



#PurposeMuthootBlue

To transform the life of the common man
by improving their financial well-being



Financial Presentation to the Board on 5th Aug2022 Quarter and Period ended 30th June 2022



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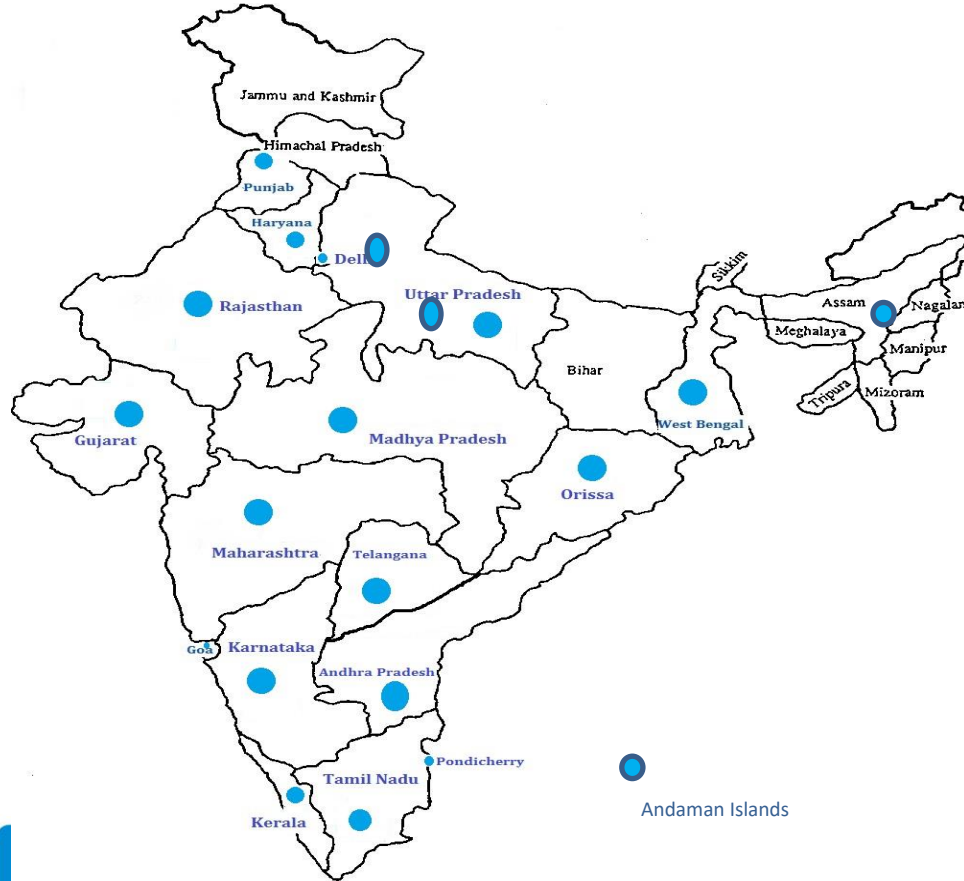


Management Discussion and Analysis

30-32

OPERATIONAL SNAPSHOT

Quarter ended 30th Jun 2022



No of States- 20
AUM - ₹ 2088 Cr

New Customers
Q1 FY 23 : 44 929

Stage 3 - 25.3 %
Stage 3 (Net) - 5.2 %
PCR - 83.95 %
Overall Prov. - 22.7 %

CRAR - 20.3 %
D/E ratio : 3.8 times
ROA - 2.8%
ROE - 14.5%

Retail customers (Live)
5 14 321

Disbursement -
Q1 FY 23: ₹ 327.7Cr

Total sanctions in hand
as on
Q1 FY 23 - ₹ 1550 Cr

PAT
Q1 FY 23: ₹ 14.3 crs

KEY UPDATES ...

Operational Impact

- The disbursement continues to be at an average at ~ ₹ 100 crs+ in Q1FY23
- Total monthly Collections of HYP loans against billing is improving over the quarters and is at ~ 100%+ in Q1FY23; v/s overall dues the collection has been at 45 %
- Monthly Collections from corporate customers is at 93% in Q1FY 23 against the monthly demand (no fresh slippages since June 2021)
- With large amount of NACH bounce and more accounts in 60+ outsourced agencies are used which increased cost , up from 1.5% in Q1FY22 to 5.5% in Q4FY22 and 4.8% in Q1FY23.

Liquidity Position

- Cash position of the Company is ~ ₹ 188 crs as at end Jun 22
- ~ 843 crs was rolled over in Q1FY 23 from 20 facilities.
- All rollovers for the quarter done, cost of borrowings up to 8.74%.
- **The Company continued FD sourcing & raised ₹ 4.98 Cr in Q1FY23. Avg cost < 8% p.a.(30th Jun 2022- ₹ 55.83 Crs).**

KEY UPDATES ...

Credit costs

- With Company, not availing the relaxation given vide RBI Circular of 15th Feb 2022, and adhering to circular of 12th November 2021, led to an overall provision of ₹ 235.9 Cr (Credit Cost-46.5%(annualized)) for Q4 FY22 and ₹322.1 Cr (17.3%) for FY 22. Following the same, NPA recognition norms and minor changes in the provisioning norms, the credit costs for Q1FY23 has been at 2.29%
- The credit costs of 2.29% for Q1FY23 includes an **additional provision of ₹ 6 Crs made to reduce the NNPA.**
- Provision on overall own book as on 30.06.22 - **22.7 % v/s 11.6%** as on 30.06.21(23.0% as on 31st Mar 2022). PCR is @ 84.0%.

Operational costs control

- Fresh recruitments are being considered to meet the requirements of increasing operations.
- Large quantum of NACH bounces, and lack of in-house manpower, has necessitated use of Collection agencies for 60+ DPD category , leading to higher costs.
- Other operating expenses being monitored and controlled

Heading towards

- Disbursements improving, though the movement is very slow . With the festive season coming up, Company aiming at growth of the loan book through new modes and in new geographies.
- Company expects to be at pre-covid levels of volumes in FY 23
- Reasonable Liquidity assured to meet the increase in disbursements in the coming months. Addnl funds being looked for.

FINANCIAL PERFORMANCE- QUARTERLY & YEARLY

₹. In Crores

Financial Statement Metrics	Q1 FY 23	Q1 FY 22	Y-o-Y	Q4 FY 22
Disbursement :				
Retail Loans	326.1	135.6	141%	321.0
Other Loans	1.7	0.5	230%	47.2
Total Disbursements	327.7	136.1	141%	368.2
AUM at the end of the period *	2082.0	1964.0	6%	2049.6
Average AUM	2056.6	2027.8	1%	2035.6
Total Interest and Fee Income	106.4	98.0	9%	107.8
Finance Expenses	32.7	39.9	-18%	34.1
Net Interest Income(NII)	73.7	58.1	28%	73.7
Operating Expenses	44.5	27.2	64%	42.3
Loan Losses & Provisions	9.4	50.4	-81%	235.9
Profit Before Tax	19.8	-19.5	199%	-204.5
Profit After Tax	14.3	-14.7	197%	-153.5

* Total AUM including off book as on 30th Jun 22 is ₹ 2088 crs (Q-o-Q- 2% up) (Y-o-Y- 6% up)

Total Opex to NII
Return on Avg. AUM
Earnings per Share

Q1 FY 23

60.4%

2.8%

8.96

Q1 FY 22

47.1%

-2.9%

-9.15

Q4 FY 22

57.4%

(30.2%)

(93.17)

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

₹. In Crores

Sources	30-Jun-22	31-Mar-22	30-Jun-21	Application	30-Jun-22	31-Mar-22	30-Jun-21
Share Capital	16.4	16.4	16.4	Fixed Assets	1.9	2.0	2.63
Reserve & Surplus	385.6	371.3	524.0	Investments	73.7	69.3	83.35
Shareholders Funds	402.0	387.7	540.4	Deferred Tax Assets	112.8	107.7	21.44
Bank Debts	1014.0	1105.4	1295.2				
Securitizations Pool	297.5	263.2	122.8	Hypothecation Loan	1466.9	1452.3	1611.7
Sub debt / Debentures	86.0	188.9	357.8	Loan Buyout(Retail loans)	51.2	24.0	19.6
Public Deposit/ICD/CP	122.2	61.5	56.4	Term Loans	52.5	62.4	56.2
Loan From Directors	5.1	5.1	7.6	Other Loans	5.7	4.8	8.6
Interest Accrued on Loans	3.9	2.8	2.8	Interest Accrued on Loans	21.8	22.0	22.2
Total Borrowings	1528.7	1627.0	1842.6	Total Loans *	1598.1	1565.5	1718.3
Trade Payable	29.9	28.5	19.4	Cash & Cash Equivalents	171.9	293.3	561.0
Provisions	3.8	3.6	6.5	Other Financial Assets	8.3	11.4	16.4
Other Financial Liabilities	23.5	25.0	19.4	Other Non-Financial Assets	22.6	25.6	27.6
Other Non-Financial Liabilities	1.7	3.1	1.4	Derivative Financial Instruments	0.3	0.1	
Derivative Financial Instruments			1.0				
Total	1989.6	2074.9	2430.7	Total	1989.6	2074.9	2430.7

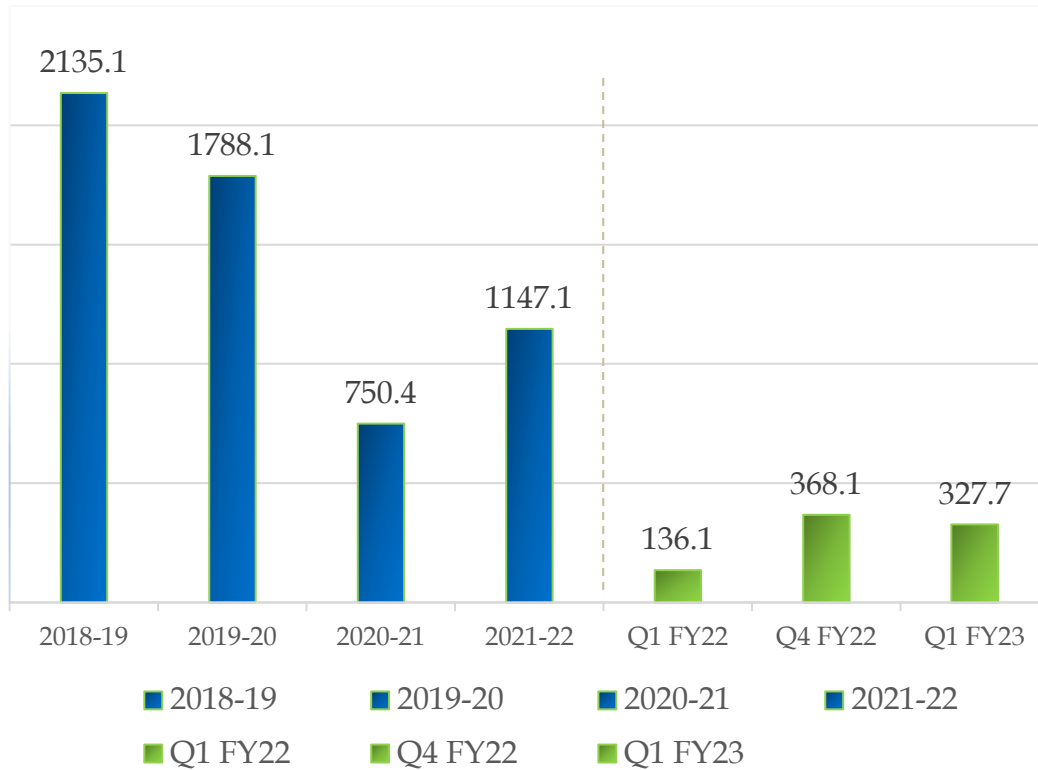
FINANCIAL SUMMARY

₹. In Crores

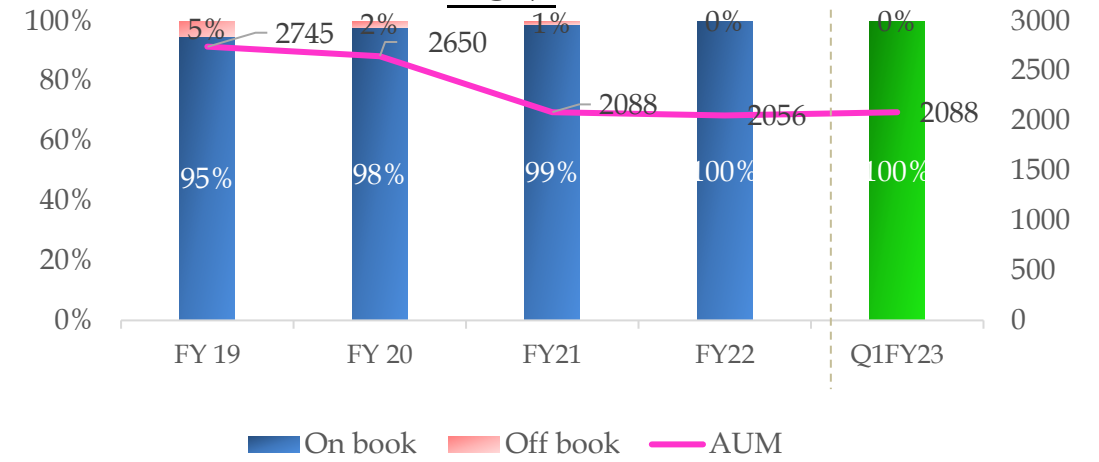
Year	Paid up Capital	Networth	Disbursements	AUM	Revenue	PAT	Market Capitalisation	Book Value
2013-14	12.5	118.6	588.6	690.6	158.8	22.2	120.3	94.9
2014-15	12.5	133.3	648.8	845.1	191.3	22.3	252.2	106.6
2015-16	12.5	147.9	928.0	1038.8	228.5	22.9	185.8	118.3
2016-17	12.5	178.0	1297.8	1439.7	284.2	30.1	342.9	142.4
2017-18	*16.5	393.9	1969.6	2238.0	398.1	53.7	1228.5	238.7
2018-19	16.5	476.4	2135.1	2741.0	535.3	82.4	1488.5	288.7
2019-20	16.5	507.3	1788.1	2650.0	586.8	60.2	412.9	307.5
2020-21	16.5	559.5	750.4	2088.0	505.0	52.2	602.1	339.1
2021-22	16.5	387.7	1147.1	2056.2	398.0	(171.8)	428.3	235.7
Q1FY23	16.5	402.0	327.7	2087.9	106.4	14.3	280.8	244.5

- * Bonus in Jun 2017

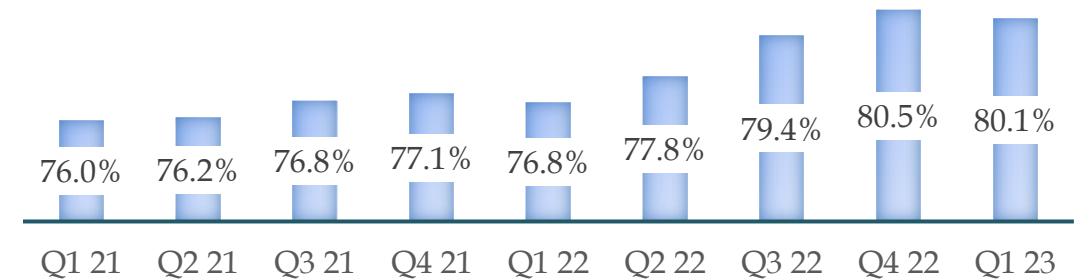
- *QIP done in November 2017

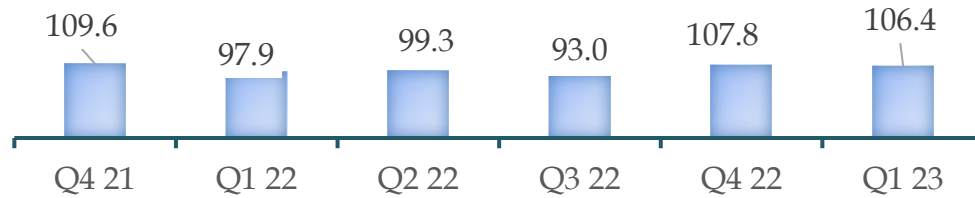
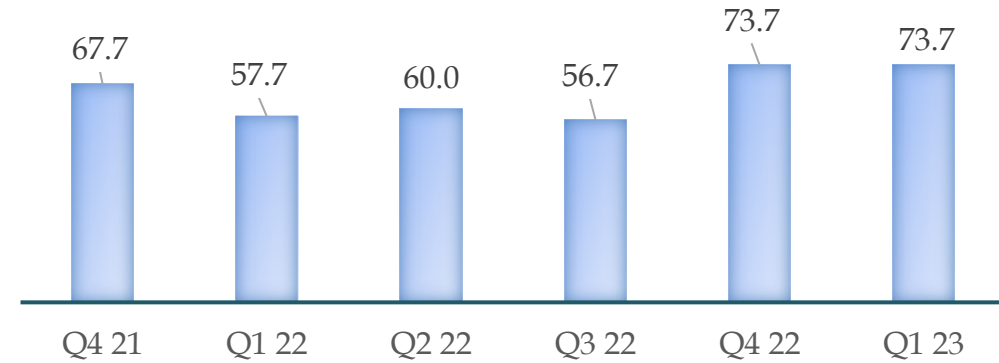
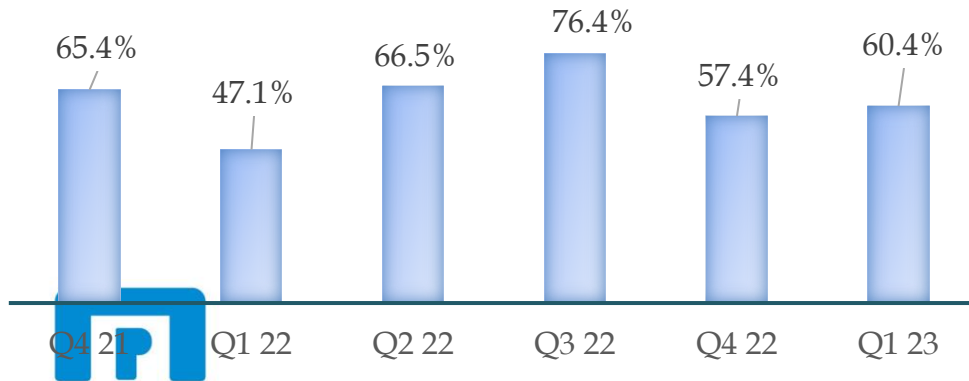
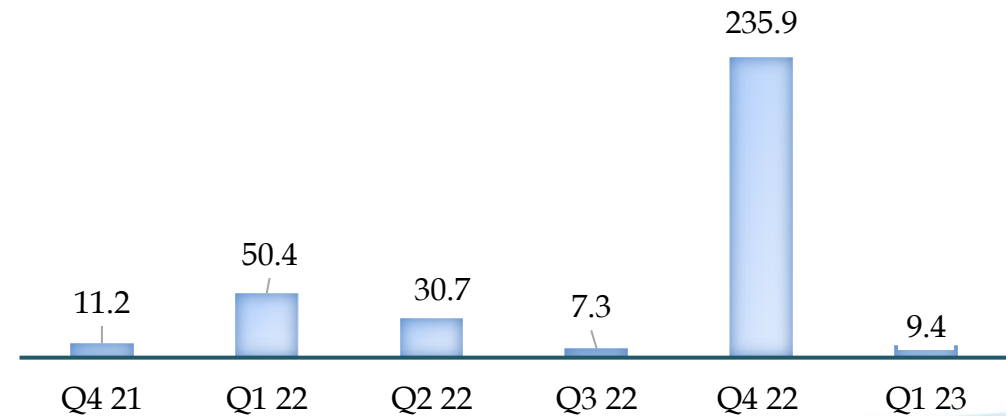
DISBURSEMENTS

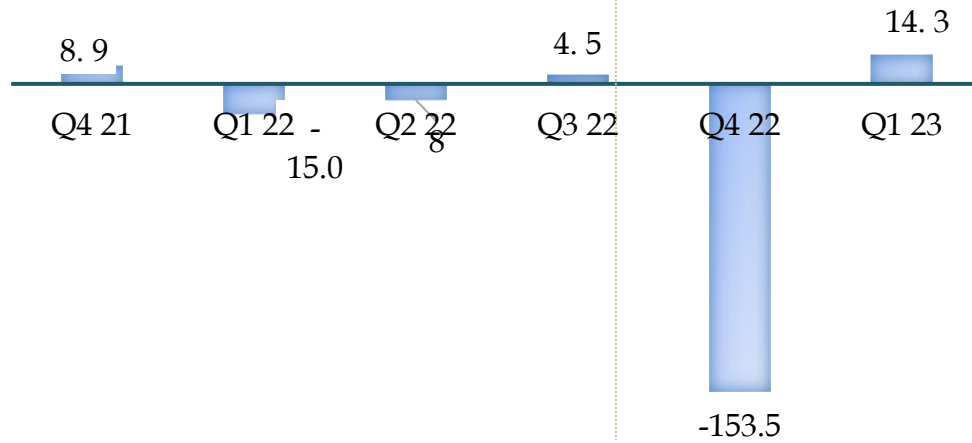
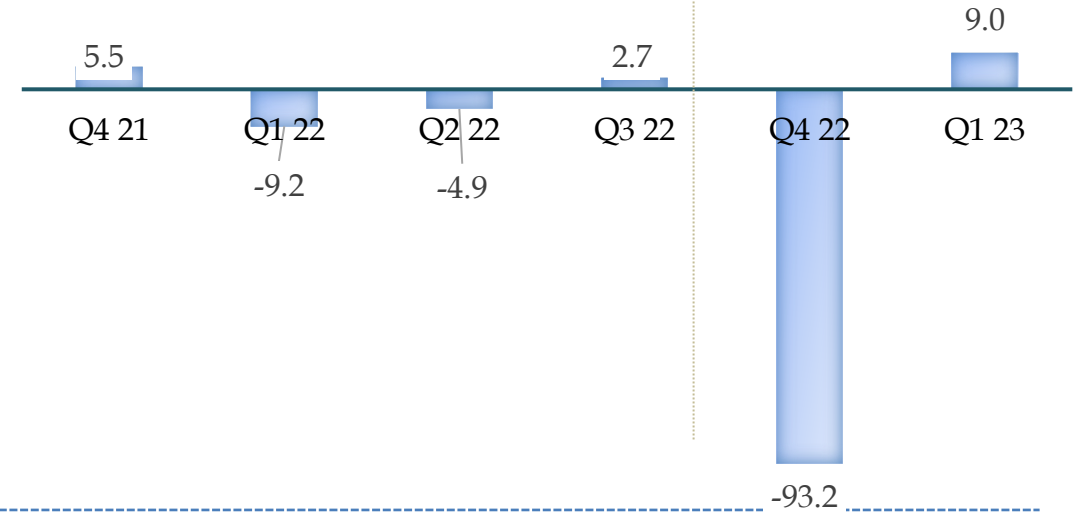
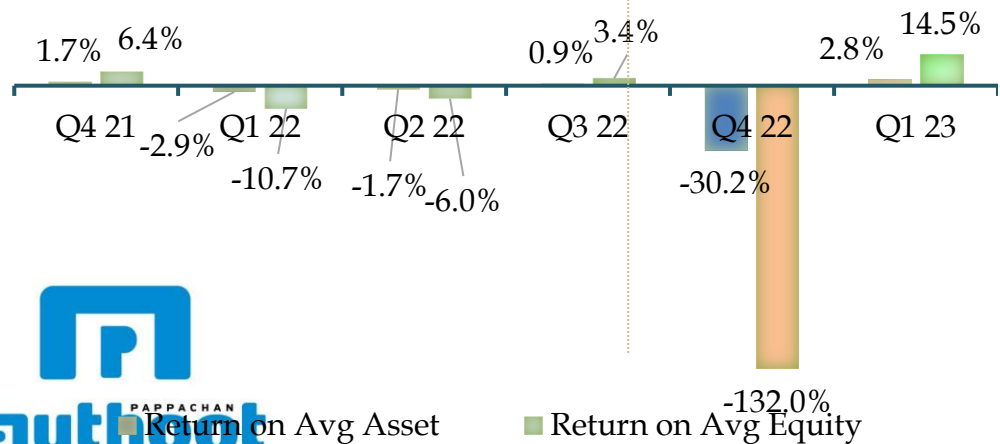
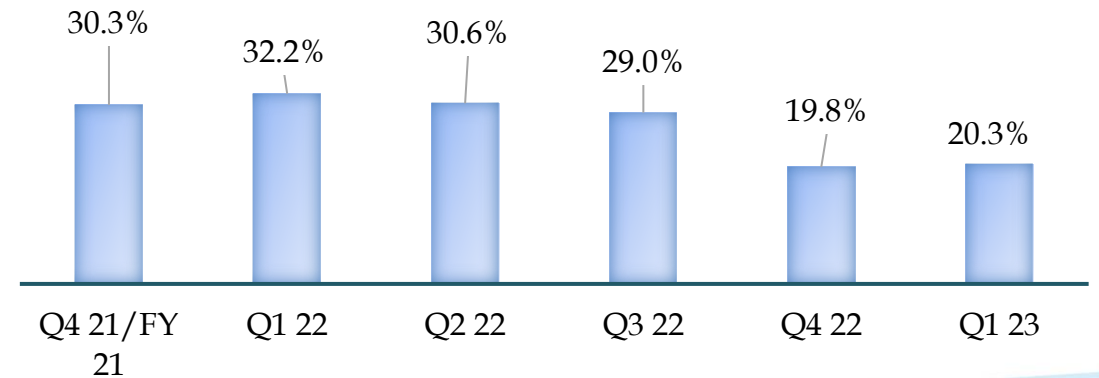
Growth (year)	8%	-16%	-58%	53%
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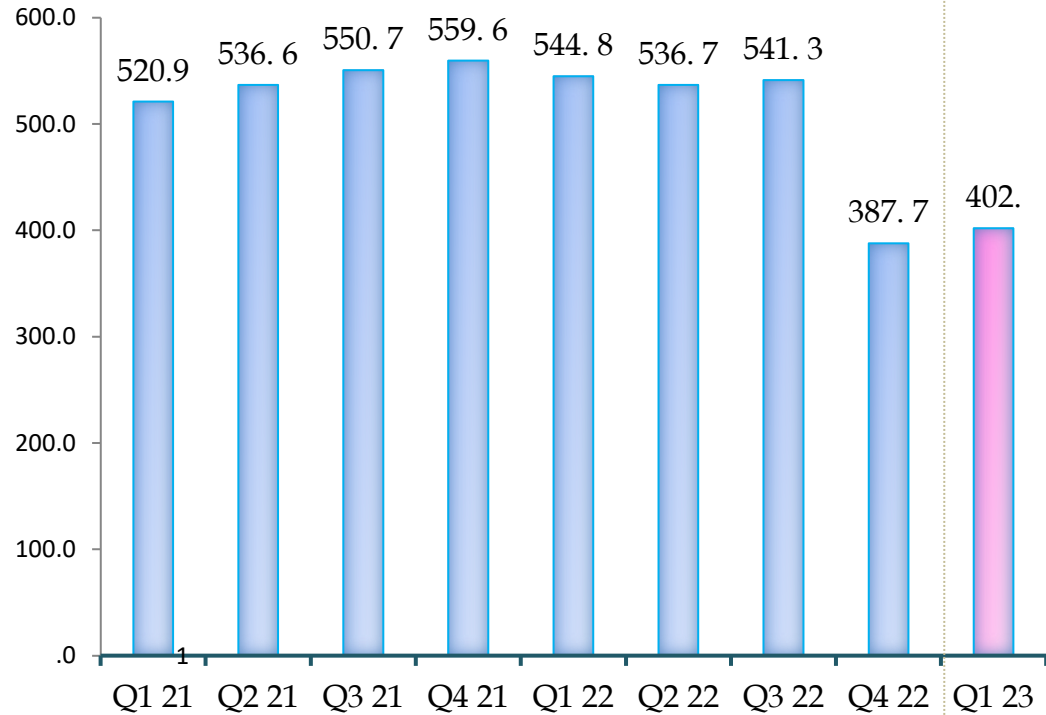
AUM

Growth(year)	22%	-3%	-21%	-2%
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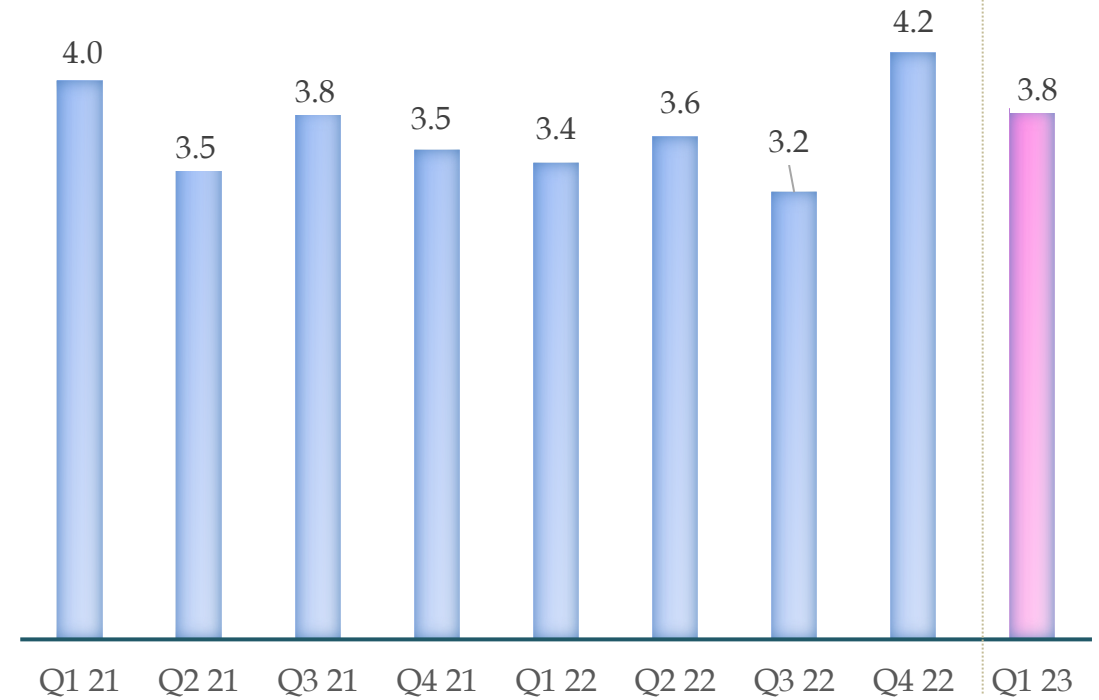
Average LTV

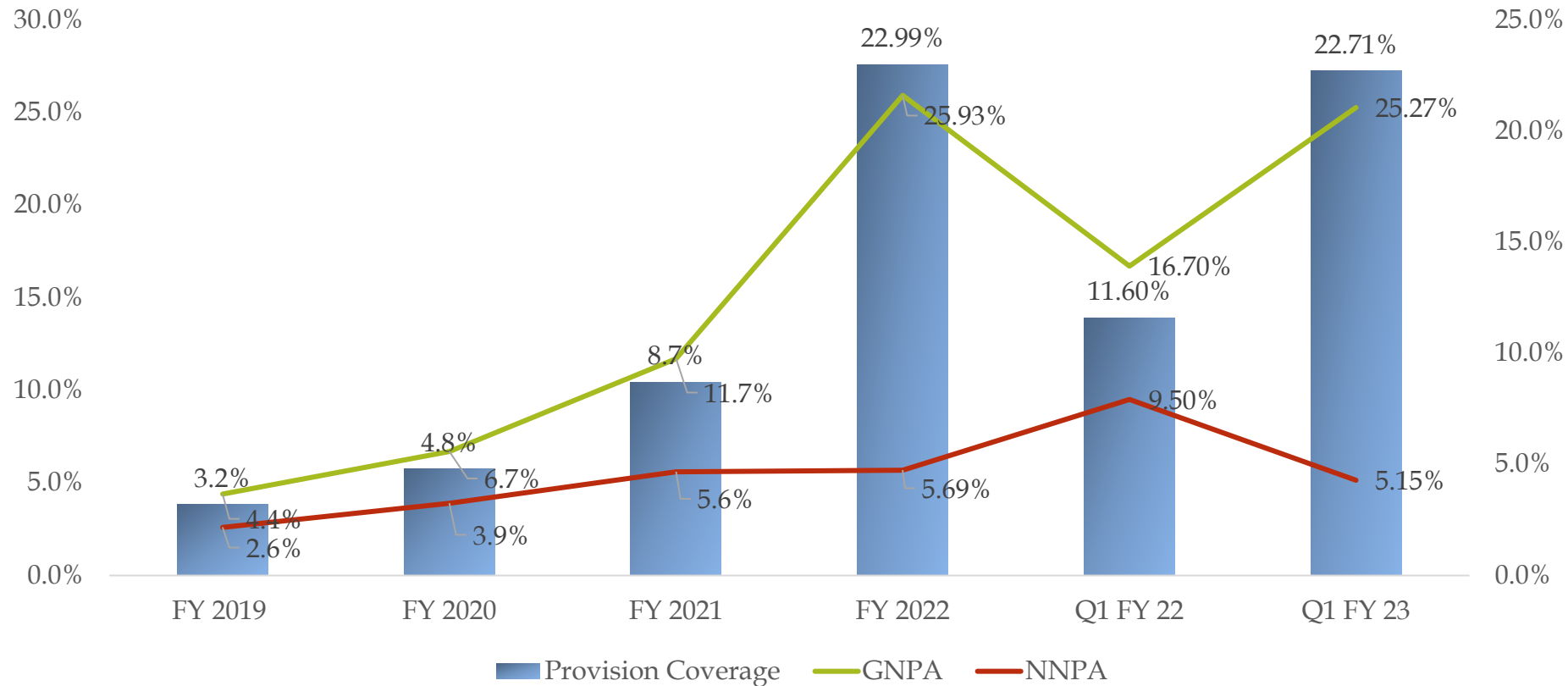
Revenue (in ₹ crores)**Net interest income (in Crores)****OPEX as a % of NII****Loan Loss Provisions and Write offs (in Crores)**

Profit after tax (in Crores)**Earning per Share (in ₹)****ROA and ROE****Capital Adequacy Ratio (%)**

Net worth (in Crores)

BV (₹)	316.72	326.27	334.80	340.21	331.25	326.33	329.1	235.7	244.5
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Debt Equity Ratio

ASSET QUALITY AND PROVISION COVERAGE

As Per IND AS

As on
31.03.2020As on
31.03.2021As on
31.03.2022Prov as % of Loan
Book

4.8%

8.7%

23.0%

PROVISIONING AND ASSET QUALITY NORMS BASED ON RBI CIRCULAR ON NPA UPGRADATION

1. 38 735 accounts valuing ₹ 128.47 Cr (own book) that slipped into 90+DPD post 12th November 2021 & still in > 0DPD, is classified as **NPA (Soft NPA)**
2. Taking a conservative view, the Company has made provision on the entire amount and considered the same also for adhering to PCA categorization circular.
3. On 38 735 accounts, the income will be recognised on realisation basis only . Income of ₹ 5.84 crs has not been recognised for Q1FY23
4. Against the provision requirement of **10% under IRACP, Company has provided an overall provision of 84.0 % for Soft NPA same as that of other 90+DPD accounts.**
5. On the entire own book , **22.71% has been provided against the IRACP requirement of 8.45% towards NPA Accounts**
6. The company has been conservative and **not accounted any income on S3 accounts which comes to ~ ₹ 57.95 crs as on 30th Jun 22**

EXPECTED CREDIT LOSS (ECL)**As on 30.06.2021**

₹. In Crores

Particulars	Outstanding	Provision	ECL%	IRACP%
Total	1964.04	228.55	11.6%	5.20%
S1 and S2 (Std assets)	1549.38	69.81	4.51%	0.40%
S3	311.51	140.82	45.21%	26.90%
S1 and S2 Other Loans (Std Assets)	86.75	1.59	1.83%	0.39%
S3 Other Loans	16.40	16.33	99.57%	46.78%

As on 31.03.2022

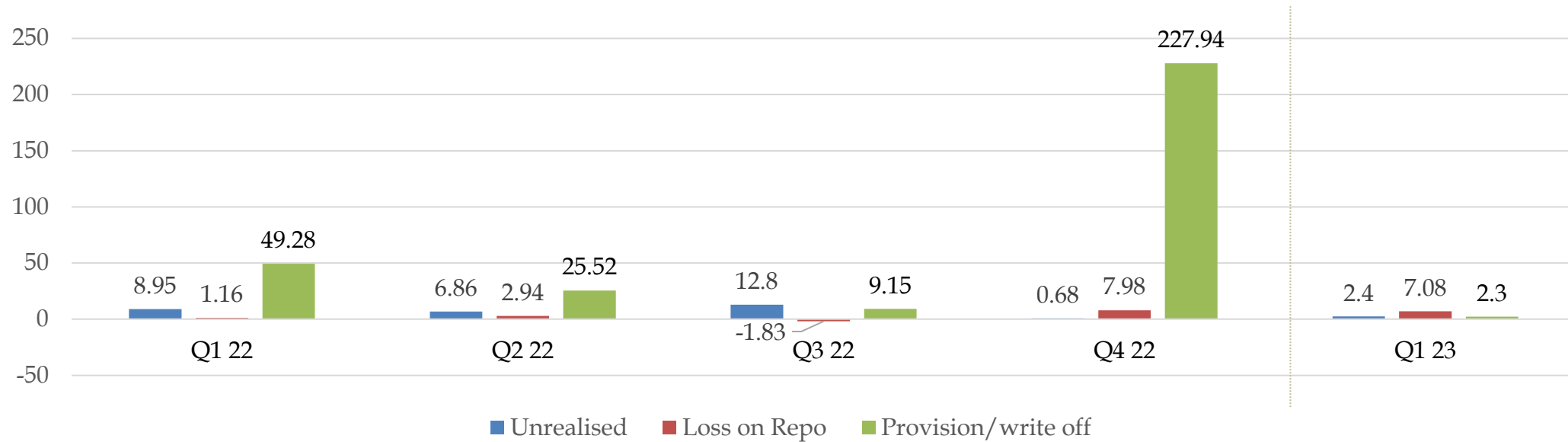
Particulars	Outstanding	Provision	ECL %	IRACP%
Total	2049.6	471.25	22.99%	8.31%
S1 and S2 (Std assets)	1425.26	30.36	2.13%	0.40%
S3 (includes soft NPA)	507.40	415.79	81.95%	30.02%
S1 and S2 Other Loans (Std Assets)	92.90	1.09	1.17%	0.40%
S3 Other Loans	24.01	24.01	100.00%	49.44%

As on 30.06.2022

Particulars	Outstanding	Provision	ECL %	IRACP%
Total	2081.9	472.72	22.71%	8.45%
S1 and S2 (Std assets)	1444.46	29.77	2.06%	0.40%
S3 (includes soft NPA)	502.18	417.75	83.19%	31.26%
S1 and S2 Other Loans (Std Assets)	111.32	1.26	1.13%	0.54%
S3 Other Loans	23.94	23.94	100.00%	52.59%

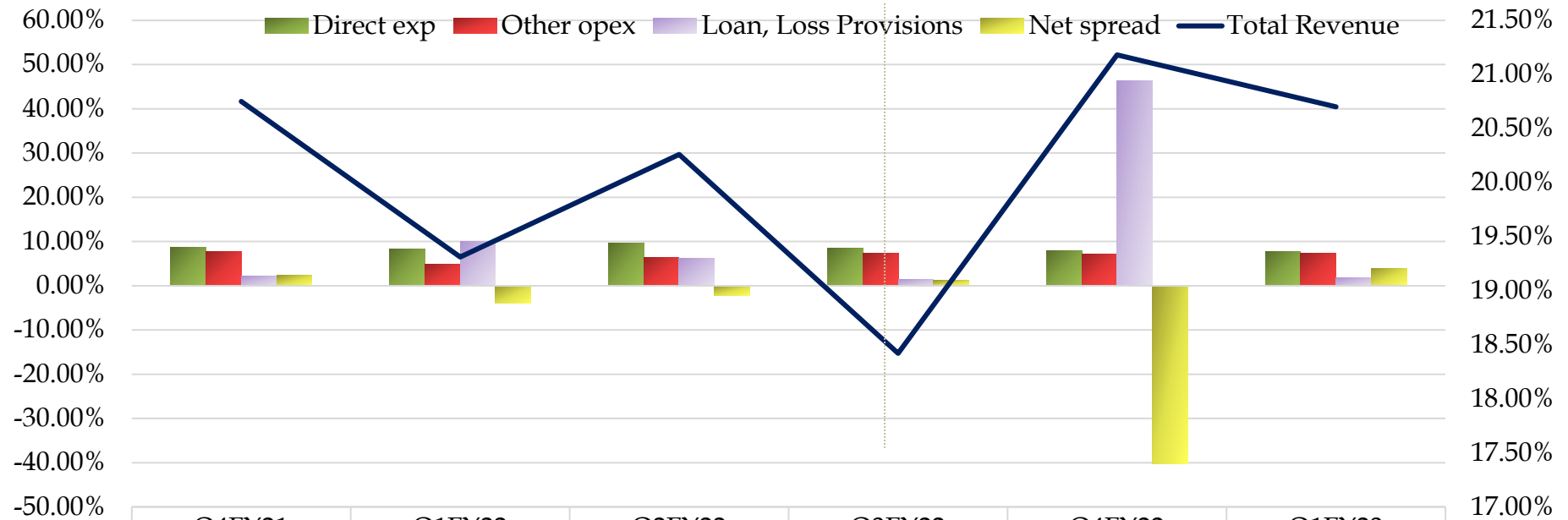
MAIN FACTORS IMPACTING PROFITABILITY - DELINQUENCIES

₹. In Crores



Particulars	FY 20	FY 21	FY 22	Q1FY23
Total P&L Impact	78.68	100.44	351.41	11.78
Avg AUM	2613.9	2307.2	2033.5	2056.6
% of Credit cost on Avg AUM (annualized)	3.0%	4.4%	17.28%*	2.29%

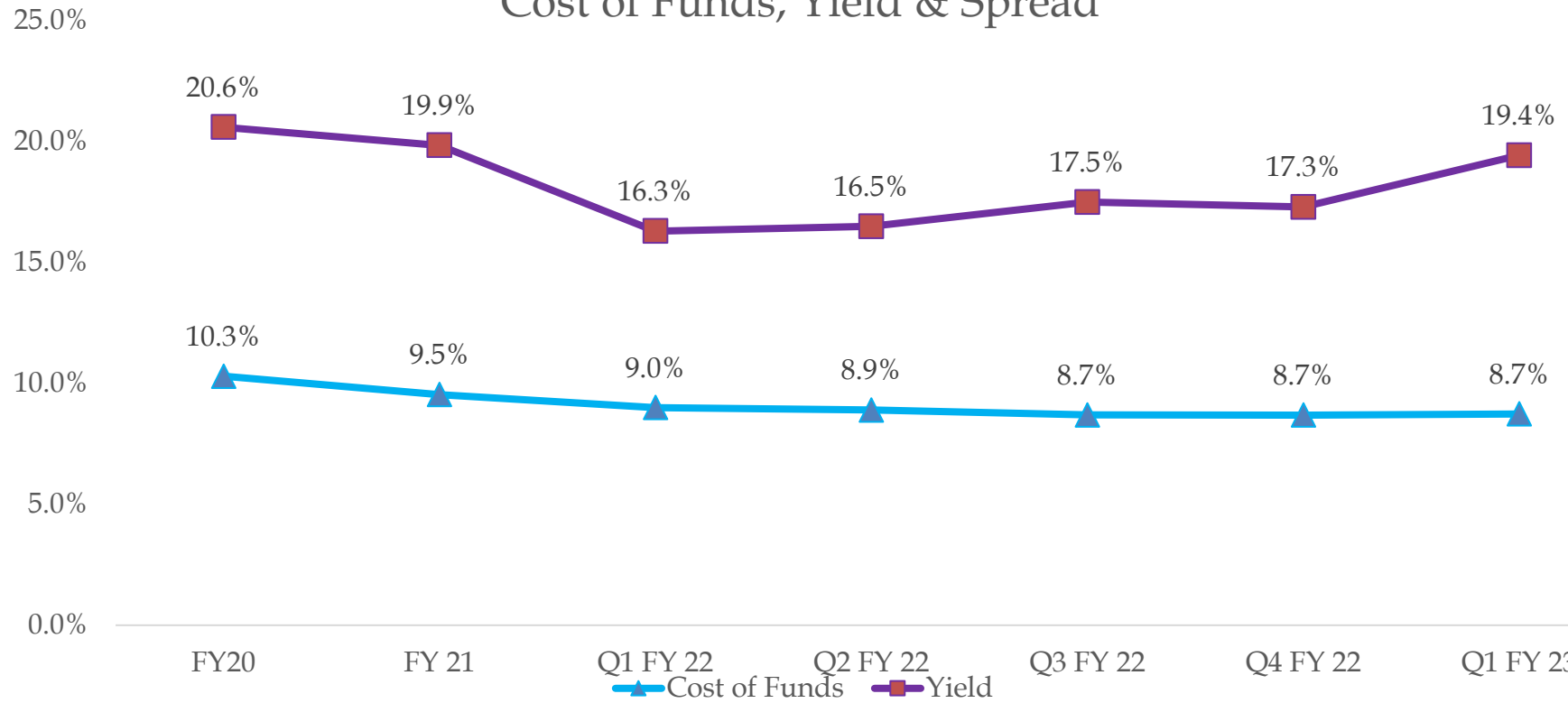
* From Q4FY22 onwards the credit costs, includes provisioning on Soft NPA as per the RBI circular dated 12th Nov 2021

SPREAD ANALYSIS

* From Q4FY22 onwards the loan, loss provisions includes provisioning on Soft NPA as per the RBI circular dated 12th Nov 2021

ANALYSIS OF COST & YIELD

Cost of Funds, Yield & Spread



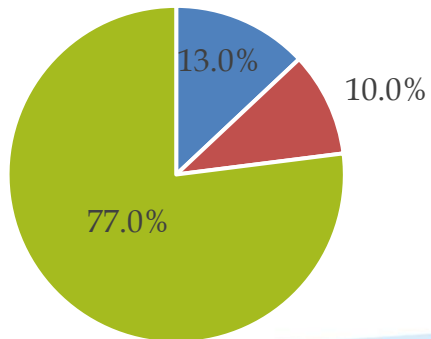
ZONEWISE DISBURSEMENT (RETAIL LOANS INCLUDING BUYOUTS) - Y-o-Y

Zone	BRANCH				DEALER				TOTAL				Overall Share		
	Q1 FY '23		Q1 FY '22		Q1 FY '23		Q1 FY '22		Q1 FY '23		Q1 FY '22		Growth %	Q1 FY '23	Q1 FY '22
	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value			
South	3 740	31.98	1 228	9.7	21 509	177.25	9 457	71.13	25 249	209.23	10 685	80.83	158.85%	64.16%	59.62%
West	915	6.51	449	2.85	2 082	15.21	1 143	7.98	2 997	21.72	1 592	10.83	100.57%	6.66%	7.99%
North	204	1.43	74	0.47	3 811	25.51	3 143	19.68	4 015	26.93	3 217	20.15	33.66%	8.26%	14.86%
East	244	1.80	93	0.62	4 578	33.50	3 487	23.15	4 822	35.30	3 580	23.77	48.49%	10.82%	17.53%
HO									7 846	32.92			100.00%	10.10%	0.00%
Overall	5 103	41.72	1 844	13.64	31 980	251.46	17 230	121.94	44 929	326.10	19 074	135.58	140.52%	100.00%	100.00%

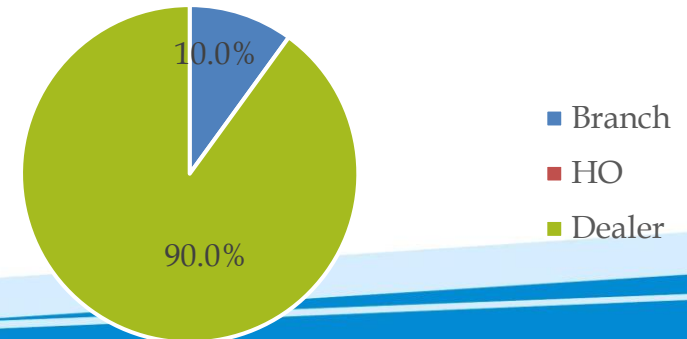
Q1 FY 23

Share of Branch and Dealer of zone-wise
disbursement

Q1 FY 22



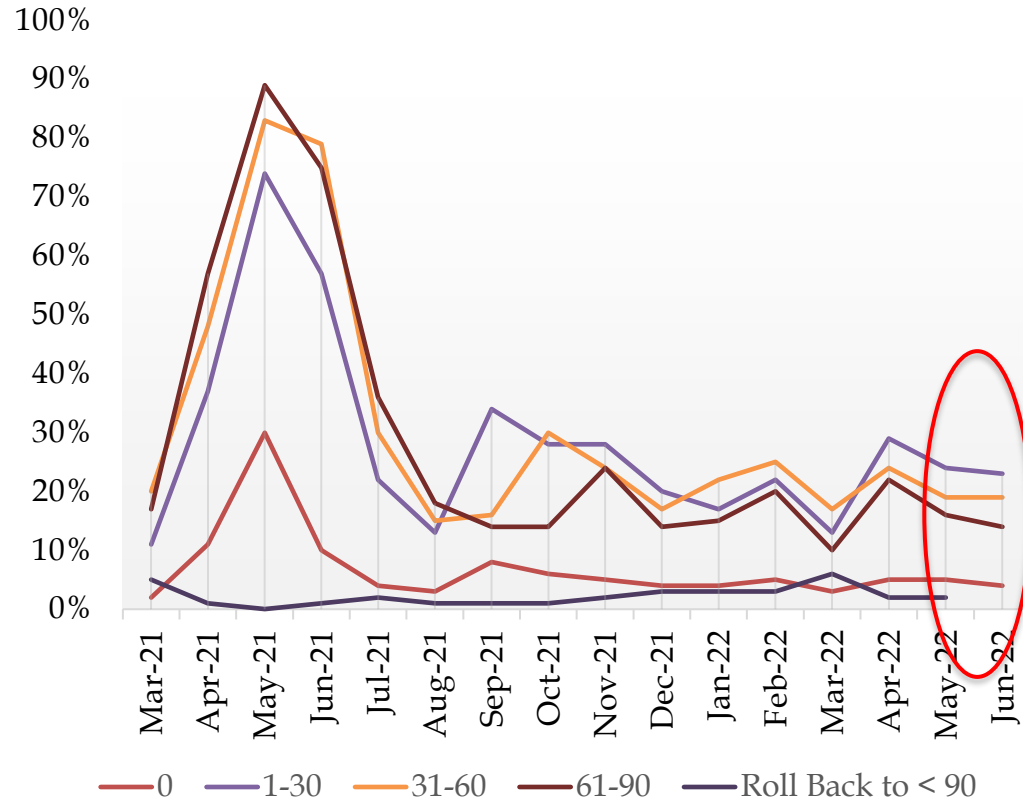
■ Branch
■ HO
■ Dealer



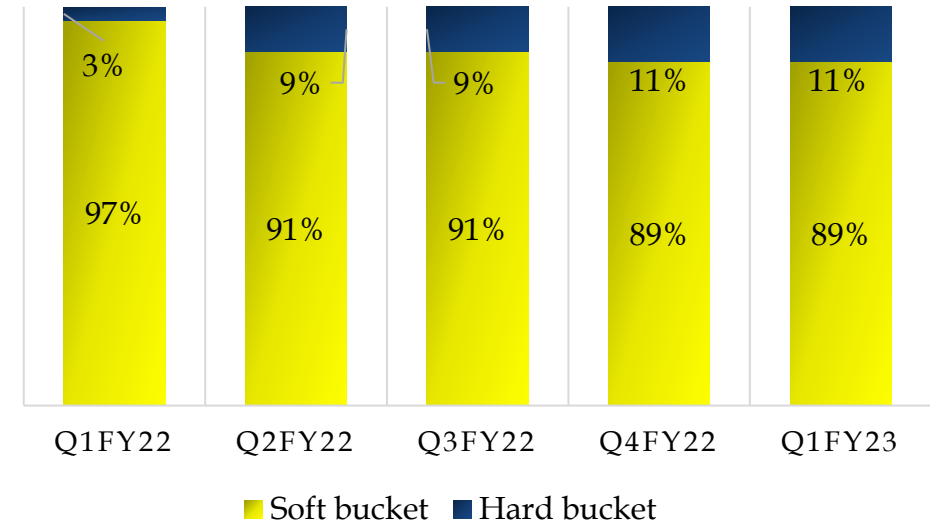
■ Branch
■ HO
■ Dealer

COLLECTION PERFORMANCE MONITORING (HYP)

₹. In Crores

Bucket-wise Flow

Collection Performance

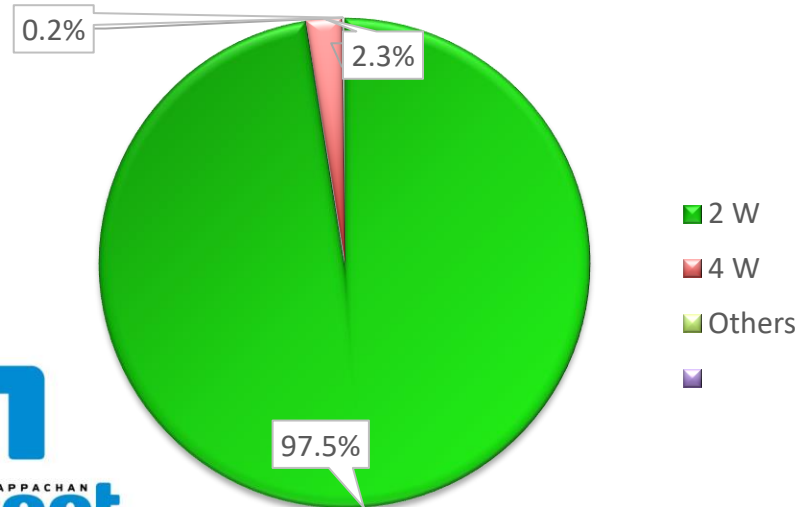


₹. In Crores

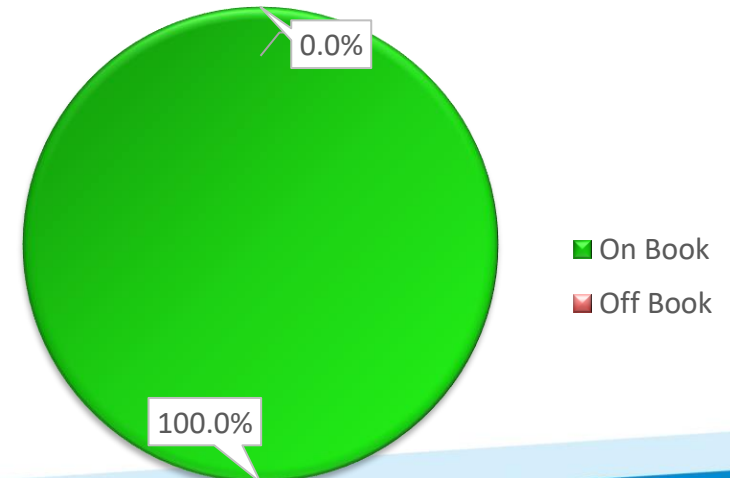
	Q1 FY 22	Q2 FY 22	Q3 FY 22	Q4 FY 22	Q1 FY 23
Soft Bucket (1-90)	274	304	316	319	307
Hard Bucket (>90)	8	30	31	41	38
Total	282	334	347	360	345

RETAIL PORTFOLIO SPLIT AS ON 30th Jun 2022

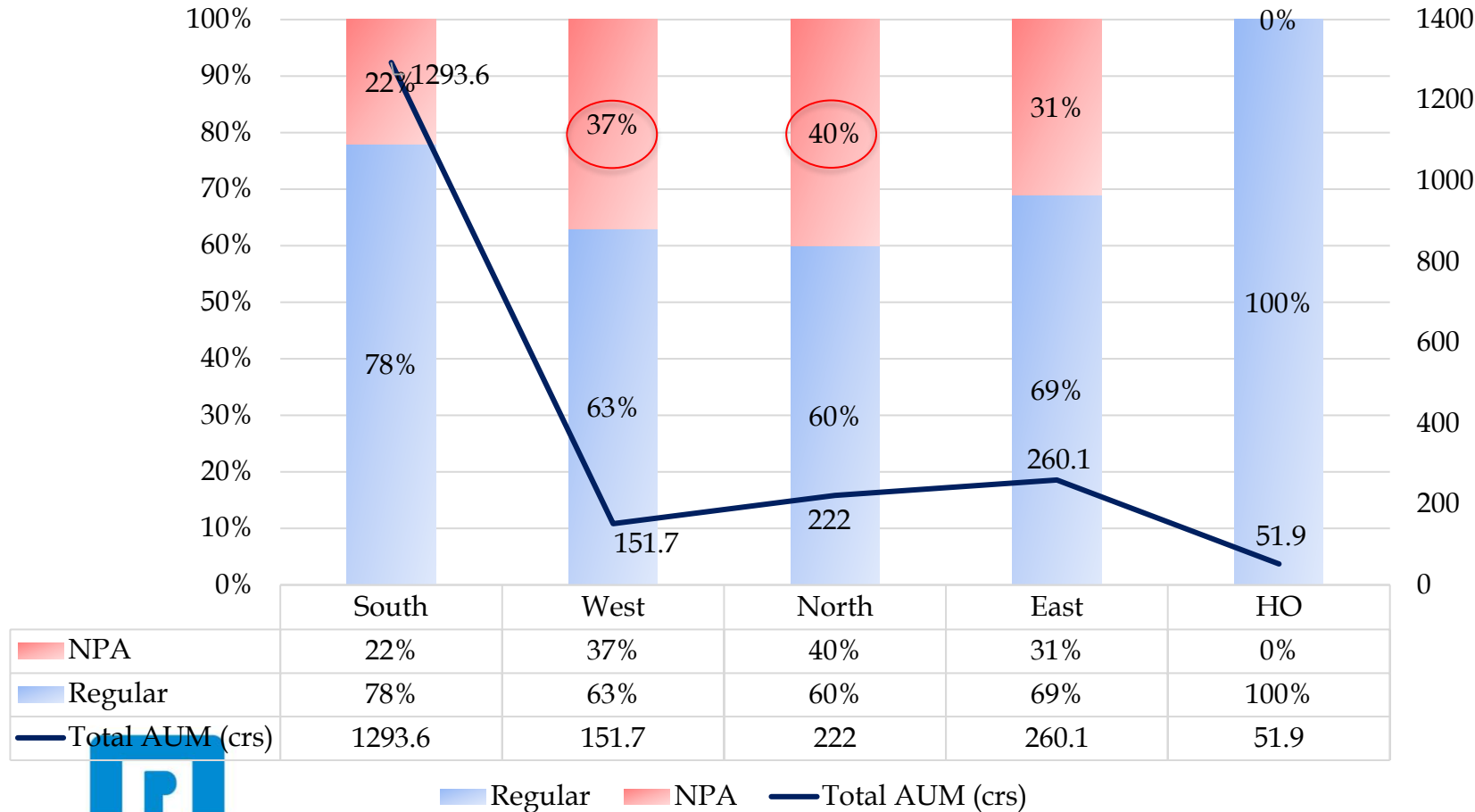
Segment wise	No . of loans	Amount
2 W	5 07 656	1929.0
4 W	2 665	45.4
Others	4 000	4.9
Total	5 14 321	1979.3



Transaction Type	No of Transactions	Amount
Securitized (part of own book)	4	310.8
Direct Assignment	9	6.8
Own Portfolio excl securitized		1661.7
		Ind AS
Off Book		6.0
On Book		1973.3
Total Portfolio		1979.3



MCSL GEOGRAPHIC OVERVIEW – RETAIL LOANS INCLUDING LOAN BUYOUTS

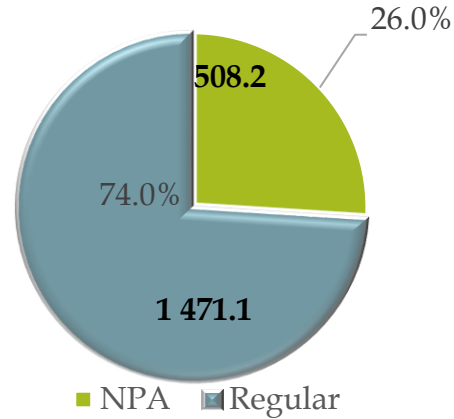


Zone	Active Clients	Total AUM (crs)	Zone wise AUM %	Zone wise NPA %
South India	3 25 292	1293.6	65%	55%
Western India	39 932	151.7	8%	11%
North India	64 902	222.0	11%	18%
East India	71 869	260.1	13%	16%
HO	12 326	51.9	3%	-
Overall	5 14 321	1979.3	100%	100%

PORTFOLIO ANALYSIS - RETAIL LOANS INCLUDING LOAN BUYOUTS

₹. In Crores

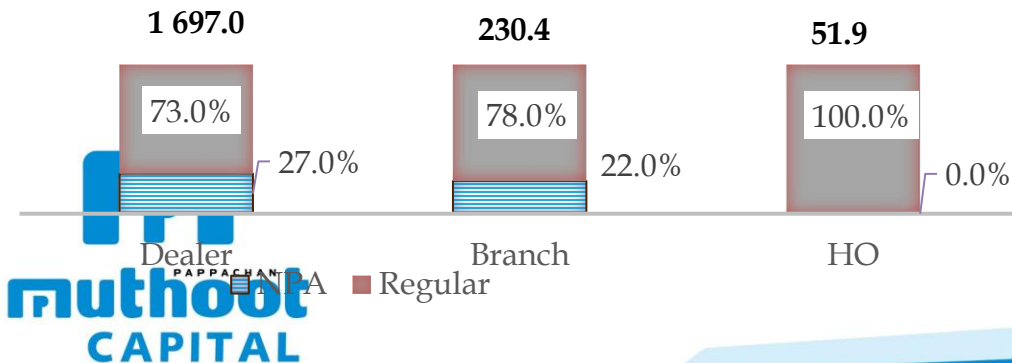
Portfolio Analysis



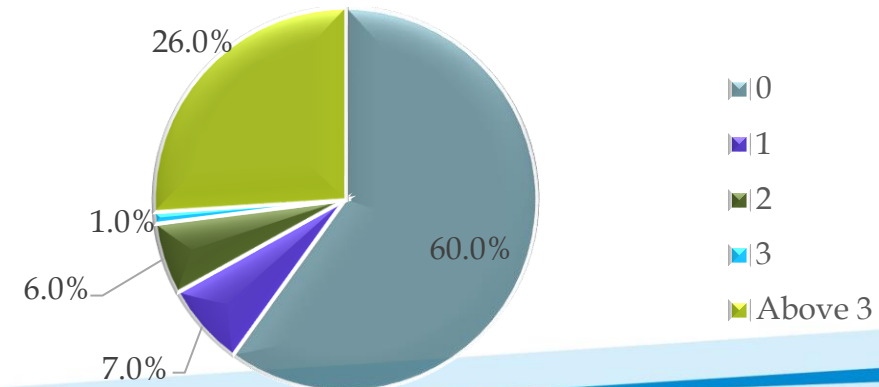
Segment - wise Analysis

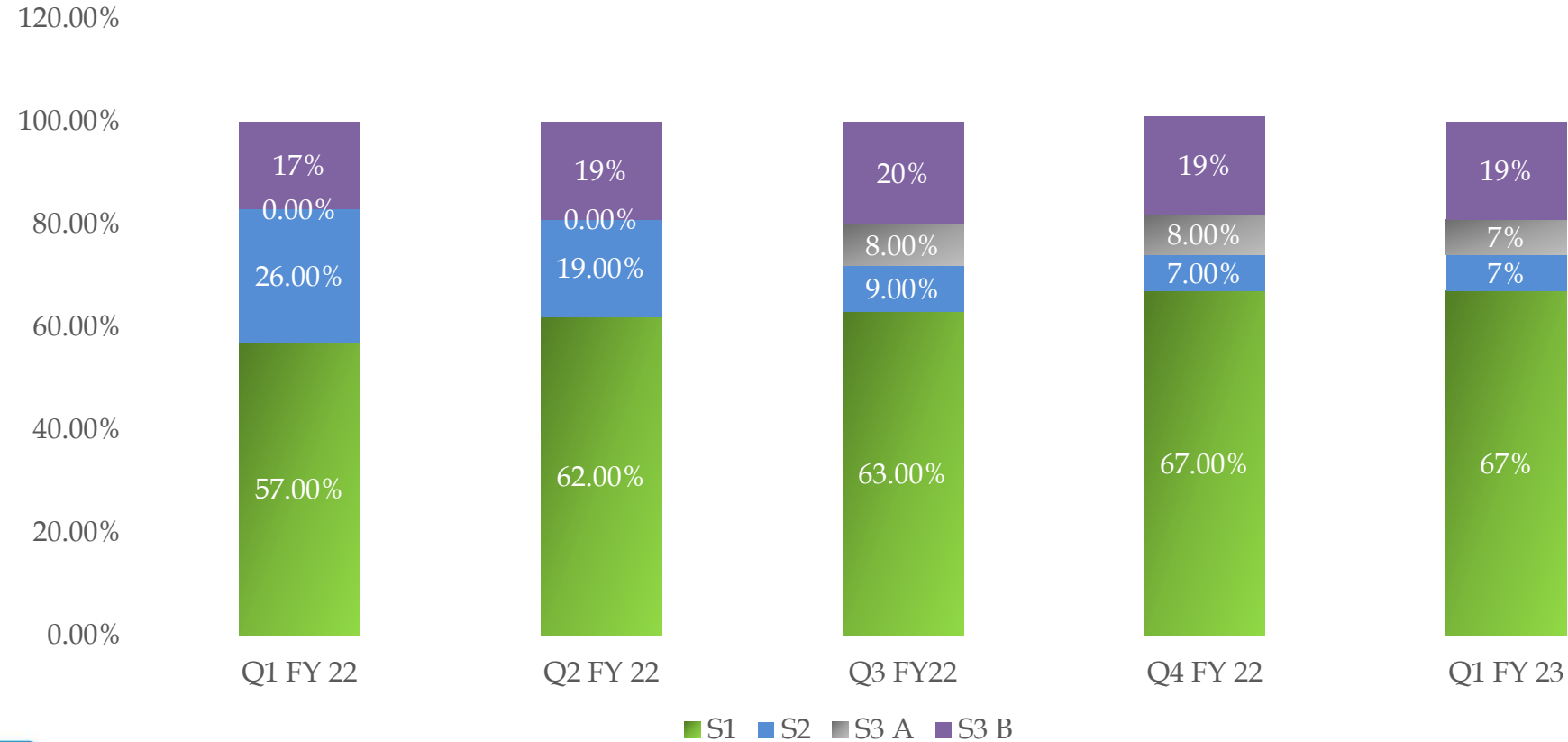


Source - wise Analysis



Bucket - wise Analysis



PORTFOLIO CREDIT QUALITY- RETAIL LOANS INCLUDING BUYOUTS

NPA MOVEMENT - Own HYP LOAN - Q1FY23

₹. In Crores

Particulars	HP Nos	Balance stock	Provision	Unrealized Income
Balance as on 31.03.2022	2 11 896	507.36	413.63	55.55
Add: Addition during Q1FY23 *	20 125	56.91	52.58	6.72
Add: Vehicles repossessed assets sold during Q1FY 23	42	0.29	-	0.02
	2 24 195	564.56	466.21	62.29
Less: Moved out from NPA during Q1FY23	19 387	21.04	17.15	1.00
Less: Repossessed assets sold during Q1FY 23	1 697	9.23	7.53	1.51
Less: Vehicles repossessed assets sold during Q1FY 23	42	0.29		0.02
Less: Amount collected during Q1FY 23 from 51 733 accounts		31.82	25.94	1.81
Balance as on 30.06.2022	2 03 069	502.18	415.59	57.95

Overall Provision as on 30 th Jun 2022	Provision
Provision on HYP loans including additional provision and on standard accounts	447.52
Provision on Other Loan portfolio	25.20
Total Provision in books	472.72

NPA MOVEMENT - Own HYP LOAN - 5 quarters

₹. In Crores

Particulars	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Balance as on	226.68	311.33	358.27	533.46	507.36
Add: Addition during quarter	218.63	69.59	61.72	67.94	56.91
Less: Loans restructured during quarter	(128.11)	-	-	-	-
Add: Vehicles repossessed	-	0.08	-	-	0.29
Add: Addition due to new RBI guideline (Soft NPA)	-	-	146.76	-	-
	317.2	381.00	566.75	601.40	564.56
Less: Moved out from NPA during quarter	2.42	12.05	24.09	28.37	21.04
Less: Repossessed assets sold during quarter	0.88	3.52	-	-	9.23
Less: Vehicles repossessed assets sold during quarter	-	-	-	10.92	0.29
Less: Amount collected during quarter but still in NPA	2.56	7.16	9.20	36.21	31.82
Less: Amount written off during the quarter	-	-	-	18.54	-
Balance as on	311.33	358.27	533.46	507.36	502.18

SOURCES OF BORROWING

₹ 159Cr

Additional Facilities
received during the quarter

PTC fund - ₹ 94 Cr
Commercial Paper - ₹ 65 Crs

₹ 5.21Cr

Collections of Public
Deposit/Sub debts

In Q1FY23 Public Deposits collected
₹ 5.21 Cr. of which ₹ 3.10 Cr. Is
renewal

Additional Facilities sanction –
₹ 94 Crs PTC from DCB in Jun '22

Bank funding - 78% of total borrowing as
on 30 Jun 2022

₹ 843 Cr

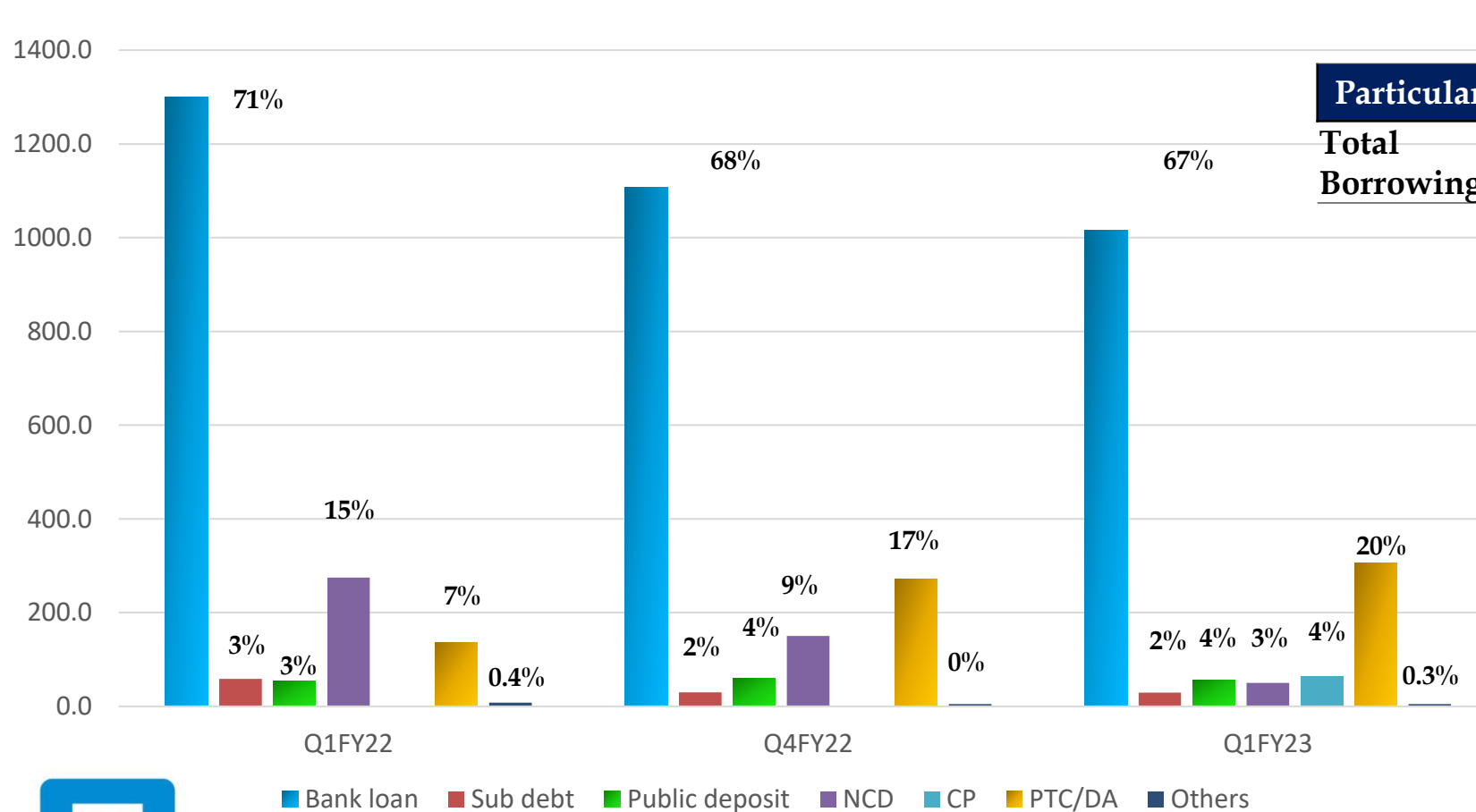
WCDL roll over

In Q1FY23, ₹ 843 Cr rolled over from
20 facilities

8.7%

Cost of borrowing for
Q1 FY 23

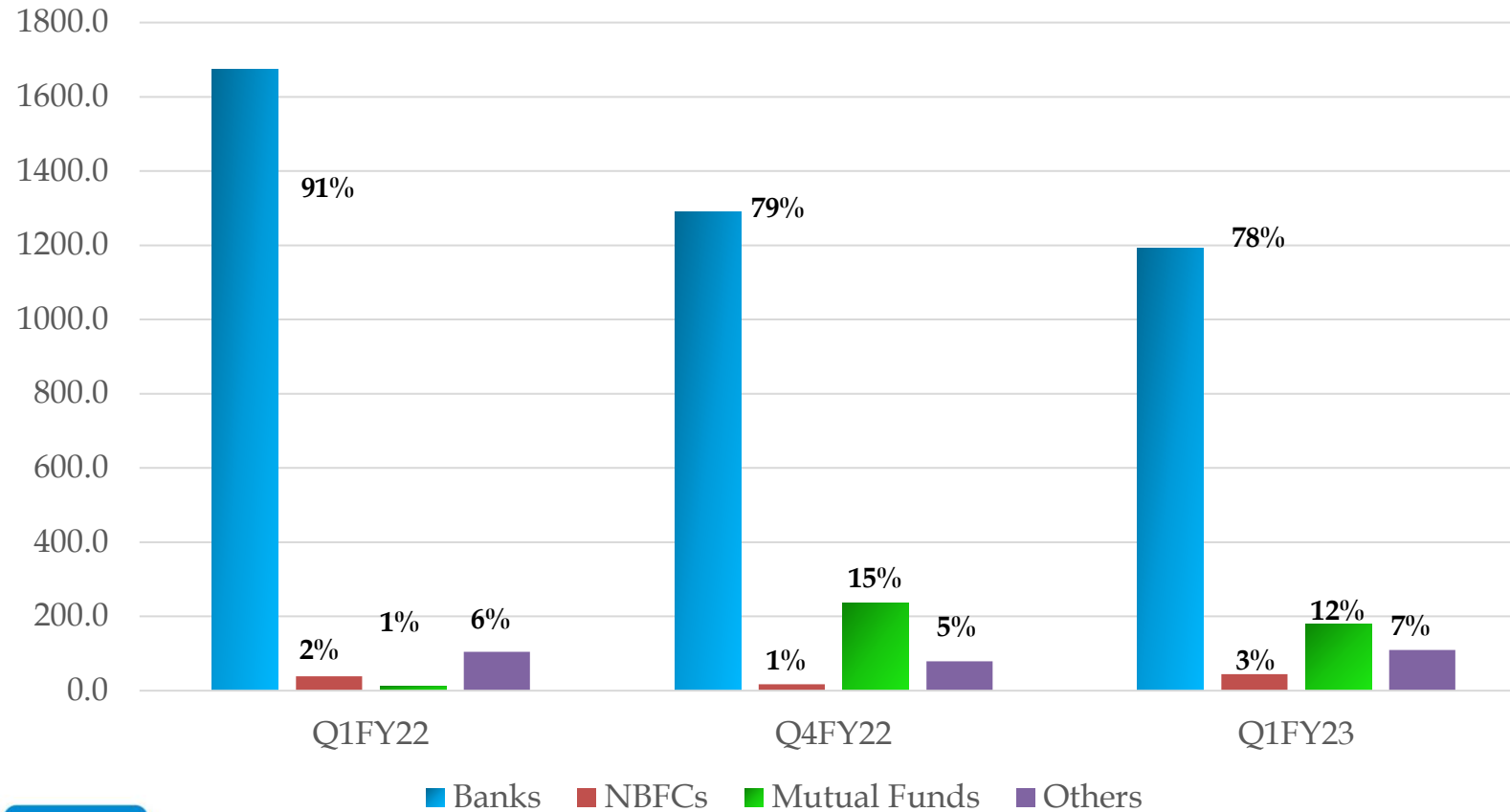
Q-o-Qr increase in cost of borrowing
from 8.69% for Q4FY22 to 8.74%.

BORROWING PROFILE – by Instrument

Particulars	Q1FY22	Q4FY22	Q1FY23
Total Borrowings	1831.0	1623.8	1526.5

COST- by Instrument

Particulars	Q1FY22	Q4FY22	Q1FY23
Bank Loan	8.7%	8.5%	8.6%
Sub debt	11.7%	11.1%	11.0%
Public Deposit	7.5%	7.7%	7.4%
NCD	9.4%	9.4%	9.7%
Securitization	9.7%	8.2%	8.5%
Commercial Paper	-	-	9.2%
Others	11.0%	11%	13.7%
Total	9.0%	8.7%	8.7%

BORROWING PROFILE – by Investor Profile**COST– by Investor**

Particulars	Q1FY22	Q4FY22	Q1FY23
Banks	8.9%	8.7%	8.7%
Mutual Funds	10.4%	8.1%	8.6%
NBFCs	11.7%	11.9%	11.5%
Others	9.1%	8.5%	8.2%
Total	9.0%	8.7%	8.7%

**Disbursement
& Collection**

- While things have improved substantially, the disbursement has still not increased due to issues with availability of vehicles.
- Disbursement at ₹ 327.7 crs in Q1FY23 better than ₹ 136.1 crs of Q1 FY22, but lower than ₹ 368.1 crs of Q4 FY22.
- TW has seen an improvement in volumes in Q1 FY23 v/s Q4 FY22, a growth of 9%.
- Non-South Disb. share was 36%;
- Overall collections growing from Q2FY22, but NACH clearances reduced, hence higher collection through cash/other FOS: Increased the cost of collection , could continue for a while, overall collection cost @ 4.8 % during the quarter v/s 5.5% being there for Q4 FY22.

**NPA/
Provisioning**

- NPA had been growing till Q3 FY 22 but saw some reduction in Q4 FY 22 and in Q1 FY23.
- Non Availment of relaxation permitted under RBI Notification of 15th Feb 2022, makes company report higher level of NPA and while majority of customers continue to pay at least one instalment. As for end June 22, ₹ 128.47 Crs was reported as 'Soft' NPA, on which 84% PCR is available.
- Inspite of these additional provisioning, Company has sufficient CRAR- 20.27%.
- Company has initiated action on the ground to reduce NPA and reverse the provision in the coming quarters.

**Arbitration/
Other Legal
actions**

- Apart from additional staff and incentivized collection agencies, steps taken at legal level for getting the dues cleared.
- Arbitration process has started again and would help collect the dues;
- After holding on to any repossession for redoing the SOP, the repossession has started again; would be useful in getting payment done by the defaulting customers; would help in reducing NPA accounts

**Diversity in
Funding**

- After a gap of nearly 4 years the Company has issued Commercial papers to meet its funding requirements;
- The Company has continued doing securitization transactions for which Company has been able to find several interested investors
- The Company is in the process of sourcing through several other modes including NCDs, MLDs etc.

Borrowing Mix

- The borrowing has a healthy mix of Bank (Private & PSU) sanctions, Securitization/Direct assignment, Retail & corporate subordinated debts and Public Deposits .
- Due to the trust reposed by the Lenders/ Investors of PTC, the Company has been able to maintain its cost of fund in the quarter at 8.74% broadly in line with Q4 FY22. The Costs have started rising and Company anticipates some amount of increase in the 2nd Quarter and that to remain for the rest of the year.

**Securitization/
DA**

- Has played a role in the past generating funds from the portfolio in hand which has helped grown book and increase profitability.
- In COVID times also, the repayment was very good and hence been able to get Investors interested in doing PTC transactions with the Company. In July a first-time investor from a reputed group has come in and done a PTC- of ₹ 78 Crs

**Geographical
expansion**

- Had reduced rollout during the pandemic ; slowly restarted after the 2nd wave stopped. Robust rollout planned in the current year
- New Products , new geographies and digitization seen as the way forward for the next few years. Co-Lending as a form of sourcing also expected to start in FY23; large geographical expansion seen through the Co-Lending route.

**Staff attrition
& Cost Control**

- Monthly staff attrition at 2.9 % in Q1 FY '23 v/s 2.6 % in Q4 FY 22.
- Dealer incentives has seen a dip to 1.99 % for Q1FY 23 in view of lower disbursement; and could see a rise going forward due to the upcoming festive seasons; have tried to cover most of it through higher IRR
- Collections costs constantly rising as NACH collections is seeing a decline. Was at 4.8% in Q1 FY23 v/s 5.5% in Q4 FY22 v/s 1.5% in Q1 FY 22.

**Repayment
Mode**

- Since COVID, bounce of NACH has increased which has led to increased cash collections at higher cost.
- Collection through the mobile app/PAYTM etc. has seen an increase during COVID and currently accounts for about 16-17% of the total collections
- In view to target larger number of customers who do not use bank account constantly, there is a reintroduction of the cash mode of collection in certain locations, which will be ramped up shortly.

**Overall
Profitability**

- Overall profitability is lower on account of overall lower volumes and higher provisioning/ write off/ Loss on sale of repossessed assets, on account of higher NPA to remain out of the PCA category;
- With ground situation improving, better collection and disbursement is likely to witness higher revenues and lower charge on account of provisioning, which will help improve profitability.

Way Forward

- The last 3 ½ years seen a lot of issues on the ground starting from the ILFS/DHFL issues, followed by economic meltdown and finally followed by the pandemic of COVID 19. While things have improved in Q3 FY22 and Q4 FY22, it is hoped that the ground situation improves further to the pre-covid levels soon.

Don't just Soch, Karo Blue Soch!

