

# Board Presentation dated 28<sup>th</sup> Jul 2020

## Quarter ended 30<sup>th</sup> June 2020



TO TRANSFORM THE LIFE OF THE COMMON MAN  
BY IMPROVING THEIR FINANCIAL WELL-BEING



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No of States / UT  
currently operating in  
– 20

Disbursement –  
Q1 FY 21: ₹16.97 Cr  
( cases sourced before  
Lockdown disbursed)

New Customers  
Q1 FY 21 : 2,645

AUM – ₹ 2474 crs  
Live Customers –  
675,419

# SNAPSHOT

Quarter ended 30<sup>th</sup> June 2020

Own book (Ind AS)-  
Stage 3 –7.1 %  
Stage 3 (Net) –4.1 %

NCD under TLTRO  
raised ₹ 50 Cr

CRAR –25 %  
D/E ratio (Ind AS): 4.0

PAT  
Q1 FY 21: ₹ 13.5 Cr

Liquidity  
of ~ ₹ 501  
crs in  
hand/  
undrawn

~ ₹ 17  
Cr  
Disburse  
ment

55%  
Collection  
done  
during the  
quarter

Delinquent  
Assets  
reported at  
₹ 176 Cr

Overall  
Additional  
Provision  
of ₹ 50 Cr;  
2.7% of  
own book  
AUM **excl**  
**PTC**

## COVID 19 IMPACT ON MCSL In Q1FY21

Reported  
PAT –  
₹ 13.5 Cr

PCR at  
6.5% of  
Own  
Book

₹ 50 Cr  
TLTRO-  
NCD

DPD  
as of  
29<sup>th</sup> Feb20  
considered

**ACTION TAKEN**

## Operational Impact

- Partially resumed office since 20<sup>th</sup> April & almost 80% functional in Jun 20 (H O). The field staff who couldn't go to office, working from home on collections. Staff from several other functions also used for customer calling, for collections.
- Negligible disbursements in Q1FY21, as dealer points closed in many locations April and May and also, we have been conservative. Fresh disbursements from Q2FY21 onwards, very low so far.
- Moratorium availed by retail customers and corporate customers seen reducing on a month on month basis.
- Monthly Collections of HYP loans increased from 34% in Apr '20 to 70% in June '20.
- Monthly Collections from corporate customers improved from 27% in April to 38% in June and to 76% as on 23<sup>rd</sup> July .
- 57% of collections through NACH and 34% thru MFL branches. Collection through digital mode increasing M-O-M. Going forward while Agency collection would increase, digital collection and NACH collection would also grow, which will have a positive impact.
- Current resources are retained with “WFH option” to most who are unable to come to office. Collection agencies engaged from June onwards for hard bucket collections and in lower buckets where quantum of accounts is large .

## Liquidity Position

- Cash position of the Company is comfortable with ~ ₹ 501 crs as on June 20 and at ~ ₹ 600 crs plus as of date ( Not availed moratorium from Lenders)
- The Company got a sanction of Rs 50crs NCD subscribed by SBI. Some more TLTRO/ PCGS2 proposals are in the pipeline. The company raised Rs 100.88cr through PTC transaction in early July 20. All rollovers due for the quarter were done as normal, with lower interest rates.
- **The Company has aggressively started sourcing FDs and raised ₹ 9.6 Cr in Q1FY21.** Average cost of < 8% p.a.

## Credit costs

- The company has taken a conservative approach in estimating the delinquency post the moratorium, and hence provided additional **₹ 32 Cr** in respect of expected impact of COVID 19 in Q1. Now the total provision on COVID impact has increased to **₹ 50 Cr**, which comes to 2.7% towards own book portfolio excluding PTC.
- The credit costs increased to 5.3% from the normal 2.5% range, with this additional provision of ₹ 32 Cr -
- Loan Loss provision for Q1 FY21 - ₹ 33.38 Cr as against ₹ 22.47 Cr in Q4 FY20 and ₹ 17 Cr in Q1 FY 20
- Provision on overall own book as on 30.06.20 - 6.5% v/s 4.8% as on 31.03.20.

## Operational costs control

- While no staff attritions is planned, new recruitments and increments currently on hold, till business bounces back.
- Variable costs linked to the business and collections automatically reduced, depending on the volume.
- Other operating expenses being renegotiated.
- New products currently on hold

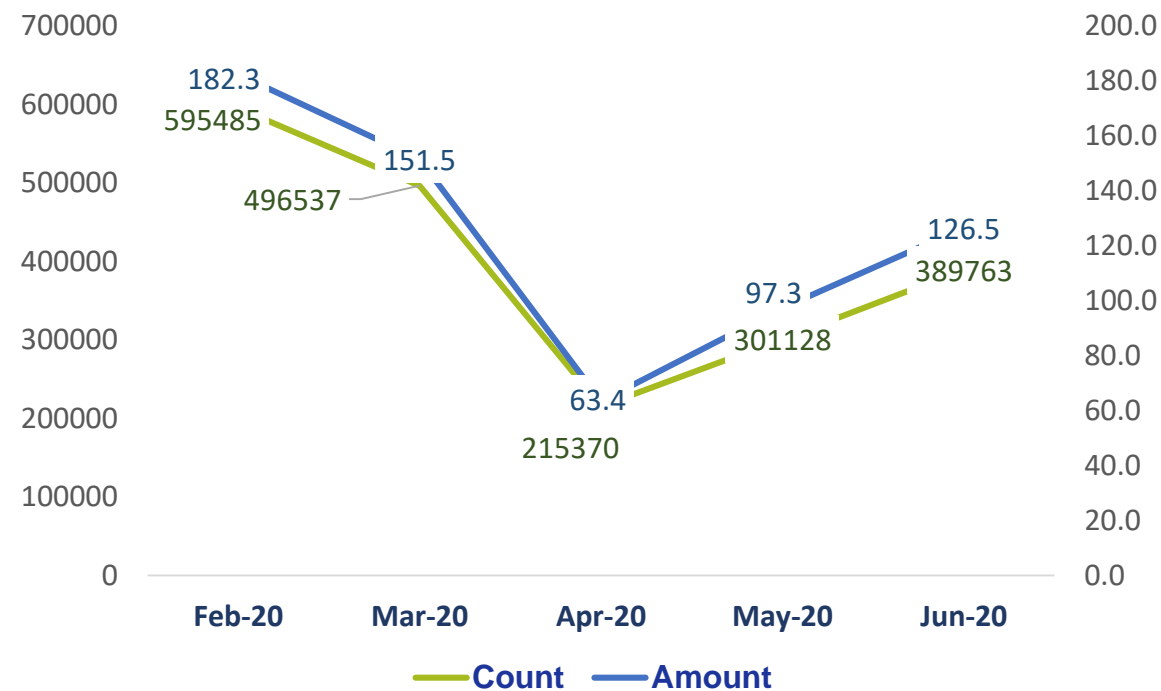
## Restart Plan

- 615 no. of dealer points are functional as of date
- Disbursement started from Jul 2020 with tightened credit norms; started in some locations, now spread would be rapid.
- Collections expected to normalize by Sept 2020, as per the present trend.

## HYP COLLECTION OVER LAST 5 MONTHS

₹. In Crores

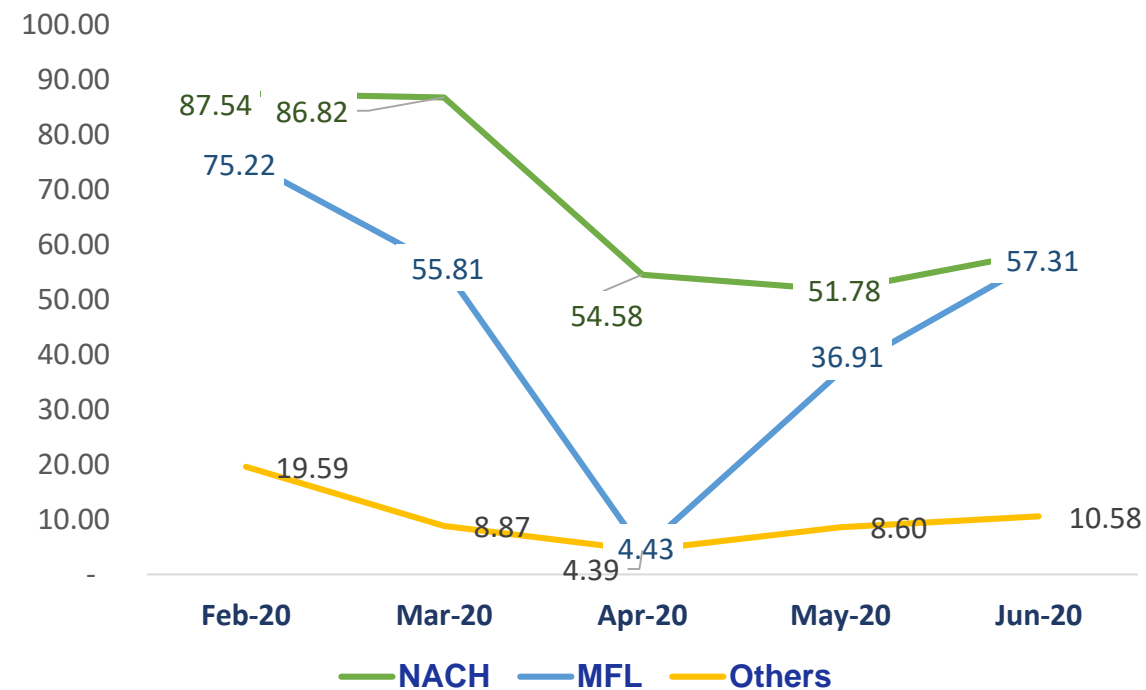
Month	No of customers who paid	Amount
FEB	5 95 485	182.34
MAR	4 96 537	151.50
APR	2 15 370	63.41
MAY	3 01 128	97.29
JUN	3 89 763	126.53



## MODE WISE COLLECTION OVER LAST 5 MONTHS

₹. In Crores

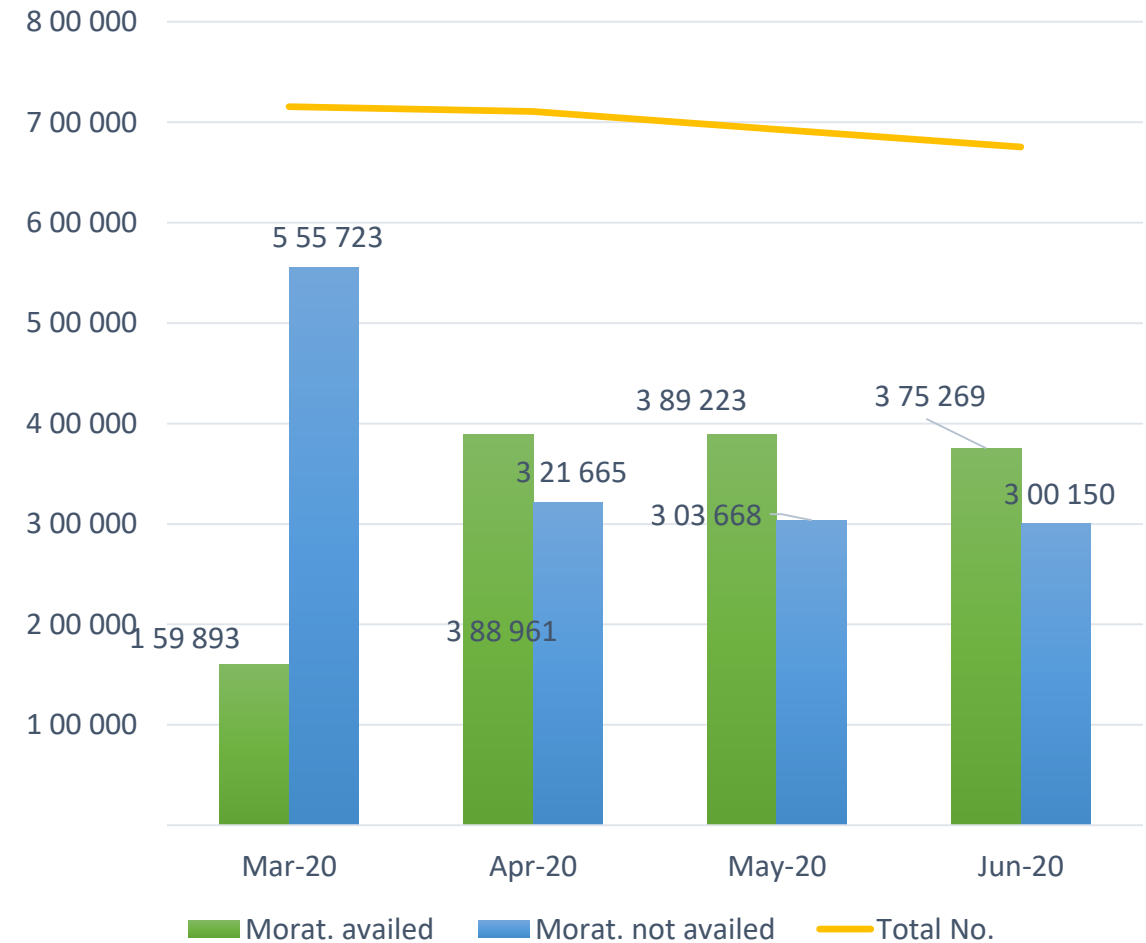
Month	NACH	MFL	Other modes
FEB	87.54	75.22	19.59
MAR	86.82	55.81	8.87
APR	54.58	4.43	4.39
MAY	51.78	36.91	8.60
JUN	58.64	57.31	10.58





## MORATORIUM STATUS ON HYP CUSTOMERS FOR LAST 4 MONTHS

Month	Total No of customers	Morat. availed	Morat. not availed *	% of morat.
MAR	7 15 616	1 59 893	5 55 723	<b>22%</b>
APR	7 10 626	3 88 961	3 21 665	<b>55%</b>
MAY	6 92 891	3 89 223	3 03 668	<b>56%</b>
JUN	6 75 419	3 75 269	3 00 150	<b>56%</b>



\* Customers belonging to 0 DPD category

On Corporate loans, morat. availed % was 73% in Apr 20 which improved to 62% as of June 20 and further to 24% as of 23rd July 2020

## Quarterly Trend

₹. In Crores

Financial Statement Metrics	Q1 FY 21	Q4 FY 20	Q-o-Q	Q1 FY 20	Y-o-Y
<b>Disbursement :</b>					
Hyp Loans	16.47	329.9	-95.0%	451.3	-96.4%
Other Loans	0.50	17.6	-97.2%	35.6	-98.6%
<b>Total Disbursements</b>	<b>16.97</b>	<b>347.5</b>	<b>-95.1%</b>	<b>486.9</b>	<b>-96.5%</b>
AUM at the end of the period *	2429.7	2598.1	-6.5%	2605.4	-6.7%
Average AUM	2513.9	2616.1	-3.9%	2572.1	-2.3%
Total Interest and Fee Income	131.3	146.8	-10.6%	144.0	-8.8%
Finance Expenses	52.5	56.2	-6.6%	55.6	-5.6%
<b>Net Interest Income(NII)</b>	<b>78.8</b>	<b>90.7</b>	<b>-13.1%</b>	<b>88.4</b>	<b>-10.9%</b>
Operating Expenses	27.9	49.7	-43.9%	44.5	-37.3%
Loan Losses & Provisions **	33.4	22.5	48.4%	17.0	96.5%
<b>Profit Before Tax</b>	<b>17.5</b>	<b>18.5</b>	<b>-5.4%</b>	<b>26.9</b>	<b>-34.9%</b>
<b>Profit After Tax</b>	<b>13.5</b>	<b>13.6</b>	<b>-0.7%</b>	<b>13.6</b>	<b>-0.7%</b>

Q1 FY 21

Q4 FY 20

Q1 FY 20

## Yearly Trend

₹. In Crores

Financial Statement Metrics	Q1 FY 21	Q1 FY 20	Y-o-Y
<b>Disbursement :</b>			
Hyp Loans	16.47	451.3	-96.4%
Other Loans	0.50	35.6	-98.6%
<b>Total Disbursements</b>	<b>16.97</b>	<b>486.9</b>	<b>-96.5%</b>
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<b>Net Interest Income(NII)</b>	<b>78.8</b>	<b>88.4</b>	<b>-10.9%</b>
Operating Expenses	27.9	44.5	-37.3%
Loan Losses & Provisions **	33.4	17.0	96.5%
<b>Profit Before Tax</b>	<b>17.5</b>	<b>26.9</b>	<b>-34.9%</b>
<b>Profit After Tax</b>	<b>13.5</b>	<b>13.6</b>	<b>-0.7%</b>

Q1 FY 21

Q1 FY 20

Total Opex to NII

35.4%

54.8%

50.3%

35.4%

50.3%

Return on Avg. AUM

2.1%

2.1%

2.1%

2.1%

2.1%

Earnings per Share

7.9

8.0

8.3

7.9

8.3

• Total AUM including off book as on 30<sup>th</sup> Jun 20 is ₹ 2 474 crs ( Q-o-Q- 7% down) (Y-o-Y- 10 % down)

\*\* Includes additional provisions during the year that could arise from COVID 19 of ₹ 32 Cr .

## STATEMENT OF SOURCES AND APPLICATION OF FUNDS

₹. In Crores

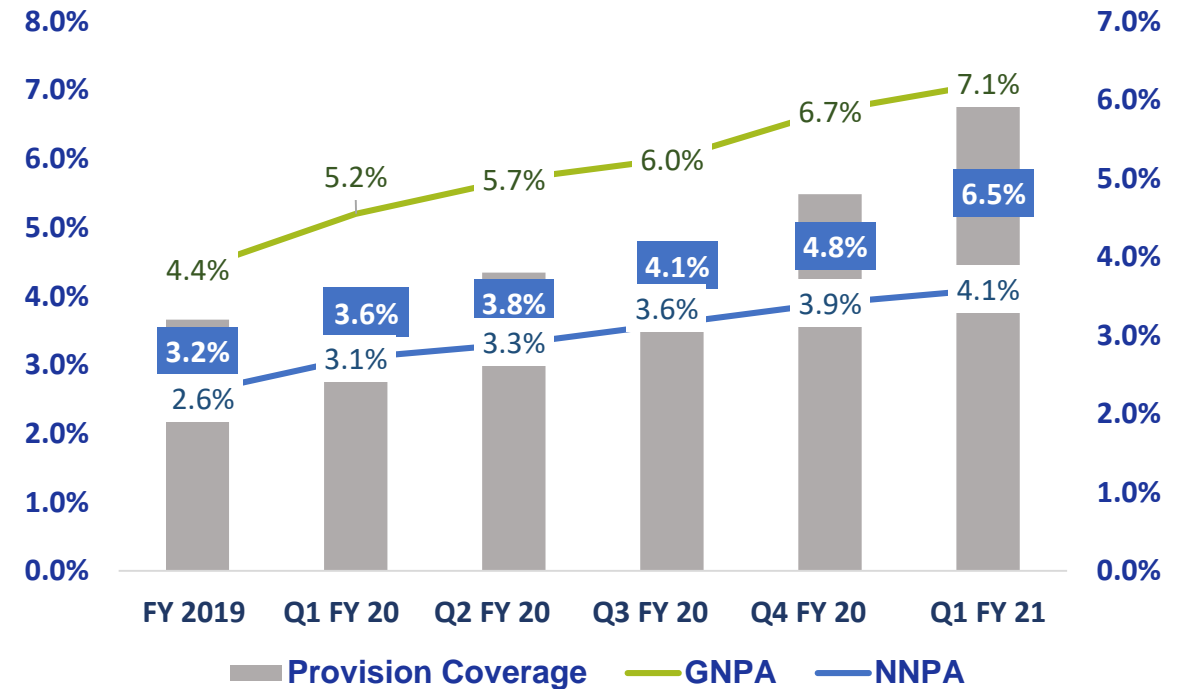
Sources	30-Jun-19	31-Mar-20	30-Jun-20	Application	30-Jun-19	31-Mar-20	30-Jun-20
Share Capital	16.4	16.4	16.4	Fixed Assets	4.4	3.5	3.4
Reserve & Surplus	444.4	490.9	504.5	Investments	77.4	128.9	121.1
<b>Shareholders Funds</b>	<b>460.9</b>	<b>507.3</b>	<b>520.9</b>	Deferred Tax Assets	28.4	27.1	26.1
Bank Debts	1497.2	1493.6	1322.4				
Securitized	487.3	733.6	582.1	Hypothecation Loan	2100.3	2185.3	1972.9
Sub debt / Debentures	64.9	66.0	116.6	Loan Buyout	39.7	29.7	26.3
Public Deposit/ICD	66.1	47.3	45.1	Term Loans	278.7	172.2	165.0
Loan From Directors	10.2	10.2	10.2	Other Loans	11.6	18.4	15.0
Interest Accrued on Loans	5.1	4.1	5.4	Interest Accrued on Loans	31.2	22.0	*58.5
<b>Total Borrowings</b>	<b>2130.8</b>	<b>2354.8</b>	<b>2081.8</b>	<b>Total Loans</b>	<b>2461.5</b>	<b>2427.7</b>	<b>2237.6</b>
Trade Payable	24.1	16.1	22.5	Cash & Cash Equivalents	31.4	286.4	225.1
Provisions	4.8	12.7	14.6	Other Financial Assets	23.1	20.0	21.3
Other Financial Liabilities	13.1	19.7	12.0	Other Non-Financial Assets	10.6	19.6	17.7
Other Non-Financial Liabilities	3.2	2.6	0.6				
<b>Total</b>	<b>2636.8</b>	<b>2913.2</b>	<b>2652.4</b>	<b>Total</b>	<b>2636.8</b>	<b>2913.2</b>	<b>2652.4</b>

\* Includes interest accrued for customers on moratorium and hence not paid their dues

## ASSET QUALITY AND PROVISION COVERAGE

₹. In Crores

<u>As Per IND AS</u>	As on 30.06.2019	As on 31.03.2020	As on 30.06.2020
<b>Own Book Portfolio</b>	<b>2605.4</b>	<b>2598.1</b>	<b>2429.7</b>
Stage 3	5.2%	6.7%	7.1%
Stage 3 (Net)	3.1%	3.9%	4.1%
ECL Provision	94.4	125.8	158.1
<b>Prov as % of Loan Book</b>	<b>3.6%</b>	<b>4.8%</b>	<b>6.5%</b>



## EXPECTED CREDIT LOSS (ECL)

As on 30.06.2019

₹. In Crores

Particulars	Outstanding	Provision	ECL%
<b>Total</b>	<b>2605.40</b>	<b>94.39</b>	<b>3.62%</b>
S1 and S2 (Std assets)	2135.78	37.21	1.74%
S3 (NPA)	135.59	55.84	41.18%
Other Loans	334.03	1.34	0.40%

As on 31.03.2020

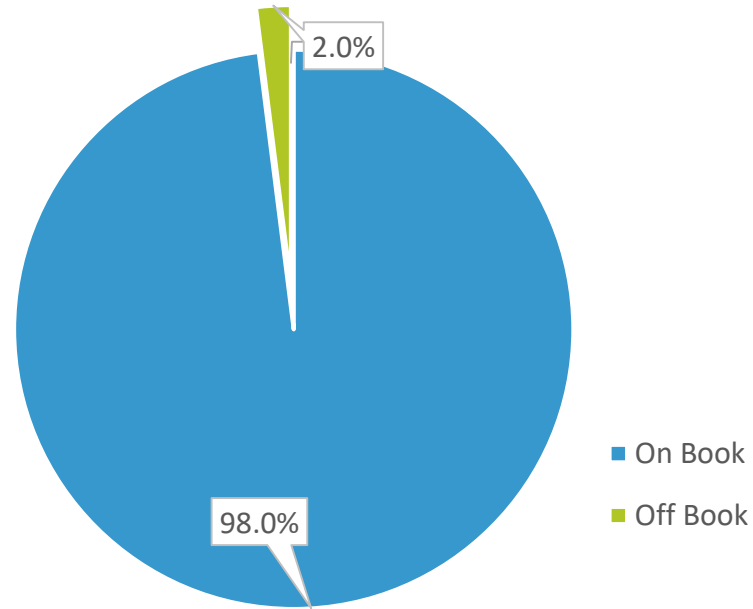
	Outstanding	Provision	ECL%
<b>Total</b>	<b>2598.10</b>	<b>125.76</b>	<b>4.84%</b>
S1 and S2 (Std assets)	2211.56	*48.86	2.21%
S3 (NPA)	163.56	71.61	43.78%
Other Loans (Std Assets)	212.45	2.10	1.00%
Other Loans (S3 )	10.53	3.20	30.0%

As on 30.06.2020

Particulars	Outstanding	Provision	ECL%
<b>Total</b>	<b>2429.69</b>	<b>158.13</b>	<b>6.51%</b>
S1 and S2 (Std assets)	2057.15	*79.85	3.88%
S3 (NPA)	161.17	70.50	43.74%
Other Loans (Std Assets)	200.84	*3.51	1.75%
Other Loans (S3 )	10.53	4.28	40.6%

\* Additional provision of ₹ 18 Cr and ₹ 32 Cr provided in S1 and S2 category in Q1FY20 and Q1FY21 respectively towards COVID 19 impact

## HYP PORTFOLIO SPLIT AS ON JUN 30<sup>th</sup> 2020



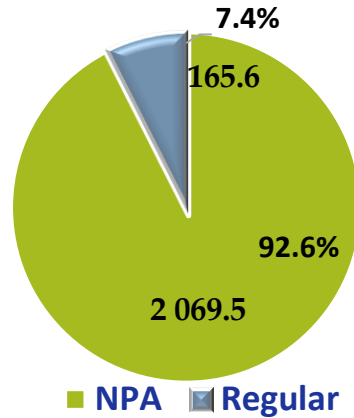
₹. In Crores

Transaction Type	No of Transactions	Amount
Securitized (part of own book)	13	577.5
Direct Assignment	9	44.0
Own Portfolio excl securitized		1613.5
		<b>Ind AS</b>
Off Book		44.0
On Book		2 191.0
<b>Total Portfolio</b>		<b>2 235.0</b>

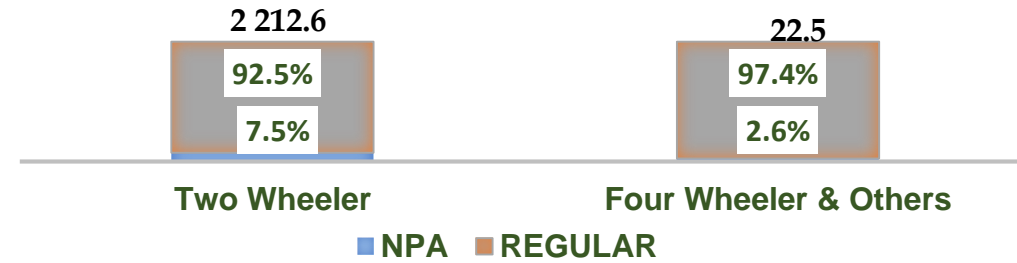
## PORTFOLIO ANALYSIS - HYP

₹. In Crores

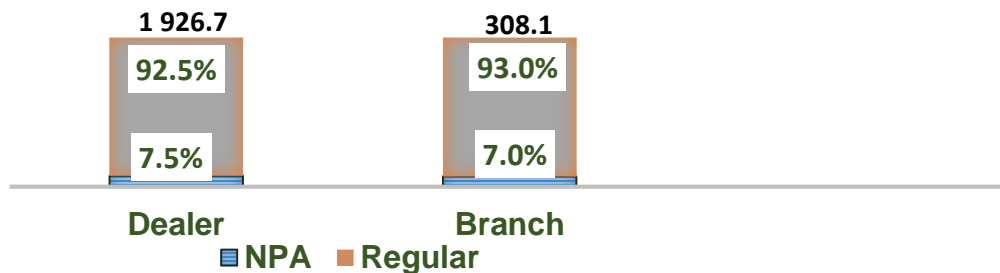
### Portfolio Analysis



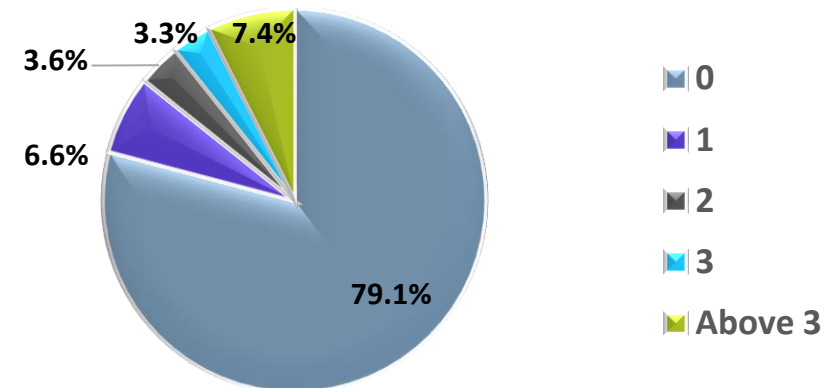
### Segment – wise Analysis



### Source - wise Analysis



### Bucket – wise Analysis



## SOURCES OF BORROWING

**₹ 50 Cr**

Additional sanctions from  
Bank during the quarter

Total sanctions as on 30 Jun 2020  
amounting to ₹ 1850 Cr. –new mode  
of borrowing

**₹ 9.6Cr**

Collections of Sub-debt  
and Public Deposit

In Q1FY21 Public Deposits collected  
₹ 9.6Cr., of which ₹3.4 Cr. Is renewal

NCD raised received in Q1 FY 21  
₹50 Cr

Bank funding - 63% of total borrowing as  
on 30 Jun 2020

**₹ 724 Cr**

WCDL roll over

In Q1FY21, ₹724 Cr rolled over from  
18 facilities

**9.9%**

Cost of borrowing for  
Q1 FY 21

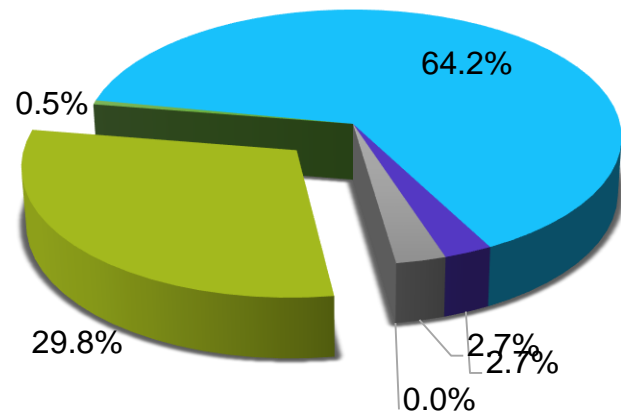
Quarter on Quarter decrease in cost  
of borrowing from 10.2% for Q4FY20



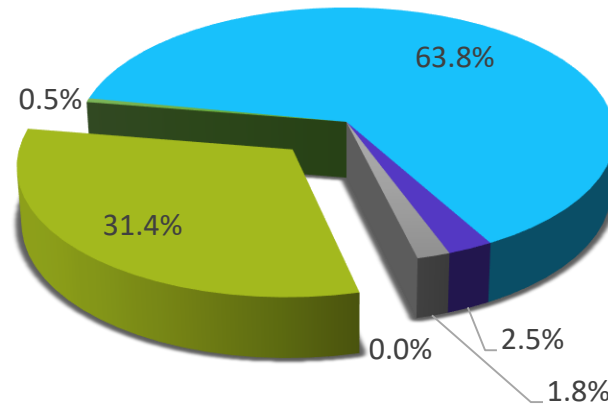
## BORROWING PROFILE – by Instrument

₹. In Crores

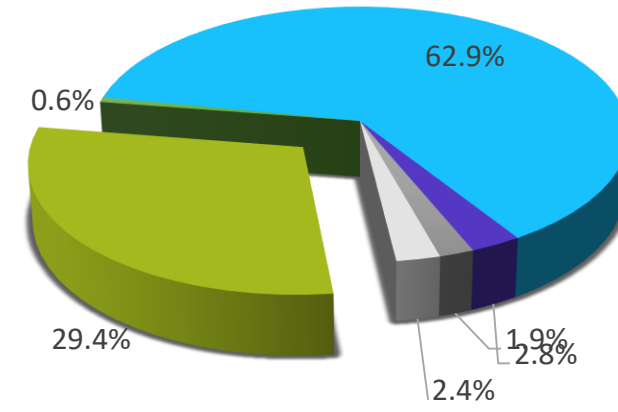
Particulars	Q1 FY '20		Q4 FY '20		Q1 FY '21	
	Amount	Cost*	Amount	Cost*	Amount	Cost*
Bank Loan	1416.3	10.3%	1501.2	10.15%	1330.1	9.80%
Sub debt	58.7	11.4%	58.8	11.51%	59.0	11.48%
Public Deposit	60.3	8.3%	42.6	8.26%	41.0	7.80%
NCD					50.0	9.98%
Securitization	657.7	10.3%	738.9	10.21%	621.5	10.10%
Others	11.9	11.4%	11.9	11.44%	12.0	11.40%
<b>Total</b>	<b>2204.9</b>	<b>10.3%</b>	<b>2353.4</b>	<b>10.17%</b>	<b>2113.5</b>	<b>9.92%</b>



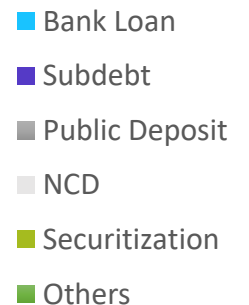
Q1 FY '20



Q4 FY '20



Q1 FY '21



\* Cost is interest cost only and doesnot include processing fee, brokerage etc.

**Disbursement &  
Collection**

- With the impact of COVID 19, the disbursements came to a standstill; only ₹16.47 Cr, that was sourced before lockdown, were disbursed after reverification
- During the quarter, the industry saw a decline of 75 %
- Overall collections over the quarter, on the back of moratorium announced, had decreased but on a month on month basis grew from 33% of normal in April to 70% of normal in June; While the accounts under moratorium remained broadly between 55% to 56%, the ones who moved out of moratorium paid higher than monthly dues, which led to an increased collection.

**NPA**

- As permitted by the RBI Regulations, the permitted accounts' DPD was brought to a standstill as on 29<sup>th</sup> Feb 20 and hence there was no additional movement to NPA.
- The overall NPAs reduced from ₹. 174.1 Cr as on 31<sup>st</sup> March 20 to ₹.171.7Cr as on 30<sup>th</sup> June; but the provision of the reduced NPA/Stage 3 accounts was added to the additional provision made for the COVID 19 Impact.
- Apart from the above a provision of ₹ 32 Cr was made towards the COVID 19 impact. With this the total provision for any likely impact of the COVID 19 is ₹. 50 crs i.e. 2.7% of the own book.

**Arbitration/  
Other Legal  
actions**

- While the legal action was temporarily halted during the lockdown the same was reinitiated from the month of May and necessarily follow up through the legal process is also happening.

### Diversity in Funding

- In Q1 FY 21 under the TLTRO scheme, the Company issued NCDs which was fully subscribed to by SBI; It is listed on the BSE;
- At the quarter end, Company closed a PTC transaction (₹ 100.8 Cr), for which funds came in July at lower cost.
- Several sanctions under TLTRO/PCGS2 is in the pipeline. Govt. /RBI initiatives will help get sanctions faster.
- Pushing for Public Deposits in a big way; sourced ₹ 9.59 Cr in Q1FY21; average cost of funds- 8.0%

### Borrowing Mix

- The borrowing has a healthy mix of Bank (Private & PSU) sanctions, Securitization/Direct assignment, Retail & corporate subordinated debts , Public Deposits and now NCDs .
- As per the guidance given, In view of adverse market conditions, interest costs of the Company for Q1 FY21 went down to 9.92 % and is steadily dropping; hoping for an overall cost of about 9.75% in Q3.

### Securitization/ DA

- Helped substantially in ploughing funds back into the business and growing the loan book ; Many more transactions are expected to happen in the future as well. The Govt initiative on the PCG scheme for pool buyouts would help substantially. Helps in overall cost and getting funds when other means dry up.
- Would substitute for Equity, till such time that additional equity is raised.

### Geographical expansion

- Currently Geographical expansion is put on hold. When the ground situation improves the geographical expansion would resume for the existing products.
- New products, currently on hold, will be looked at, on the ground situation improving

### Staff attrition & Cost Control

- Monthly staff attrition at 2.9% in Q1 FY '21 v/s 2.8 % in Q4 FY 20
- Dealer incentives given, but the same is expected to rise when the disbursements start in a full-fledged manner.
- Collection agencies used only in June for limited number of accounts. Hence the cost has been low. But with larger number of accounts to be followed up dependence on collection agencies could rise leading to higher costs of collection; this increase will be set off through better NACH and digital collections.

### Repayment Mode

- Post demonetization 100% repayment for new customers through NACH and significant collections through NACH – Q1 FY 21 collections were about 57 % of the total collections, intention is to increase this to cut costs
- Collection through the mobile app/PAYTM increasing rapidly; Increased collection through other means will help reduce costs over time; between Jan 20 to July and steadily rising.

### Overall Profitability

- Q1 FY21 PAT of ₹ 13.5 Cr v/s ₹ 13.6 Cr for Q1 FY20 ; on account of negligible volumes and higher provisioning of contingency towards COVID 19 of ₹ 32 Cr;
- Hopeful of improvement in the ground situation going forward with festive seasons now coming up and overall sentiments set to improve.

### Way Forward

- The last 20 months or so has brought up several issues both natural and man-made. The Company has survived all these and have kept adequate buffer to ensure that it can meet all challenges. The COVID 19 is seen as an opportunity to relook at all processes and take corrective action and make the organization operationally nimble to move faster; the emphasis on online/ mobile app collections will bring down operational costs, renegotiations on costs will improve the OPEX/Nil ratio and once the normalcy return hoping to continue on the growth curve upwards.

**THANK YOU**