



The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2018/5

January 24, 2018

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 nine months ended December 31, 2017

Please find enclosed herewith Investor Presentation for the quarter and nine months ended December 31, 2017.

Thanking you,

Yours faithfully,
For, MAS Financial Services Limited

Nirav P. Patel

Nirav Prakashchandra Patel
Company Secretary and Compliance Officer
ACS No.: 32979



Encl.: As above

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INVESTOR
PRESENTATION –
Q3 FY18



The Power of Distribution

REGISTERED OFFICE

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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



77 branches



5,00,000+

Active loan accounts

3,273

Customer locations

Sourcing Intermediaries



401



330



106 NBFCs

CONSISTENT GROWTH

AUM with immaculate Quality



AUM: INR 36,576 Mn
(YoY Growth of 33.35%)

Gross NPA: 1.17%

Net NPA: 0.94%

Consistent Profitability & Returns

Revenue: INR 1,130 Mn



PAT: INR 253 Mn

17.70%

Return on Avg. Net
Worth*



4.19%
Return on
Avg. Total Assets*

2.84%
Return on Avg. AUM*

EFFICIENT LIABILITY MANAGEMENT

Capitalization



TOTAL CRAR: 33.10%

TIER I CRAR : 30.70%

TIER II CRAR : 2.40%



37.06% of AUM
Assigned to Banks/FIs

Fund Raising

9.01%
Cost of borrowings*

- NCDs
- Term loans
- Commercial Paper
- Cash credit

All the above figures are for Q3 FY18

** 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

2018

Listing of Equity Shares on Bombay Stock Exchange & National Stock Exchange

2017

AUM crossed INR 30 Bn

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
 AUM crossed INR 20 Bn

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 who primarily include retailers, traders, small manufacturers and service providers
- Tenure up to 36 months; Average ticket size in Q3 FY18 – INR 45,107
- **AUM as of December 31, 2017 – INR 22,668 Mn**

SME Loans



- Loans of up to INR 50 mn to SMEs who 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 Q3 FY18 – INR 9.48 Mn
- **AUM as of December 31, 2017 – INR 8,964 Mn**

Two Wheeler Loans



- Two-wheeler loans to our customers, who primarily include farmers, self-employed and salaried individuals and professionals
- Tenure up to 36 months; Average ticket size in Q3 FY18 – INR 48,114
- **AUM as of December 31, 2017 – INR 3,554 Mn**

Commercial Vehicle (CV) Loans

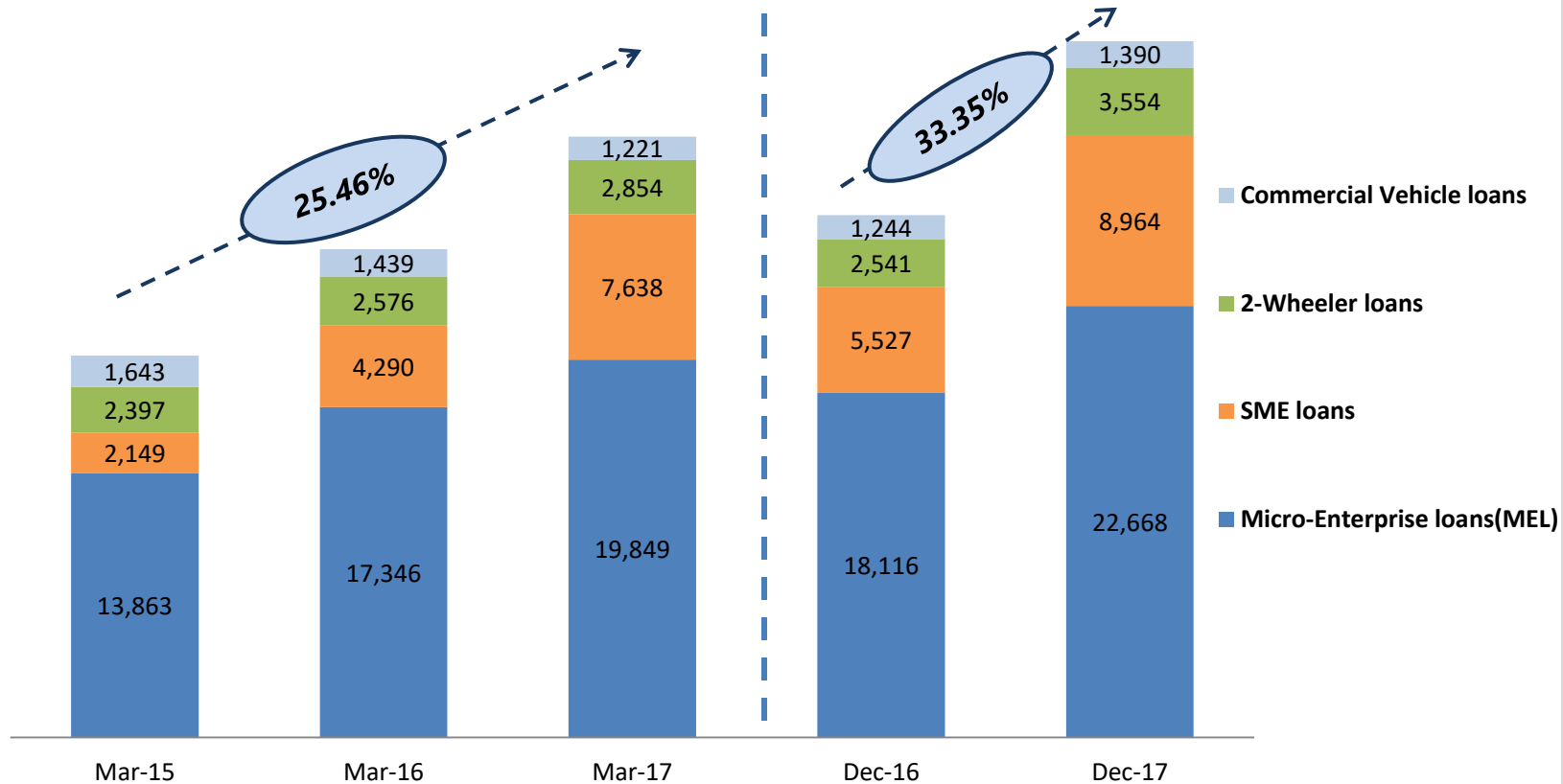


- Loans of up to INR 700,000 for the purchase of new and used CVs to small road transporters, used cars to small traders and manufactures and tractors to the persons engaged in Agricultural activities
- Tenure up to 60 months; Average ticket size in Q3 FY18 – INR 186,464
- **AUM as of December 31, 2017 – INR 1,390 Mn**

Recent Growth in Overall AUM

MAS' has exhibited steady growth in AUM over the years

AUM by Product Category (INR Mn)



**Segment growth
YOY
Dec-16 vs Dec-17**

11.72%

39.87%

62.18%

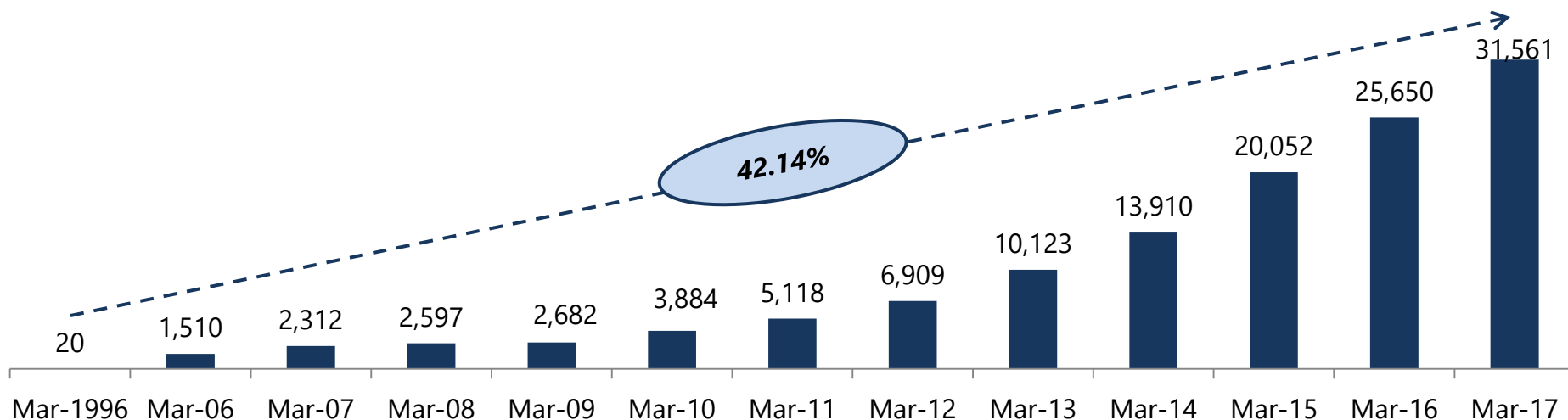
25.13%

PARTICULARS	MAR -15	MAR-16	MAR-17	DEC-16	DEC-17
AUM	20,052	25,650	31,561	27,428	36,576

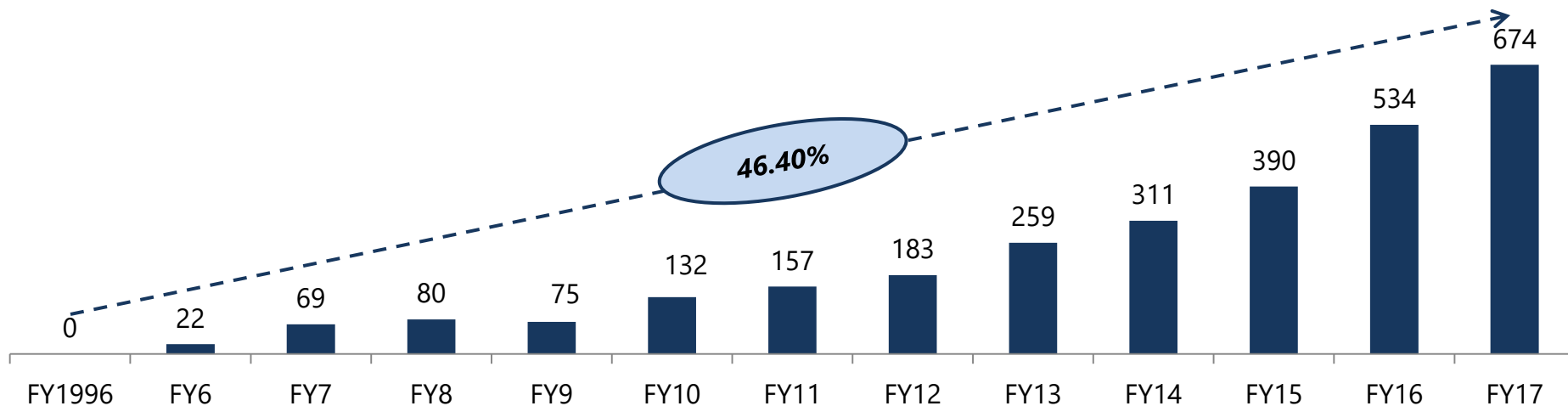
Consistent Growth in AUM and PAT

Asset Under Management (AUM)

In INR Mn

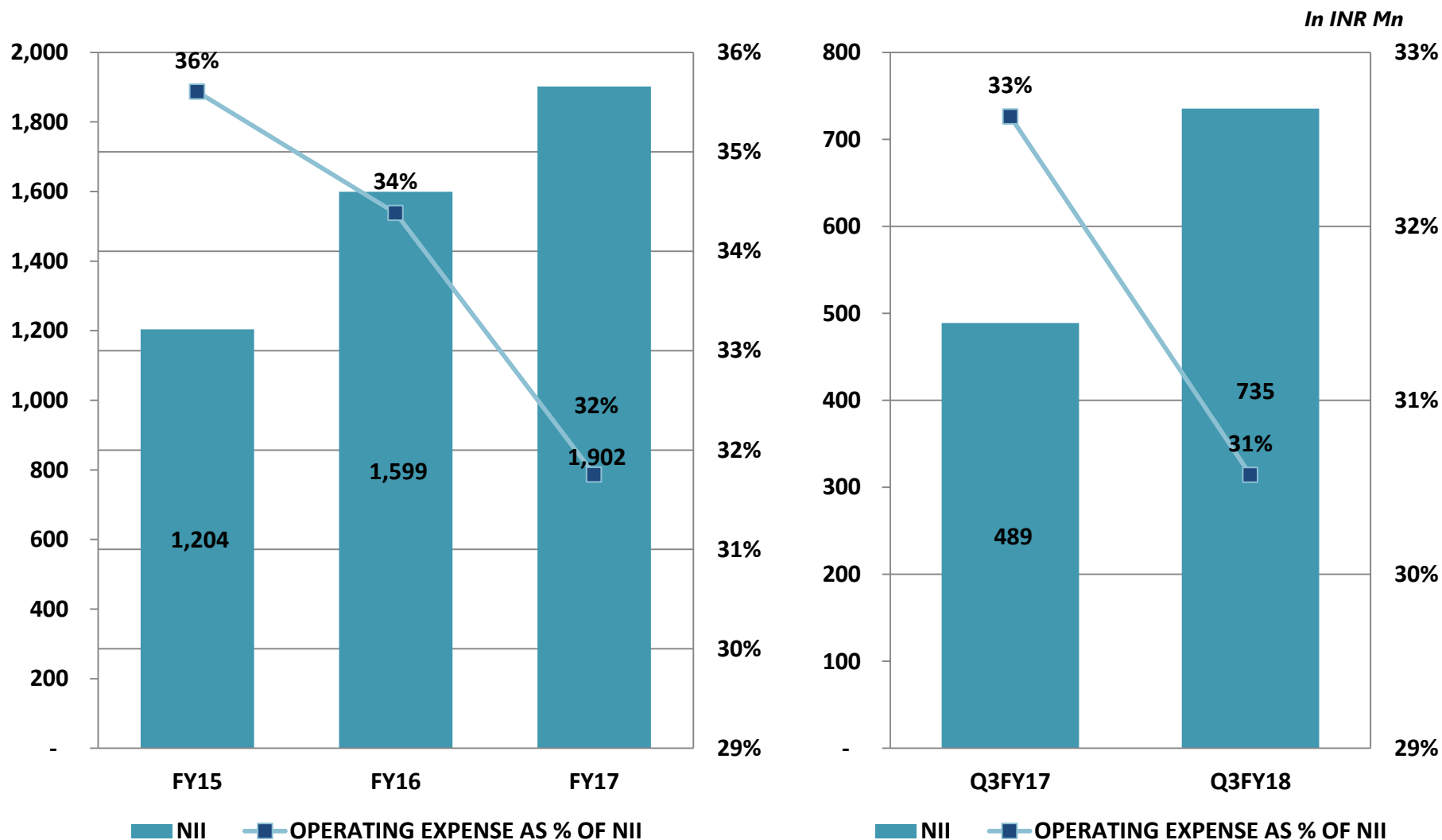


Profit After Tax (PAT)



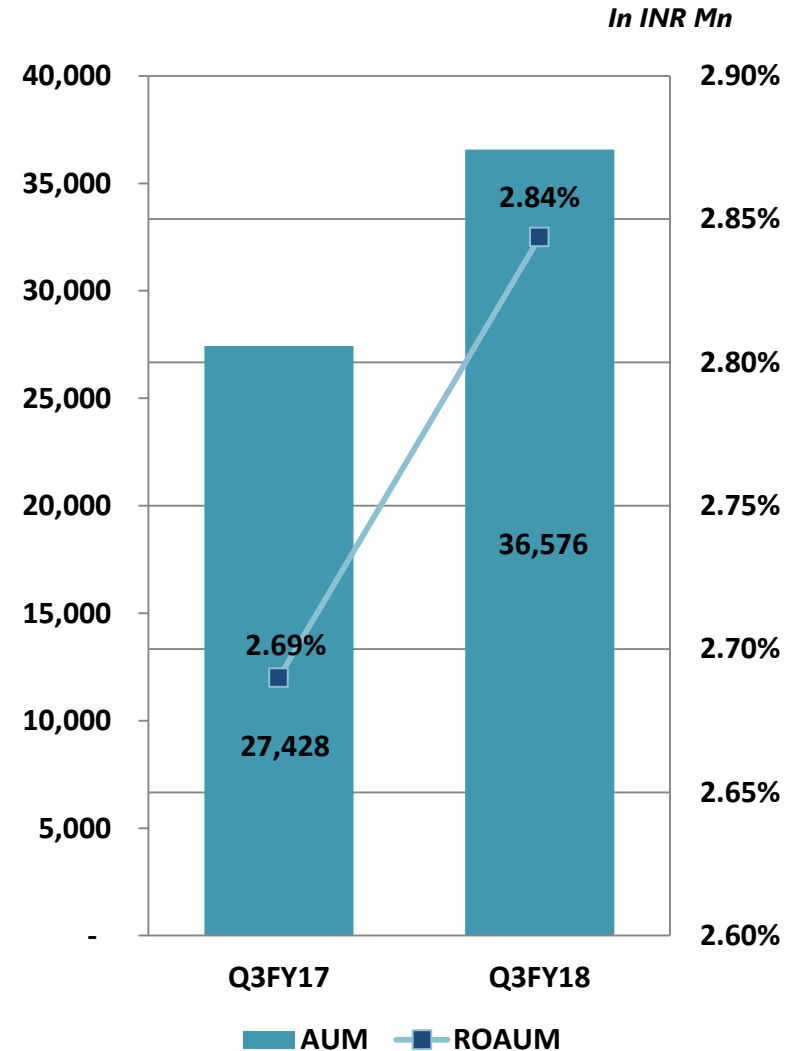
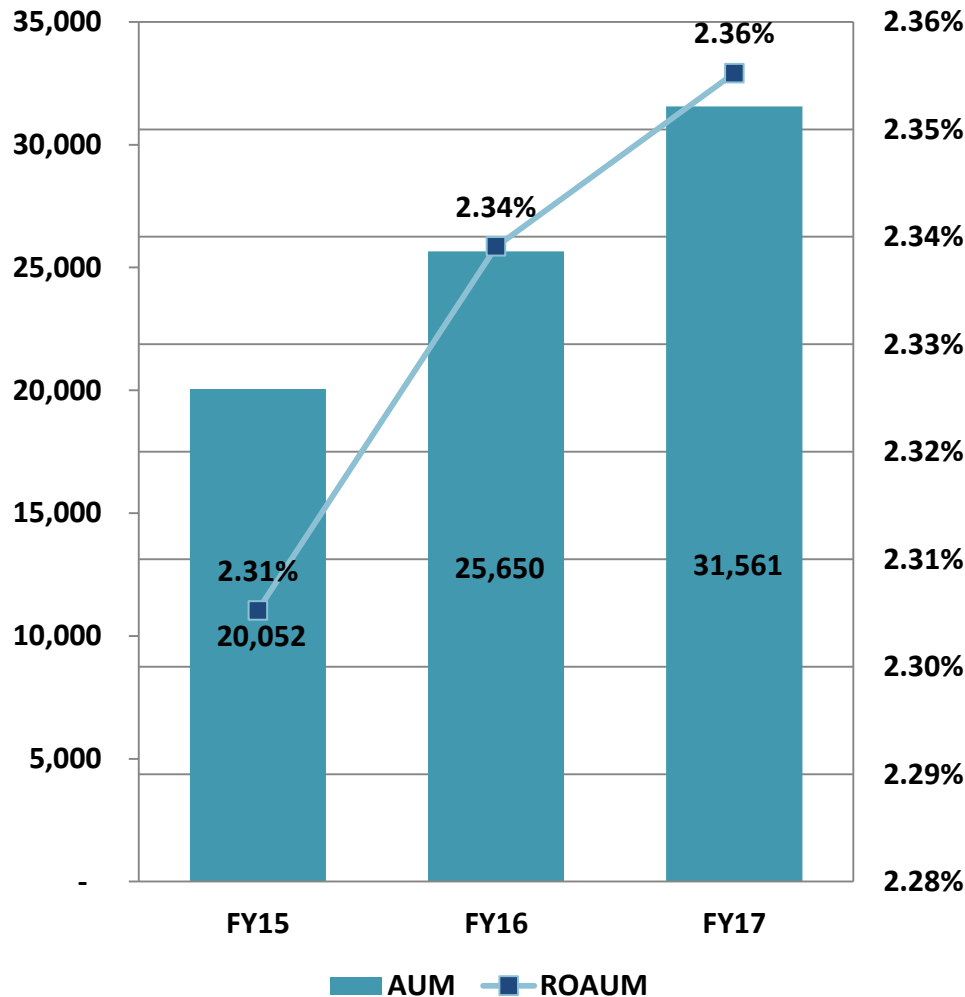
Consistent Growth with Operational Excellence

Consistent growth in Net Interest Income with constant focus on Operational Excellence

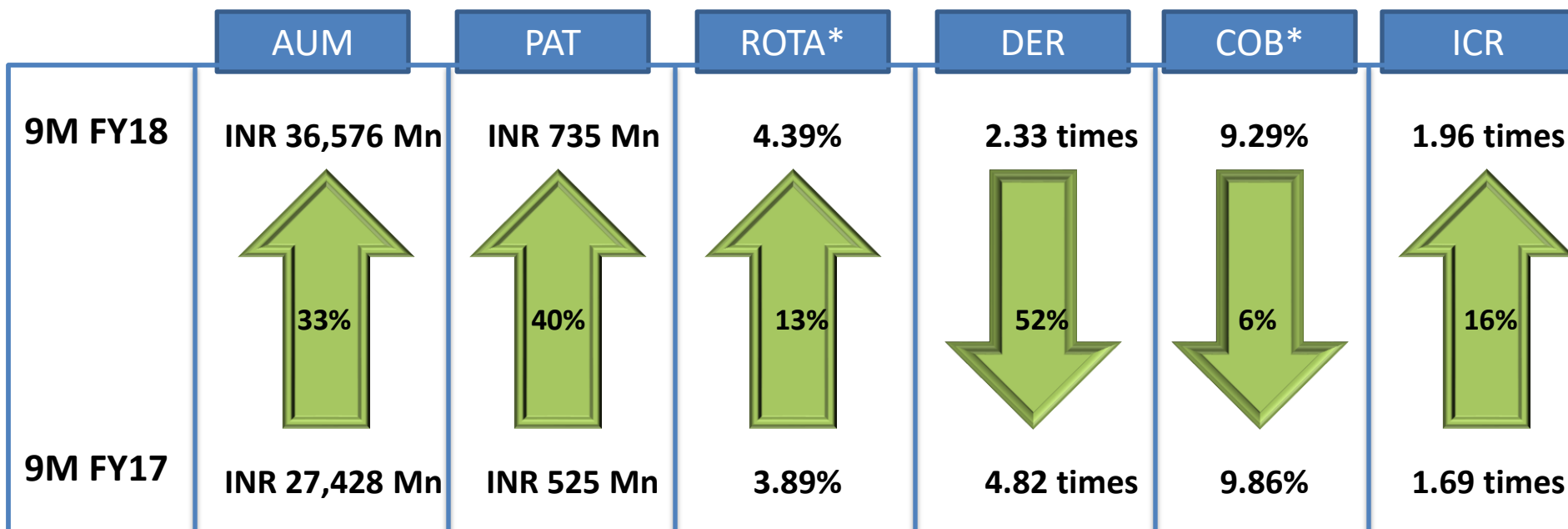


Growth With Stable Return

Constant growth in AUM while maintaining returns

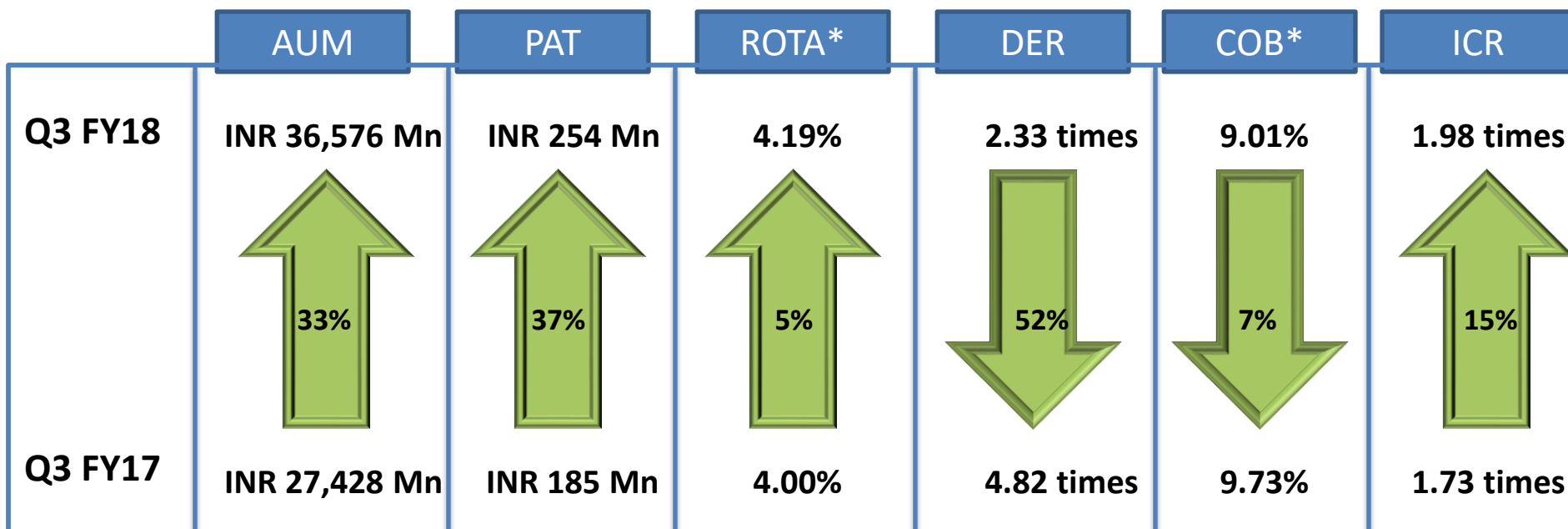


Key Achievements Highlights – 9M FY18 vs 9M FY17



ABBREVIATIONS	
AUM	ASSET UNDER MANAGEMENT
PAT	PROFIT AFTER TAX
ROTA	RETURN ON AVG. TOTAL ASSET
DER	DEBT EQUITY RATIO
COB	COST OF BORROWING
ICR	INTEREST COVERAGE RATIO

Key Achievements Highlights – Q3 FY18 vs Q3 FY17



ABBREVIATIONS

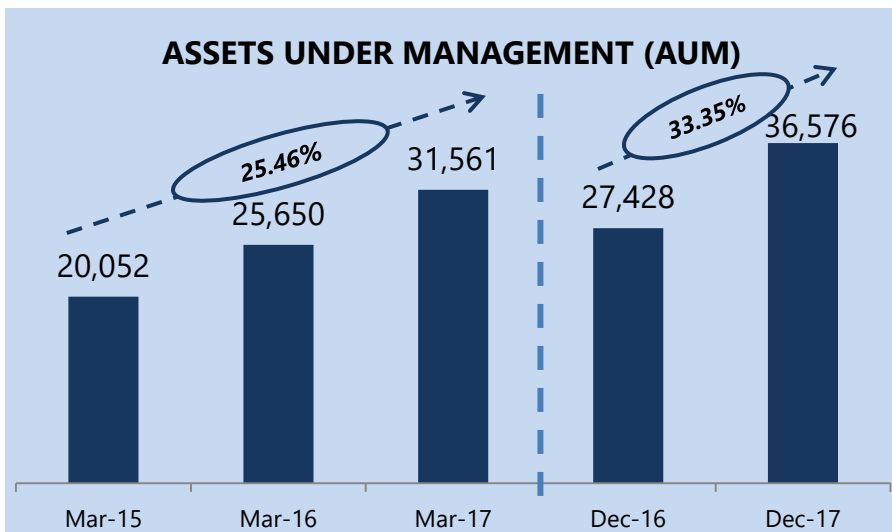
AUM	ASSET UNDER MANAGEMENT
PAT	PROFIT AFTER TAX
ROTA	RETURN ON AVG. TOTAL ASSET
DER	DEBT EQUITY RATIO
COB	COST OF BORROWING
ICR	INTEREST COVERAGE RATIO

Financial Performance Trends – Q3 FY18

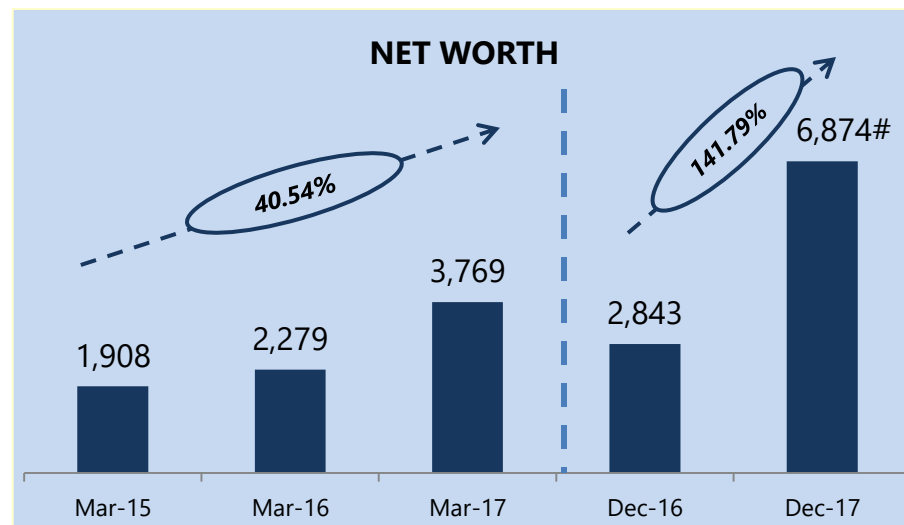
Robust Performance

In INR Mn

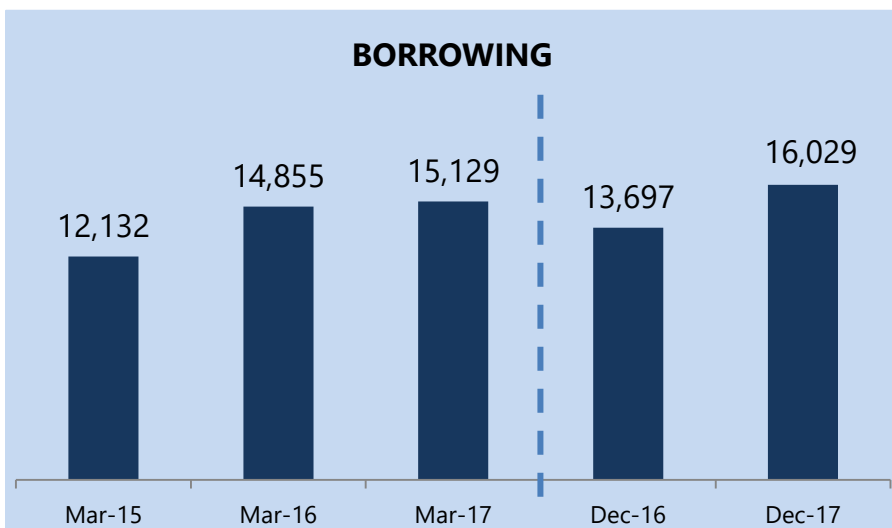
ASSETS UNDER MANAGEMENT (AUM)



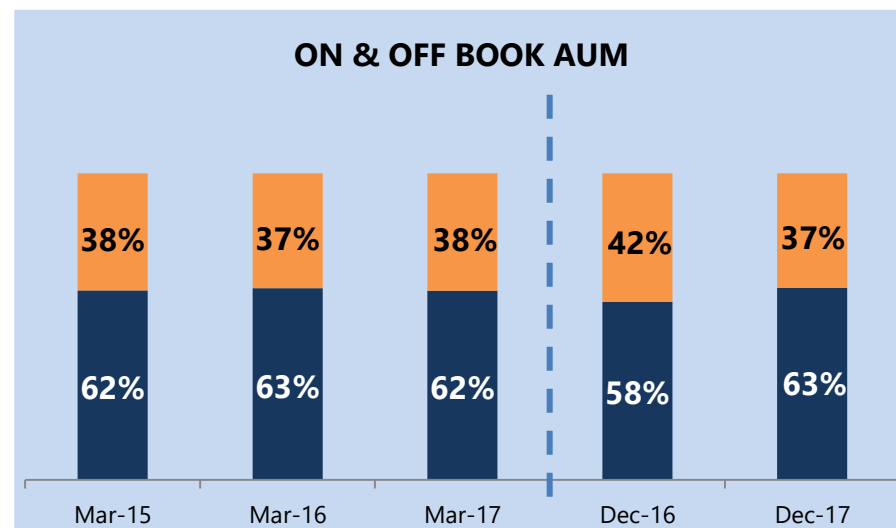
NET WORTH



BORROWING



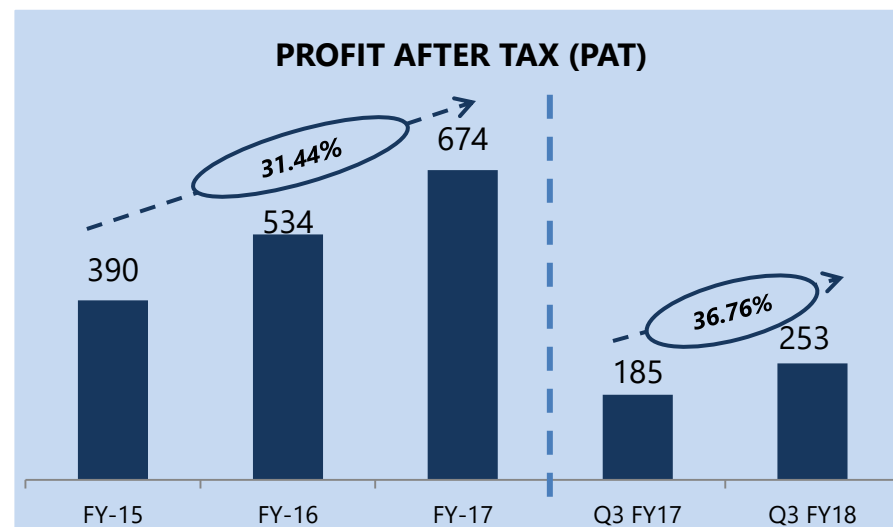
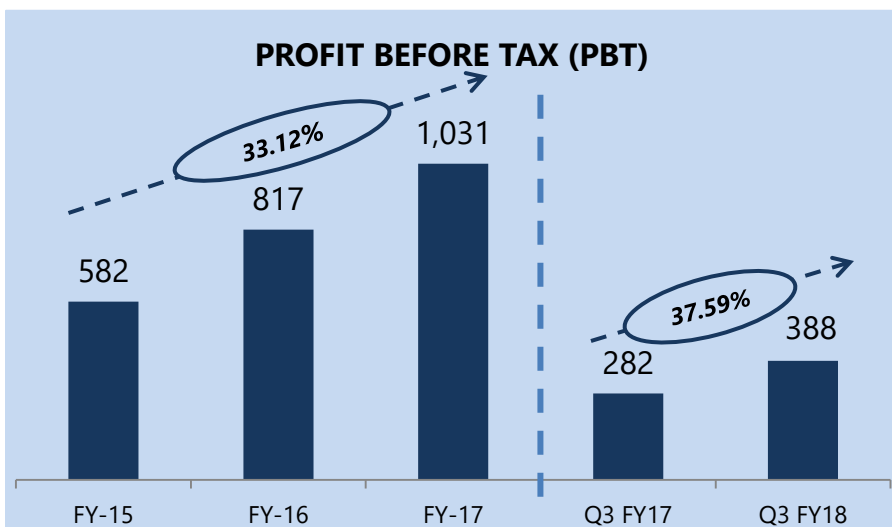
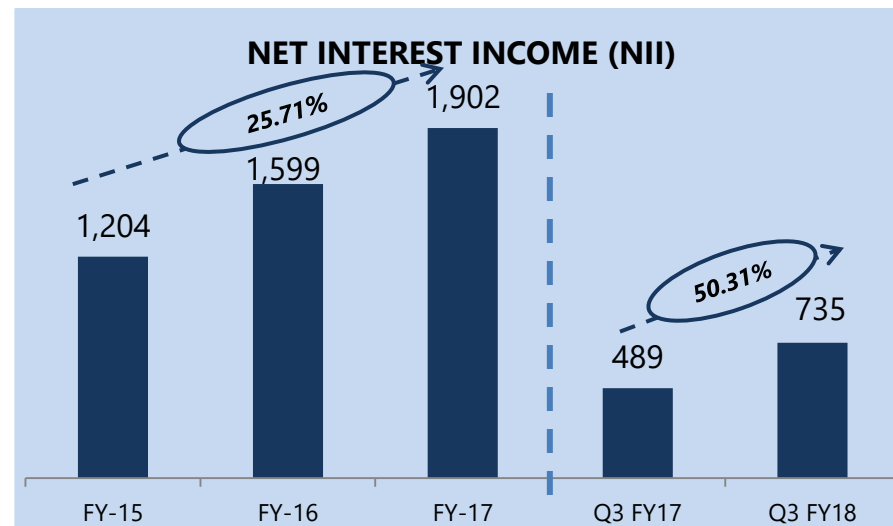
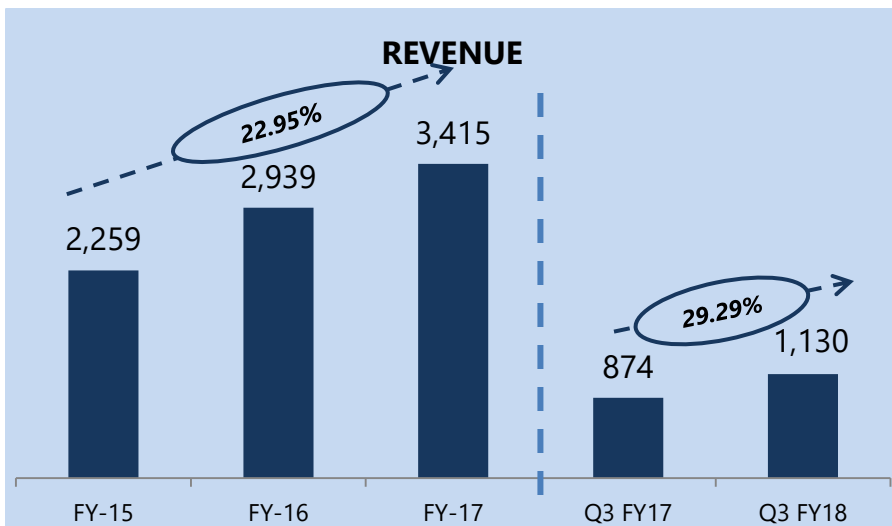
ON & OFF BOOK AUM



Financial Performance Trends – Q3 FY18

Consistent Rise in ...

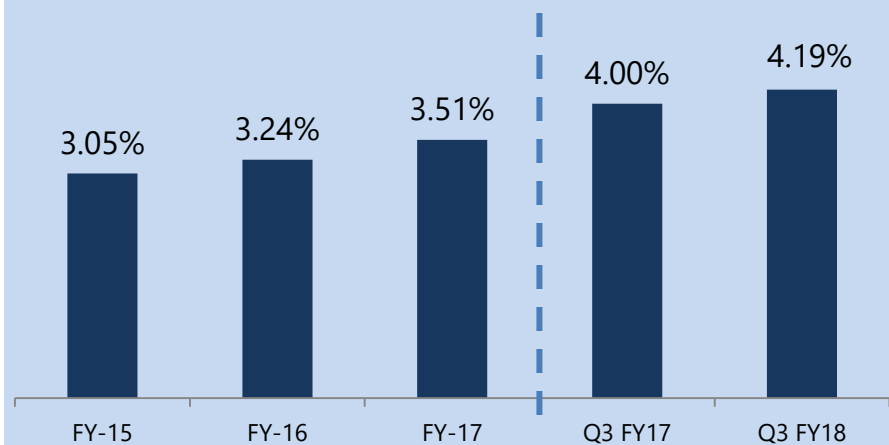
In INR Mn



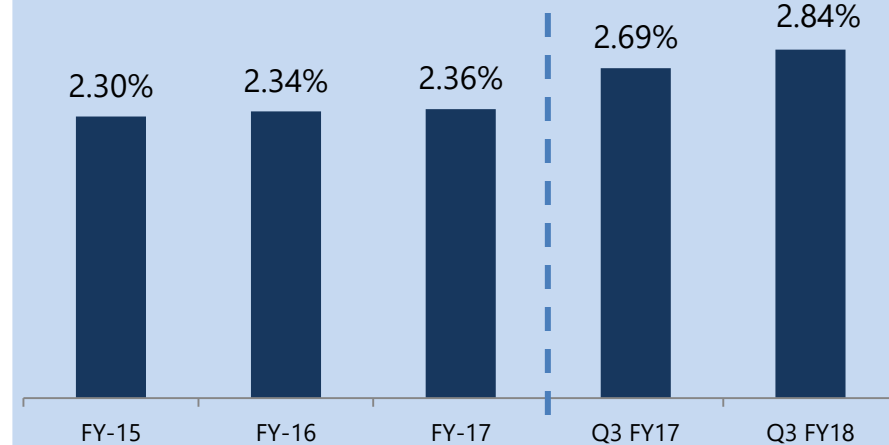
Financial Performance Trends – Q3 FY18

Focus on Efficiency

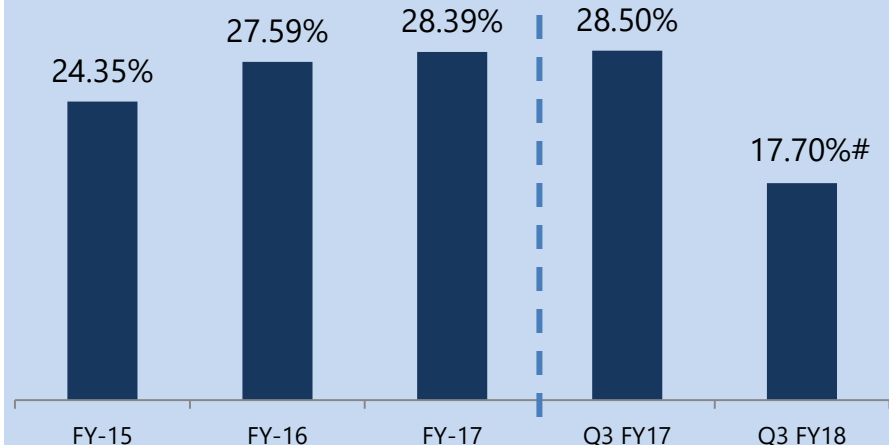
RETURN ON AVG. TOTAL ASSET (ROTA)*



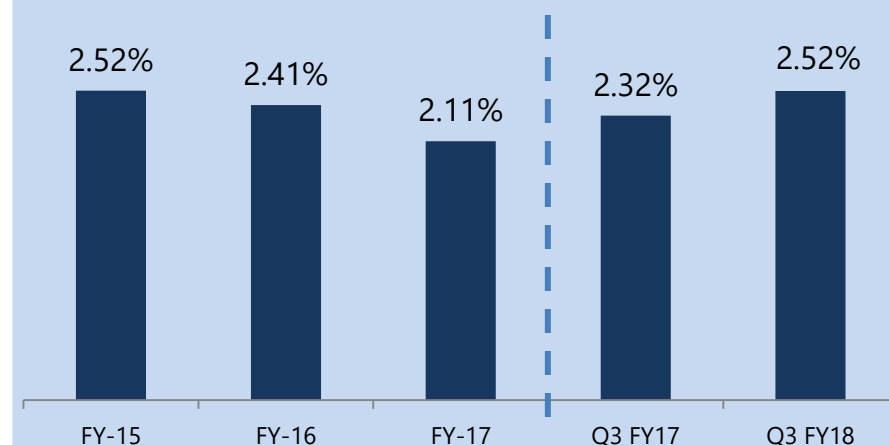
RETURN ON AVG. AUM (ROAUM)*



RETURN ON AVG. NET WORTH (RONW)*

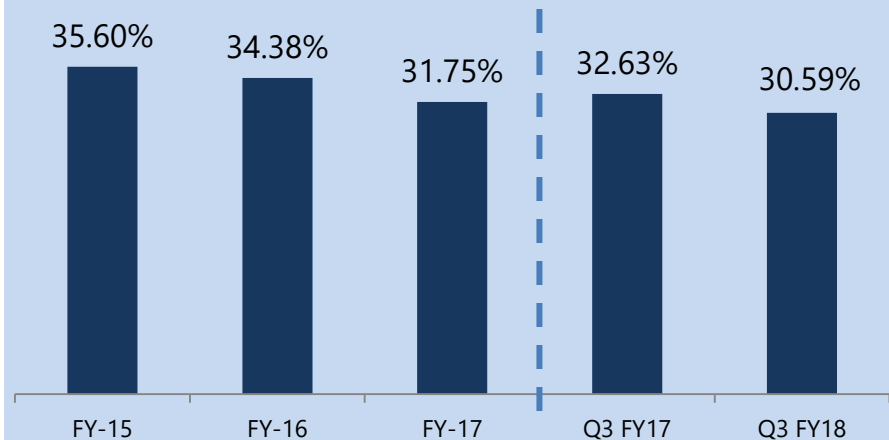


OPERATING EXPENSE RATIO (OE RATIO)*

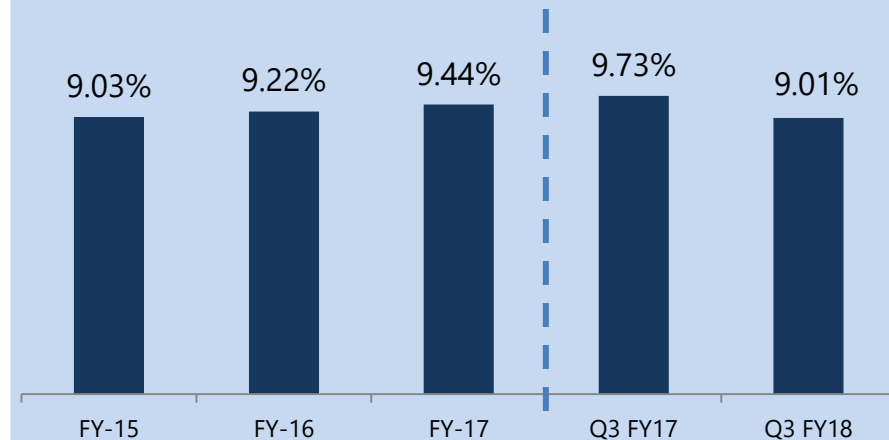


Financial Performance Trends – Q3 FY18

OPERATING EXPENSE AS % OF NII*

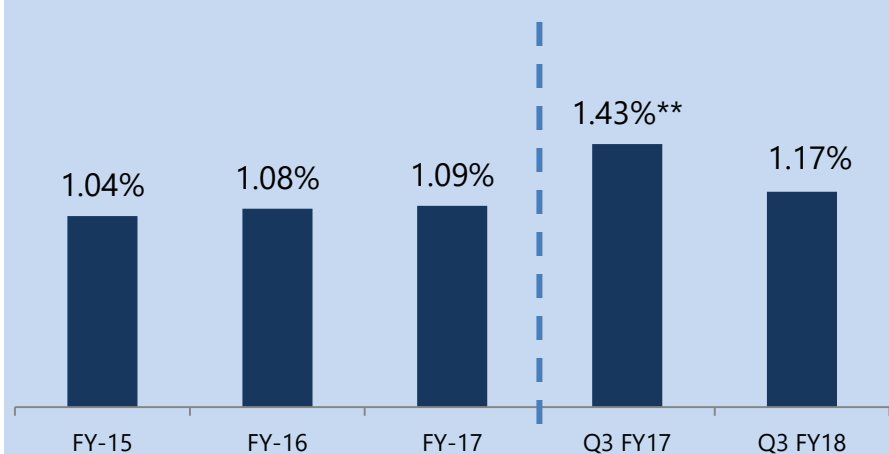


COST OF BORROWING (COB)*

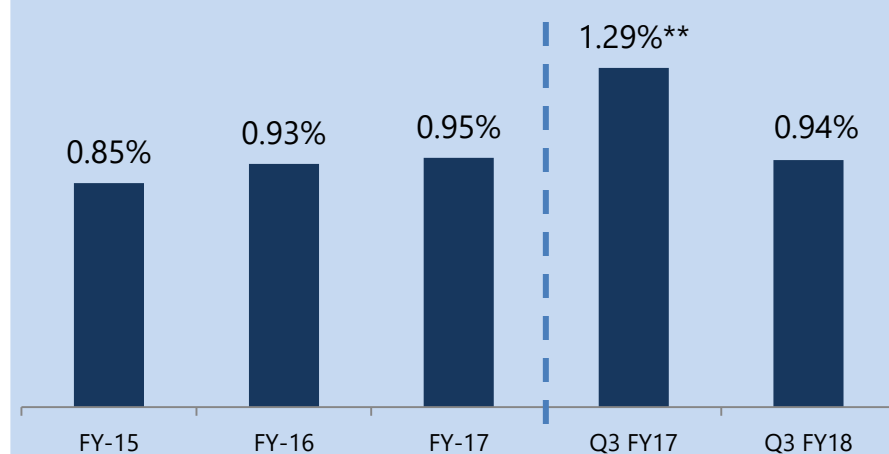


Efficiently maintaining the quality of assets

GROSS NPA



NET NPA



*Quarterly figures have been annualized.

**without RBI dispensation of granting additional 60 days with respect to recognition of asset as NPA, due to demonetization. With RBI dispensation the Gross NPA and Net NPA stood at 1.03% and 0.88% respectively as of 31 Dec 2016.

NPA classification criteria

For FY15 : >5 months installment overdue
For FY16 TO FY17: >4 months installment overdue
From Q1 FY18 onwards: >3 months installment overdue

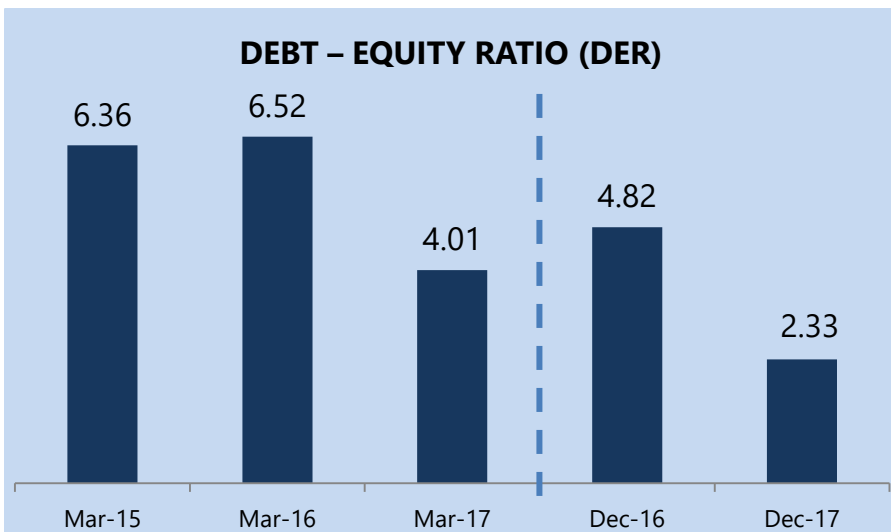
Financial Performance Trends – Q3 FY18



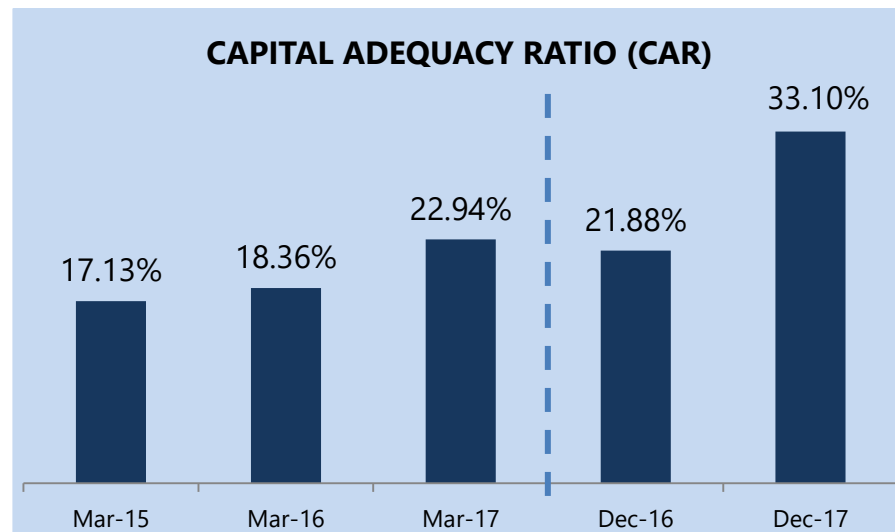
Adequately Capitalized

In INR Mn

DEBT – EQUITY RATIO (DER)

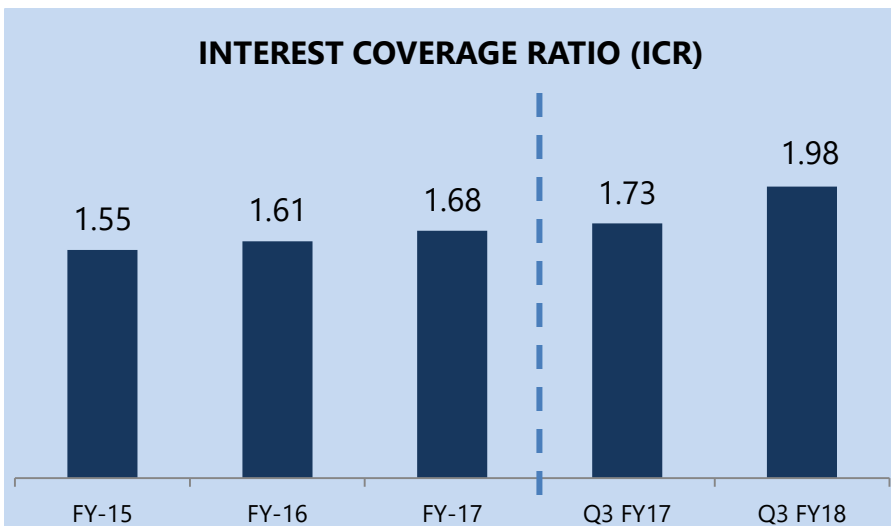


CAPITAL ADEQUACY RATIO (CAR)



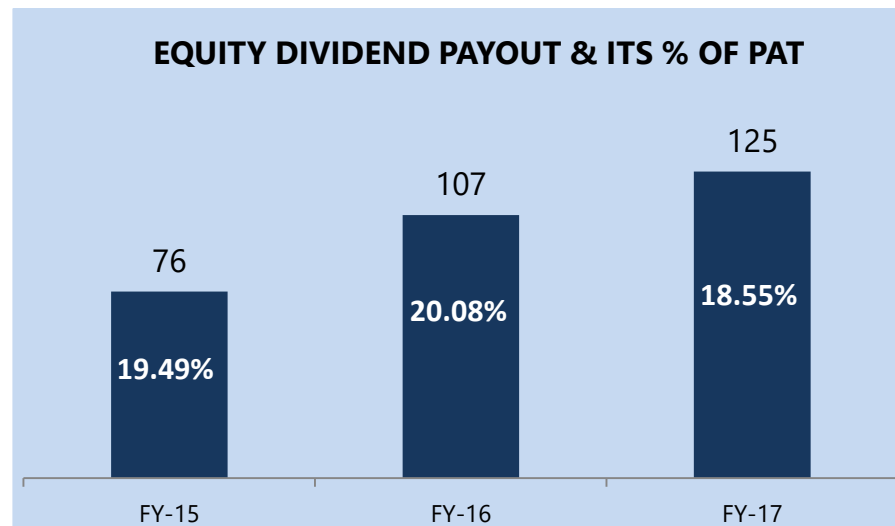
Healthy Coverage

INTEREST COVERAGE RATIO (ICR)



Enhancing Shareholders' Value

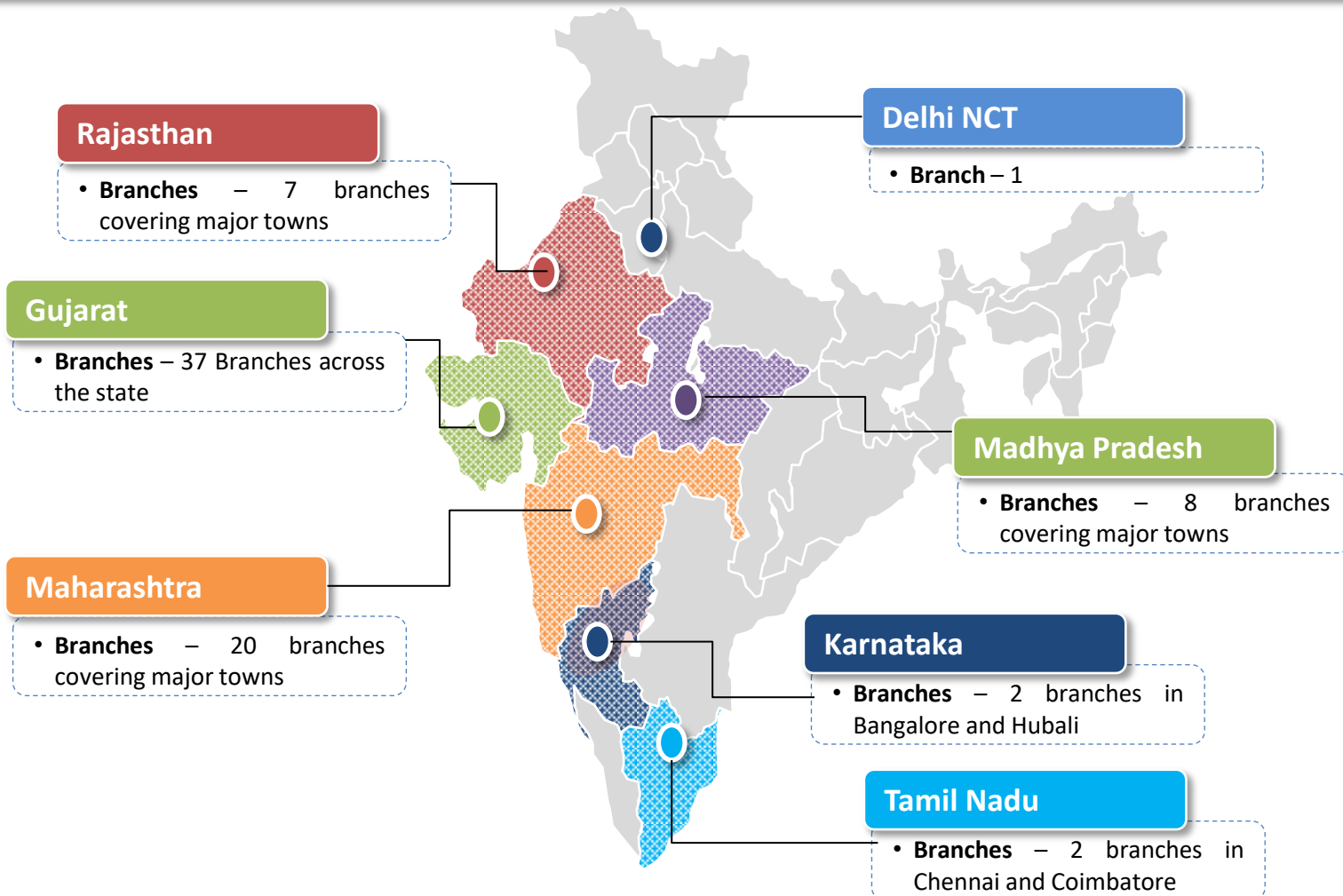
EQUITY DIVIDEND PAYOUT & ITS % OF PAT



Retail Presence and Distribution

MAS have 77 branches across 6 states and NCT of Delhi

500,000+ active customers across 3,273 locations in Rural, semi urban and urban locations



Diverse base of channel partners along with regional NBFCs provide wide distribution

Penetrate existing markets, enter newer markets, maintain optimal growth, profitability & quality

Direct Distribution Network and Relationships

Presence in the high growth markets in West and South

- MAS has expanded to 77 branches in 6 states and NCT Delhi
- Currently MAS' portfolio is concentrated in Gujarat and Maharashtra

Customer Base



Mid/ low income segment



MELs and SMEs

Sourcing Relationships

636

Sales Feet on Street



Sourcing Intermediaries



401



330

Understanding of target market, and relationships with key stakeholders helped MAS to thrive in a competitive environment

Channel Partners

Partnerships with Financial Institutions

Partnering with Regional NBFCs to achieve wider credit distribution



Credit distribution through **106 NBFCs**

Allows MAS to widen its network while maintaining a relatively lower risk profile

Establishes knowledge partnerships and increase its local market knowledge

56.26% of the underlying assets of the total AUM as on 31st Dec 2017 is created through various NBFCs.

Credit Assessment

Business Diligence

Business analysis, credit assessment, evaluation of collection procedures etc.

Hypothecated portfolio

Receivables from NBFCs
100% hypothecated, regular diligence

Expand & repeat business

Results of regular diligence, forms base for further business

We understand that efficient intermediaries is key for creating and maintaining quality portfolio while serving informal segment

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 be 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

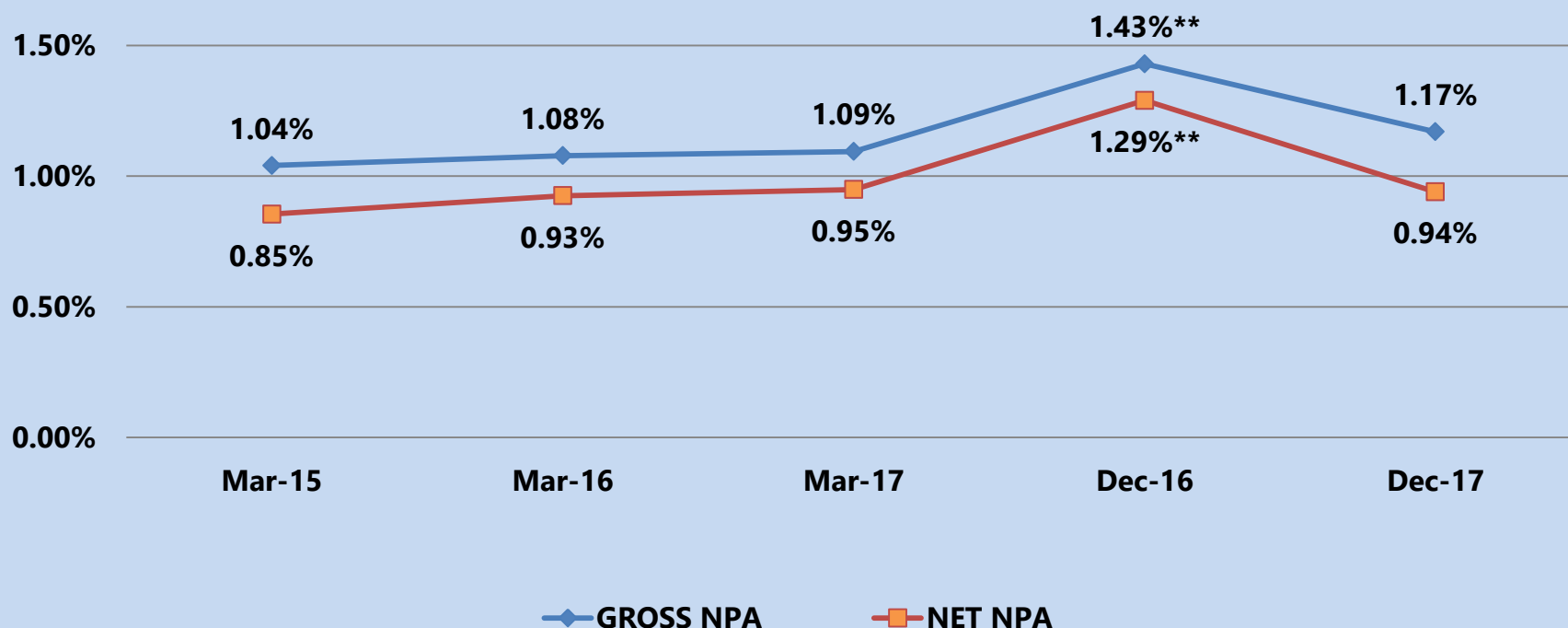
Commercial Vehicle Loans

- 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

Quality of the portfolio : Consistently maintained

Catalyst in growth of Entrepreneurs, not creating just borrowers

NPA COMPARISON CHART*



***NPA classification criteria**

For FY15 : >5 months installment overdue

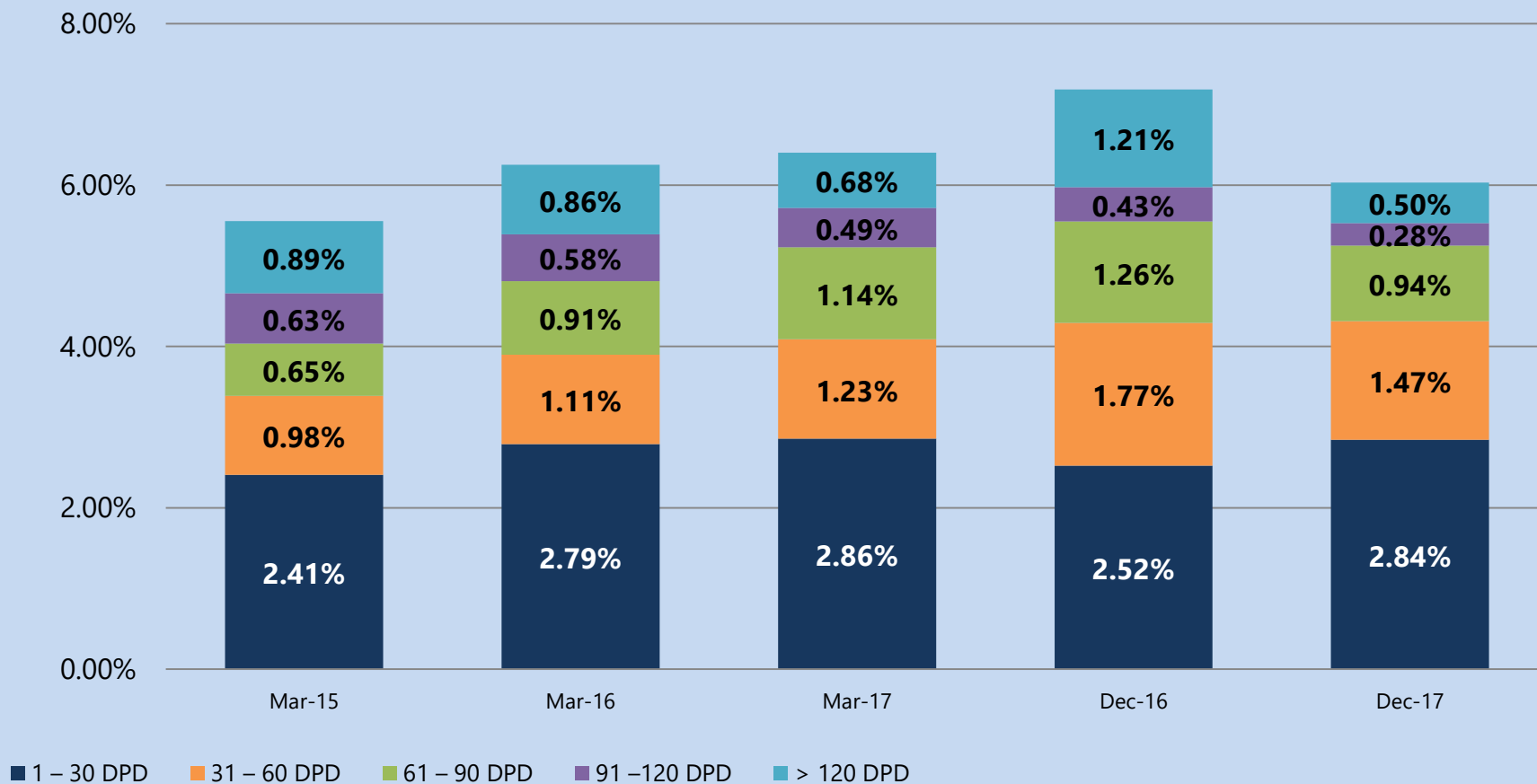
For FY16 TO FY17: >4 months installment overdue

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**without RBI dispensation of granting additional 60 days with respect to recognition of asset as NPA, due to demonetization. With RBI dispensation the Gross NPA and Net NPA stood at 1.03% and 0.88% respectively as of 31 Dec 2016.

Asset Under Management - Credit Quality

ASSET UNDER MANAGEMENT- DPD



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 51 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 59 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 21 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 44 years, is an executive Director and Chief Operational Officer of **HAS** Financial. She has been associated with the Company since June 1, 1996, and as an executive Director since September 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



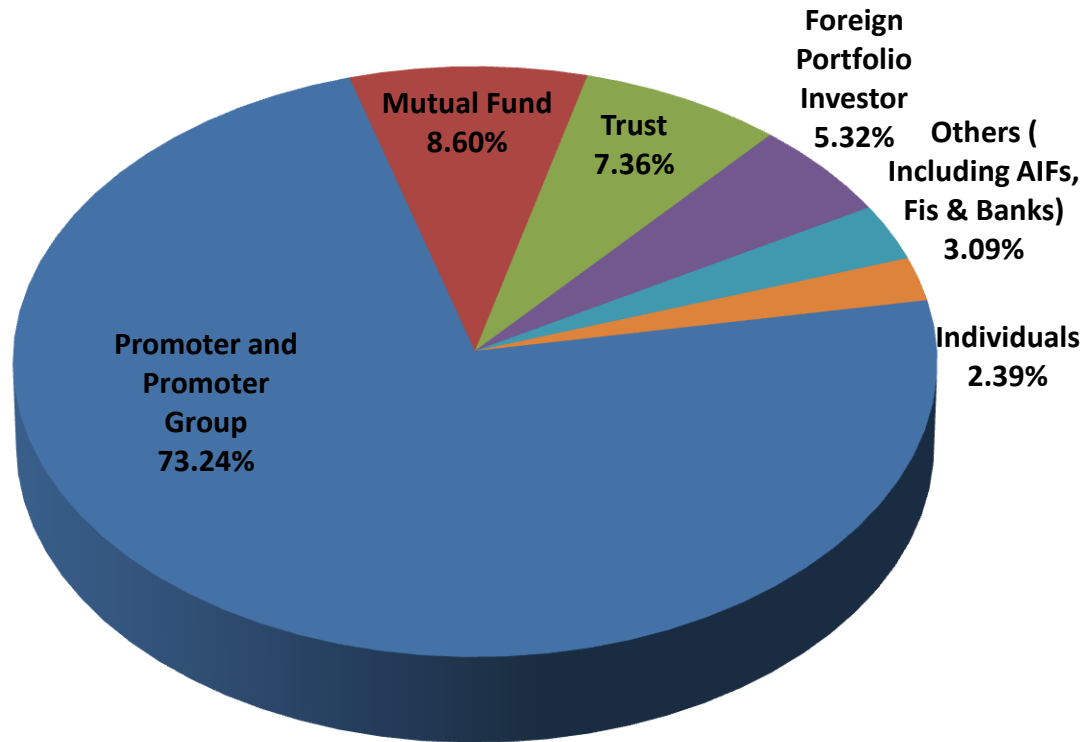
Mr. Umesh Rajanikant Shah
Independent Director

- 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

Reputed Marquee FIIs and DIIs have invested in MAS



Shareholding as on 31st December 2017



Marquee Non Promoter Shareholders

WASATCH INTERNATIONAL OPPORTUNITIES FUND

CREDIT SUISSE (SINGAPORE) LIMITED

TIMF HOLDINGS

SCHRODER INTERNATIONAL SELECTION FUND

INDIAN OPPORTUNITIES

JPMORGAN INDIA SMALLER COMPANIES FUND

MIRAE ASSET INDIA

SARVA CAPITAL LLC

MOTILAL PRIVATE EQUITY

SBI LIFE INSURANCE CO. LTD

UTI MUTUAL FUND

AXIS MUTUAL FUND

RELIANCE MUTUAL FUND

HDFC MUTUAL FUND

DSP BLACKROCK MUTUAL FUND

IDFC MUTUAL FUND

Financial Statement: FY15 – 9M FY18

PROFIT & LOSS STATEMENT

INR Mn	FY 2015	FY 2016	FY 2017	9M FY 2018
Total Revenue	2259.07	2939.06	3415.17	3,169.23
Expenses				
Finance Costs	1055.43	1339.86	1513.15	1166.05
Operating Expense	428.54	549.87	603.94	562.15
Provisions and Loan Losses	193.46	232.82	267.36	316.74
Profit Before Tax	581.64	816.51	1030.72	1,124.30
Profit After Tax	389.96	533.90	673.72	734.68

BALANCE SHEET STATEMENT

INR Mn	MAR-15	MAR-16	MAR-17	DEC-17
LIABILITY				
Share Capital	594.71	594.71	904.27	546.62
Reserves and Surplus	813.89	1184.04	2365.15	6326.97
Compulsorily Convertible Debentures (Unsecured)	499.80	499.80	499.80	0.00
Share Holders Fund	1908.40	2278.55	3769.22	6873.59
Non-current liabilities	2098.21	4598.39	4516.16	5010.48
Current liabilities	10821.47	11265.17	11956.27	12539.09
Total Liability	14828.08	18142.12	20241.65	24423.17
ASSETS				
Fixed assets	45.16	63.73	71.62	102.56
Non-current assets	3683.15	5035.64	7917.73	10308.42
Current assets	11099.77	13042.75	12252.30	14012.18
Total Assets	14828.08	18142.12	20241.65	24423.17

MASS Rural Housing & Mortgage Finance Limited (MRHMFL) – Subsidiary



MASS is targeting affordable housing finance segment through its subsidiary

- MASS Rural Housing & Mortgage Finance Limited (“MASS 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 extend 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 have sourcing arrangements with 45 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 Q3 FY18 – INR 1.49 Mn
- **AUM as of Dec 31, 2017 – INR 1,919 Mn**

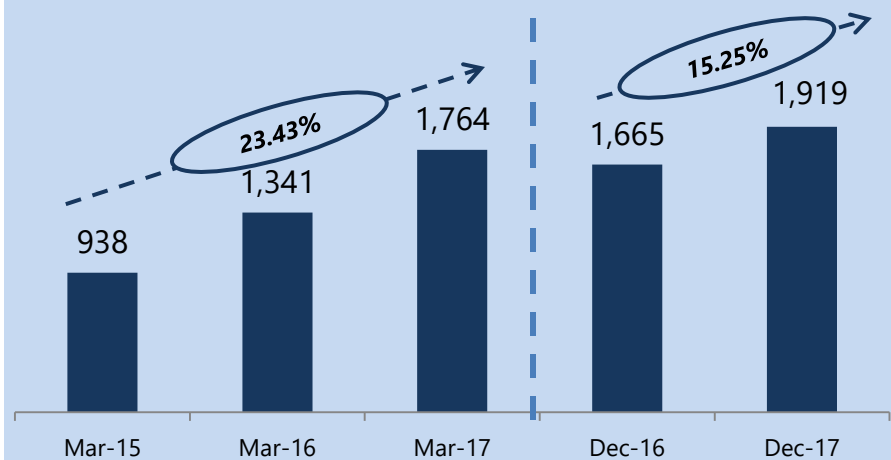
Financial Performance Trends – Q3 FY18

MRHMFL

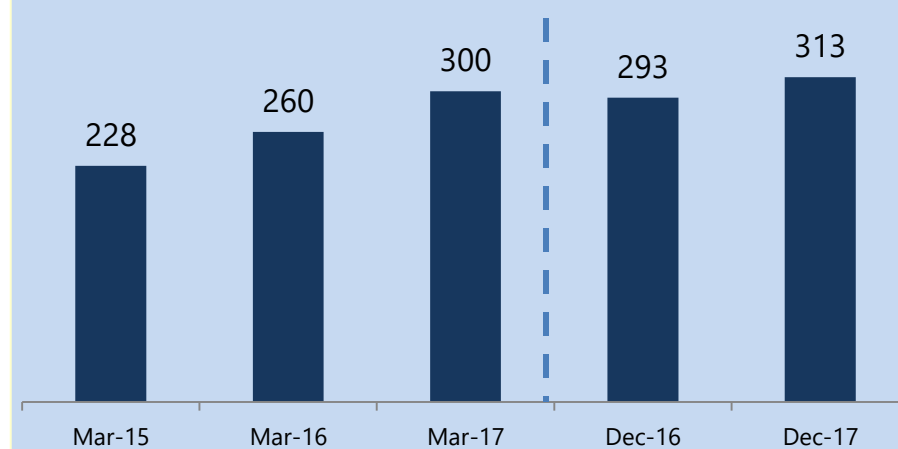


In INR Mn

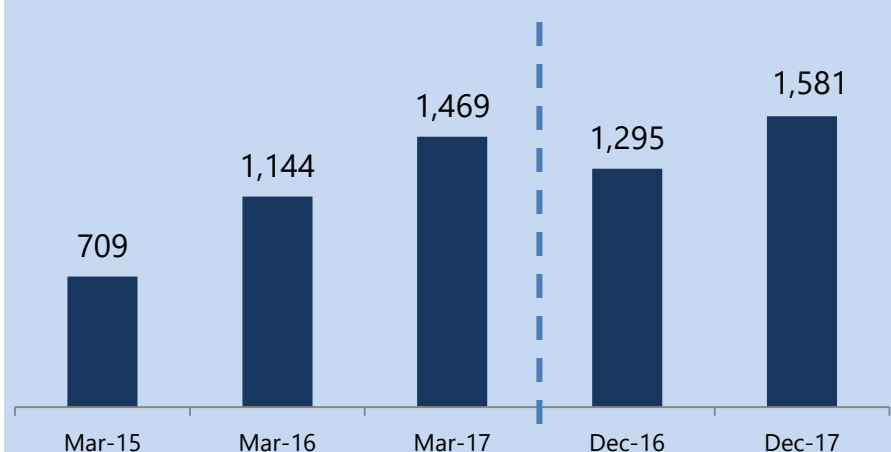
ASSETS UNDER MANAGEMENT (AUM)



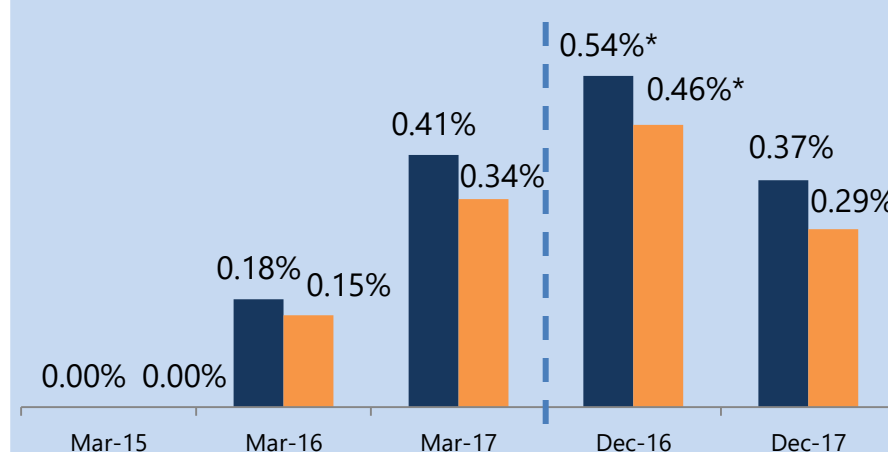
NET WORTH



BORROWING



GROSS NPA & NET NPA



*without NHB dispensation of granting additional 60 days with respect to recognition of asset as NPA, due to demonetization. With NHB dispensation the Gross NPA and Net NPA stood at 0.45% and 0.37% respectively as of 31 Dec 2016

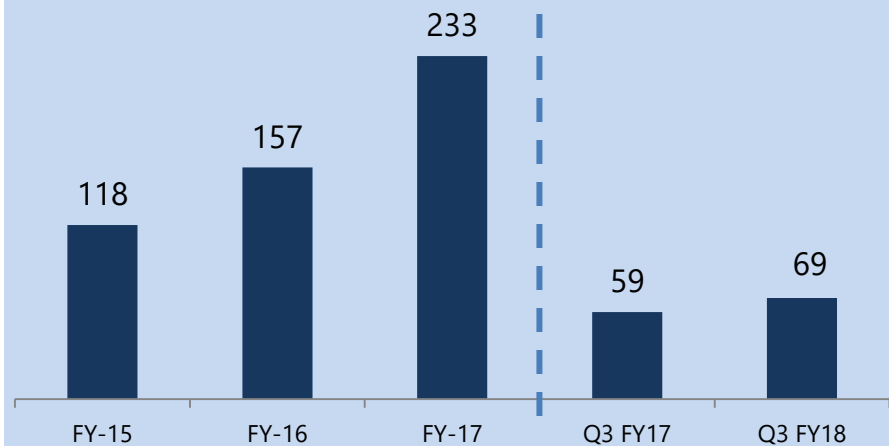
Financial Performance Trends – Q3 FY18

MRHMFL

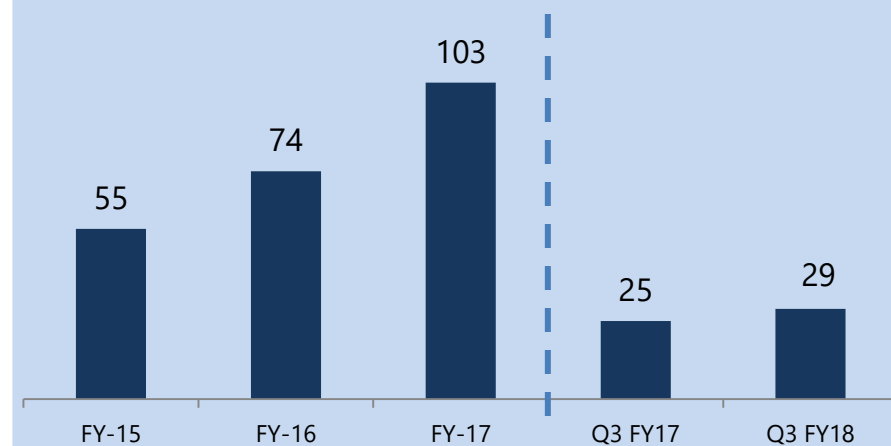


In INR Mn

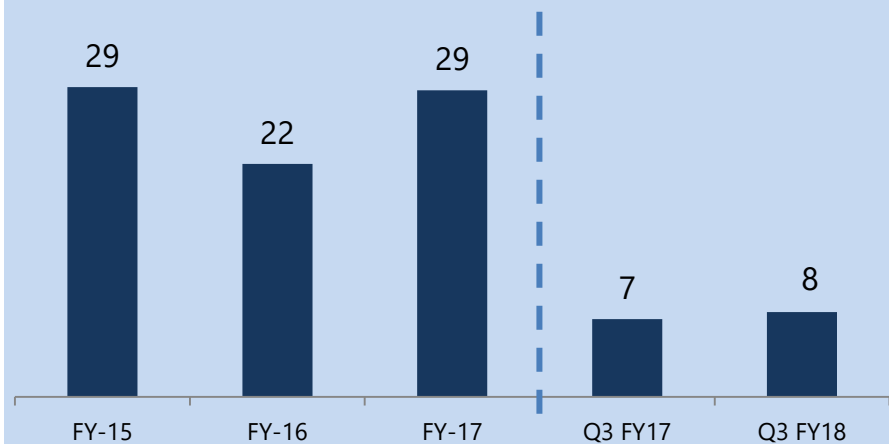
REVENUE



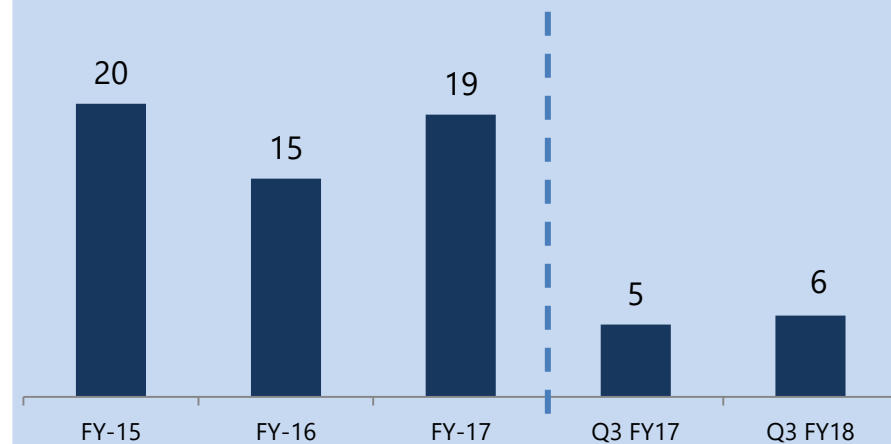
NET INTEREST INCOME (NII)



PROFIT BEFORE TAX



PROFIT AFTER TAX



Glossary

AUM	Assets Under Management
Bn	Billion
CCPS	Compulsorily Convertible Preference Shares
COB	Cost of Borrowing
CRAR	Capital To Risk Assets Ratio
DPD	Days Past Due
FIs	Financial Institutions
ICR	Interest Coverage Ratio
IPO	Initial Public Offer
MEL	Micro Enterprise Loans
Mn	Million
NBFC	Non Banking Financial Company
NCD	Non Convertible Debentures
NCT	National Capital Territory
NII	Net Interest Income
NPA	Non-performing Asset
PAT	Profit After Tax
ROTA	Return On Avg. Total Asset
SME	Small And Medium Enterprises
YoY	Year On Year



The Power of Distribution

BEST WISHES

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