribution*

**BEST WISHES**

**INVESTOR CONTACT**

**Name: Ankit Jain**

**Designation: Chief Financial Officer**

**Contact No.: 079-41106682**

**Email ID: [ankit\\_jain@mas.co.in](mailto:ankit_jain@mas.co.in)**