



BHARAT
Financial Inclusion Ltd
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

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Corporate Identity Number: L65999MH2003PLC250504

Registered Office: Unit No. 410, Madhava, Bandra-Kurla Complex
Bandra (East), Mumbai - 400 051, Maharashtra, India T: +91 22 2659 2375

May 21, 2019

The General Manager
Department of Corporate Services
BSE Limited
Phiroze Jeejeeboy Towers
Dalal Street
Mumbai – 400001

The Vice President -Listing Department
National Stock Exchange of India Limited
Exchange Plaza
Bandra- Kurla Complex
Bandra (East)
Mumbai – 400051

Dear Sir/Madam,

Sub: Earnings Update.

This is to inform you that the Board of Directors of the Company at its meeting held today i.e. May 21, 2019, had approved audited financial results for the quarter and year ended March 31, 2019 and the same have been sent to you.

A copy of the Earnings Update for the quarter and year ended March 31, 2019, which we plan to host on our website www.bfil.co.in is attached for your information and records.

We request you to take the above information on your record.

Thanking you,

Yours faithfully,
For Bharat Financial Inclusion Limited

Rajendra Patil
Sr. EVP - Legal & Company Secretary



Encl: As above

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*With effect from 1st April ,2018 , the company has adopted Indian Accounting Standards (Ind AS). Accordingly FY18 numbers have been restated from previous GAAP to Ind AS to make them comparable.
Figures rounded off to the nearest digit across the presentation. Figures and ratios have been regrouped wherever necessary.*

UPDATE ON MERGER

RATIONALE FOR MERGER FOR BFIL

Access to savings & deposits products



- Enhanced relationship with customers
- Competitive edge with significant head start vis-a-vis SFBs

Reduced impact of Political Risk



- Propensity to default by customers reduces in case of political events. e.g. In the 5 pilot branches, customers with RD(Recurring deposit) had lower overdues (>4 weeks at 0.08%*) vis-a-vis non-RD customers (>4 weeks at 4.3%*)

Create a robust Secured lending platform



- Banks expertise in 2-wheeler financing coupled with extensive distribution network of BFIL creates a significant opportunity
- Similarly, home improvement loans can be scaled up

Retail Distribution Service Point Rollout (RDSP)



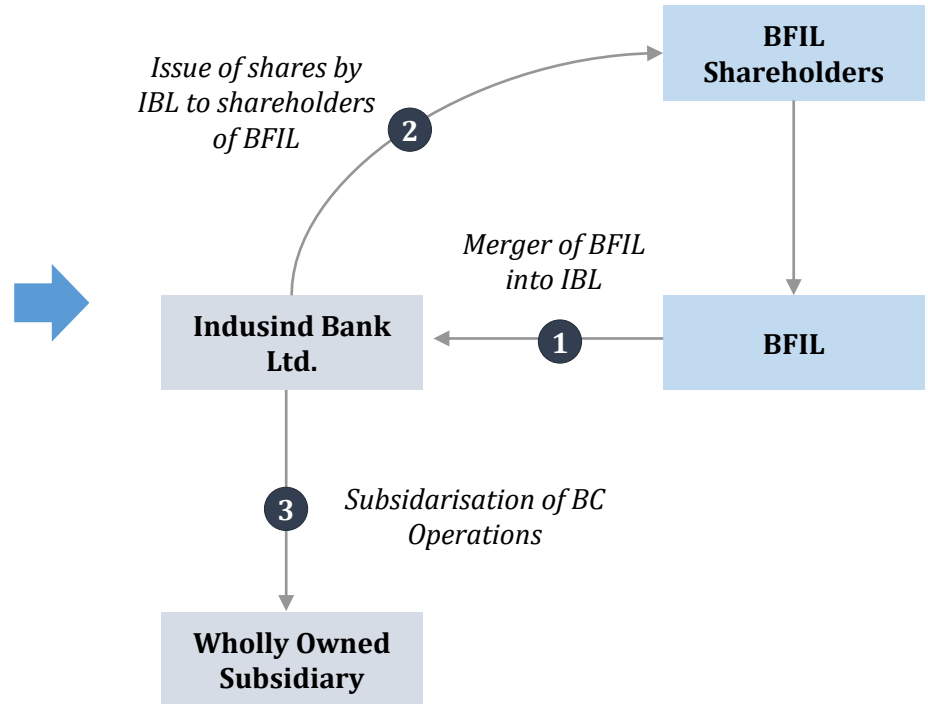
- Cashless collections > Customer analytics > Consumer finance loan

- Cashless collections > Time saved in center meeting > Improved Sangam manager productivity > Improved cost to Income ratio

- Cross-sell opportunity to Non-MFI customers – Ex: Solar, Mobile, Sewing machines, etc.

TRANSACTION STRUCTURE

1. BFIL to merge into IBL under a Scheme of Arrangement
2. BFIL shareholders to receive IBL shares as consideration
3. IBL to transfer the employees and operations into a wholly owned subsidiary making it a captive Business Correspondent



STATUS ON MERGER



Board Approval

Regulatory Filings & Approvals

NCLT Filings & Approval

ROC Filings & Share Issuance

- Valuation / Swap Ratio
- Approval of 'Scheme', matters therein and other legal documents

- RBI
- CCI
- SEBI and Stock Exchanges (NOC)

- Filing of Scheme ✓
- NCLT approval:
 - Shareholders approval ✓
 - Creditors approval ✓
 - NCLT Final order

- ROC Filing
- Allotment of shares to BFIL shareholders

- Matter reserved for Order
- NCLT is on vacation till May 26th

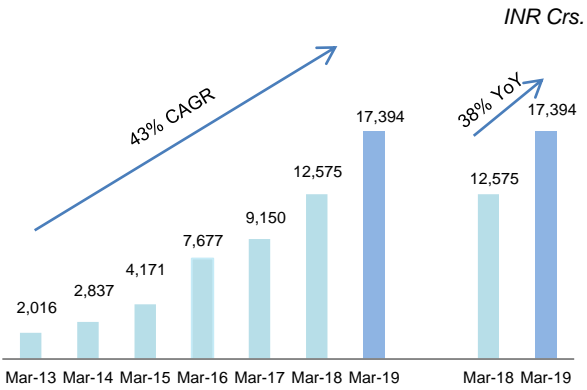
EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

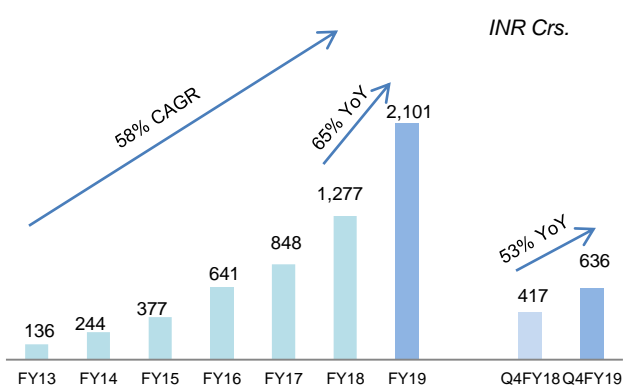
Overview

- Largest microfinance company in India with gross loan portfolio of INR 17,394 Cr., 88 Lakhs members in Non-AP states and 1,854 branches
- Sub 20% lending rate
- Company's Portfolio grew by 38% (YoY) to INR 17,394 Crs. as of Mar 31, 2019
- Profit after tax for FY19 of INR 985 Crs (Previous GAAP INR 871 Crs)

Gross Loan Portfolio



Growing Net Interest Income



NII = Interest income on Portfolio loans + Net gain on derecognition of loans sold under assignment transaction + BC Fee – Financial Cost

Financial Metrics

Strong Balance sheet and liquidity

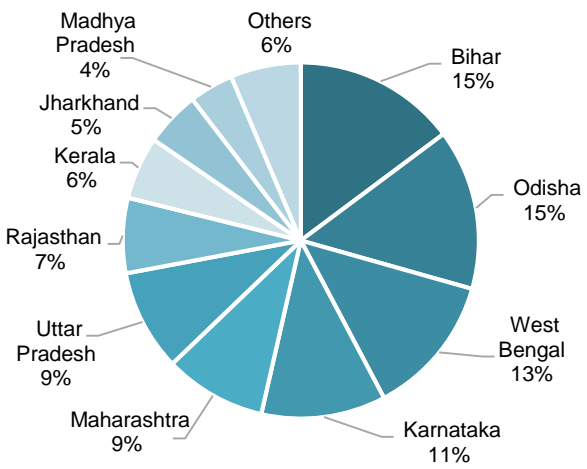
Net worth (INR Crs.)	4,225
Capital Adequacy	49.5%

Efficiency and Profitability

Marginal cost of borrowing#	9.1%
Cost to income	39.3%
Return on Asset^	5.7%
Return on Equity	27.1%

Note: Above Data for FY19
 # includes on and off b/s borrowings (including processing fees) for FY19
 ^Assets includes securitized, assigned and managed loans

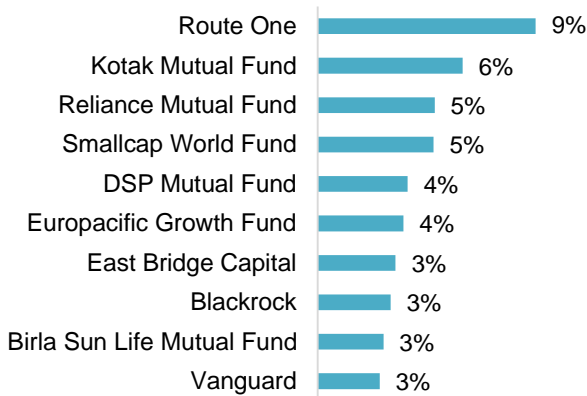
Balanced Geographical mix



Note: Portfolio as of Mar 31, 2019

Diversified Shareholding

Top 10 Shareholders



Note: Shareholding as of Mar 31, 2019

INVESTMENT HYPOTHESIS

INVESTMENT HYPOTHESIS

Favorable Macros

There is a huge demand/ supply gap for microfinance

Entry barriers and supervisory standards are significantly enhanced thwarting future competition

No credible alternative for microfinance emerges even after 8.5 years of AP MFI Act

Regulatory Clarity

RBI's comprehensive regulatory framework mitigates political and regulatory risks

RBI and MoF acknowledge microfinance as a key component of financial inclusion

PSL requirement of banks to enhance funding availability and value of the franchise

Unmatched leadership

BFIL is the most efficient and one of the low cost lender (interest rate at sub 20%)

Impeccable track record of meeting financial obligations in a timely manner even during the black swan event of AP-MFI Crisis

Diversified earnings stream with cross-sell / Non-Loan revenue contributing 3% to PAT for FY19

Pan-India presence with no unbalanced geographic sectoral exposure

Strong solvency (Capital Adequacy of 49.5% as on 31st Mar 2019) and sufficient liquidity

Steady state RoA of 4% is the highest among financial services play

THERE IS A HUGE UNMET DEMAND FOR MICROFINANCE



Micro-Credit Demand In India

covered in part by moneylenders and informal sources, but largely untapped

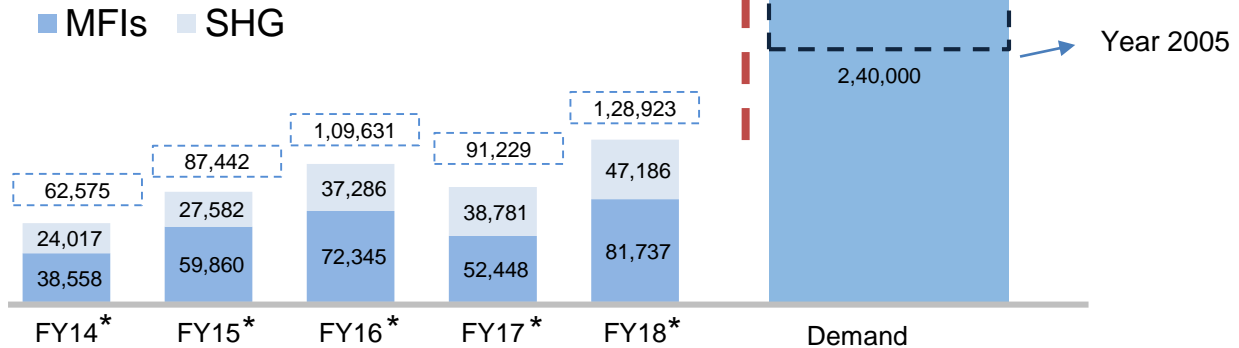
Segment -1

70 mn households in India with some assets (INR 90/day PPP)



Segment -2 (BPL)

80 mn households in India with no assets (INR 55/day PPP)



*Disbursement in INR Crs.

Assumptions

- Target households: 150 mn
 - Basis: World Bank poverty statistics, India
- Avg. credit requirement: per household Rs. 45,000 (2015), adjusted with inflation on per household Rs 20,000 (Year 2005)
 - Basis: EDA Rural Systems, World Bank, Access to Finance
- Adjustment for service difficulties: 20%
 - Basis: adjustment made to reflect inaccessible poor in rural areas (~7%) and half of underserved urban poor (0.5 x 26% = 13%)

Source: World Bank; Sa-Dhan Bharat Microfinance reports

COMPANY OVERVIEW

BFIL USES GRAMEEN MODEL TO PROVIDE UNSECURED CREDIT AT THE DOORSTEP OF LOW INCOME RURAL WOMEN



Survey a village



Recruit members



Provide training



Deliver doorstep service

BUILDING BLOCKS OF TURNAROUND POST AP MFI CRISIS

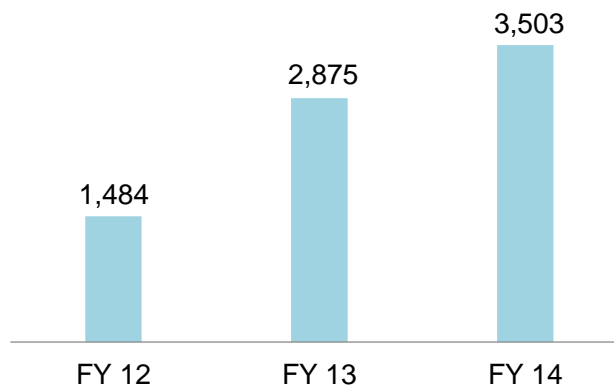
INR crore

Balance Sheet Cleansed

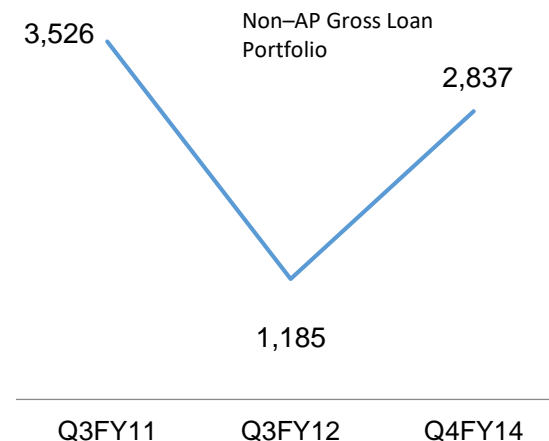
AP exposure of Rs. 1,360 crore written off

Supply-side Shock Managed

Drawdowns



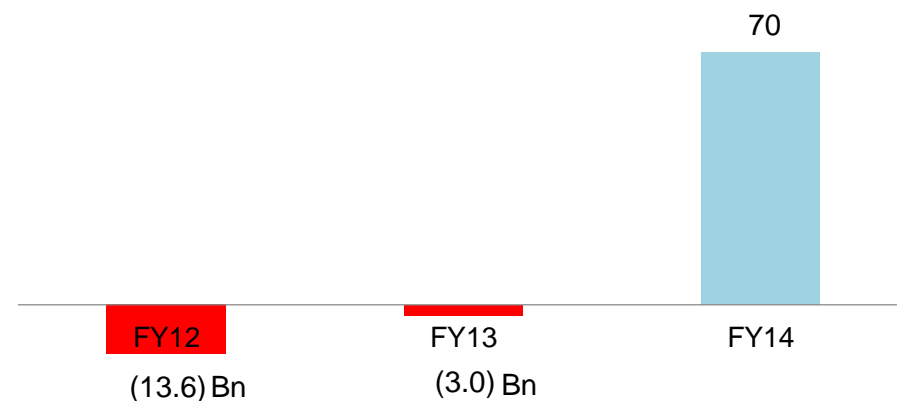
Credit Growth Resumed



Cost Structure Optimization

	Q3FY11	Q4FY14	Var.
Branches	2,403	1,255	-48%
Other Opex (INR crore)	51	21	-60%
Headcount	25,735	8,932	-65%
Personnel Cost (INR crore)	89	43	-52%

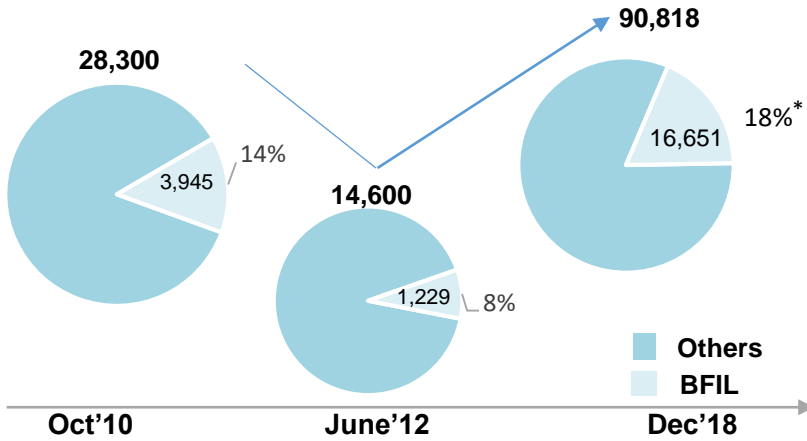
Return To Profitability



DURABLE FOUNDATION FOR SUSTAINABLE GROWTH (1/2)

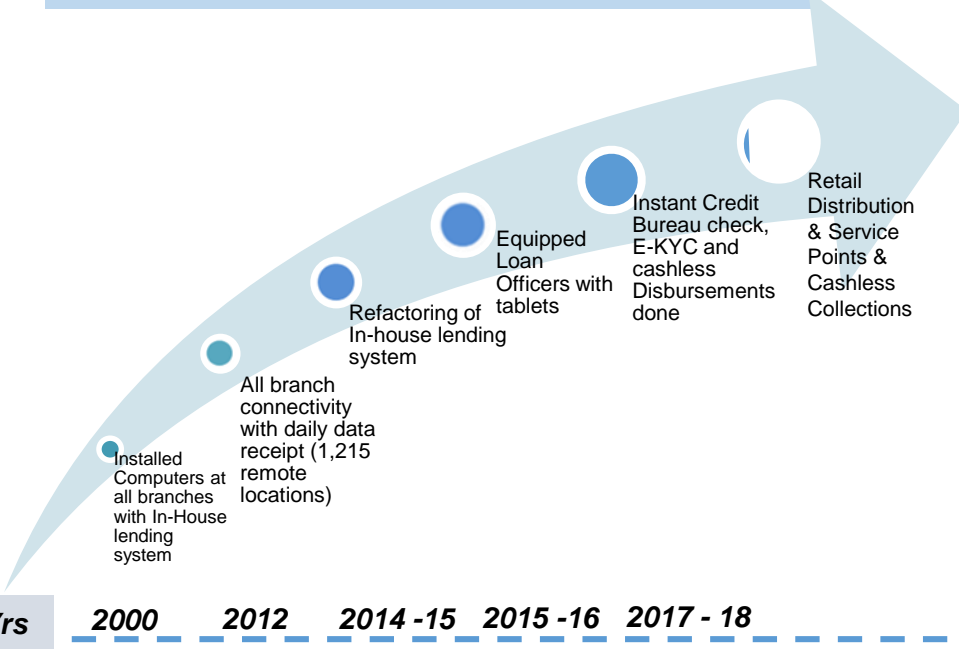
Market Share Regained Non-AP Portfolio Outstanding

INR Crs.



*Dec'18 Includes data for NBFC-MFIs & SFBs (source: MFIN)

Technology Upgraded

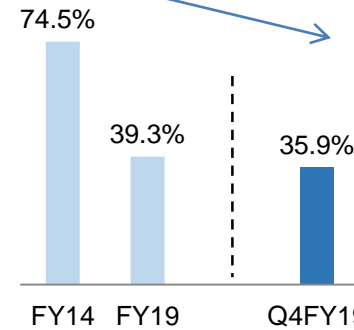


Capital Reinforced

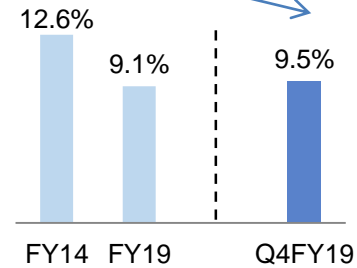
- Net worth - Rs. 4,225 (INR Crs)
- CAR - 49.5% (RBI Requirement 15%)

Efficiency Gains

Cost to Income



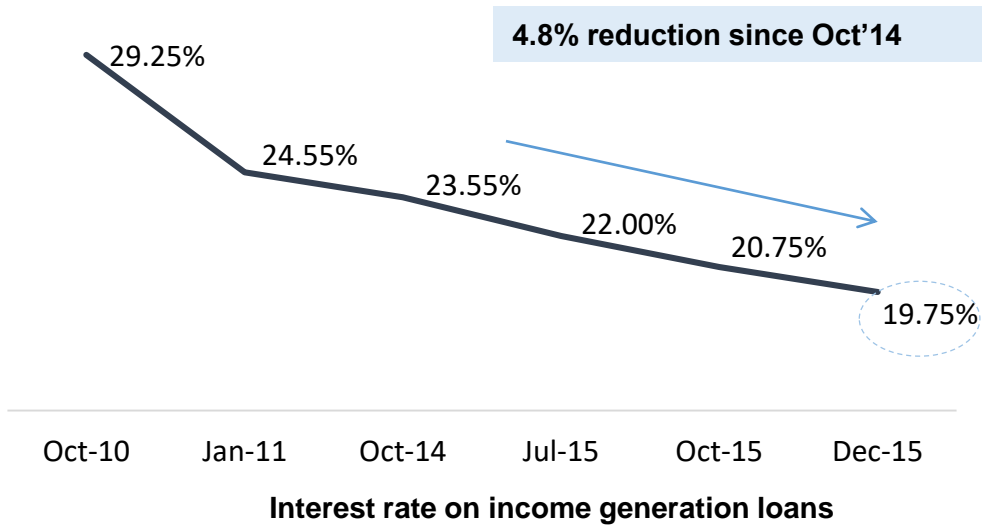
Marginal Cost of Borrowing#



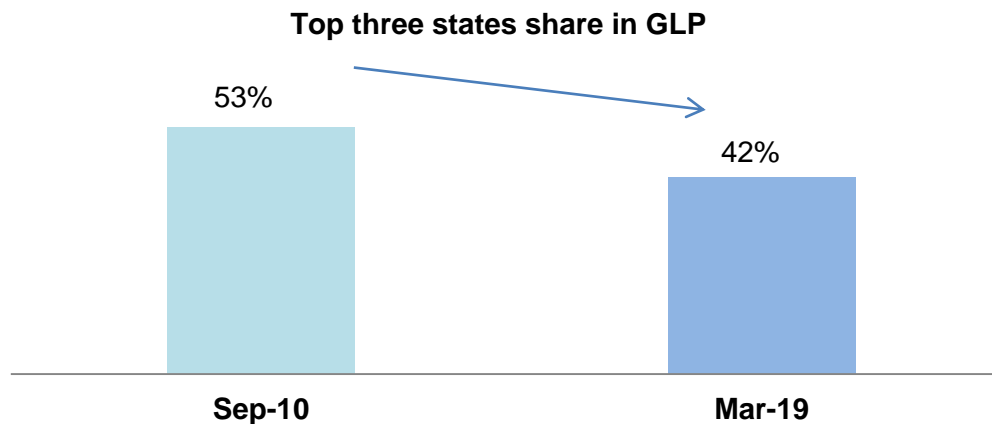
On and Off balance sheet borrowings (excl. Managed Loans) and including processing fees

DURABLE FOUNDATION FOR SUSTAINABLE GROWTH (2/2)

Political Risk Mitigation through interest rate reduction



Lower State Concentration



GLP: Gross Loan Portfolio

CLARITY ON MAJOR UNCERTAINTIES POST AP MFI CRISIS

WHAT DOESN'T KILL YOU, MAKES YOU STRONGER - POSITIVE DEVELOPMENTS POST AP MFI CRISIS

Concerns

Will there be multiple regulators?

Funding uncertainty?

Will there be contagion?

Has the operating model been challenged?

What will be the economics under regulated interest rate regime?

Clarity

- Regulatory clarity – RBI to be the sole regulator

- Priority sector status continues
- MFIs are the only indirect priority sector dispensation

- No contagion
- Since past 8.5 years no other state has followed suit

- Collection efficiency maintained despite disbursements being a fraction of collections during the wind-down mode i.e. Oct'2010 to June'2012.
- No alternative credit delivery model has gained currency.

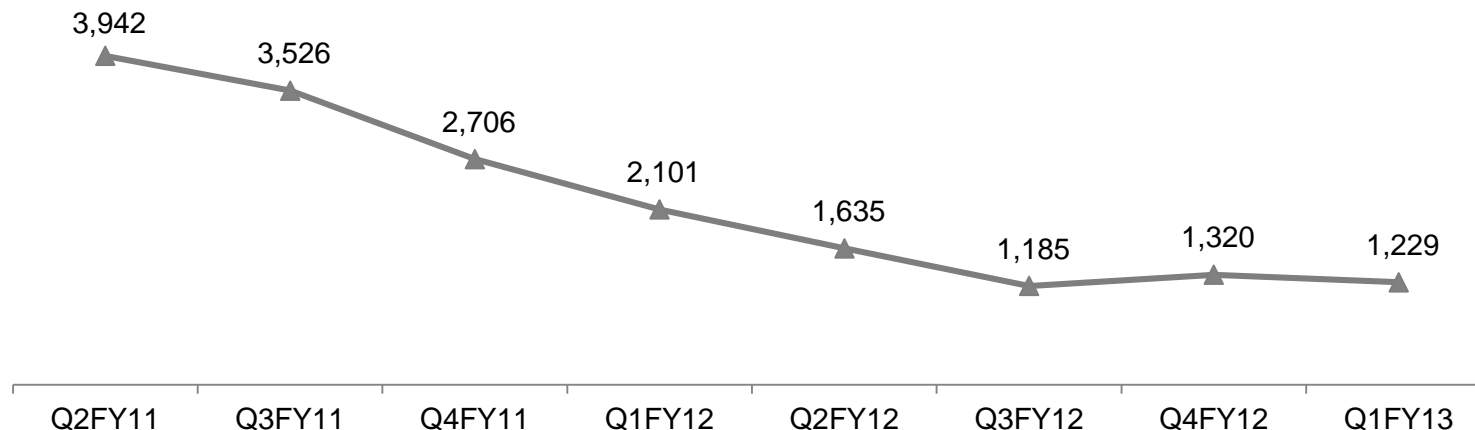
- RoA of 3-4% on a steady-state basis

OPERATING MODEL VAILIDITY ESTABLISHED

Collection efficiency of 97% during wind-down mode dispels ever greening myth

INR crs

Non-AP
Loan
Portfolio



1.9 million borrowers repaid loans without incremental lending

in Millions

No. of non-AP borrowers who repaid on-time during this period	5.2
No. of non-AP members who availed loans during this period	3.3
No. of non-AP members who didn't receive any incremental credit from BFIL during this period	1.9

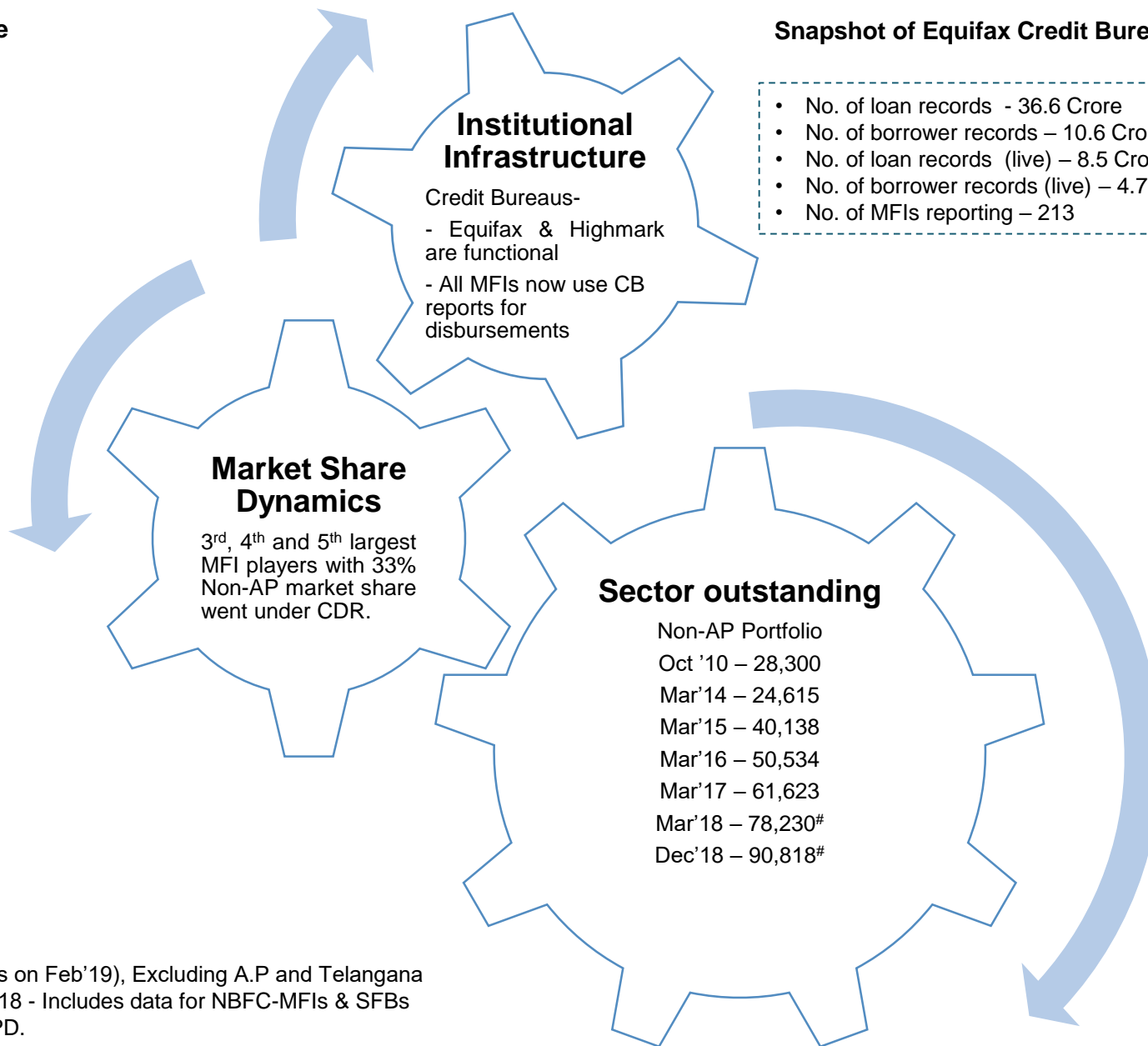
Internal generation -- and not incremental debt -- aids prompt repayment

MFI Industry non- AP Portfolio Outstanding (Rs Cr)

Oct'10	28,300
June'12	14,600

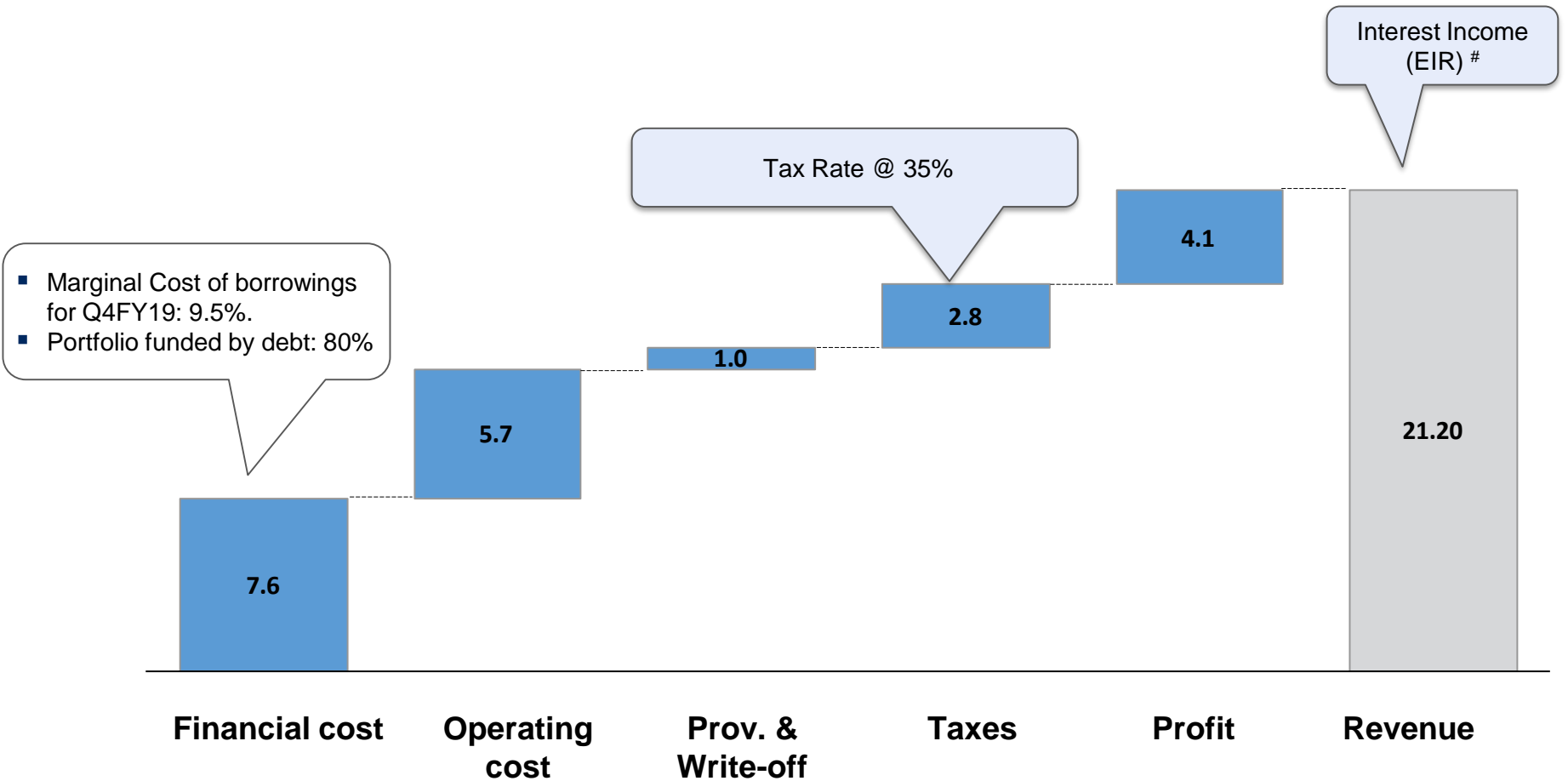
COMPETITIVE LANDSCAPE CHANGES TO BFILS' ADVANTAGE

INR crore



* Source: Equifax (as on Feb'19), Excluding A.P and Telangana
as per MFIN; Dec'18 - Includes data for NBFC-MFIs & SFBs
^ excluding 180+ DPD.

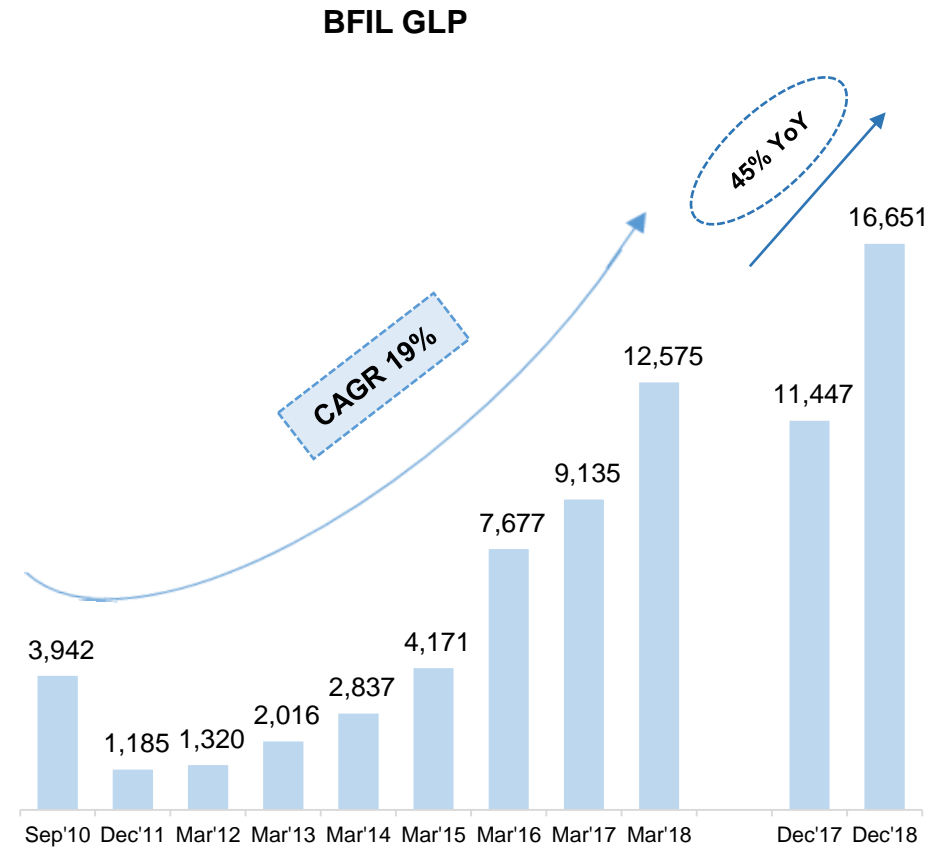
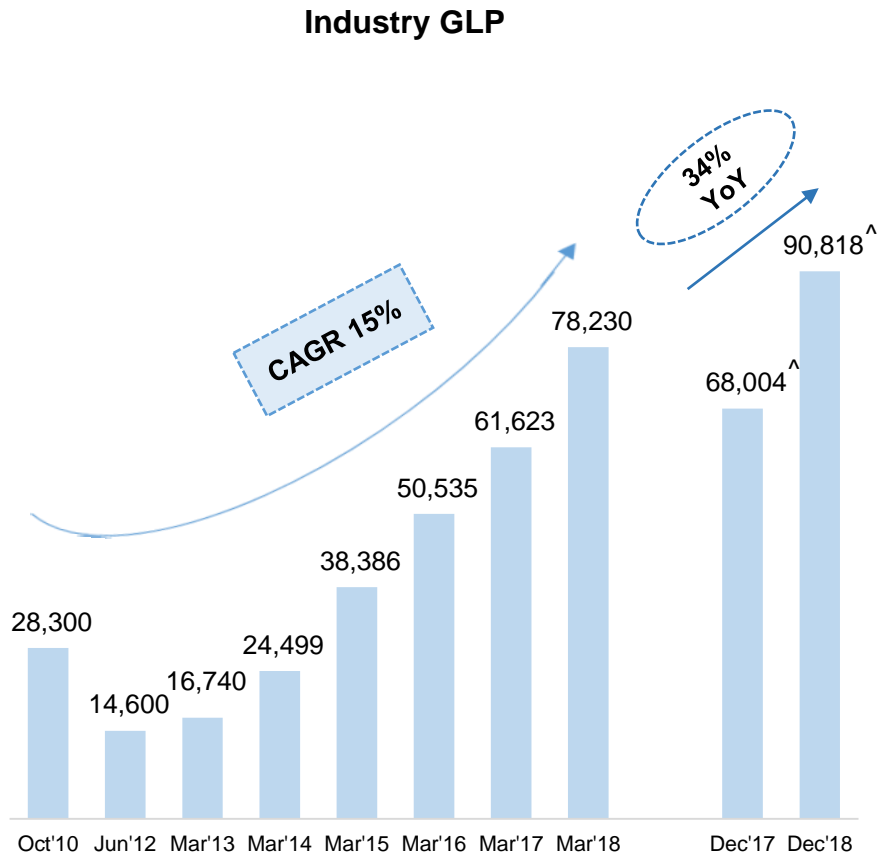
STEADY-STATE ROA OF 4% CAN BE TARGETED



#EIR is calculated based on weighted average portfolio mix of 39% IGL (1 Yr. loan) , 31% LTL (2 Yr. loan) and 29% MTL (1.5 Yr. loan)

GROWTH ANATOMY

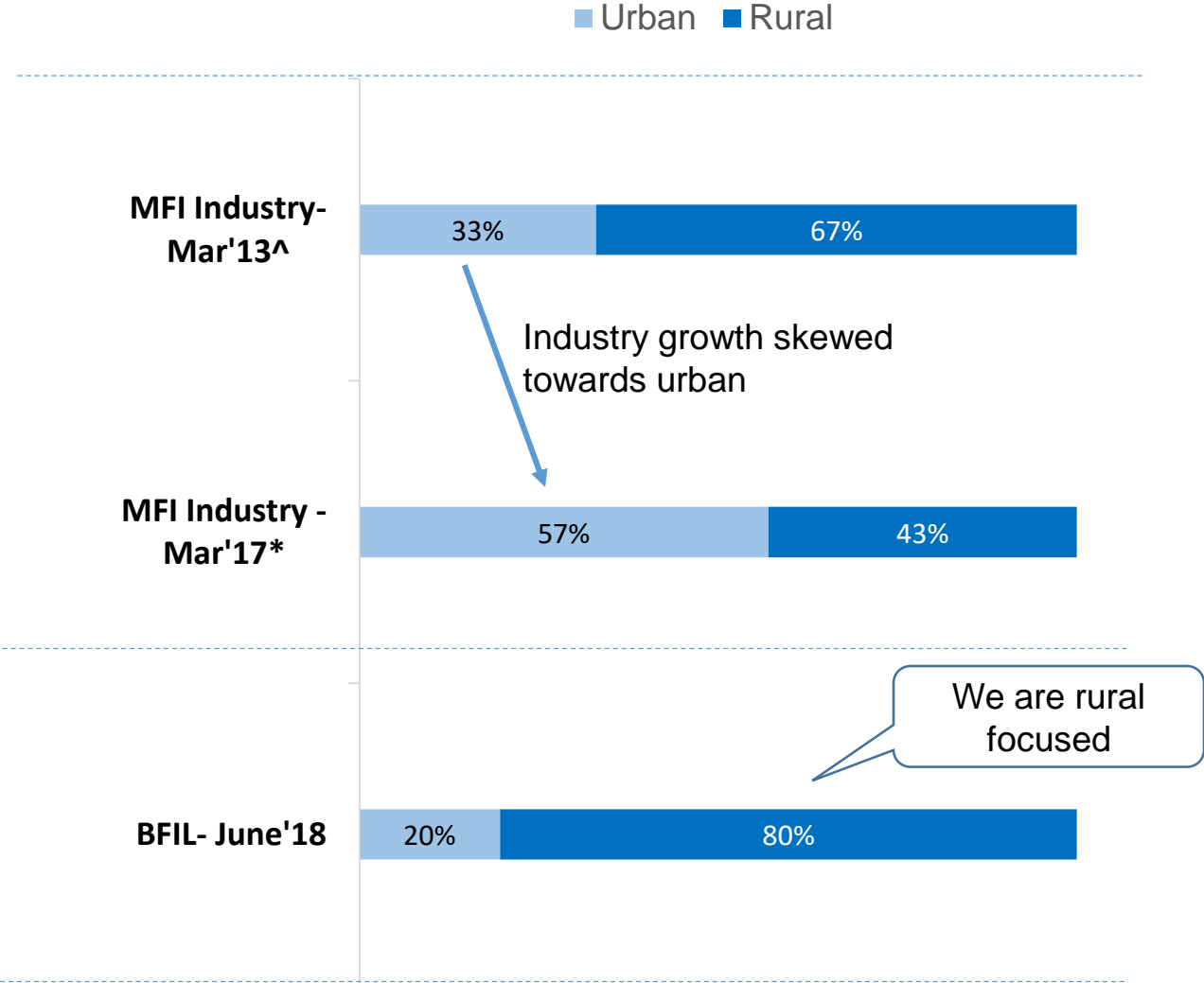
8.3 YEAR CAGR FOR THE SECTOR AND BFIL ARE 15% AND 19% RESPECTIVELY



[^]Industry portfolio includes NBFC-MFIs and SFBs only

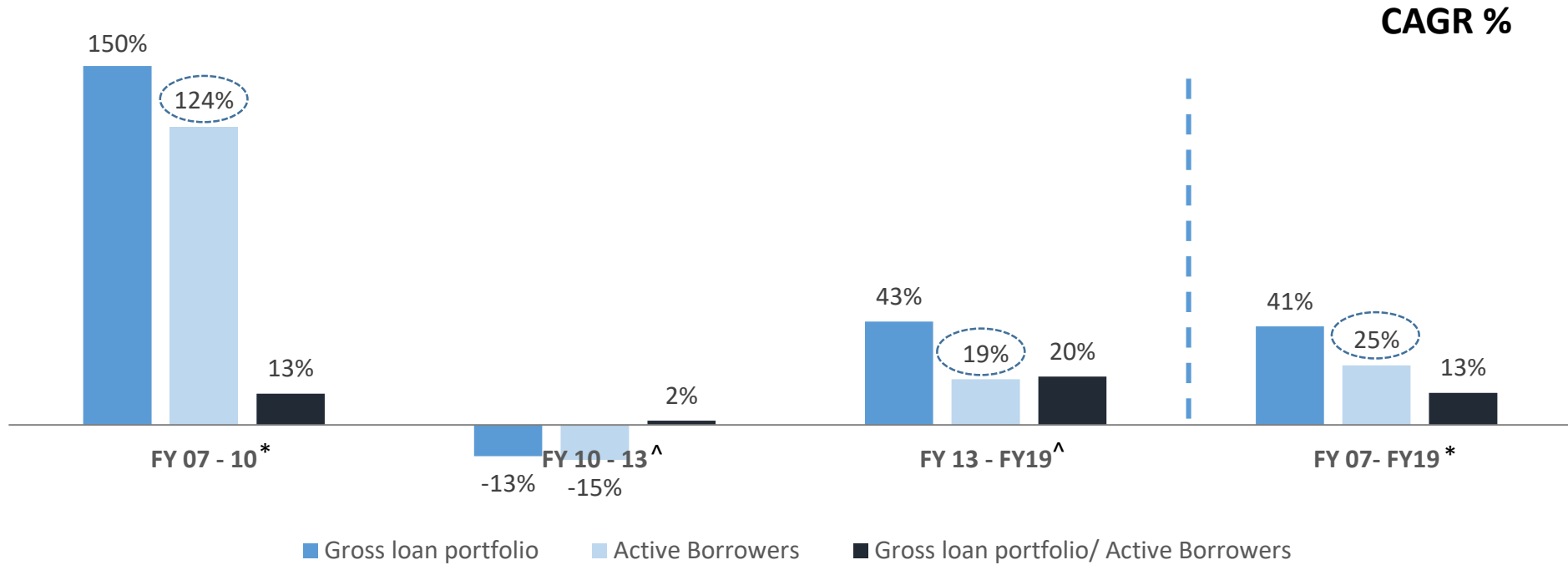
Source: MFIN Micrometer (Mar'13, Mar'14, Mar'15, Mar'16, Mar'17, Mar'18, Dec'17 & Dec'18 data)

INDUSTRY GROWTH SKEWED TOWARDS URBAN, WHEREAS WE REMAIN RURAL FOCUSED

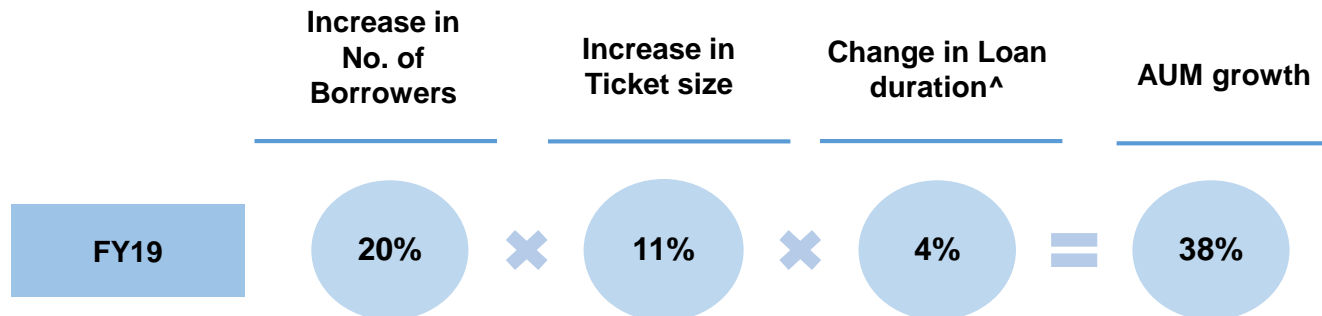


Source: [^]Sa-Dhan Report 2013, ^{*}MFIN Micrometer

AUM GROWTH IS PRIMARILY LED BY CUSTOMER ACQUISITION OVER THE LAST DECADE



FY19 AUM GROWTH DRIVERS

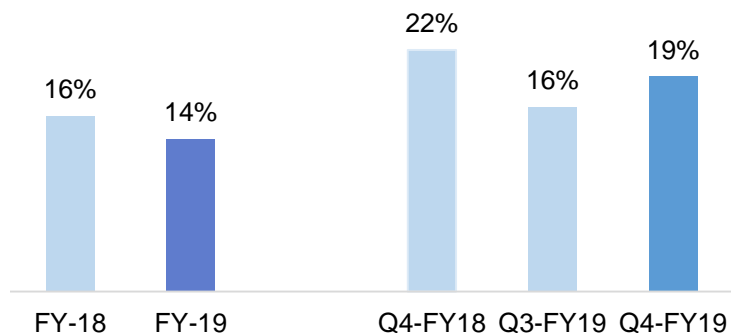


*Enterprise figures

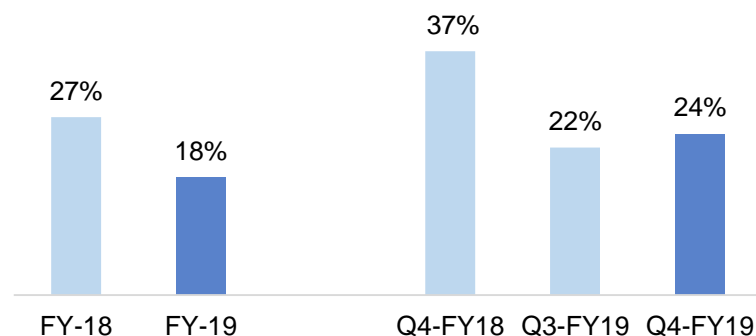
^ Excluding states of A.P and Telangana

CREDIT BUREAU DATA

Rejection rate for All Products*

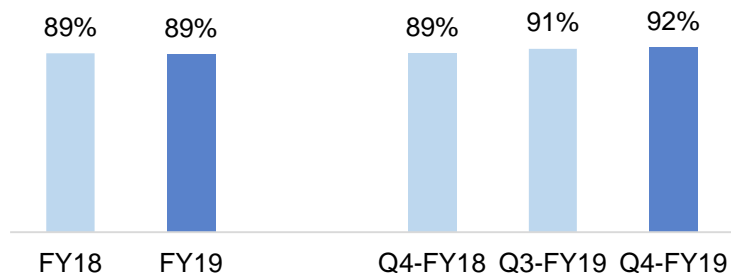


Rejection rate for Long Term loans*



Hit rate^ for all products*

^ Hit rate = % of loan applications with matching record in credit bureau



Revised BFIL Guidelines#

	Pre	Post#	RBI Guidelines	MFIN Guidelines^^
Indebtedness limit (INR)	60,000	80,000	✓	✓
Maximum No. of Lenders	2	3	✓	✓

Note:

- The revised guidelines pertains to JLG loans and does not apply to first time customers (IGL1).
- Guidelines continue to remain same for IGL1 customers

^^MFIN guidelines revised to 3 lender norms in Sep'17 and indebtedness to INR 80,000 in Apr'18

With effect from 10th June'18

Rejection Reasons – Q4FY19 %

Reasons	Policy 1**		Policy 2**	
	IGL/MTL/ Cross Sell	LTL	IGL/MTL/ Cross Sell	LTL
Rejection %	21%	39%	17%	18%
<i>Loans from=>2MFIs</i>	8%	20%	N/A	N/A
<i>Loans from => 2 MFIs / 3 Lenders (Subject to 2 MFIs Limit)</i>	N/A	N/A	6%	8%
<i>=>2MFIs and Outstanding Balance >60K</i>	7%	12%	N/A	N/A
<i>=>2MFIs / 3 Lenders and Outstanding Balance >80K</i>	N/A	N/A	1%	1%
<i>Outstanding Balance>80K</i>	N/A	N/A	6%	6%
<i>Outstanding Balance>60K</i>	3%	5%	N/A	N/A
<i>Eligibility < Min Ticket Size</i>	2%	2%	2%	2%
<i>=> Default History</i>	1%	1%	2%	2%

Note:

*Rejections are done based on data input from Credit bureau. Rejection data is calculated based on unique clients.

**Policy 1 applicable to 1st cycle loans (IGL, MTL and cross-sell) for enterprise and for all loans of Odisha & 6 districts of West Bengal (W.e.f. 11th Dec'18)

**Policy 2 for all loans excluding policy 1

BFIL HAS NIL EXPOSURE IN SHG CONCENTRATED STATES

SHG Concentrated States

SHG Exposure <=5%

State	SHG Exposure*	BFIL Exposure*
Andhra Pradesh	29%	-
Telangana	18%	-
Karnataka	15%	11%
Tamil Nadu	9%	-
West Bengal	8%	13%
Kerala	5%	6%
Bihar	4%	15%
Odisha	3%	15%
Maharashtra	3%	9%
Uttar Pradesh	2%	9%
Assam	1%	-
Rajasthan	1%	7%
Chhattisgarh	1%	2%
Madhya Pradesh	1%	4%
Gujarat	1%	0.1%
Jharkhand	0.5%	5%
Puducherry	0.2%	-
Haryana	0.2%	2%
Tripura	0.2%	-
Himachal Pradesh	0.1%	0.1%
Uttarakhand	0.1%	0.2%
Jammu	0.1%	-
Punjab	0.1%	2.1%
Others	0.2%	0.2%

*SHG Data as on Mar'18 (Source: NABARD Status of Microfinance in India-2018), BFIL data as on Mar'19






FUTURE STRATEGY

UNMATCHED LEADERSHIP

	Parameter	Status
Unique Operating Model	<ul style="list-style-type: none">▪ Group Lending▪ Rural customer base	<ul style="list-style-type: none">▪ 100%▪ ~80%
Extensive Reach	<ul style="list-style-type: none">▪ No. of districts▪ No. of customers	<ul style="list-style-type: none">▪ 381▪ 8.8 Mn
Low Cost Producer	<ul style="list-style-type: none">▪ Interest rate	<ul style="list-style-type: none">▪ Sub 20% lending rate
External endorsements	<ul style="list-style-type: none">▪ Rating	<ul style="list-style-type: none">▪ Highest safety Short-term rating at "A1+"▪ Highest Long-term credit rating at "AA-" amongst NBFC-MFIs

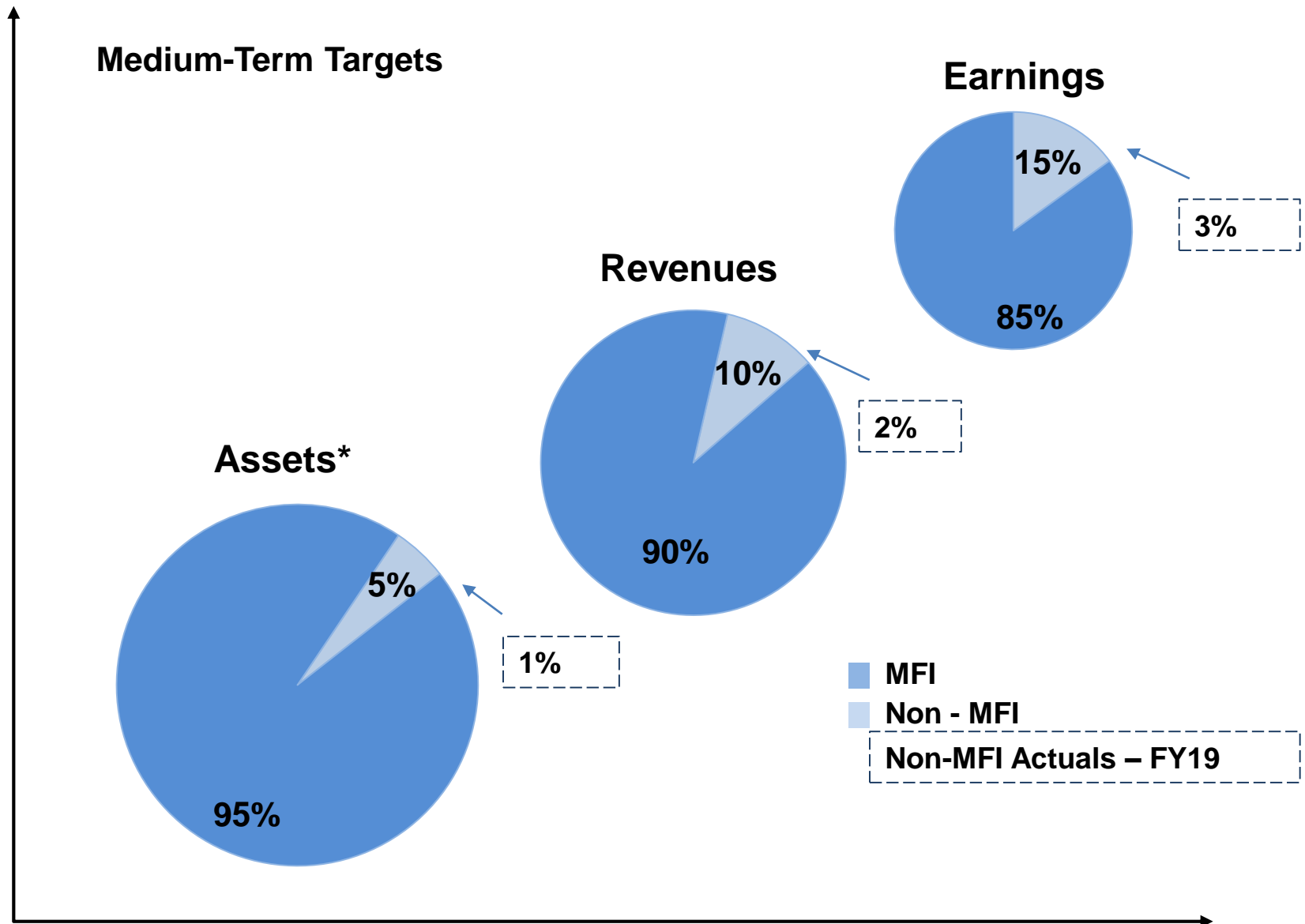
THE MOST EFFICIENT MFI IN THE GLOBE

Medium Term Strategic Priorities:

Target %	10	20	30	40	50
Metric	<ul style="list-style-type: none"> ▪ Marginal cost of Borrowing 	<ul style="list-style-type: none"> ▪ Sub-20 Interest Rate to Borrower 	<ul style="list-style-type: none"> ▪ Cumulative next 2 years salary increase to field staff 	<ul style="list-style-type: none"> ▪ Cost to Income Ratio 	<ul style="list-style-type: none"> ▪ Annualised earnings growth
Drivers	<ul style="list-style-type: none"> ▪ Balance sheet strength ▪ Stellar repayment record ▪ Judicious sources mix 	<ul style="list-style-type: none"> ▪ Low marginal cost of borrowing ▪ Scale & Efficiency 	<ul style="list-style-type: none"> ▪ Productivity & Efficiency 	<ul style="list-style-type: none"> ▪ Technology initiatives ▪ Scale 	<ul style="list-style-type: none"> ▪ AUM growth ▪ Operating leverage ▪ Non-Loan revenue
Status – FY19	 9.1*	 19.75	 -	 39.3	 67.1

*on and off b/s loans (including processing fees)

CREATIVE DISTURBANCE TO ASSET-REVENUE-EARNING CORRELATION



*Note: Core microfinance will continue to be more than 95% of credit assets

PILOT ON RETAIL DISTRIBUTION SERVICE POINTS (RDSP)

WE MEET OUR BORROWERS 52 TIMES A YEAR

Center Meeting Unique Distribution Channel

Door Step Delivery

Providing Financial &
Non-Financial Products



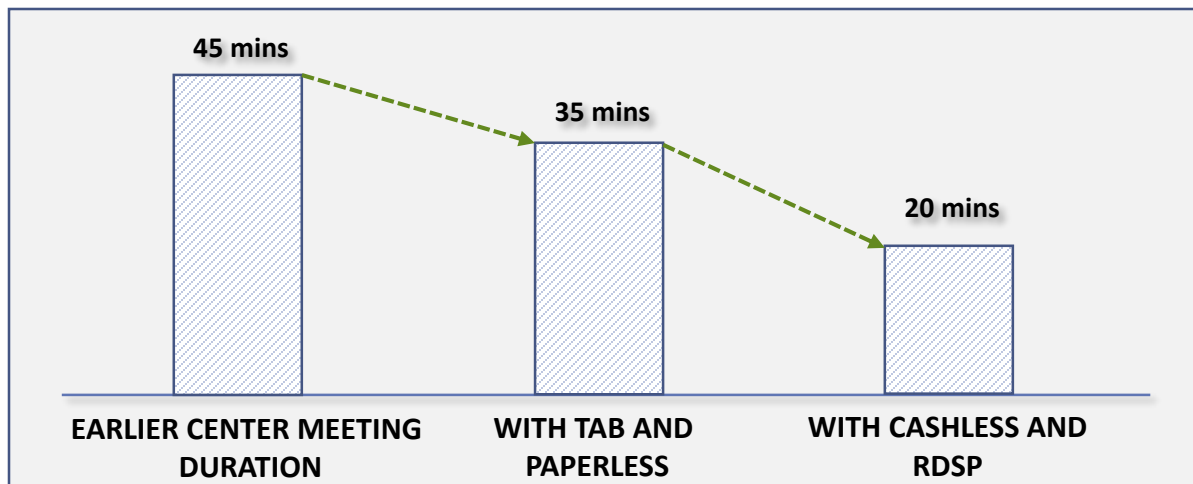
Convenient Day:
Monday to Friday

Convenient Timings:
Between 7 AM to 11 AM

We meet 8.8 mn customers through >3 lacs center meeting every week across the country

...AND WE UTILISED THIS CHANNEL FOR FACILITATION OF MULTIPLE FINANCIAL AND NON FINANCIAL PRODUCTS.

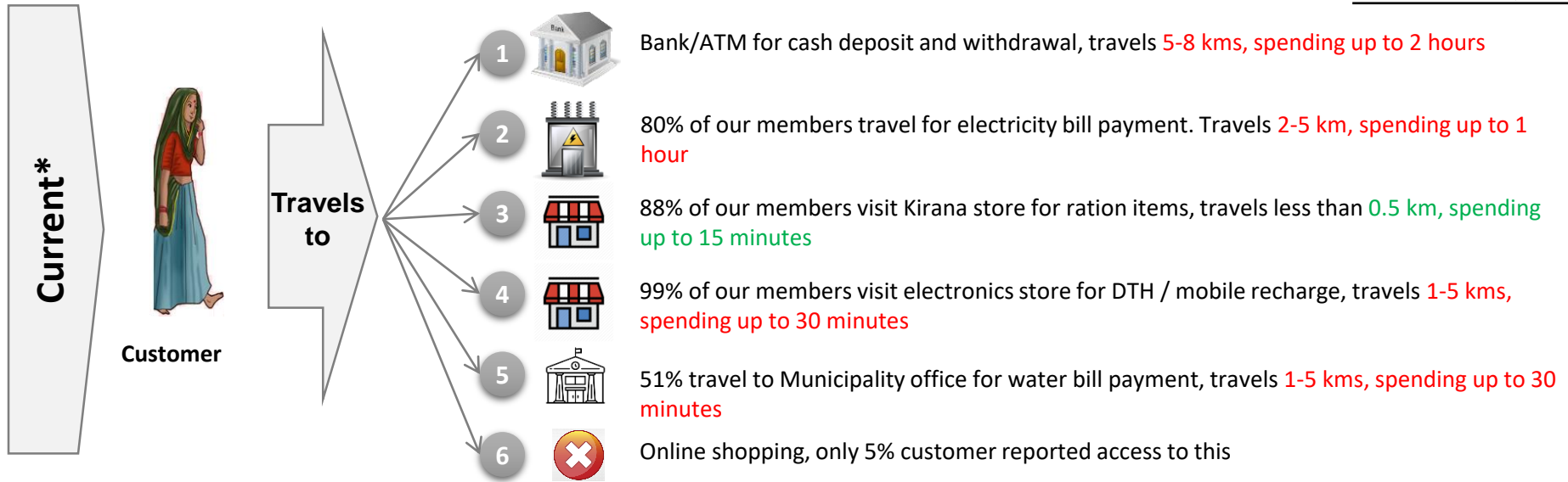
DIGITAL AND PROCESS INITIATIVES HAVE HELPED REDUCE CENTER MEETING DURATION



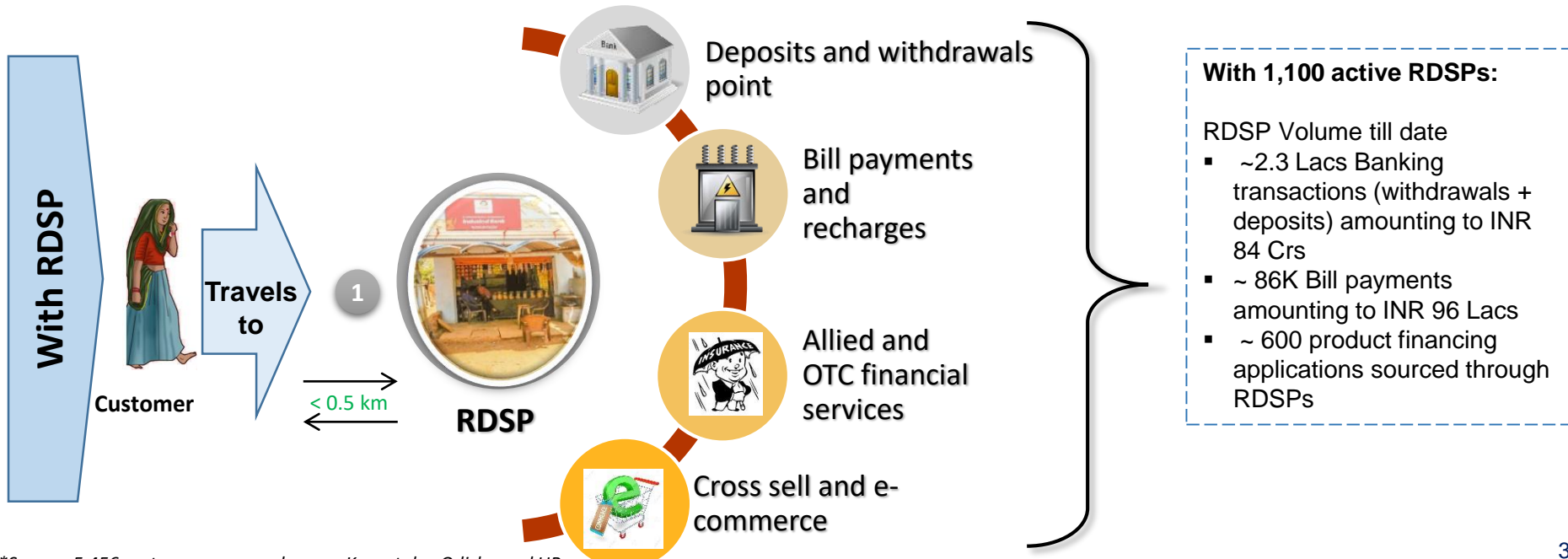
- More time for value added activities at center meeting
- More center meetings per SM per day

RDSP CREATES A PARADIGM SHIFT IN CLIENT CONNECT AND PRODUCES MULTITUDE OF OPPORTUNITIES

Cashless Coll., RDSP

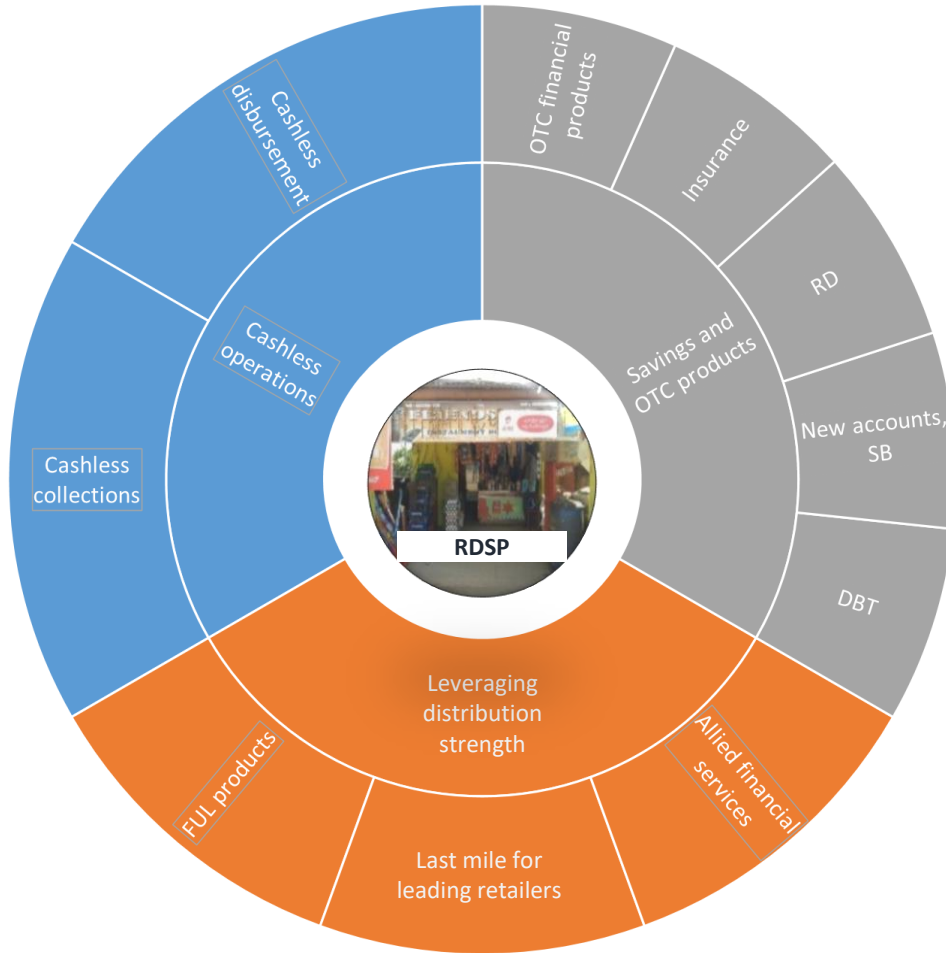


RDSP CAN PROVIDE ACCESS TO THESE SERVICES AT THE SHORTEST DISTANCE THUS REDUCING MULTIPLE VISITS AND SAVES TIME FOR MEMBERS

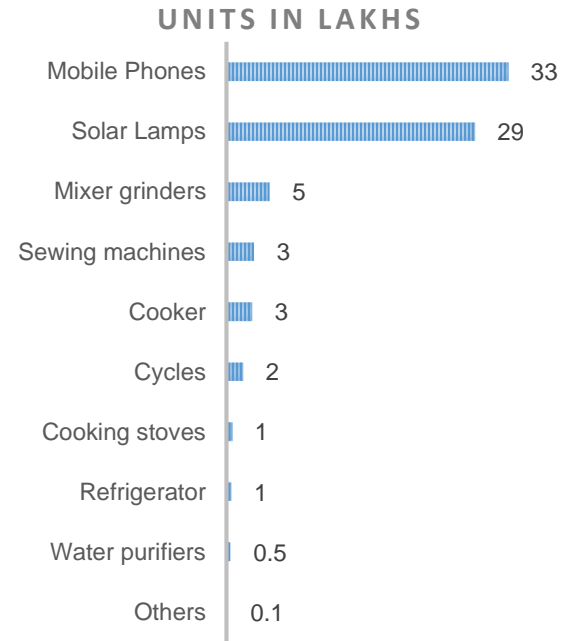


*Source: 5,456 customers surveyed across Karnataka, Odisha and UP

RDSP PILOT



THE MODEL IS PROVEN THROUGH CENTER MEETINGS



OVER 77 LAKH NON-FINANCIAL UNITS FACILITATED*

IMMENSE E-COMMERCE POTENTIAL WITH RDSP IN PLACE

EXISTING PARTNERS



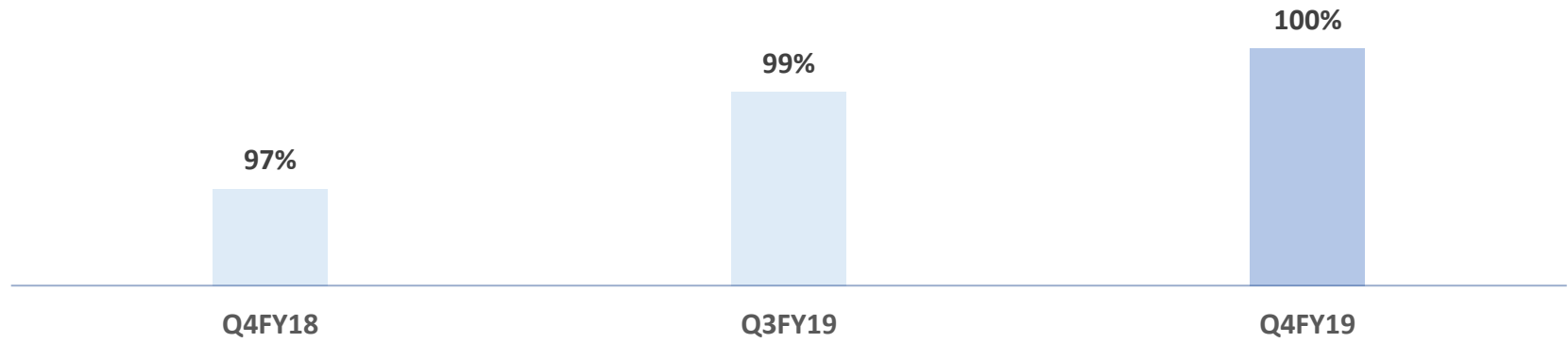
POTENTIAL BUSINESS OPPORTUNITY

- E Commerce
- Railway ticketing
- OTC insurance

*Cumulative units facilitated of non financial products as of Mar'19

UPDATE ON CASHLESS DISBURSEMENT

CASHLESS DISBURSEMENTS



LOANS FOR TWO-WHEELER

LOANS FOR TWO WHEELERS

Product Offering - Two Wheelers

Purpose	Purchase of Two Wheeler
Eligibility	<ul style="list-style-type: none"> ▪ Member of Joint Liability Group ▪ Minimum Two IGL Loan cycle completed ▪ Should not have availed IGL/MTL/LTL in last 12 weeks ▪ Exposure to borrower capped to Rs. 1.5 Lac across all the lenders
Ticket Size	Rs. 29,620 to Rs. 59,250
Loan Tenure	104 Weeks
Loan To Value	Maximum 90% of on road price of the vehicle (subject to a maximum amount of Rs. 60,000)
Repayment Frequency	Weekly

Note:

Pilot resumed from April'17

Operational Highlights

No. of Branches	603
No. of Loans Disbursed	<ul style="list-style-type: none"> ▪ 4,109 in Q4FY19 ▪ 10,121 in FY19
Amount Disbursed	<ul style="list-style-type: none"> ▪ INR 23 Crs in Q4FY19 ▪ INR 54 Crs in FY19
Portfolio outstanding	INR 46 Crs

Q4FY19 PERFORMANCE HIGHLIGHTS

HIGHLIGHTS OF Q4FY19

Operational Efficiency

- Healthy addition of 9.6 lacs customers in Q4FY19
- Loan disbursements[^] grew by 14% YoY to INR 6,568 Crs (INR 5,738 Crs in Q4FY18)
- Non-AP Gross Loan Portfolio[^] grew by 38% YoY and 4% QoQ to INR 17,394 Crs as of Mar 31, 2019

Credit Quality

- Cumulative Collection efficiency of 99.7% for loans disbursed amounting to INR 49,073 Crs between 1st Jan'17 to 31st Mar'19
- Net NPA at 0.2%

Financial Efficiency

- Marginal cost of Borrowings* at 9.5% for Q4FY19
- Weighted avg. cost of borrowing** at 9.8% for Q4FY19
- Incremental drawdowns of INR 8,471 Crs (including assignment transactions) in Q4FY19 (growth of 125% YoY)
BFIL also originated INR 1,297 Crs under managed portfolio in Q4FY19
- Completed five assignment transactions amounting to INR 5,168 Crs in Q4FY19

P&L Impact

- As per Ind AS, PAT for Q4FY19 grew by 50% YoY and 11% QoQ to INR 321 Crs (INR 288 Crs in Q3FY19 and INR 213 Crs in Q4FY18)
- As per Ind AS, PAT for FY19 grew by 67% YoY to INR 985 Crs (INR 589 Crs in FY18)
- As per previous GAAP, PAT for Q4FY19 is INR 226 Crs (INR 243 Crs in Q3FY19 and INR 211 Crs in Q4FY18[#])
- As per previous GAAP, PAT for FY19 grew by 91% YoY to INR 871 Crs (INR 455 Crs in FY18[#])

Key Balance Sheet Figures

- AUM[^] of INR 17,394 Crs as on Mar 31, 2019
- Networth of INR 4,225 Crs (Higher by INR 241 Crs compared to GAAP Networth)
- Capital adequacy at 49.5% as of Mar 31, 2019
- Cash & Cash equivalent of INR 1,562 Crs as of Mar 31, 2019

* Includes on and off balance sheet borrowings and including amortised processing fees

**Includes on and off balance sheet (Quarterly average) including amortised processing fees and excluding pre-payment fees of INR 11.4 Crs

[^]Includes On balance sheet, securitised, assigned and managed loans

[#]Previous GAAP Effective Tax rate - FY18 : Nil, FY19 : 22%

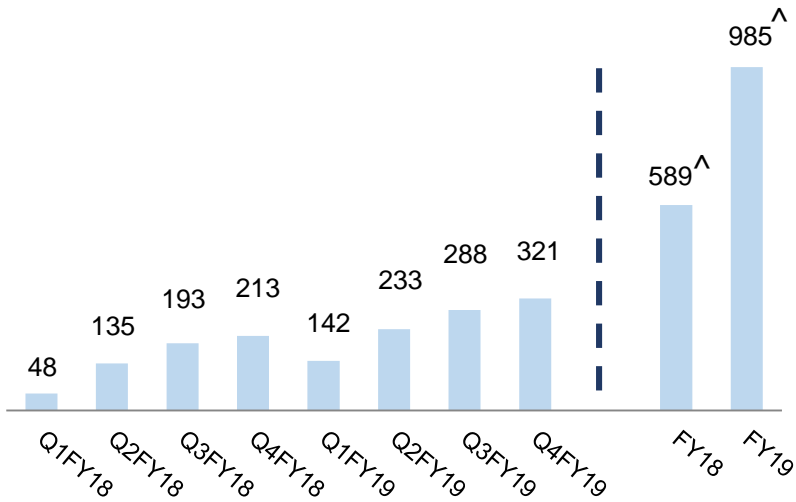
NETWORTH IS HIGHER BY INR 241 CRS UNDER Ind AS (CONTD.)

S no.	Particular	Previous GAAP	Ind AS	Impact on Net worth
1	Loan Provisioning	Company's policy subject to RBI compliance	ECL (Expected Credit Loss)	(12)
2	Income recognition on balance sheet assets	Straight line amortisation of processing fees	EIR (Effective interest rate) amortisation of processing fees	12
3	Financial expenses	Processing fees on borrowings recognised upfront	EIR -amortisation of processing fees on borrowings	8
4	Valuation of assets	Loans were booked as at principal outstanding amount	Fair valuation approach	30
5	Income recognition on assignment deals	Recognised over loan contract	Recognised on transaction date	325
6	Others Items			6
7	Tax impact on above items			(127)
	Net worth (As on Mar 31,2019)	INR 3,983 Crs (A)	INR 4,225 Crs (B)	INR 241 Crs (B-A)

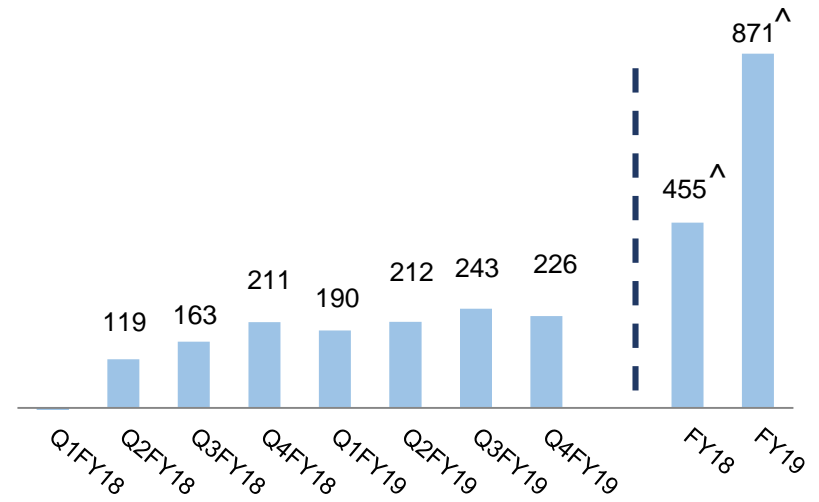
.....NETWORTH IS HIGHER BY INR 241 CRS UNDER Ind AS

INR Crs.

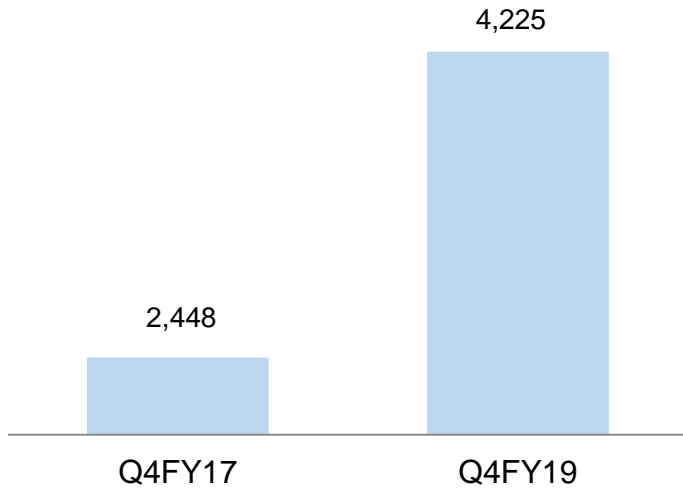
Profit After Tax As Per Ind AS



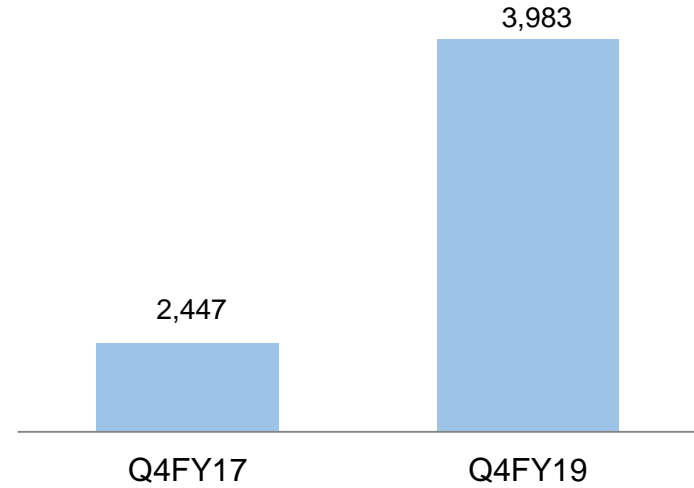
Profit After Tax As Per Previous GAAP



Net Worth As Per Ind AS



Net Worth As Per Previous GAAP



[^] Previous GAAP Effective Tax rate - FY18 : Nil, FY19 : 22%
 Ind AS Effective tax rate- FY18 : 11% and FY19: 24%

KEY PARAMETERS – IND AS vs GAAP

INR Crs.

Particulars	Ind AS					GAAP				
	Q4FY18	Q4FY19	YoY%	Q3FY19	QoQ%	Q4FY18	Q4FY19	YoY%	Q3FY19	QoQ%
Gross Loan Portfolio	12,575	17,394	38%	16,651	4%	12,594	17,417	38%	16,674	4%
Revenue	647	851	32%	814	5%	590	685	16%	702	-2%
Net Interest Income*	417	636	53%	582	9%	326	444	36%	458	-3%
Operating expenses	199	241	21%	210	15%	198	241	22%	212	14%
PBT	215	421	96%	381	11%	210	277	32%	319	-13%
PAT	213	321	50%	288	11%	211	226	7%	243	-7%

* Net interest income(Ind AS) = Interest income on Portfolio loans + Net gain on derecognition of loans sold under assignment transaction + BC Fee – Financial Cost

* Net interest income(GAAP) = Interest income on Portfolio loans + Excess interest spread on assignment/securitization + BC Fee – Financial Cost

KEY PARAMETERS – IND AS vs GAAP

INR Crs.

Particulars	Ind AS			GAAP		
	FY18	FY19	YoY%	FY18	FY19	YoY%
Gross Loan Portfolio	12,575	17,394	38%	12,594	17,417	38%
Revenue	2,157	3,037	41%	2,102	2,708	29%
Net Interest Income*	1,277	2,101	65%	1,095	1,699	55%
Operating expenses	701	884	26%	702	888	27%
PBT	660	1,292	96%	455	1,124	147%
PAT	589	985	67%	455	871	91%

* Net interest income(Ind AS) = Interest income on Portfolio loans + Net gain on derecognition of loans sold under assignment transaction + BC Fee – Financial Cost

* Net interest income(GAAP) = Interest income on Portfolio loans + Excess interest spread on assignment/securitization + BC Fee – Financial Cost

OPERATIONAL HIGHLIGHTS

HEALTHY ADDITION OF 9.6 LACS CUSTOMERS IN Q4FY19 VIS-À-VIS 9.2 LACS IN Q3FY19

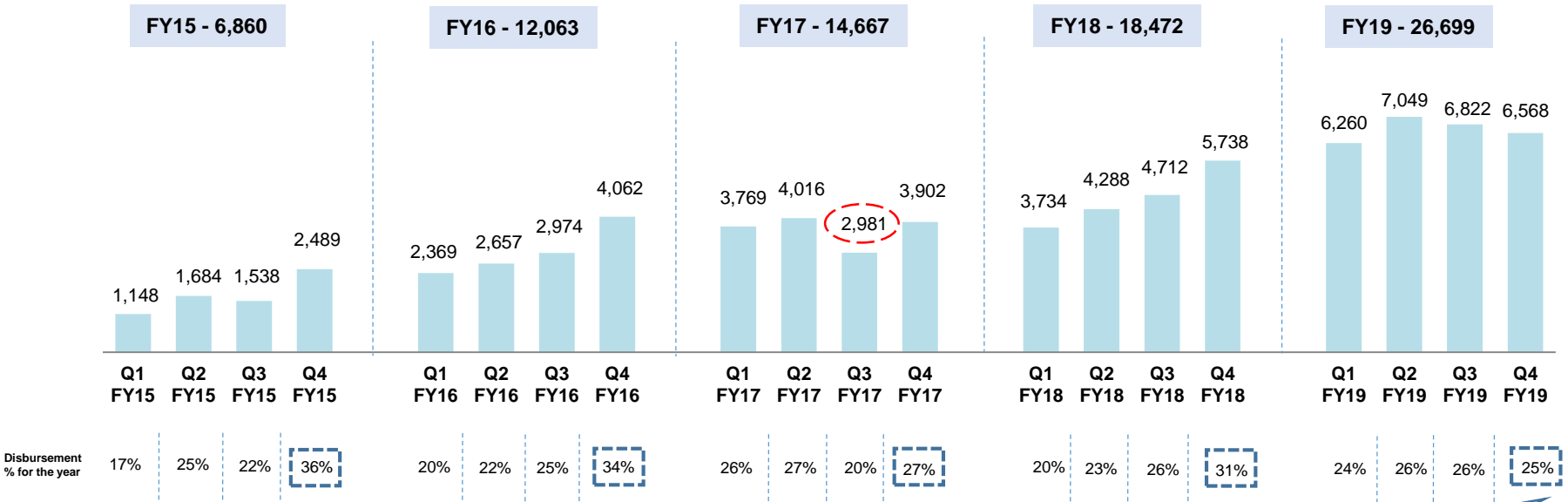
Particulars	Mar-18	Mar-19	YoY%	Dec-18	QoQ%
Branches	1,567	1,854	18%	1,793	3%
Centers (Sangam)	3,35,070	3,96,706	18%	3,86,618	3%
- Centers in non-AP States	2,86,183	3,46,870	21%	3,37,203	3%
Employees (i) + (ii) + (iii) + (iv) + (v) + (vi)+(vii)	16,021	19,816	24%	18,938	5%
▪ Field Staff (i) + (ii) + (iii) + (iv) + (v)	15,418	19,222	25%	18,337	5%
– Sangam Managers* (i)	10,208	12,595	23%	11,447	10%
– Sangam Manager Trainees(ii)	556	1,144	106%	1,601	-29%
– Branch Management Staff (iii)	3,077	3,630	18%	3,510	3%
– Area Managers (iv)	282	349	24%	331	5%
– Regional Office Staff (v)	1,295	1,504	16%	1,448	4%
▪ Member helpline (vi)	195	182	-7%	180	1%
▪ Head Office Staff (vii)	408	412	1%	421	-2%
Members in non-AP States (in '000)	7,270	8,820	21%	8,526	3%
– Members added (in the quarter) (in '000)	1,145	956	-17%	919	4%
Active borrowers in non-AP States (in '000)	6,188	7,401	20%	7,073	5%
– Active borrowers added (in the quarter) (in '000)	938	903	-4%	842	7%
No. of loans disbursed (in '000)	2,768	2,562	-7%	2,581	-1%
Disbursements (for the quarter) (INR Crs.)	5,738	6,568	14%	6,822	-4%
Gross loan portfolio (INR Crs.) (A+B+C+D)	12,575	17,394	38%	16,651	4%
• Loans outstanding (A)	9,528	7,717	-19%	10,119	-24%
• Securitised (B)^	42	-	-	-	-
• Assigned (C)	1,971	6,043	207%	3,171	91%
• Managed loans (D)	1,034	3,634	251%	3,361	8%
Operational Efficiency – Non-AP :					
Off-take Avg (Disbursements/ No of Loans disbursed) (INR)	20,735	25,637	24%	26,430	-3%
Off-take Avg Excluding Cross Sell	25,852	27,116	5%	28,102	-4%
Gross loan portfolio/ Active Borrowers (INR)	20,320	23,501	16%	23,542	-
Gross loan portfolio/ No. of Sangam Managers (Rs. '000)	12,866	14,273	11%	15,090	-5%
Active borrowers / No. of Branches	4,315	4,311	-	4,261	1%
Active borrowers / No. of Sangam Managers	633	607	-4%	641	-5%

*Sangam Managers (SMs) are our loan officers who manage our centers (also called Sangams). As of Mar'19, we had 12,187 SMs in Non-AP States

^ Securitised portfolio originated on or before 31 March, 2017, All securitization deals originated from 1st April, 2017 are being recognised as financial asset on balance sheet as per Ind AS

DISBURSEMENT IS IN LINE WITH HISTORICAL TREND OF SEASONALITY (EXCEPT FY17)

INR Crs.



Note: Demonetisation distorted the historical trend of seasonality in FY17

Disbursement impacted due to change in credit policy for Odisha & 6 districts of WB in Q4FY19

IMPROVING OPERATING COST AND FINANCIAL EFFICIENCY

	Best before AP MFI crisis	Worst during AP MFI crisis	FY14	FY15	FY16	FY17	FY18	FY19	Q4 FY18	Q3FY19	Q4FY19
<u>Productivity – Non-AP:</u>											
Borrowers/ SM	489*	287	721	787	733	615	633	607	633	641	607
Gross Loan Portfolio/ SM ('000)	3,640*	1,320	6,275	8,994	12,141	10,574	12,866	14,273	12,866	15,090	14,273
Offtake Avg.	10,299*	9,237	11,849	12,273	15,024	18,676	20,316	24,682	20,735	26,430	25,637
Offtake Avg. (Excl Cross-sell)	10,383*	11,021	12,277	14,149	18,102	21,491	24,922	27,654	25,852	28,102	27,116
<u>Cost Efficiency:</u>											
Financial cost / Avg. Gross Loan Portfolio	6.6%	9.8%	8.3%	8.3%	8.5%	7.3%	6.8%	5.2%	6.3%	5.1%	4.3%
On B/S daily Wt. Avg. Cost of borrowings %	10.3%^	16.0%^	13.9%#	13.5%#	12.0%#	10.9%#	9.6%##	10.4%##	9.3%##	10.4%##	10.9%##
Opex/ Avg. Gross Loan Portfolio %	10.4%	21.7%	9.6%	9.5%	7.1%	6.5%	6.6%	5.8%	6.6%	5.2%	5.7%
Cost to Income Ratio	52.4%	275%	74.5%	61.1%	48.3%	50.0%	49.0%	39.3%**	43.4%	34.4%	35.9%**
<u>Credit Quality - Non-AP:</u>											
Gross NPA%	0.20%*	5.5%	0.1%	0.1%	0.1%	6.0%	2.2%^	0.8%	2.2%^	0.6%	0.8%
Net NPA%	0.16%*	2.9%	0.1%	0.1%	0.04%	2.7%	0.1%	0.2%	0.1%	0.2%	0.2%

*Enterprise figures includes figures from AP state

^Cost of borrowing for Best before AP MFI crisis and Worst during AP MFI crisis calculated on monthly averages and daily Wt. Avg. Cost of borrowings % Includes processing fee for on and off balance sheet funding for the said periods,

Includes processing fee for on b/s funding only, for FY 14 Rs. 13 Crs, FY15 Rs. 14.3 Crs, FY16 Rs.10.5 Crs, FY17 Rs. 10.4 Crs

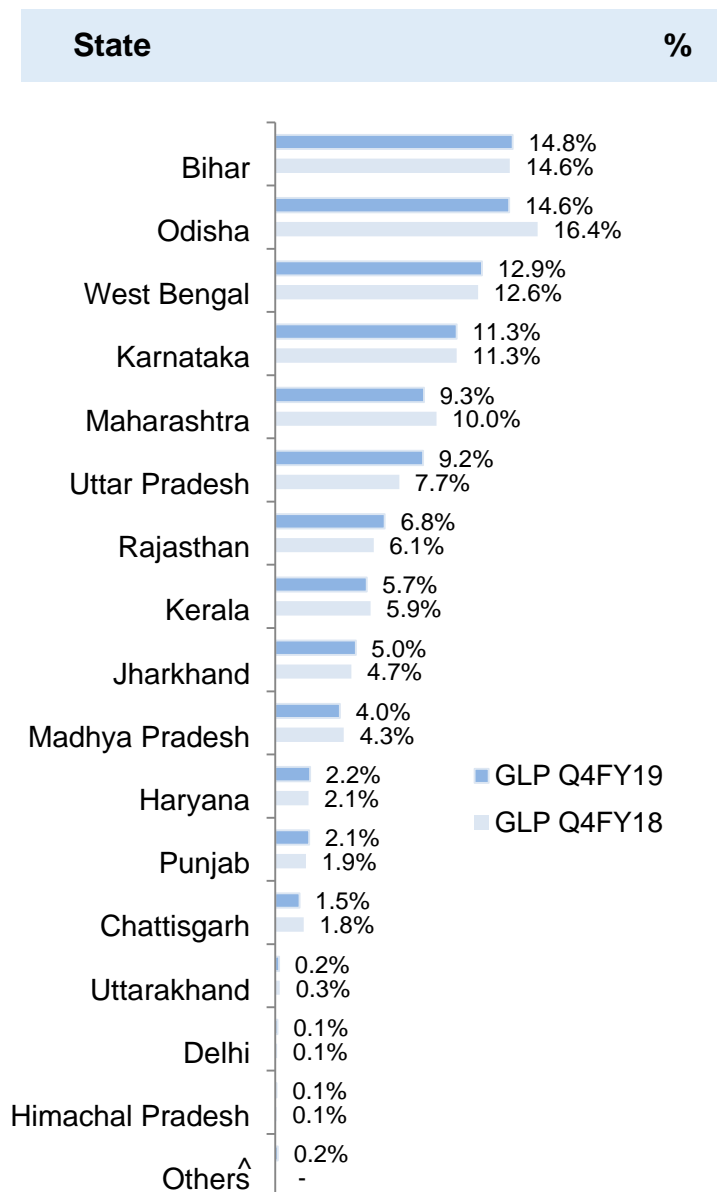
^ Rs. 17.7 Crs , Rs. 190.0 Crs and Rs. 176.6 Crs write offs in Q3FY18, Q4FY18 and Q1FY19 respectively.

based on quarterly Avg and includes amortised processing fees and excludes pre-payment charges of INR 11.4 Crs for Q4FY19, cost of borrowings 9.6% and 9.2% for Q3FY19 and Q4FY19 resp. post adjustment of borrowings pre-paid in last few days of respective quarter ends.

** Cost to income based on previous GAAP for FY19 and Q4FY19 is 43.6% and 45.7% resp.

Note: FY18 and FY19 nos are based on Ind AS

PORTFOLIO MIX



Note: Portfolio percentage are based on proportion of gross loan portfolio of respective states.

[^] Includes Telangana, Tamil Nadu, Gujarat, Tripura and Assam

CONCENTRATION NORMS

Metric	% Cap on Disbursement	POS % Cap of Network
State	<ul style="list-style-type: none"> Category-wise (refer Table **) 	<ul style="list-style-type: none"> 75%
District	<ul style="list-style-type: none"> <3 % 4% for Bihar & Odisha 	<ul style="list-style-type: none"> 5% (Only 5% of total operating districts can go up to 10% of Network)
Branch	<ul style="list-style-type: none"> <1 % 1.25 % for Bihar & Odisha 	<ul style="list-style-type: none"> 1% (Only 5% of the total operating branches can go up to 2% of Network)
NPA	<ul style="list-style-type: none"> No disbursement to a branch with NPA > 1 % (5% of operating branches can go up to maximum 2% NPA) 	
Collection efficiency	<ul style="list-style-type: none"> No disbursement to a branch with on- time collection efficiency of < 95% 	

**State wise concentration norms:

Category	Concentration %	States
I	16%	Odisha, Bihar & WB
II	12.5%	Karnataka, UP, Rajasthan & MP
III	10%	MH, Kerala, Jharkhand & Chattisgarh
IV	5%	Haryana, Punjab, Uttarakhand, HP & Delhi
V	0.5%	TN, Tripura, Telangana, Assam & Gujarat

Note: The above concentration norms are based on market size, asset quality, growth potential and competition intensity .

VINTAGE OF NON-AP BRANCHES IS 7.1 YEARS

State	No. of Branches	Wt. Avg. Vintage (in Yrs.)*
Odisha	212	8.0
Bihar	212	6.8
Karnataka	194	9.9
Uttar Pradesh	191	6.6
West Bengal	178	7.6
Maharashtra	173	7.6
Rajasthan	114	5.9
Madhya Pradesh	109	7.0
Kerala	83	5.8
Jharkhand	81	6.0
Chhattisgarh	58	5.1
Haryana	41	4.6
Punjab	34	5.6
Uttarakhand	11	8.9
Tamil Nadu	7	0.3
Assam	5	0.2
Tripura	5	0.5
Gujarat	4	3.1
Delhi	3	4.3
Himachal Pradesh	2	4.3
Total	1,717	7.1

*As of Mar'19

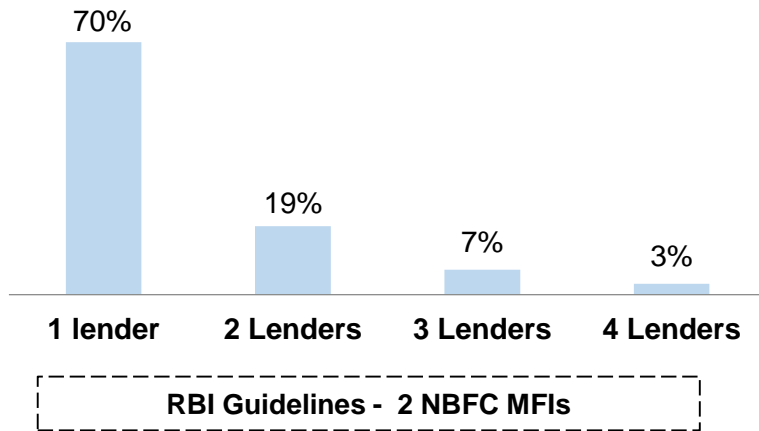
PORTFOLIO OUTSTANDING BY ECONOMIC ACTIVITY

Purpose	% Mix
Livestock	48%
Grocery stores and other Retail outlets	11%
Tailoring, Cloth Weaving	8%
Agriculture	8%
Trading of Vegetable & fruits	7%
Vehicle Repairs	6%
Trading of Agri. commodities	3%
Garments & Footwear Retailing	3%
Masonry, painting, plumbing, electrician, carpenter and related	2%
Eateries	1%
Bangles shop	0.1%
Trading of utensils, plastic items	0.1%
Other Income Generating activities	2%

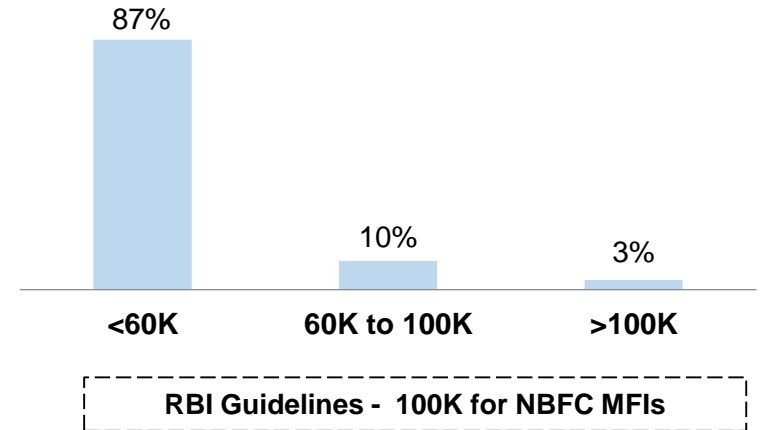
INDUSTRY UPDATE ON CREDIT QUALITY

97% OF BORROWERS HAVE INDEBTEDNESS BELOW RS. 1 LAC

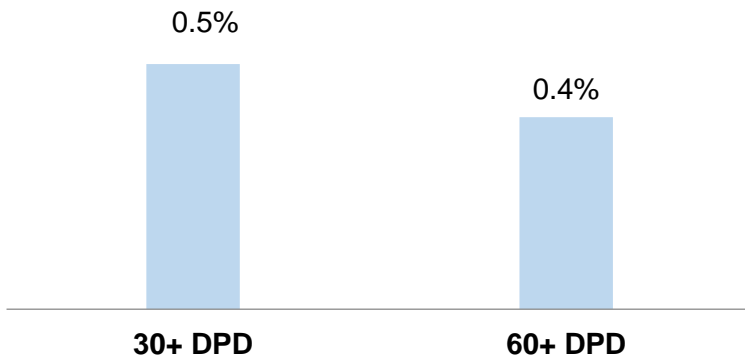
% Borrowers - Loans from Lenders



% Borrowers - Indebtedness (INR)



Portfolio Quality *



Note: Lenders include NBFC-MFIs and Banks

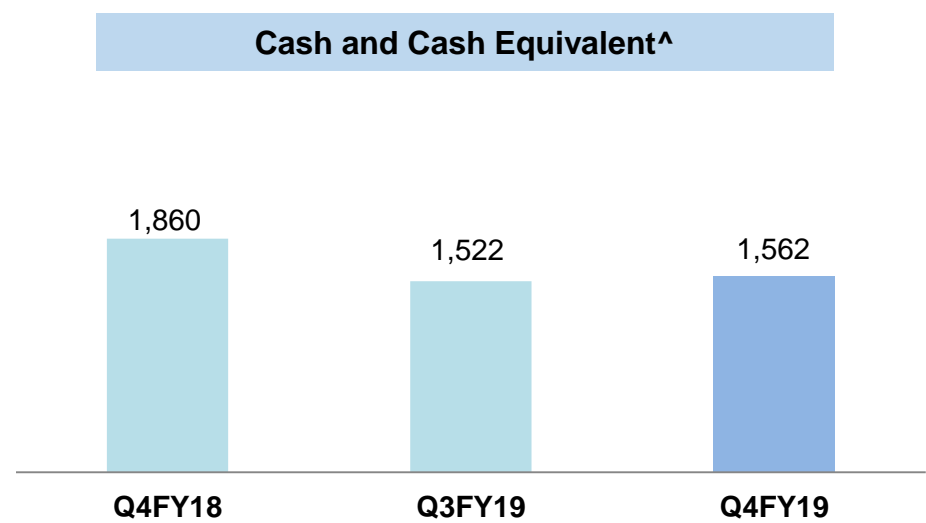
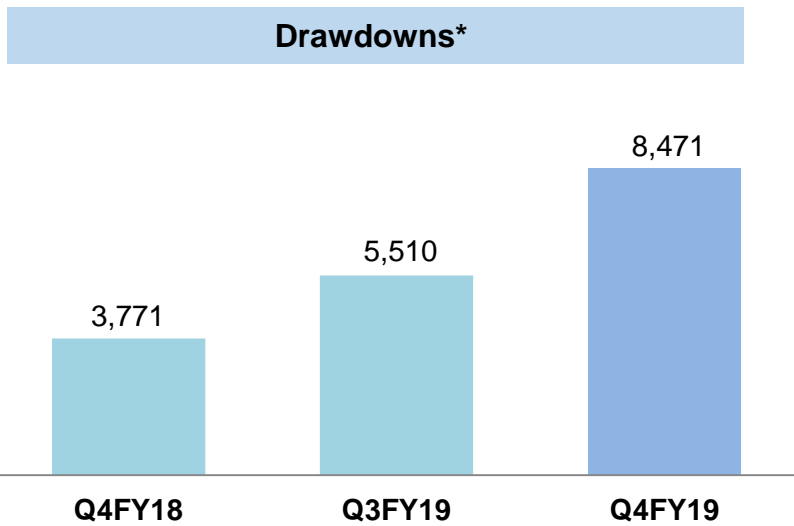
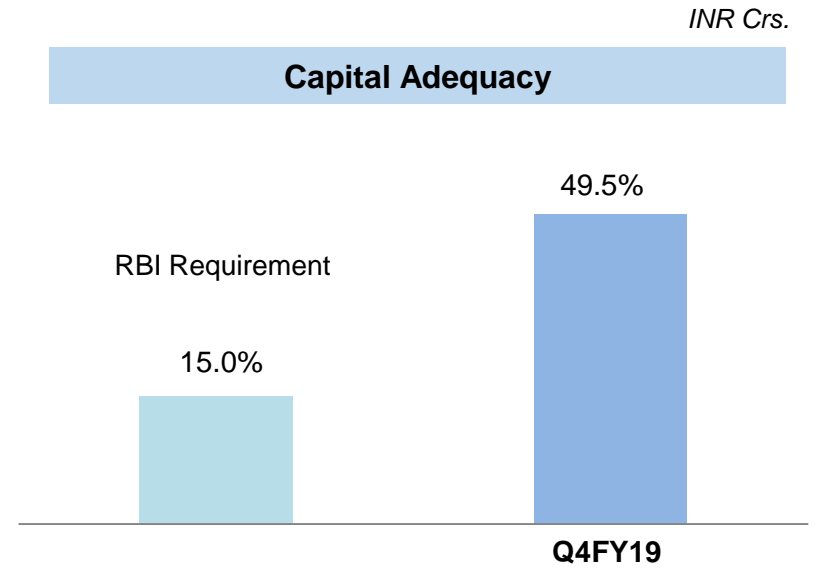
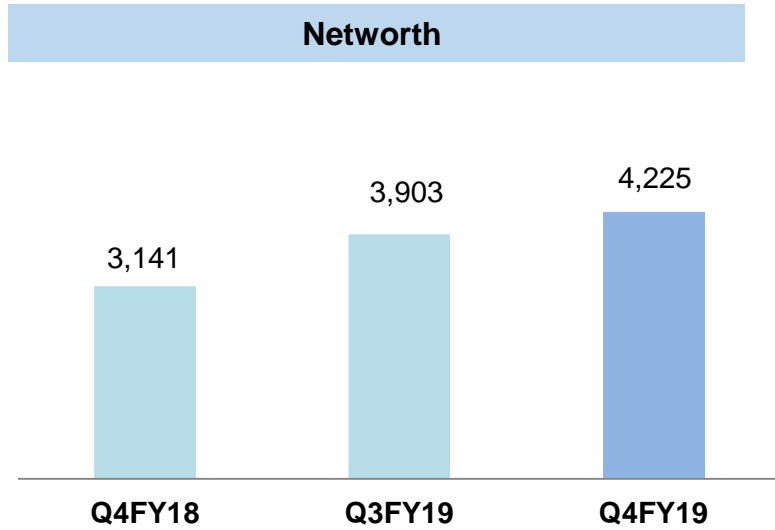
Source : Equifax on Microfinance database as on Feb'19.

Includes data reported by Banks under Microfinance database.

* Loans disbursed from Mar'18 to Feb' 19 – Portfolio data as on Feb19

REVIEW OF FINANCIALS

STRONG SOLVENCY



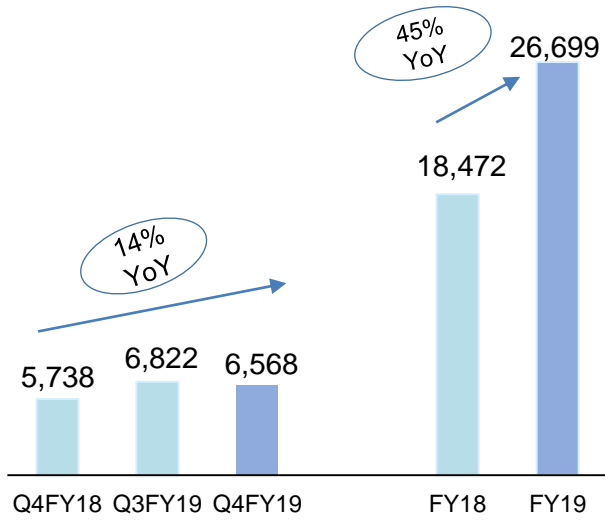
*Excluding Managed Loans

^Excluding security deposit

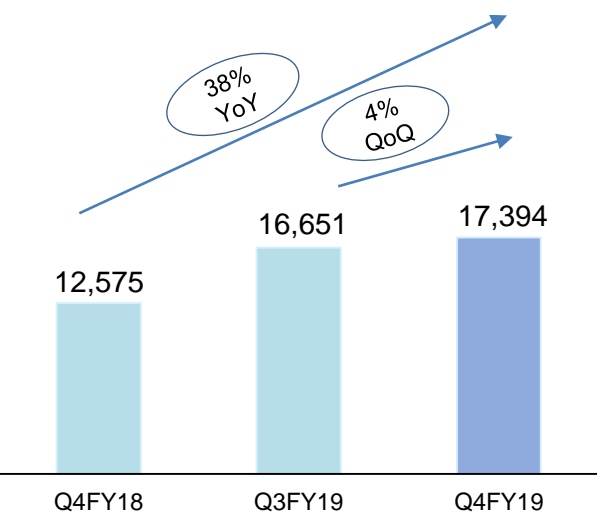
GROSS LOAN PORTFOLIO GREW BY 38% YoY

INR Crs.

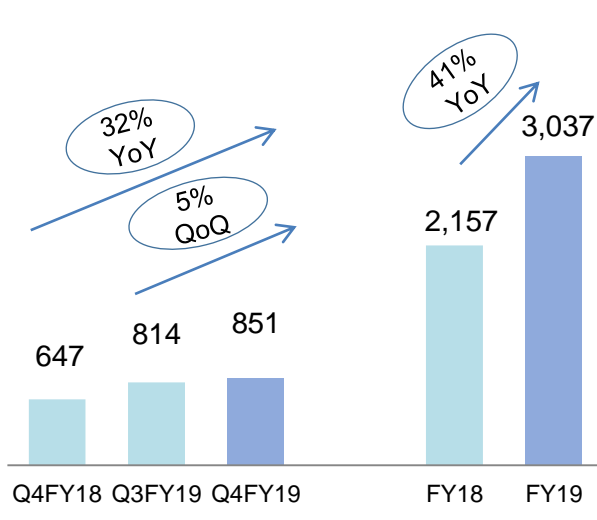
Disbursements



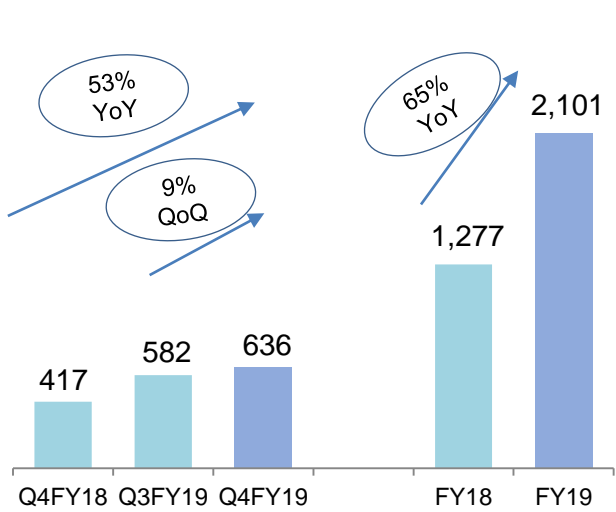
Gross Loan Portfolio



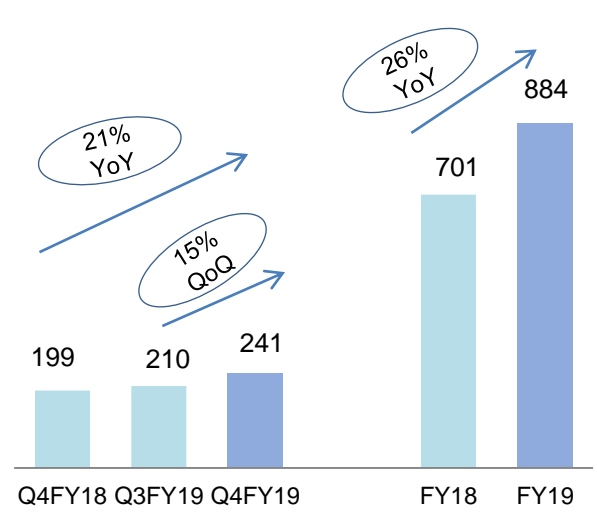
Gross Revenue



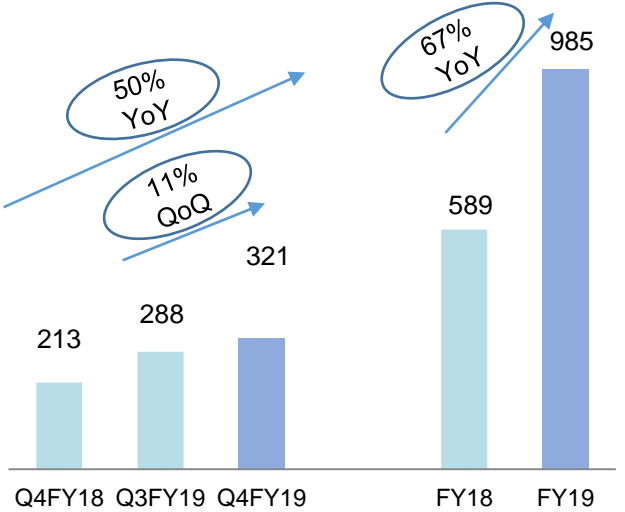
Net Interest Income*



Operating Cost



PAT



* Net interest income = Interest income on Portfolio loans + Net gain on derecognition of loans sold under assignment transaction + BC Fee – Financial Cost

PROFIT FOR Q4FY19 IS INR 321 CRS

INR Crs.

Particulars	Q4FY18	Q4FY19	YoY%	Q4FY19	Q3FY19	QoQ%
				As % of Total Revenue		
Interest Income (A)	480	421	-12%	49%	556	-24%
<i>Interest income on Portfolio loans</i>	467	401	-14%	47%	540	-26%
<i>Interest on deposits</i>	14	20	41%	2%	16	25%
Net gain on derecognition of loans sold under assignment transaction (B)	123	330	-	39%	170	94%
Fee Income (C)	41	95	134%	11%	85	13%
<i>BC Fees</i>	17	86	-	10%	76	13%
<i>Facilitation fees from Cross-sell</i>	23	8	-64%	1%	8	6%
<i>Other Fee income</i>	0.3	1	-	-	1	62%
Recovery against loans written off (D)	2	5	133%	1%	3	47%
Other income (E)	0.7	-	-	-	0.05	-
Total Revenue (F) = (A+B+C+D+E)	647	851	32%	100%	814	5%
Financial expenses (G)	189	181	-4%	21%	204	-11%
Personnel expenses	150	171	14%	20%	151	13%
Operating and other expenses	45	64	43%	8%	54	20%
Depreciation and amortization	4	6	53%	1%	5	13%
Total Operating Cost (H)	199	241	21%	28%	210	15%
Impairment on financial instruments (I) – ECL	44	9	-80%	1%	19	-56%
Total Expenditure(J)= (G+H+I)	432	430	-	51%	433	-1%
Profit before Tax = (F-J)	215	421	96%	49%	381	11%
Current Tax (I)	3	47	-	6%	75	-37%
Deferred Tax (II)	(1)	53	-	6%	17	-
Total Tax Expense (I+II)	2	100	-	12%	92	8%
Profit after Tax	213	321	50%	38%	288	11%
Other Comprehensive income	2	(13)	-	-2%	(4)	-
Total Comprehensive income for the period	215	308	43%	36%	285	8%

PROFIT FOR FY19 IS INR 985 CRS

INR Crs.

Particulars	FY18	FY19	YoY%	FY19 As % of Total Revenue
Interest Income (A)	1,774	2,107	19%	69%
<i>Interest income on Portfolio loans</i>	1,695	2,033	20%	67%
<i>Interest on deposits</i>	80	74	-8%	2%
Net gain on derecognition of loans sold under assignment transaction (B)	248	596	140%	20%
Fee Income (C)	128	316	146%	10%
<i>BC Fees</i>	61	261	-	9%
<i>Facilitation fees from Cross-sell</i>	66	53	-20%	2%
<i>Other Fee income</i>	1	3	83%	-
Recovery against loans written off (D)	4.8	18	-	1%
Other income (E)	1	0.2	-84%	-
Total Revenue (F) = (A+B+C+D+E)	2,157	3,037	41%	100%
Financial expenses (G)	727	789	9%	26%
Personnel expenses	525	641	22%	21%
Operating and other expenses	162	226	39%	7%
Depreciation and amortization	13	18	33%	1%
Total Operating Cost (H)	701	884	26%	29%
Impairment on financial instruments (I) – ECL	69	72	5%	2%
Total Expenditure(J)= (G+H+I)	1496	1,745	17%	57%
Profit before Tax = (F-J)	660	1,292	96%	43%
Current Tax (I)	79	348	-	11%
Deferred Tax (II)	(8)	(40)	-	-1%
Total Tax Expense (I+II)	71	308	-	10%
Profit after Tax	589	985	67%	32%
Other Comprehensive income	7	-15	-	-
Total Comprehensive income for the period	597	970	63%	32%

Q4FY19 Ind AS VS PREVIOUS GAAP

Ind AS / Previous GAAP	Ind AS (A)	IGAAP (B)	Variance (A-B)	Remarks
Interest income	421	421	-	
<i>Interest income on portfolio loans/ Interest income on portfolio loans and Loan processing fees</i>	401	401	-	Under Ind AS <ul style="list-style-type: none"> Securitisation portfolio is recognised as on balance sheet portfolio and hence income is also recognised under interest income Interest on loans is calculated using Effective interest rate
<i>Interest on deposits</i>	20	20	-	
Net gain on derecognition of loans sold under assignment transaction / Excess interest spread on securitization and Assignment	330	163	166	Under Ind AS <ul style="list-style-type: none"> Income from securitisation portfolio is recognised in interest income Total gain from the Assignments on the contract will be recognised on transaction date
Fee Income	95	95	-	
<i>BC fees</i>	86	86	-	
<i>Facilitation fees from Cross-sell</i>	8	8	-	
<i>Other fee income</i>	1	1	-	
Recovery against loans written off	5	5	-	
Total Revenue	851	685	166	
Financial expenses	181	157	23	Under Ind AS Interest expense on securitisation transactions to be included in financial expenses Amortisation of processing fees on borrowings
Personnel expenses	171	171	-	Actuarial adjustments reclassified in other comprehensive income
Operating and other expenses	64	64	-	
Depreciation, amortization and impairment	6	6	-	
Total Operating Cost	241	241	-	
Impairment on financial instruments/ Provisions & Write-offs	9	9	-	Under Ind AS ECL methodology is used to arrive at impairment of loans
Total Expenditure	430	407	23	
Profit before Tax	421	277	143	
Current Tax	47	48	(1)	
Deferred Tax (Asset)/ Liability	53	4	49	
Profit after Tax	321	226	95	
Other Comprehensive income	(13)	-	(13)	Includes actuarial adjustments on gratuity and Fair value impact on assets
Total Comprehensive income for the period	308	226	82	

Q3FY19 Ind AS VS Previous GAAP

INR Crs

Ind AS / Previous GAAP	Ind AS (A)	IGAAP (B)	Variance (A-B)	Remarks
Interest income	556	491	64	
<i>Interest income on portfolio loans/ Interest income on portfolio loans and Loan processing fee</i>	540	476	64	Under Ind AS <ul style="list-style-type: none"> Securitisation portfolio is recognised as on balance sheet portfolio and hence income is also recognised under interest income Interest on loans is calculated using Effective interest rate
<i>Interest on deposits</i>	16	16	-	
Net gain on derecognition of loans sold under assignment transaction / Excess interest spread on securitization and Assignment	170	123	48	Under Ind AS <ul style="list-style-type: none"> Income from securitisation portfolio is recognised in interest income Total gain from the Assignments on the contract will be recognised on transaction date
Fee Income	85	85	-	
<i>BC fees</i>	76	76	-	
<i>Facilitation fees from Cross-sell</i>	8	8	-	
<i>Other fee income</i>	1	1	-	
Recovery against loans written off	3	3	-	
Total Revenue	814	702	112	
Financial expenses	204	168	36	Under Ind AS Interest expense on securitisation transactions to be included in financial expenses Amortisation of processing fees on borrowings
Personnel expenses	151	153	(2)	Actuarial adjustments reclassified in other comprehensive income
Operating and other expenses	54	54	-	
Depreciation, amortization and impairment	5	5	-	
Total Operating Cost	210	212	(2)	
Impairment on financial instruments/ Provisions & Write-offs	19	4	16	Under Ind AS ECL methodology is used to arrive at impairment of loans
Total Expenditure	433	383	50	
Profit before Tax	381	319	62	
Current Tax	75	80	(5)	
Deferred Tax (Asset)/ Liability	17	(5)	22	
Profit after Tax	288	243	45	
Other Comprehensive income	(4)	-	(4)	Includes actuarial adjustments on gratuity and Fair value impact on assets
Total Comprehensive income for the period	285	243	43	

Q4FY18 Ind AS VS Previous GAAP

INR Crs

Ind AS / Previous GAAP	Ind AS (A)	IGAAP (B)	Variance (A-B)	Remarks
Interest income	480	457	23	
<i>Interest income on portfolio loans/ Interest income on portfolio loans and Loan processing fee</i>	467	443	23	Under Ind AS <ul style="list-style-type: none"> Securitisation portfolio is recognised as on balance sheet portfolio and hence income is also recognised under interest income Interest on loans is calculated using Effective interest rate
<i>Interest on deposits</i>	14	14	-	
Net gain on derecognition of loans sold under assignment transaction / Excess interest spread on securitization and Assignment	123	89	34	Under Ind AS <ul style="list-style-type: none"> Income from securitisation portfolio is recognised in interest income Total gain from the Assignments on the contract will be recognised on transaction date
Fee Income	41	41	-	
<i>BC fees</i>	17	17	-	
<i>Facilitation fees from Cross-sell</i>	23	23	-	
<i>Other fee income</i>	0.3	0.3	-	
Recovery against loans written off	2	2	-	
Total Revenue	647	590	57	
Financial expenses	189	181	8	Under Ind AS Interest expense on securitisation transactions to be included in financial expenses Amortisation of processing fees on borrowings
Personnel expenses	150	149	1	Actuarial adjustments reclassified in other comprehensive income
Operating and other expenses	45	45	-	
Depreciation, amortization and impairment	4	4	-	
Total Operating Cost	199	198	1	
Impairment on financial instruments/ Provisions & Write-offs	44	1	43	Under Ind AS ECL methodology is used to arrive at impairment of loans
Total Expenditure	432	380	52	
Profit before Tax	215	210	5	
Current Tax	3	3	-	
Deferred Tax (Asset)/ Liability	2	-	2	
Minimum Alternate Tax credit entitlement	(4)	(4)	-	
Profit after Tax	213	211	3	
Other Comprehensive income	2	-	2	Includes actuarial gains/losses on gratuity and Fair value impact on assets
Total Comprehensive income for the period	215	211	5	

PAT RECONCILIATION OF PREVIOUS GAAP VS Ind AS

INR Crs

Particulars	Q4FY18	Q3FY19	Q4FY19	FY18	FY19	Remarks
Profit After Tax as per previous GAAP	211	243	226	455	871	
Ind AS adjustments increase /(decrease) profit						
Expected Credit Loss Impact	(43)	(14)	2	167	(42)	Provisioning based on ECL methodology
Effective Interest Rate impact on financial assets	(0.5)	1	(10)	4	(6)	Change from Straight line amortisation of processing fees to EIR
Effective Interest Rate impact on borrowings	3	(2)	3	3	(6)	Amortisation of processing fees on borrowings
Assignment transactions impact	48	75	150	70	217	Total gain from the assignment deals recognised on the transaction date and derecognised in subsequent periods
Securitisation transactions impact	(2)	0.2	(1)	(39)	1	Total gain on securitisation deals prior to transition date recognised on the transaction date and derecognised in subsequent periods
Actuarial gain/(loss) on gratuity	(1)	2	0.3	1	4	Reclassification in other comprehensive income
Others	(0.04)	(0.1)	(0.1)	(0.5)	0.04	
Tax impact on above items	(2)	(17)	(48)	(72)	(55)	
Profit After Tax as per Ind AS	213	288	321	589	985	
Other comprehensive income (Net of tax)	2	(4)	(13)	7	(15)	Actuarial adjustments on gratuity and Fair value impact on assets
Total Other Comprehensive Income after tax as per Ind AS	215	285	308	597	970	

QoQ REVENUE VARIANCE ANALYSIS (1/2)

INR Crs.

Particulars	Q3FY19 (A)	Q4FY19 (B)	Variance(B-A)	Comments
Interest income on portfolio loans	540	401	(139)	1. ~18% decrease in daily Avg. On B/S Portfolio from Q3FY19 to Q4FY19 2. ~2% impact due to lesser number of days in Q4FY19 vis-à-vis Q3FY19 (90 days in Q4FY19 , 92 days in Q3FY19)
Interest on deposits	16	20	4	Income from investments increased by 25% on account of daily avg. interest yielding investments increasing by 34%
Net gain on derecognition of loans sold under assignment transaction	170	330	160	Upfront income recognized in Q4FY19 on account of 5 assignment deals amounting to INR 5,168 Crs vis-à-vis 3 assignment deals amounting to 2,511 Crs in Q3FY19
BC Fees	76	86	10	Increase in BC fees by 13% on account of increase in monthly average managed portfolio by 14% (INR 3,518 Crs in Q4FY19 and INR 3,079 Crs in Q3FY19)
Facilitation fees from Cross-sell	8	8	-	
Recovery from write-offs	3	5	2	
Other income	0.7	1.0	0.3	
Total	814	851	37	

QoQ EXPENSES VARIANCE ANALYSIS (2/2)

INR Crs.

Particulars	Q3FY19 (A)	Q4FY19 (B)	Variance (B-A)	Comments
Finance costs	204	181	(23)	<ul style="list-style-type: none"> • INR 11 Crs pre-payment expenses in Q4FY19 • INR 30 Crs decline in borrowings cost in Q4FY19 vis-à-vis Q3FY19 Increase in Avg. quarterly borrowings cost (10.4% in Q3FY19 to 10.9% in Q4FY19) but decrease in Avg. quarterly borrowings (INR 7,730 Crs in Q3FY19 and INR 6,259 Crs in Q4FY19) ~ INR 30 Crs = $(10.9\% * 6,259 - 10.4\% * 7,730) * 90 / 365$ • INR 4 Crs decline due to lesser number of days (92 days in Q4FY19 vis-à-vis 90 days in Q3FY19) = $10.9\% * 6,259 * 2 / 365$
Personnel expenses	151	171	20	<ul style="list-style-type: none"> ▪ One-time special Incentive to field staff of INR 9 crs ▪ Minimum wage hike impact: ~ INR 5 crs , Effective date : KA - Apr'18, WB, MH and Odisha :Oct'18
Other Operating expenses	59	70	11	
Impairment of financial assets (A+F)	19	9	(11)	
Provisions (A= B+C+D+E)	13	(19)	(32)	
Stage I Provisions (B)	(5)	(16)	(11)	ECL Methodology is used to arrive at impairment of loans i.e. ~0.62% of decrease in Stage I portfolio of ~ INR 2,394 Crs
Stage II Provisions (C)	(3)	(3)	-	ECL Methodology is used to arrive at impairment of loans i.e.~ 40% of decrease in Stage II portfolio of INR 9 Crs
Stage III Provisions (D)	15	(3)	(18)	ECL Methodology is used to arrive at impairment of loans i.e. ~70% of decrease in Stage III portfolio of INR 4 Crs
Managed Loans Provisions (E)	6	3	(3)	1% provisions on incremental managed portfolio
Losses & Write-offs (F = G+H+I)	7	27	20	
Loss on Managed (G)	5	7	2	Losses settled against managed portfolio
Loss on Securitisation (H)	2	1	(1)	Losses on securitisation
Stage III Write-offs (I)	-	19	19	Expired contracts and loans not received even single instalment in FY19 have been written off

Refer slide 56 for details on provisions

EXPECTED CREDIT LOSS APPROACH

Expected Credit Loss (ECL): probability weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

ECL Calculation = Probability of Default (PD) (Adjusted for Discount factor (Df)) * Loss Given Default(LGD) * Exposure at Default(EAD)

Forecast of Probability of Default (PD):

- Forecasted values of the chosen Macro economic variable
- Sensitivity of the historical Probability of Default (PD) data to the chosen macro economic variable

Computation of Loss Given Default (LGD):

- LGD is % of Exposure that the firm expects to lose at the time of default.
- LGD is computed as {1-Recovery Rate (RR)} where Recovery Rate indicates % of Recovery post default.

ILLUSTRATION FOR ECL CALCULATION FOR IGL (Excl. Securitisation)

As on 31 Mar, 2019

IGL	Probability of Default (PD) -A			Df (B)	LGD (C)	EAD (INR Crs) (D)	ECL (E= A*B*C*D) Weighted Average of Scenarios	ECL% = E/D
	Base (68%)*	Best (11%)*	Worst (21%)*					
Stage I (Current -30)	0.15%	0.12%	4.30%^	82%	70%	3,067	18	0.6%
Stage II (31-60)	65.07%	63.80%	66.32%	82%	70%	4	2	37.4%
Stage III (>60)	100%	100%	100%	100%	70%	33	23	70.0%
					Total	3,104	43	1.4%

* Weights

^Management overlay : Qualitative assessment of the portfolio based on historical observations.

Q4FY19 PROVISIONS BREAKUP

INR Crs

ECL PROVISIONS

Period ->	31-Dec-18			31-Mar-19			Q4FY19
Asset Classification:	Amount Outstanding	Provisions%	Provision (A)	Amount Outstanding	Provisions%	Provision (B)	Incremental Provisions (B-A)
Stage I (Current to 30)	10,036	0.64%	63.9	7,642	0.62%	47.9	(16.1)
Stage II (31-60)	21	39.6%	8.3	12	39.8%	4.9	(3.4)
Stage III (>60)	62	70.0%	43.6	58	70.0%	40.8	(2.8)
Total	10,119	1.14%	115.8	7,713	1.21%	93.6	(22.2)

MANAGED LOANS PROVISIONS (1%)

Period ->	31-Dec-18		31-Mar-19		Q4FY19
	Amount Outstanding	Provision (A)	Amount Outstanding	Provision (B)	Incremental Provisions (B-A)
Managed Loans	3,361	33.6	3,634	36.3	2.7

Breakup of credit costs :-

	On-Balance Sheet				Managed and Securitised	Managed	Total
	Stage I Provisions	Stage II Provisions	Stage III Provisions	Write-offs	Loss	Provisions	
Q1FY18	11.1	(40.6)	49.6	-	79.4	(63.8)	35.6
Q2FY18	(6.8)	(11.0)	(7.4)	-	22.1	1.8	(1.3)
Q3FY18	(6.1)	(4.9)	(28.0)	17.7	10.5	1.2	(9.5)
Q4FY18	48.7	(2.3)	(199.9)	190.0	3.0	4.2	43.8
Q1FY19	10.5	(0.3)	(179.7)	176.7	1.0	10.4	18.6
Q2FY19	(3.5)	9.0	5.4	0.5	5.7	8.6	25.7
Q3FY19	(5.2)	(3.1)	14.9	-	6.7	5.9	19.2
Q4FY19	(16.1)	(3.4)	(2.8)	19.2	8.7	2.7	8.5

TAX IMPACT UNDER Ind AS

As per Ind AS	As on 1 April, 2017 (Transition date)	As on 31 March, 2018	As on 31 March, 2019
MAT Credit Entitlement	206	285	193
Deferred Tax asset/ (Liability)	(0.5)	(76)	(29)
Total	206	209	163

Particulars	As on 31 March, 2018	As on 31 March, 2019
ECL impact	(10)	49
EIR impact on assets	(6)	(4)
Income recognition on assignment deals on transaction date and securitisation deals prior to transition date	(38)	(113)
EIR impact on borrowings	(5)	(3)
Impact on Fair valuation of loans	(17)	(11)
Impact of ESOP disallowance	-	44
Others	(0.4)	8
Total Deferred Tax asset/ (Liability)	(76)	(29)

STRONG CAPITAL BASE AND ROBUST LIQUIDITY DRIVE BFIL BALANCE SHEET

INR Crs.

Particulars	Q4FY18	Q4FY19	YoY%	Q3FY19	QoQ%
Equity share capital	139	140	1%	140	-
Other Equity	3,002	4,084	36%	3,763	9%
Total Equity	3,141	4,225	35%	3,903	8%
Borrowings	8,294	4,778	-42%	7,740	-38%
Interest accrued but not due on borrowings	43	5	-88%	18	-72%
Employee benefits payable	33	38	18%	30	30%
Payable towards securitisation/assignment transactions	329	1,030	-	686	50%
Expenses & other payables	21	46	122%	34	37%
Provision for gratuity and leave benefits	28	15	-48%	31	-53%
Provision for Fraud Theft & Burglary	-	-	-	6	-
Provision for Managed Portfolio	9	36	-	34	8%
Current tax liabilities (Net)	0	40	-	25	59%
Statutory dues payable	13	11	-14%	13	-17%
Unamortised fee income	2	5	-	3	53%
Liabilities	8,771	6,005	-32%	8,619	-30%
Total Liabilities and Equity	11,912	10,229	-14%	12,522	-18%
Cash and bank balances	2,173	2,008	-8%	1,991	1%
Receivables	11	7	-41%	3	114%
Loans	9,519	7,708	-19%	10,119	-24%
ECL provisioning	(259)	(88)	-	(116)	-24%
Investments	0.2	0.2	-	0.2	-
Interest accrued but not due on portfolio loans	20	21	2%	26	-19%
Interest accrued and due on portfolio loans	0.3	1	97%	1	-46%
Interest strip on securitisation transactions	0.3	-	-	-	-
Interest strip on loan assignment transactions	88	267	-	147	82%
Unbilled revenue	7	29	-	27	10%
Security deposits	4	5	15%	4	3%
Insurance deposit receivable	4	4	-1%	4	6%
Claims Outstanding Receivable from Insurance Company	13	18	33%	38	-53%
Current tax assets (Net)	41	42	2%	45	-9%
Deferred tax assets (Including MAT Credit)	209	163	-22%	169	-3%
Fixed assets	16	25	52%	27	-9%
Intangible assets	5	6	14%	7	-10%
Other Assets	57	14	-75%	29	-51%
Total Assets	11,912	10,229	-14%	12,522	-18%
Note:1 Securitised^/Managed/Assigned Portfolio	3,047	9,677	-	6,532	48%
2. Gross Loan Portfolio	12,575	17,394	38%	16,651	4%

^Securitised portfolio originated on or before 31 March, 2017, All securitization deals originated from 1st April, 2017 are being recognised as financial asset on balance sheet as per Ind AS

COST TO INCOME BELOW 40%

Particulars		Q4 FY18	Q3 FY19	Q4 FY19
Spread Analysis (as % of Avg. Quarterly Gross Loan Portfolio)				
Gross Yield	(l)	21.5%	20.3%	20.0%
Portfolio Yield*	(a)	20.2%	19.6%	19.2%
Financial Cost	(b)	6.3%	5.1%	4.3%
Operating Cost	(c)	6.6%	5.2%	5.7%
Provision and Write-offs	(d)	1.5%	0.5%	0.2%
Taxes	(e)	0.1%	2.3%	2.3%
Total Expense	II = (b+c+d+e)	14.7%	13.1%	12.5%
Return on Avg. Gross Loan Portfolio	(I) - (II)	7.1%	7.2%	7.5%
Efficiency:				
Cost to Income		43.4%	34.4%	35.9%^
Asset Quality – Non-AP:				
Gross NPA (Stage 3)		2.2%	0.6%	0.8%
Net NPA		0.1%	0.2%	0.2%
Gross NPA (INR Crs.) (Stage 3)		210.9	62.2	58.3
Net NPA (INR Crs.)		8.0	18.7	17.5
Leverage:				
Debt : Equity		2.6	2.0	1.1
Debt : Equity (Incl. Assigned & Managed Loans)		3.7	3.8	3.6
Capital Adequacy:		33.2%	36.2%	49.5%
Profitability:				
Return on Avg. Assets (Incl. Assigned & Managed Loans) **		6.1%	6.5%	6.6%
ROE **		28.3%	30.7%	31.6%
EPS - Diluted (INR) (Not Annualized)		15.2	20.5	22.9
Book Value (INR)		225.4	278.5	301.3

Due to reduction in On B/S portfolio from INR 10,119 Crs. in Q3FY19 to INR 7,713 Crs in Q4FY19

*Portfolio Yield = (Int. income on portfolio loans + Net gain on derecognition of loans sold under assignment transaction + BC Fee) /Avg. GLP

** Calculated based on Quarterly Average

^ 45.7% based on previous GAAP

ROE OF 27.1% FOR FY19

Particulars		FY18	FY19
Spread Analysis (as % of Avg. Quarterly Gross Loan Portfolio)			
Gross Yield	(l)	20.2%	20.0%
Portfolio Yield*	(a)	18.8%	19.0%
Financial Cost	(b)	6.8%	5.2%
Operating Cost	(c)	6.6%	5.8%
Provision and Write-offs	(d)	0.6%	0.5%
Taxes	(e)	0.7%	2.0%
Total Expense	II = (b+c+d+e)	14.7%	13.5%
Return on Avg. Gross Loan Portfolio	(l) - (II)	5.5%	6.5%
Efficiency:			
Cost to Income		49.0%	39.3%^
Asset Quality – Non-AP:			
Gross NPA (Stage 3)		2.2%	0.8%
Net NPA		0.1%	0.2%
Gross NPA (INR Crs.) (Stage 3)		210.9	58.3
Net NPA (INR Crs.)		8.0	17.5
Leverage:			
Debt : Equity		2.6	1.1
Debt : Equity (Incl. Assigned & Managed Loans)		3.7	3.6
Capital Adequacy:		33.2%	49.5%
Profitability:			
Return on Avg. Assets (Incl. Assigned & Managed Loans) **		4.6%	5.7%
ROE **		21.6%	27.1%
EPS - Diluted (INR)		42.2	70.2
Book Value (INR)		225.4	301.3

*Portfolio Yield = (Int. income on portfolio loans + Net gain on derecognition of loans sold under assignment transaction + BC Fee) /Avg. GLP

** Calculated based on Quarterly Average

^ 43.6% based on previous GAAP

FINANCIAL ARCHITECTURE

FINANCIAL ARCHITECTURE

INR Crs.

Source Mix						
	Q4FY18	% Mix	Q3FY19	% Mix	Q4FY19	% Mix
Asset Assignment	2,173	19%	3,566	24%	6,866	45%
Term Loans	7,416	64%	6,235	42%	3,886	25%
Managed Loans	955	8%	3,340	22%	3,620	23%
Securitisation	813	7%	1,704	11%	1,049	7%
CC	1	-	60	0.4%	-	-
NCD	200	2%	-	-	-	-
Total	11,558	100%	14,905	100%	15,421	100%

Lenders Mix (On B/S)

On Balance Sheet*	Q4FY18	Q3FY19	Q4FY19
IndusInd Bank	8%	17%	79%
Axis Bank	4%	12%	9%
ICICI Bank	6%	7%	5%
Citi Bank	3%	4%	3%
HSBC Bank	5%	10%	3%
Dena Bank	5%	3%	1%
Others	69%	48%	-
Total	7,417	6,295	3,886

* Includes Term loan and cash credit facilities

Investor Mix (Off B/S)

Securitized / Assigned	Q4FY18	Q4FY19
IndusInd Bank	17%	56%
State Bank Group	39%	23%
Axis Bank	-	7%
Yes Bank	16%	5%
HDFC Bank	10%	5%
RBL Bank	-	2%
Bank of India	10%	1%
Kotak Mahindra Bank	-	1%
Vijaya Bank	6%	0.3%
IDBI Bank	1%	-
DCB Bank	0.2%	-
Total	2,986	7,916

SUB 10% MARGINAL COST OF BORROWING

Funding Cost Analysis

		Metric	FY14	FY15	FY16	FY17	FY18	FY19	Q4FY18	Q3FY19	Q4FY19
Marginal Cost of Borrowings#		on and off b/s loans (excluding processing fees)	12.2%	11.7%	10.1%	9.4%	8.6%	9.0%	8.5%	9.2%	9.4%
		on and off b/s loans (including processing fees)*	12.6%	11.9%	10.2%	9.4%	8.7%	9.1%	8.6%	9.3%	9.5%
		on b/s loans (excluding processing fees)	12.9%	12.3%	11.0%	9.8%	8.8%	9.0%	8.6%	9.2%	9.5%
		on b/s loans (including processing fees)*	13.6%	12.6%	11.1%	9.9%	8.9%	9.1%	8.7%	9.2%	9.6%
Monthly Average (Quarterly Avg for FY18 and FY19)	Wt. avg. cost of borrowing#	on and off b/s loans (including processing fees)**	13.0%	12.2%	11.1%	10.1%	9.0%	9.4%	8.8%	9.6%	9.8%
		on b/s loans (including processing fees)**	13.7%	12.8%	11.6%	10.7%	9.6%	10.4% ^	9.3%	10.4% / 9.6%**	10.9% ^ / 9.2%**
		Loan Processing Fees (INR Crs.)	17.3	16.9	11.6	10.4	14.9	15.1	5.7	2.7	9.7
		Drawdowns (INR Crs.)	3,503	5,020	7,317	6,900	9,977	21,481	3,771	5,510	8,471
		Financial Cost^	8.3%	8.3%	8.5%	7.3%	6.8%	5.2%	6.3%	5.1%	4.3%

* processing fees is amortized for marginal cost calculation.

Excluding Managed Loans. ** amortised processing fees for FY18 and FY19 nos under Ind AS

^ Excl. pre-payment charges of INR 11.4 Crs in Q4FY19

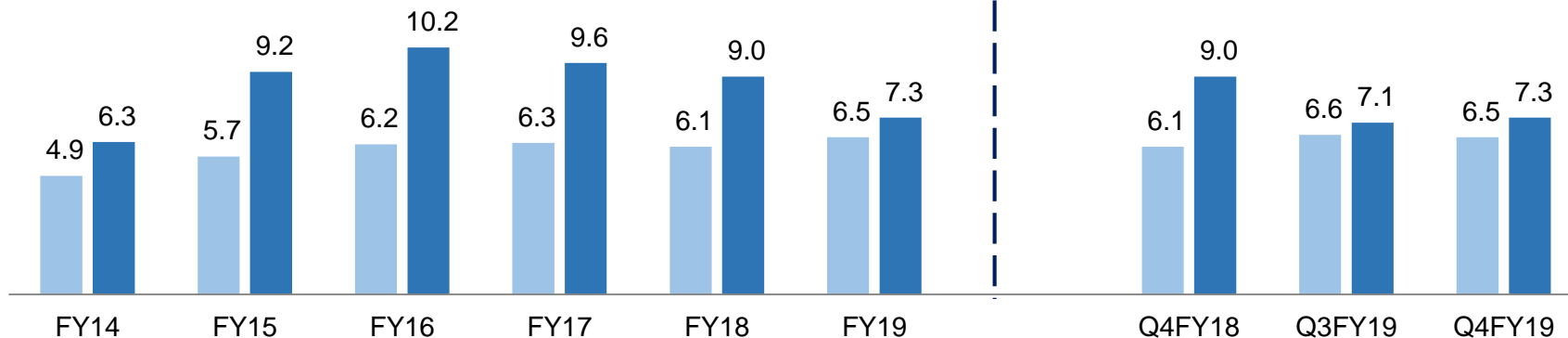
** Adjusting for borrowings pre-paid in last few days of the quarter end.

^ Financial expenses to quarterly Avg. Gross Loan Portfolio.

POSITIVE ALM MISMATCH BENEFIT CONTINUES

ALM

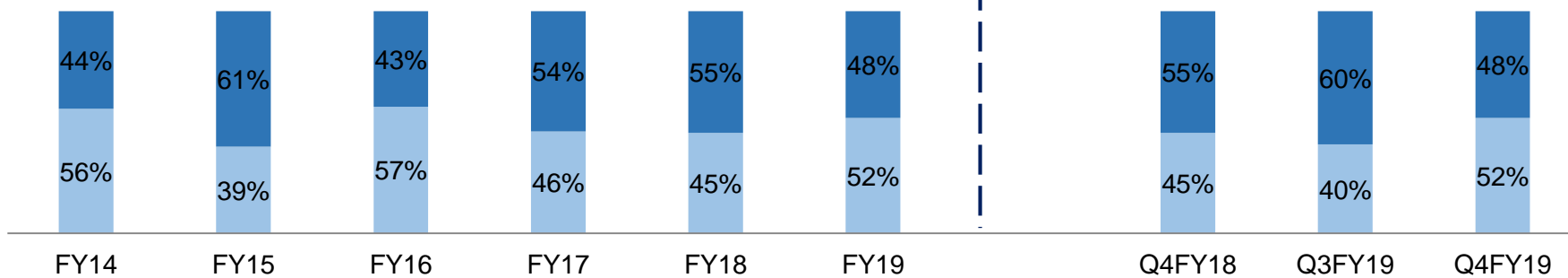
- Avg maturity of assets
- Avg maturity of liabilities



ALM data includes Securitized/ Assigned loans

Interest Rate Mix of Borrowings*

- Floating
- Fixed



* Excludes managed loans

POSITIVE ALM GAP FOR ALL INTERVALS UPTO ONE YEAR

INR Crs.

Particulars	< 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
Outflows									
Equity & Reserves	-	-	-	-	-	-	-	4,225	4,225
Borrowing	289	317	452	1,022	1,320	1,379	-	-	4,778
Others^	1,099	28	-	-	-	-	-	147	1,274
Total (A)	1,388	345	452	1,022	1,320	1,379	-	4,371	10,277
Inflows									
Cash & bank	1,586	19	54	38	246	65	-	-	2,008
Loans #	750	771	629	1,877	2,574	1,047	19	-	7,667
Others	114	44	41	73	60	13	-	257	601
Total (B)	2,450	834	724	1,988	2,880	1,124	19	257	10,277
GAP (B-A)	1,062	489	272	966	1,561	(255)	19	(4,114)	-
Cumulative GAP	1,062	1,551	1,823	2,789	4,350	4,095	4,114	-	-

Note - Computation is based on RBI Norms on Structural Liquidity Statement

Equity(> 5 Years) , Provision (> 5 Years)

^ Others in Outflows includes provisions and other current liabilities

On B/s loans are assumed net of NPA provisions.

EXTERNAL ASSESSMENT

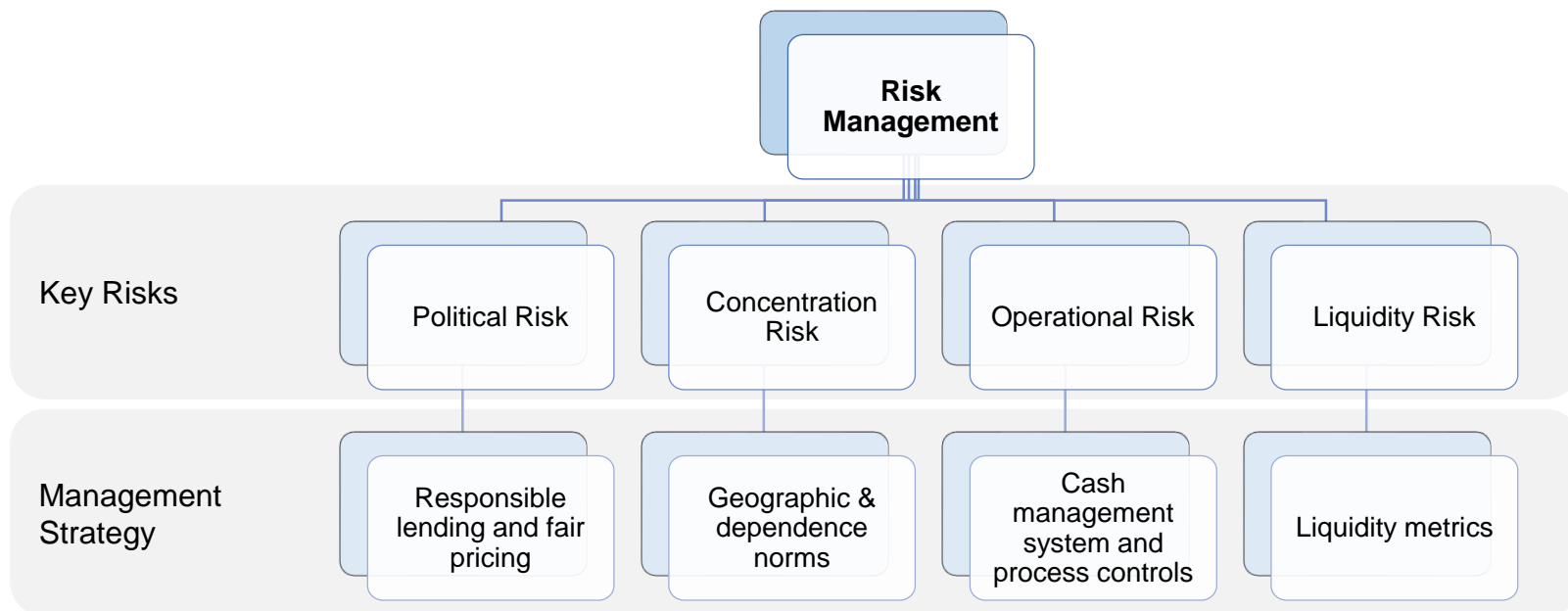
Rating Instrument	Rating/Grading	Rating Agency	Rating Amount Limits (Rs. Crs.)	
			Q3FY19	Q4FY19
Bank Loan Rating (Long-term facilities)	CARE AA-	CARE Ratings	7,500	7,500
Bank Loan Rating (Short-term facilities)	CARE A1+	CARE Ratings		
Long-term Debt	[ICRA] A+	ICRA Limited	100 [^]	100 [^]
Short-term Debt	[ICRA] A1+	ICRA Limited		
Securitisation Pool	CARE AAA (SO)	CARE Ratings	244*	244*
	ICRA AA (SO)	ICRA Limited	3,713*	3,713*

*Amount aggregates to 1 transaction rated by CARE Ratings and 8 transactions rated by ICRA

[^] Overall interchangeable limit of ₹100 Cr for long term and short term (Long-term debt rating is under credit watch with positive implications)

RISK MANAGEMENT

KEY RISKS AND MANAGEMENT STRATEGIES



- Low cost lender
- Voluntary Cap on RoA from core lending
- Robust Customer grievance redressal (CGR) Mechanism with Ombudsman
- Calibrated Growth

- Geographic concentration norms
 - *Disbursement Related Caps*
 - *Portfolio Outstanding Related Caps*
- *Borrowing dependence norms*
 - *Cap on borrowing from any single credit grantor (15% of funding requirement)**

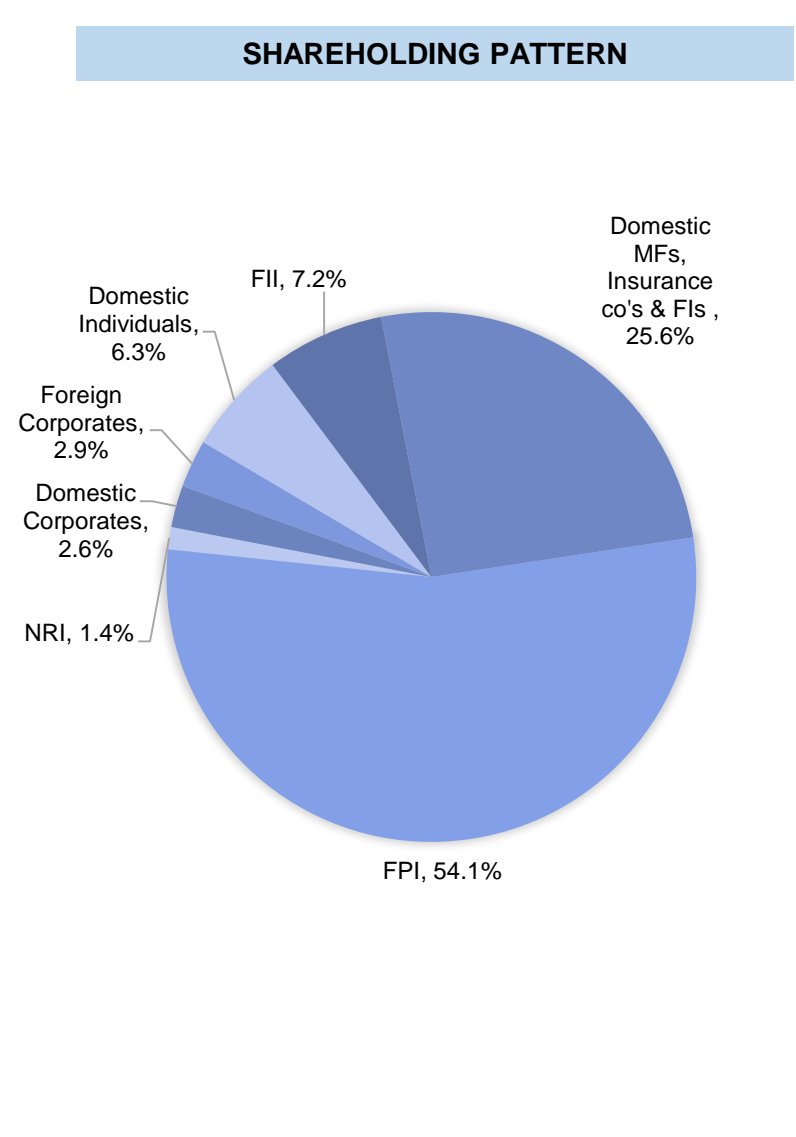
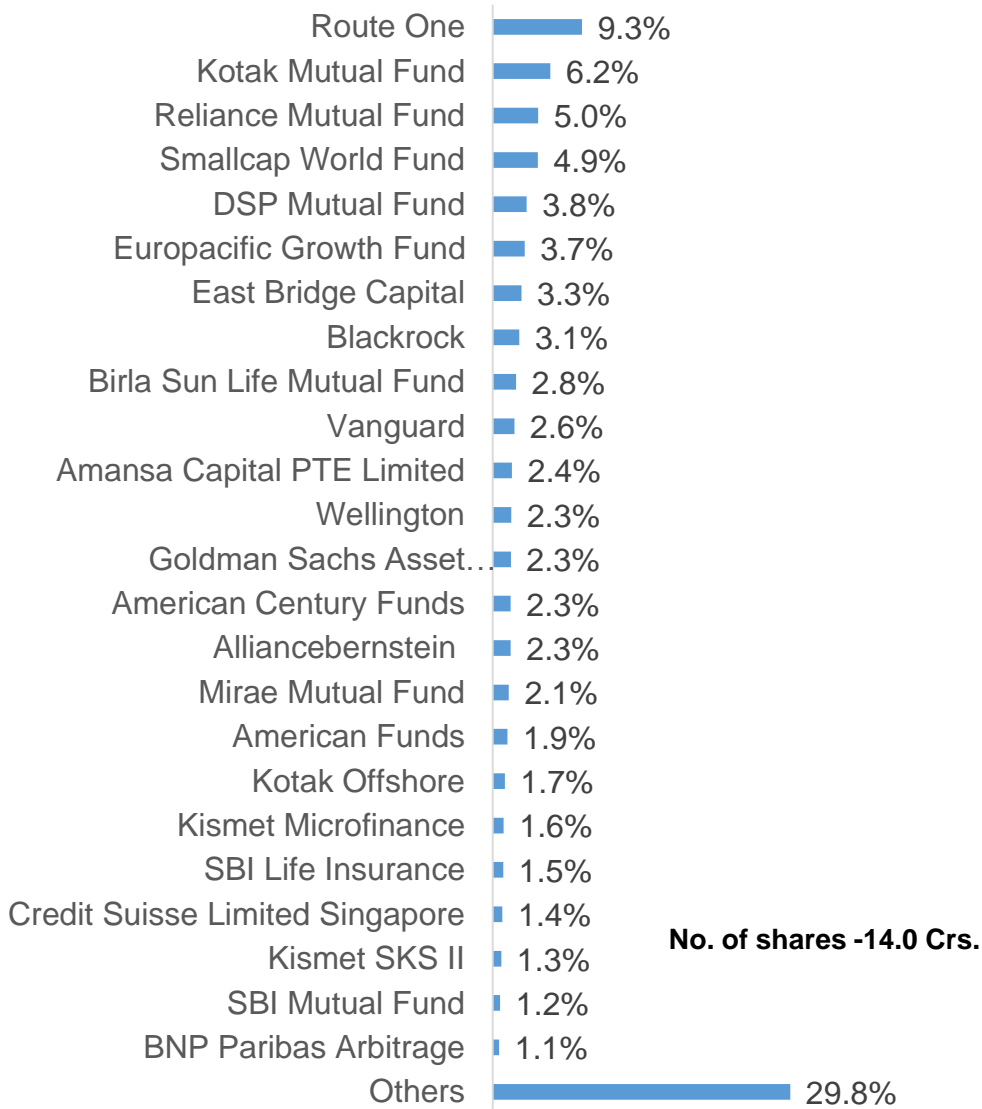
- Integrated cash management system
- Product and process Design
- ISO Certified Internal audit

- Well defined metrics for
 - *Cash burn*
 - *Optimal liquidity test*
 - *Liquidity cap*

* Relaxed for Indusind Bank due to impending merger

CAPITAL STRUCTURE

CAPITAL STRUCTURE AS ON 31ST MARCH 2019



Excludes no. of Outstanding ESOPs 0.5 Crs.

Note: The Investment under different accounts by a fund are clubbed under their respective names

ANNEXURES

OUR PROVISIONING POLICY

RBI norms for NBFC-MFIs

BFIL Policy (Earlier)

BFIL Policy (As per Ind AS)#

Asset Classification	Standard Assets	0-90 days	0- 8 weeks
	Sub-Standard Assets	91-180 days	> 8 to 25 weeks
	Loss Assets	>180 days	>25 weeks and > 8 weeks expired contracts

Stage I	0- 30 days
Stage II	31-60 days
Stage III (GNPA)	>60 days

Provisioning Norms (On-balance sheet^)	Standard Assets	1% of overall Portfolio reduced by Provision for NPA (If provision for NPA < 1% of overall Portfolio)	0.4%-1% depending on NPA or as stipulated by RBI, whichever is higher
	Sub-Standard Assets	50% of instalments overdue*	50% of outstanding principal*
	Loss Assets	100% of instalments overdue*	100% of outstanding principal/ write-off*

Stage I (Q4FY19 0.62%)	ECL Methodology is used
Stage II (Q4FY19 40%)	
Stage III (GNPA) (Q4FY19 70%)	

Provisioning Norms for Managed loans			1% of overall Portfolio subject to the maximum guarantee given in respect of these arrangements.
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1% of overall Portfolio subject to the maximum guarantee given in respect of these arrangements.
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* The aggregate loan provision will be maintained at higher of 1% of overall portfolio or as per company's provisioning policy.

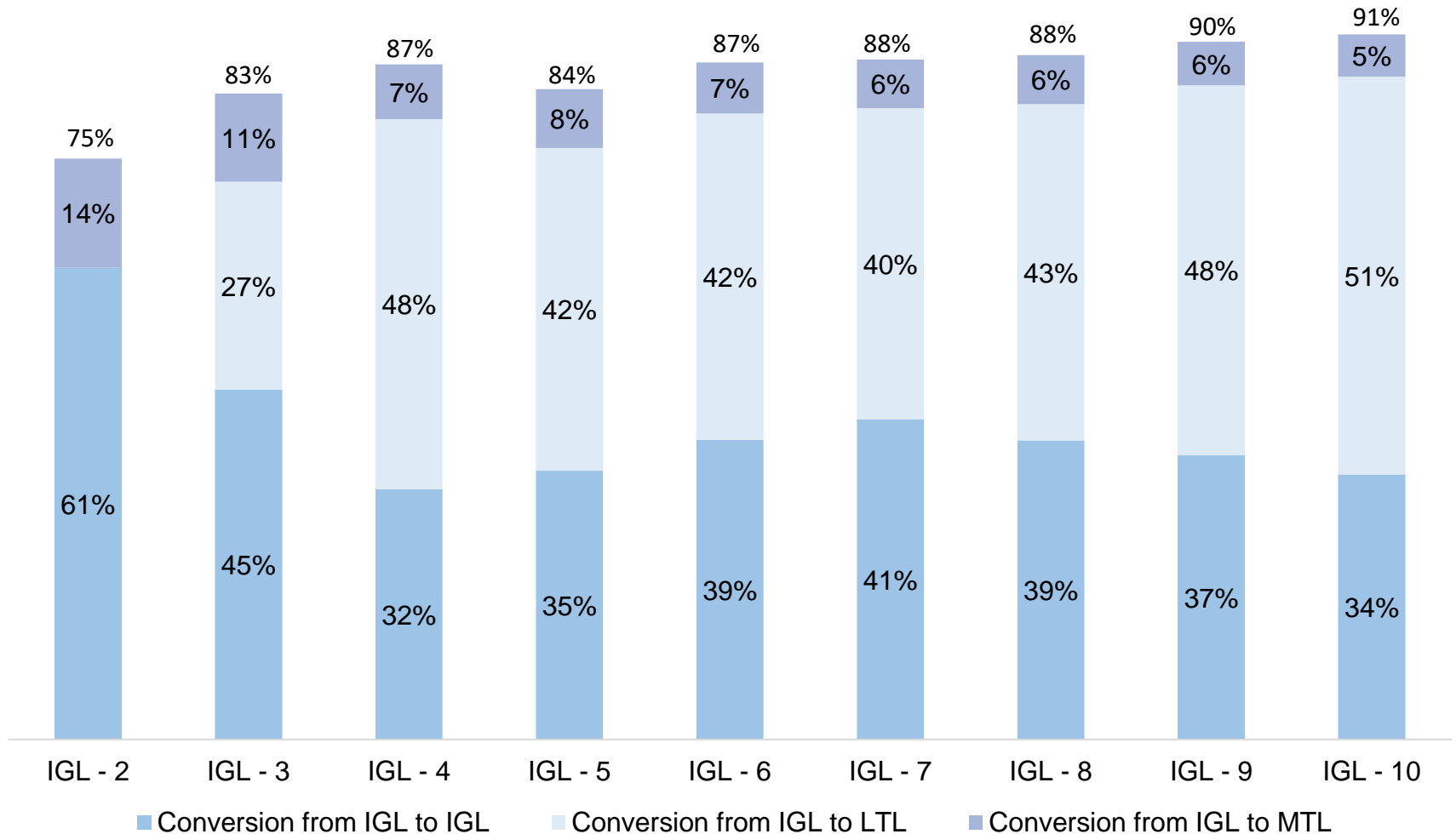
^ Securitised portfolio is recognised as financial asset (on-balance sheet) as per Ind AS

As per Ind AS 109, Expected credit loss method should be used to forecast future expected credit loss

ANNEXURES - OPERATIONS

GROUP UNDERWRITING AT WORK

LOAN CONVERSION TO NEXT CYCLE



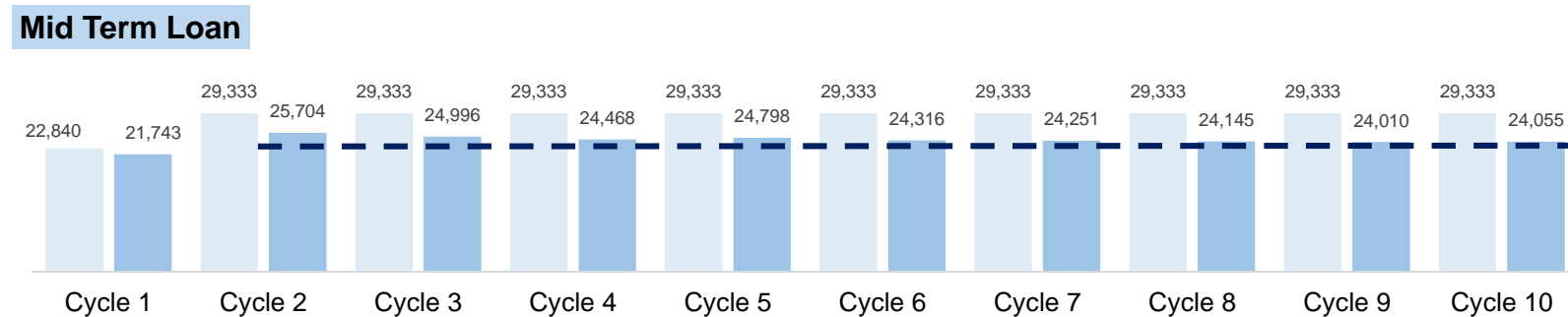
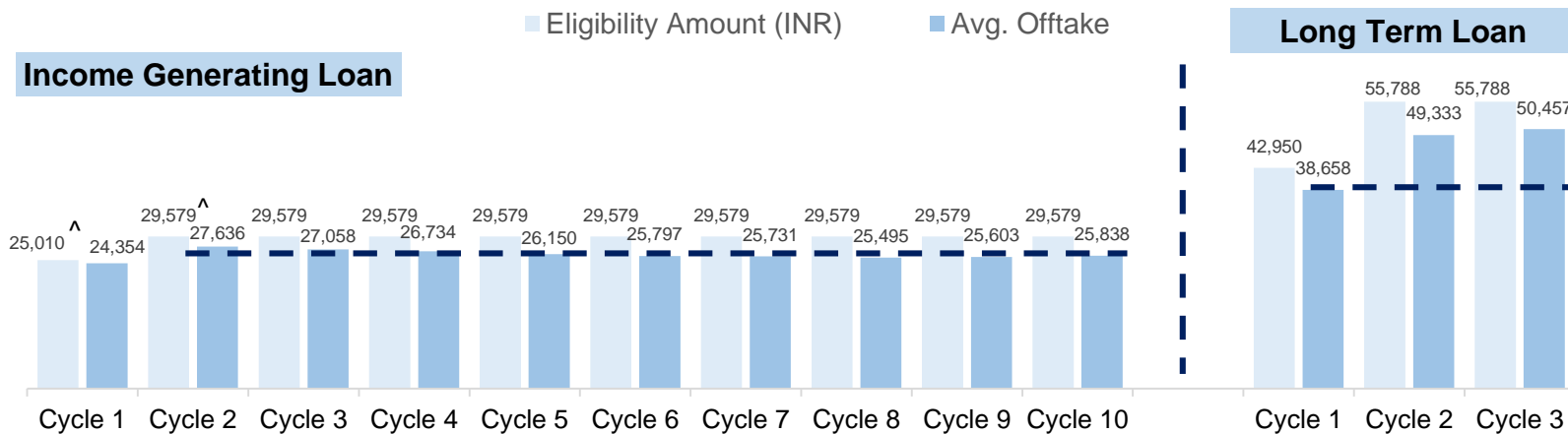
Note:

The above data is as on 30th Sep'16 (Pre demonetisation period).

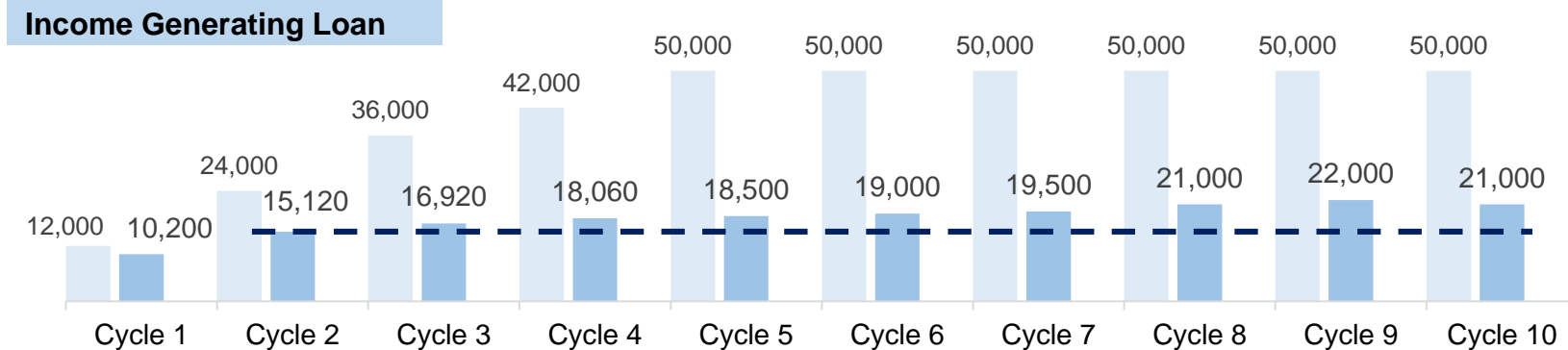
Active IGL loans disbursed during Jan'15 to Mar'15 have been considered as base and loans disbursed in subsequent cycles over the next 1.5 yrs i.e. till Sep'16 have been taken and cycle wise conversion has been arrived. Only the next first loan taken by customer is taken into consideration for conversion.

JLG MODEL ENSURES EFFECTIVE CONTROL ON AVERAGE INDIVIDUAL EXPOSURE, IRRESPECTIVE OF ACTUAL LOAN ELIGIBILITY

Q4FY19



Q2FY11 (PRE-CRISIS)



^ Note: Maximum Offtake eligibility for IGL (1 year Tenure) : June-11 to Dec'15 – Rs. 15,000; Dec'15 – IGL 1 Rs.20,000 , IGL 2 Rs.30,000, Mar'17 for – IGL 1 is Rs. 24,800 and IGL 2 is Rs. 29,800 and currently for IGL 1 is Rs. 25,010 and IGL 2 is Rs. 29,579

CYCLE WISE NON-AP LOAN BORROWERS

Cycle Wise	Q4FY18	Q3FY19	Q4FY19
IGL 1	38%	41%	38%
IGL 2	18%	13%	15%
IGL 3	9%	8%	6%
IGL 4	3%	2%	2%
IGL 5	1%	0.7%	1%
IGL 6	1%	0.4%	0.3%
IGL 7	1%	0.4%	0.3%
IGL 8	1%	0.4%	0.3%
IGL 9 and above	1%	0.5%	0.5%
Total IGL Borrowers	72%	67%	64%
LTL 1	11%	16%	18%
LTL 2 and above	5%	7%	8%
Total LTL Borrowers	17%	24%	26%
MTL 1	7%	7%	7%
MTL 2	2%	1%	1%
MTL 3	1%	0.4%	0.4%
MTL 4	0.6%	0.2%	0.2%
MTL 5	0.3%	0.1%	0.1%
MTL 6 and above	0.3%	0.1%	0.1%
Total MTL Borrowers	11%	9%	9%
Cross Sell	0.4%	0.2%	0.1%
Total IGL + LTL + MTL + Cross Sell	100%	100%	100%

Note:

- Customers having IGL & MTL loans, have been grouped under respective IGL loan cycle
- Customers having LTL & MTL loans, have been grouped under respective LTL loan cycle
- MTL clients represents borrowers with only MTL loans
- Cross-sell clients represents borrowers with only cross-sell loans

DIFFERENCES IN LENDING MODEL BETWEEN SHG & JLG

	SHG	JLG (BFIL)
Model	Savings led (Members collectively save money for 6 months to avail credit)	Credit led (No savings required, members have an access to the finance as per the requirement)
Borrowers Segment	Women/Men	Women
Lending Methodology	Group (Size 10-20 members)	Group (5 members)
Loan Processing time	4 Months	1 week
Repayment frequency	Monthly	Weekly
Credit Decision	Group leader decides the quantum of loan for the member	Entire group and the center decides the quantum of loan
Credit Bureaus Reporting	Not much information available (RBI mandated the SHGs to share data from July 2016)	Weekly sharing of the data with Credit Information Bureaus

SHG Concentration:

Top 5 States	% Mix in Portfolio (Mar-18)	Portfolio O/S (Mar-18) INR Crs.
Andhra Pradesh	29%	22,242
Telangana	18%	13,762
Karnataka	15%	11,126
Tamil Nadu	9%	6,648
West Bengal	8%	5,870
Others	21%	15,950
Total	100%	75,598

PRODUCT OFFERINGS

	IGL	MTL	LTL	Other product offerings^^
Loan portfolio (INR Crs) / (% Mix)	6,857 (39%)	5,088 (29%)	5,334 (31%)	84 (0.5%)#
Ticket size range	INR 6,821 to INR 29,579	INR 9,800 to INR 29,333^	INR 34,333 to INR 55,788	INR 1,310 to INR 15,010
Avg. Ticket Size (INR) For Q4FY19	25,585	23,069	41,048	3,739
Eligibility*	<ul style="list-style-type: none"> ▪ Completion of CGT / GRT ▪ Age limit 18 years to 58 years 	<ul style="list-style-type: none"> ▪ With IGL - Between 19th to 44th week ▪ With LTL – Between 19th to 94th week 	<ul style="list-style-type: none"> ▪ Minimum One IGL Loan cycle completed ▪ Maximum limit for LTL 1 post IGL 1 - INR. 34,333** ▪ Maximum limit for LTL 1 post IGL 2 - INR. 42,950** 	<ul style="list-style-type: none"> ▪ With IGL – Between 4th to 44th week ▪ With LTL – Between 4th to 94th week ▪ With MTL – Between 4th to 71st week
Tenure	50 weeks	75 weeks	104 weeks	25 weeks / 50 weeks
Annual effective interest rate	19.75% (w.e.f 7 th Dec'15 for new loans)			<ul style="list-style-type: none"> ▪ 19.60% - 19.70%
Processing fee (Incl. Good & Service Tax)	<ul style="list-style-type: none"> ▪ 1.18% for Non-BC branches ▪ For BC Branches <ul style="list-style-type: none"> - 1.18% for Loan amount >Rs, 25,000 - Zero processing fee for loans <Rs. 25,000 			<ul style="list-style-type: none"> ▪ 0.7% -1.18%
* Eligibility criteria over and above the criteria prescribed by the RBI				

^^Loans for Mobile Phones, Solar lamps, Sewing Machines, Bicycle, Gas Stove, Induction cooktop, tarpaulin Sheets, Water-purifier(Excluding Two-wheeler loans, Loans for home improvement and Other working capital loans which are in pilot stage).

Portfolio excludes Two-wheeler loans - Rs 46 Crs, Home improvement Rs. 4.6 Crs & Other working capital loans worth Rs. 2 Crs.

** With effect from 03rd December 2018

PRODUCT WISE - DISBURSEMENT, PORTFOLIO OUTSTANDING AND TICKET SIZE

		IGL	LTL	MTL	Others*	Total
Q4FY18	No. of Loans Disbursed in '000	1,355	241	568	604	2,768
	<i>% Mix</i>	49%	9%	21%	22%	100%
	Amount of Loan Disbursed (In Crs.)	3,397	976	1,221	145	5,738
	<i>% Mix</i>	59%	17%	21%	3%	100%
	Portfolio Outstanding (In Crs.)	6,337	2,507	3,605	146	12,594
	<i>% Mix</i>	50%	20%	29%	1%	100%
	Avg. Ticket Size INR	25,081	40,448	21,495	2,394	20,735
Q3FY19	No. of Loans Disbursed in '000	1,277	353	768	183	2,581
	<i>% Mix</i>	49%	14%	30%	7%	100%
	Amount of Loan Disbursed (In Crs.)	3,378	1,496	1,866	82	6,822
	<i>% Mix</i>	50%	22%	27%	1%	100%
	Portfolio Outstanding (In Crs.)	6,846	4,789	4,909	130	16,674
	<i>% Mix</i>	41%	29%	29%	1%	100%
	Avg. Ticket Size INR	26,446	42,325	24,308	4,488	26,429
Q4FY19	No. of Loans Disbursed in '000	1,331	352	707	172	2,562
	<i>% Mix</i>	52%	14%	28%	7%	100%
	Amount of Loan Disbursed (In Crs.)	3,404	1,444	1,631	89	6,568
	<i>% Mix</i>	52%	22%	25%	1%	100%
	Portfolio Outstanding (In Crs.)	6,857	5,334	5,088	137	17,417
	<i>% Mix</i>	39%	31%	29%	1%	100%
	Avg. Ticket Size INR	25,585	41,048	23,069	5,148	25,637

*Cross sell products

Note: Above numbers are based on Previous GAAP

LEVERAGING THE DISTRIBUTION STRENGTH

	FY16	FY17	FY18	FY19	Q4FY18	Q3FY19	Q4FY19						
	Total	Total	Total	Total	Total	Total	Solar lamps	Mobile phones	Pressure Cooker	Refrigerator	Mixer grinder	Others	Total
No. of Units Facilitated (in Lacs)	15.6	11.6	18.5	13.3	6.0	1.8	0.6	0.4	0.3	0.1	0.1	0.1	1.7
Gross Fees (after service tax) INR Crs.	49.7	42.7	66.4	52.9	23.3	7.9	3.3	1.7	0.7	1.6	0.5	0.6	8.5
Less: Incentives INR Crs.	13.8	9.6	15.7	12.9	5.4	0.9	1.2	0.9	0.6	0.2	0.5	0.3	3.6
Net Fees INR Crs.*	28.3	26.0	39.9	28.0	14.1	4.9	1.5	0.6	0.1	0.9	0.02	0.2	3.4
Loan Portfolio INR Crs.	101.9	32.4	145.0	130.4	145.0	125.5	12.3	21.5	4.0	38.5	4.8	49.3	130.4
Net Fee Income as % of PAT**	9.3%	13.5%	6.8%	2.8%	6.7%	1.7%	0.5%	0.2%	0.03%	0.3%	0.01%	0.1%	1.0%
Loan Portfolio Mix	1.3%	0.4%	1.2%	0.7%	1.2%	0.8%	0.1%	0.1%	0.02%	0.2%	0.03%	0.3%	0.7%

*Net fee post the incentive payout and sans transfer pricing of other operating cost and Post tax adjustment

^Loans for Gas Stove, Induction Cooktop, Tarapulin sheets, Bi-cycle, Water-purifier, Two wheelers and Solar Fans

** PAT before MAT credit entitlement of Rs.97 Crs as on 31-Mar-16 for FY17.

Penetration Based On Total No. Of Loans

	FY14	FY15	FY16	FY17	FY18	FY19	Cumulative past 6 years
Solar Lamp	0.8%	4.4%	6.0%	6.9%	9.0%	4.7%	31.9%
Mobile Phone	1.4%	5.0%	8.0%	4.4%	6.9%	3.7%	29.4%
Sewing Machine	-	-	1.5%	0.8%	0.7%	0.4%	3.4%
Pressure Cooker	-	-	-	-	0.9%	2.3%	3.2%
Mixer Grinder	-	-	-	-	-	2.6%	2.6%
Others	-	0.2%	2.1%	0.8%	0.2%	0.9%	4.2%
Total	2.2%	9.6%	17.6%	13.0%	17.8%	14.6%	74.8%

Frequency of Loans Based On Current Member Base

Frequency of Loans (for the period)	FY14	FY15	FY16	FY17	FY18	FY19	Cumulative past 6 years
#1	1.3%	4.2%	7.3%	7.5%	14.3%	12.8%	26.8%
#2	0.1%	0.4%	1.0%	0.4%	1.6%	0.9%	7.6%
#3	-	-	0.1%	-	0.1%	-	2.6%
#4	-	-	-	-	-	-	1.0%
#5	-	-	-	-	-	-	0.4%
Total	1.3%	4.6%	8.4%	7.9%	16.0%	13.7%	38.5%

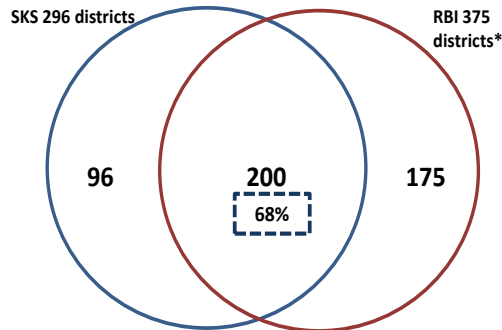
Cumulative Cross-sell Penetration % among our existing Non-AP Member base of 8.8 mn for last 6 years is 38.5%

BFIL FINANCIAL INCLUSION COVERAGE...

Strong reach in under-banked areas

68% of BFIL branches are in RBI under-banked district list

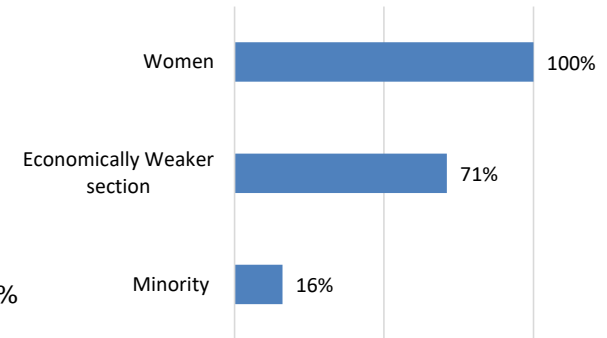
BFIL covers 68% of below average & low financial districts identified by CRISIL



CRISIL level of financial inclusion	SKS Coverage of those districts
High	18%
Above average	15%
Below average	51%
Low	16%
Grand Total	100%

68%

Weaker & Minority section coverage



* Source: RBI under-banked districts data

[1] Source: CRISIL Inclusix: An index to measure India's progress on Financial Inclusion, June 2013

.... IS SUPPORTED BY ROBUST CUSTOMER CENTRIC PRACTISES

Doorstep Service



Doorstep delivery (i.e. at Center meetings)

Financial literacy



2 day process consisting of hour-long sessions designed to educate clients on BFIL processes and credit discipline.

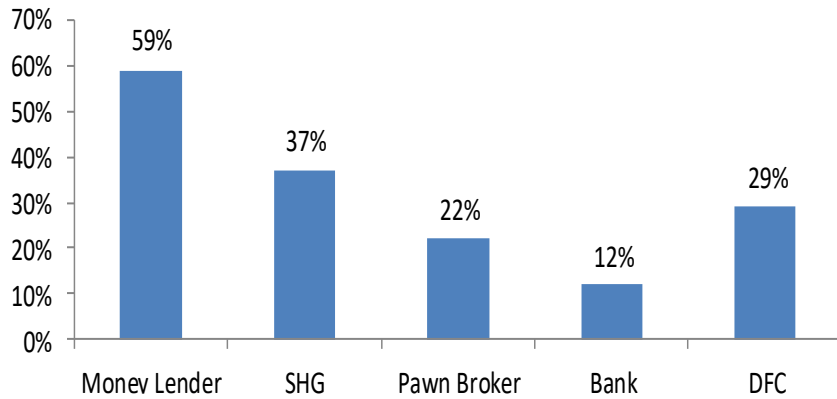
Dedicated customer service

Toll free Number
1800 300 10000
 Call Timings:
 Morning 7:30 AM to Evening 3:30 PM
 (Monday to Friday)
 You can call this number from any number FREE of cost.

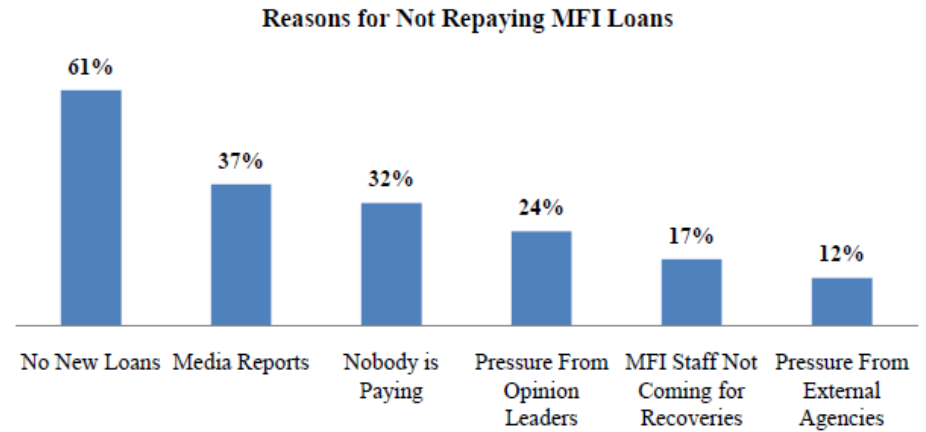
Toll-free helpline number with seven different vernacular languages

WHAT ARE CLIENTS DOING POST THE ANDHRA PRADESH MFI CRISIS?

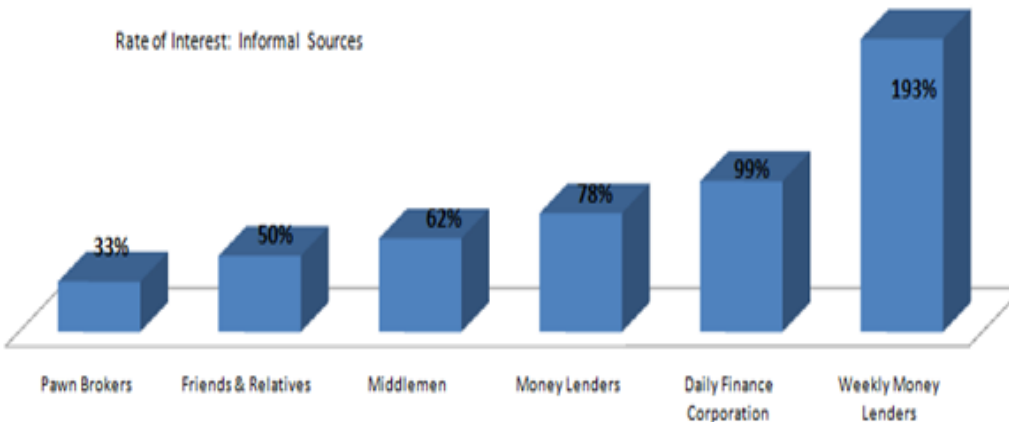
Sources of Credit (in the absence of MFI Loans)



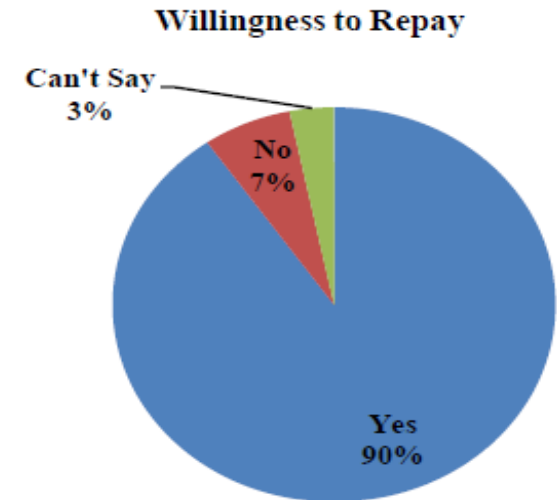
Reasons for not repaying MFI loans



Interest rates charged by informal sources (in the absence of MFIs)



Willingness to repay



Data relates to Andhra Pradesh & Telangana

Source: "What are Clients doing post the Andhra Pradesh MFI Crisis?", MicroSave, 2011

ANNEXURES - FINANCIALS

CASH AND CASH EQUIVALENT BALANCES

INR Crs.

	FY18	FY19	Q4FY18	Q3FY19	Q4FY19
Interest Yielding^	929	748	594	498	787
Non Interest Yielding^^	429	568	514	586	635
Total	1,358	1,315	1,108	1,084	1,422

^fixed deposits, excluding margin money deposits.

^^Includes current account and cash balances

Note: Daily Average figures

ANNEXURES - TECHNOLOGY

TECHNOLOGY ADVANCEMENTS DRIVEN BY INDUSTRY LEADING PARTNERSHIPS

Initiatives

Technology Partner

Solution

Benefits

**Mobility driven
Jandhan/Aadhaar compliant
(JAM)
Lending Management
Software (LOS & LMS)**

In-House Team

SKS SMART

- A robust framework that encompasses workflow/reporting and analytic engines
- Works in online/offline mode to mitigate connectivity challenges.

**TABLETS' - Hand held device
for field staff**



Enterprise Mobility

- Enhances Productivity of SMs- Reduced time spent at both center meeting and back office
- Paper less transaction - Pre-printed loan application form.

**JAM Compliant Agent
Banking for Cash less
transactions and Cross-Sell**

In-House Team

SKS SMART Agent

- A Mobile, Jan-Dhan / Aadhar compliant door step banking solution with full eco-system is in place

ERP Implementation



ERP

- ERP - Automation of financial accounting/ investment management, procurement and payment process.

**Migrated from on-premises
email system to hosted
exchange**



Office 365

- Enhanced email security, 99.99% uptime, On mobile office 365 access.
- Additional products such as One-Drive, Enterprise Skype etc. for easy access of data and better communication.

**Data Centre– Migration to
Cloud**



Data Centre Hosting

- On-demand capacity scale-up.
- Business Continuity Plan.

ANNEXURES – HR

ATTRITION RATE AT SANGAM MANAGER LEVEL IS LARGELY CONTRIBUTED BY NEW JOINEES. EXCLUDING NEW JOINEES, THE AVG. VINTAGE IS 3.4 YEARS

Sangam Manager Attrition %	<ul style="list-style-type: none"> 32% for FY19
Who?	<ul style="list-style-type: none"> Sangam managers who earn lesser average monthly performance incentive** i.e. ~Rs. 5,800 vis-à-vis ~Rs. 9,600 for other Sangam Managers.
When?	<ul style="list-style-type: none"> Majority of the staff who leaves the job, decides to leave within first year from joining date.
Why?	<ul style="list-style-type: none"> Work conditions such as : <ul style="list-style-type: none"> Average distance travelled per day is ~30 kms. Work location is different from home location Branch Reporting time at 6:30 AM
Retention Strategy	<ul style="list-style-type: none"> 2nd Best paying job (~Rs.18,500 pm) in the local milieu (1st – Govt. Job) High growth career path – No lateral recruitments till 4 levels above loan officer.

Vintage of SMs Exited FY19	%Mix
< 6 Months	42%
6 Months - 1 Yr.	23%
1 -2 Yrs.	17%
2- 3 Yrs.	12%
> 3 Yrs.	7%

Member Services	Avg. Vintage (Yrs.) As on Mar-19
Branch Management*	7.6
Sangam Managers	2.2 (3.4 [^])

^ Avg Vintage of Sangam Managers (Excl. who joined in last one year) i.e. 56% of Sangam Managers is 3.4 Yrs.

*Includes Promoted Sangam Mangers
**H1FY19

ANNEXURES - COMPLIANCE

COMPLIANCE WITH RBI NBFC-MFI REGULATORY FRAMEWORK (1/2)

	RBI norms for NBFC-MFIs	BFIL compliance
NBFC–MFIs	<ul style="list-style-type: none"> Qualifying assets to constitute not less than 85% of its total assets (excluding cash and bank balances) At least 50% of loans for income generation activities 	<ul style="list-style-type: none"> Qualifying assets - 91% Income generation loans 98%
Pricing Guidelines		
Income of Borrower's Family	<ul style="list-style-type: none"> Rural : <=Rs.100,000 Non-Rural : <=Rs. 1,60,000 	✓
Ticket Size	<ul style="list-style-type: none"> <= 60,000 – 1st cycle <= Rs.100,000 – Subsequent cycle 	✓
Indebtedness	<ul style="list-style-type: none"> <= Rs. 100,000 	✓ <= Rs. 80,000 [#]
Tenure	<ul style="list-style-type: none"> If loan amt. > Rs.30,000, then >= 24 months 	✓
Collateral	<ul style="list-style-type: none"> Without collateral 	✓
Repayment Model	<ul style="list-style-type: none"> Weekly, Fortnightly and Monthly 	✓

With effective from Q1FY19

COMPLIANCE WITH RBI NBFC-MFI REGULATORY FRAMEWORK (2/2)

RBI norms for NBFC-MFIs

BFIL compliance

Pricing Guidelines

Interest Rate[^]

- A. Margin cap – 10% above cost of borrowings
- B. Avg. base rate of top 5 commercial banks X 2.75
- Lower of the A and B.



Margin: 9.1% for FY19

Interest rate 19.75% w.e.f 7th December'15 for new loans

Processing Fees

- <= 1% of loan amt.



Insurance Premium

- Actual cost of insurance can be recovered from borrower and spouse
- Administrative charges can be recovered as per IRDA guidelines



Penalty

- No penalty for delayed payment



Security Deposit

- No security deposit/ margin to be taken



BFIL has never taken security deposit/ margin

[^] W.E.F April 1, 2017 - Quarterly Margin Cap will be followed- Average interest rate on loans sanctioned during a quarter shouldn't exceed the Avg borrowing cost during the preceding quarter plus margin cap.

BFIL LOAN PORTFOLIO QUALIFIES FOR OVERALL PSL TARGET OF 40% AND ALL SUB-TARGETS UNDER NEW PSL NORMS

S.no.	RBI			BFIL	
	Sector	Category	Target for Banks %	Qualifying Portfolio of BFIL %	Explanation
1	Agriculture	Target	18%	56%	Livestock, Agri & Allied
	- Direct Agriculture*	Sub-target	~13.5%*		
	- Direct Small & Marginal farmers*	Sub-target	8%		
2	Weaker	Target	10%	100%	100% Loans are to women beneficiaries (with less than Rs.1 lac).
					Further, Minority communities constitute 17% and economically weaker sections 72% of loan portfolio.
3	Micro-enterprises	Target	7.5%	100%	Loans to MFIs for on-lending to microenterprises.

Note:

* Banks are also directed to ensure overall direct lending to non-corporate farmers, which should not fall below the system wide average of last three years achievement, which is notified as 11.78% as per RBI notification dated 21st September 2017. They should also continue to maintain all efforts to reach the level of 13.5% direct lending to beneficiaries..
Refer Slide no. 51 for details on purpose wise loan portfolio outstanding.

ANNEXURES – INTERNAL AUDIT

INTERNAL AUDIT PLAYS A CRITICAL ROLE IN ASSESSING PROCESS CONTROLS

Strength

- 268 strong headcount
- ISO 9001:2015 certified process
- All branches are inspected monthly based on a 4 tier grading system
- Top 25 disbursement branches are audited twice in a month
- Incentives/appraisals of field staff linked to branch grading
- Internal Audit of branches are fully automated
- Process Consulting & IT applications review

Scope

- Branches 1,854
- Branches per Internal Audit staff 7
- Regional Offices 40

Automation of Internal Audit

Pre	Post	Benefits
MS-Excel	Automated risk based audit	Improved Audit quality
Onsite Audits	Onsite & Offsite Audits	Improved Audit efficiency
Offline audit & control	Real time control for Managers	
7 branches per IA staff	18 branches per IA staff by FY20	Efficiency gains

Scope of Audit

Audit area	Frequency	Client Acquisition	Center Meeting Process	Document verification (KYC, Loan utilization check etc.)	Monitoring process by supervisors	Adherence to Process / Policies	Statutory Requirements (Credit bureau, Fair practices etc.)	Client Visits*	High Risk items (Frauds etc.)
IGL Branches	Monthly	√	√	√	√	√	√	√	√
Regional Offices	Quarterly	-	-	-	-	√	√	-	√
Head office**	Quarterly	-	-	-	-	√	√	-	-

Note:

* Approximately upto 20% of the clients are covered by Internal Audit in an year during the branch audits. Clients visited on a sample basis to check for Loan confirmations, Loan utilization (LUC) , arrears and awareness on Client Protection Principles (CPP)

** Head Office Audit is co-sourced with Deloitte Haskins & Shell LLP,



THANK YOU