

FROM THE DESK OF FOUNDER, CHAIRMAN & MD

“This financial year was very special: 25th year of consistent performance and emerging stronger on all parameters despite the unprecedented challenges”



**Dear shareholders,**

It is with immense pride and gratitude that I present to you the 25th Annual Report of **MAAS** Financial Services Ltd. While every year, we endeavour to prove our mettle, this financial year was particularly tough, and our performance of team **MAAS** even during this period deserves appreciation. Our Assets under Management (AUM) crossed the mark of ₹ 60,000 Mn on a consolidated basis. The global economy experienced a protracted slowdown in 2019, the most sluggish it has been since the 2008 crash. That was followed by the novel coronavirus contagion of 2020, a crisis that ushered in the 'new normal'.

What happened in India in 2019 was particularly relevant to **MAAS**, as the nonbanking financial companies (NBFCs) sector, the space where we operate, was beset by severe problems, following the payment default crisis and the resultant market panic and liquidity crunch for NBFCs. The distress of this sector, which supports individuals and MSMEs with a range of lending, disrupted the loan-repayment cycle in the economy, drying up consumption. It was a downward spiral that the nation saw at the time. However, we navigated this crisis fairly unscathed, as we look at growth in a holistic way, prudently balancing risks and safeguards.

Then came COVID-19 and completely froze all but the most essential economic activities. We were cautious on disbursing loans, naturally, and we estimated that normal economic activity at the end of March 2020 would have pushed our AUM potentially to ₹ 63,000 Mn. Surviving these crises and coming out of them with strong numbers is a milestone for **MAAS**, without a doubt.

The next milestone would be to make a concrete contribution to India's recovery from the aftermath of the COVID-19 lockdown by disbursing a targeted amount of loans, recalibrating our policy according to the new circumstances. The country will continue to function in the shadow of the pandemic, but holding

back on lending is not an option as that would weaken the economy further. Instead, we shall raise the level of our due diligence and remain guided by our principle of creating entrepreneurs, not just borrowers.

Among consumer sectors where we foresee a moderate revival, when there is enough liquidity in the system, are housing loans, two-wheeler and commercial vehicle loans, and MSME loans, though the first two categories would remain subdued in the near term. The COVID-19 outbreak has caused a massive reverse migration of low income families to the hinterlands, and that might very well give rise to new opportunities there, with small businesses coming up to fill the employment vacuum. With our robust retail presence, a network of last-mile service, and a thorough knowledge of target groups' behaviour, we are well-positioned to take advantage of opportunities arising from the crisis – because in the economic cycle, down is inevitably followed by up.

MEASURES FOR COVID-19

To help borrowers deal with the tremendous income uncertainty of COVID-19, we offered moratorium on loan repayments; at the same time, we proactively advised borrowers to continue repaying their loans if they could afford to do so. Our continuous efforts on engaging with our borrowers resulted into 49% and 45% of the total loan repayment instalments coming in April and May 2020 despite a total lockdown and all the borrowers being granted the moratorium. The same speaks of the moral conduct of the borrowers besides a disciplined financial management.

Due to a very strong liability management of the company, we opted not to avail any moratorium on the loans we have taken. Indeed, our liquidity position is more than adequate to meet all financial obligations for 2020.

We have made a special COVID-19 provision of ₹ 203.33 Mn, translating to 0.61% of our on-book assets of ₹ 33,255 Mn. As on 31st May 2020, our total liquidity buffer was around ₹ 7,000 Mn and we had unutilised cash credit facility of ₹ 7,000 Mn.

The contagion required us to operate most of our 105 branches with minimum staffing, and a gradual scale-up plan was made to resume full operations. Employee welfare measures included regular sanitisation of office premises; giving out a daily health advisory, supported by basic health checks of employees; and keeping a doctor on call. Employees were reskilled as necessary to adapt to the transformed circumstances.

OUTLOOK

India's growth story will get back on track, albeit with some changes in detail. Team **MAAS** is determined to play a central role in that story by extending credit where its due, fulfilling aspirations, providing stability, firing up the spirit of enterprise.

MAAS is at a very strategic inflection point and the steady growth of around 20% over the next decade will lead to a formidable size with very strong fundamentals. The strong enablers being our resolve, experience, huge market size, strong learning curve and almost a self-propelling model on capital requirement.

We remain committed to our mission of "Excellence through Endeavour" and I place on record my gratitude to all the stakeholders and more importantly the immense contribution of the core team and also the entire team of **MAAS** during this journey of 25 years, aware of the fact that we have miles to go..... and together we can and we will.....

Kamlesh C. Gandhi

Chairman and Managing Director