



BHARAT
Financial Inclusion Ltd
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh
Begumpet, Hyderabad - 500 016, Telangana, India T: +91 40 4452 6000
F: +91 40 4452 6001; info@bfil.co.in | www.bfil.co.in

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

January 29, 2019

The General Manager,
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.

The Vice President - Listing Department
The National Stock Exchange of India Limited
Exchange Plaza,
Bandra - Kurla Complex,
Bandra (East)
Mumbai - 400 051.

Dear Sir/Madam,

Sub: Approval of Audited Financial results for quarter / nine months ended December 31, 2018

In compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the Board of Directors of Bharat Financial Inclusion Limited at its meeting held on January 29, 2019 (commenced at 2.30 p.m. and concluded at 5.30 p.m.) has approved Audited Financial Results for the quarter / nine months ended December 31, 2018.

In relation to the above, we are enclosing herewith a copy of each of the following:

1. Audited Financial Results for the quarter / nine months ended December 31, 2018 along with the Auditor's Report thereon;
2. Earnings Update for the quarter / nine months ended December 31, 2018, which we plan to host on our website www.bfil.co.in

We request you to take the same on record.

Thanking you,

Yours faithfully

For Bharat Financial Inclusion Limited

Rajendra Patil

Sr. Executive Vice President - Legal & Company Secretary

Encl: As above



January 29, 2019

B S R & Associates LLP

Chartered Accountants

Salarpuria Knowledge City
Orwell, B Wing, 6th Floor, Unit-3
Sy. No. 83/1, Plot No. 2, Raidurg
Hyderabad-500081, India.

Telephone : +91 40 7182 2000
Fax : +91 40 7182 2399

Independent Auditor's report on quarterly financial results and year-to-date results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

To

**The Board of Directors of
Bharat Financial Inclusion Limited**

1. We have audited the quarterly financial results of Bharat Financial Inclusion Limited ('the Company') for the quarter ended 31 December 2018 and the year-to-date financial results for the period from 1 April 2018 to 31 December 2018 ('financial results'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Listing Regulations.
2. These quarterly financial results as well as the year-to-date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) for Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of Listing Regulation.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



Bharat Financial Inclusion Limited
Independent Auditor's Report (continued)

4. Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results as well as the year-to-date results:
- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
 - (ii) give a true and fair view of the net profit and other comprehensive income and other financial information for the quarter ended 31 December 2018 as well as the year-to-date results for the period from 1 April 2018 to 31 December 2018.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/W-100024



Sriram Mahalingam
Partner
Membership No: 049642

Place: Mumbai
Date: 29 January 2019

Bharat Financial Inclusion Limited

Regd. Office: Unit No. 410, "Madhava", Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

Statement of Financial Results for the quarter and nine months ended December 31, 2018

		<i>Rs. in crores</i>					
Sr No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2018 Audited	December 31, 2017 Audited	September 30, 2018 Audited	December 31, 2018 Audited	December 31, 2017 Audited	March 31, 2018 Audited
1	Revenue						
(a)	Revenue from operations	813.74	576.35	760.10	2,185.64	1,509.51	2,155.68
(b)	Other income	0.05	0.07	0.03	0.15	0.29	1.08
	Total revenue	813.79	576.42	760.13	2,185.79	1,509.80	2,156.76
2	Expenses						
(a)	Finance Costs	203.89	182.51	204.66	607.88	537.60	727.01
(b)	Impairment on financial instruments	19.25	(9.54)	25.71	63.51	24.75	68.54
(c)	Employee Benefits Expense	151.16	147.29	159.62	469.96	375.33	525.25
(d)	Depreciation, amortization and impairment	5.24	3.52	3.79	11.73	9.37	13.25
(e)	Others expenses	53.66	43.61	58.57	161.39	117.42	162.25
	Total expenses	433.20	367.39	452.35	1,314.47	1,064.47	1,496.30
3	Profit / (loss) before tax (1-2)	380.59	209.03	307.78	871.32	445.33	660.46
4	Tax expenses						
(a)	Current tax	75.32	30.74	78.63	300.87	75.42	78.92
(b)	Excess provision of tax relating to earlier years	-	-	-	-	-	(0.70)
(c)	Deferred tax	16.86	16.07	(3.77)	(92.99)	69.34	71.76
(d)	Minimum Alternate Tax credit entitlement	-	(30.74)	-	-	(75.42)	(78.92)
	Total tax expense	92.18	16.07	74.86	207.88	69.34	71.06
5	Profit / (loss) after tax (3-4)	288.41	192.96	232.92	663.44	375.99	589.40
6	Other Comprehensive Income						
(a)	(i) Items that will not be reclassified to profit or loss	(1.78)	0.12	0.52	(3.84)	(1.66)	11.36
	(ii) Income tax on the above	0.62	(0.04)	(0.18)	1.34	0.57	(4.09)
(b)	(i) Items that will be reclassified to profit or loss	(3.76)	0.52	2.58	1.34	10.12	
	(ii) Income tax on the above	1.31	(0.18)	(0.90)	(0.47)	(3.50)	
	Other Comprehensive Income (a + b)	(3.61)	0.42	2.02	(1.63)	5.53	7.27
7	Total Comprehensive Income (5+6)	284.80	193.38	234.94	661.81	381.52	596.67
8	Earnings per equity share (Not annualised)						
	Nominal value of share	10.00	10.00	10.00	10.00	10.00	10.00
	Basic	20.58	13.91	16.66	47.47	27.19	42.56
	Diluted	20.50	13.82	16.53	47.21	26.95	42.16



BHARAT FINANCIAL INCLUSION LIMITED

Notes:

1. The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 from 1 April 2018 and the effective date of such transition is 1 April 2017. Such transition has been carried out in line with the relevant exemptions provided under Ind AS 101 from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ('RBI') (collectively referred to as 'the previous GAAP').

Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2017 and the corresponding figures presented in these results have been restated / reclassified.

Any application guidance/ clarifications/ directions issued by RBI or other regulators will be implemented as and when they are issued/ applicable.

2. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on January 29, 2019 in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. As required by paragraph 32 of Ind AS 101, reconciliation of the financial results to those reported under previous GAAP is summarised as follows:

	INR in Crores	
Reconciliation of the financial results	Nine month ended December 31, 2017	Quarter ended December 31, 2017
Profit/ (Loss) after tax as per previous GAAP	244.96	162.61
Expected credit loss on Loans & advances	209.79	18.00
Effective interest rate impact on financial assets and financial liability	5.34	4.96
Net gain on derecognition of loans sold under assignment transaction	21.32	28.77
Reversal of gain on derecognition of loans sold under securitisation transactions prior to date of transition	(38.61)	(5.98)
Others	2.53	0.67
Deferred tax impact on the above	(69.34)	(16.07)
Total Profit after tax as per Ind AS	375.99	192.96
Other Comprehensive Income, (net of taxes)	5.53	0.42
Total Comprehensive Income as per Ind AS	381.52	193.38

4. The statutory auditors, B S R & Associates LLP have expressed an unmodified audit opinion on these financial results of the Company for the quarter and nine months ended December 31, 2018.
5. The Composite Scheme of Arrangement among the Company, IndusInd Bank Limited ("Bank") and IndusInd Financial Inclusion Limited (a wholly owned subsidiary of the Bank) and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013 ("Scheme") has been approved by the Competition Commission of India on December 19, 2017 and no objection has been issued by the Reserve Bank of India, the National Stock Exchange of India Limited and the BSE Limited on March 13, 2018, June 1, 2018 and June 4, 2018, respectively. The Scheme was also approved by the shareholders and secured creditors of the Company at their respective meetings both held on December 11, 2018.

As on date, the Scheme remains subject to the receipt of approval from the National Company Law Tribunal and other applicable statutory and regulatory approvals



6. The Company is engaged primarily in the business of Micro- financing and accordingly there are no separate reportable segments as per Ind AS dealing with Operating Segment. The company operates in a single geographical segment i.e domestic.

Place: Hyderabad
Date: January 29, 2019

For Bharat Financial Inclusion Limited
CIN: L65990MH2003PLC0260504


M. R. RAO
Managing Director and CEO
DIN- 03276291





BHARAT
Financial Inclusion Ltd

Prayaas se pragati

EARNINGS UPDATE Q3FY19



JANUARY 2019

BHARAT FINANCIAL INCLUSION LIMITED
(Formerly known as 'SKS Microfinance Limited')

BSE: 533228 • NSE: BHARATFIN

Corporate Identity No. L65999MH2003PLC250504

www.bfil.co.in

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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)



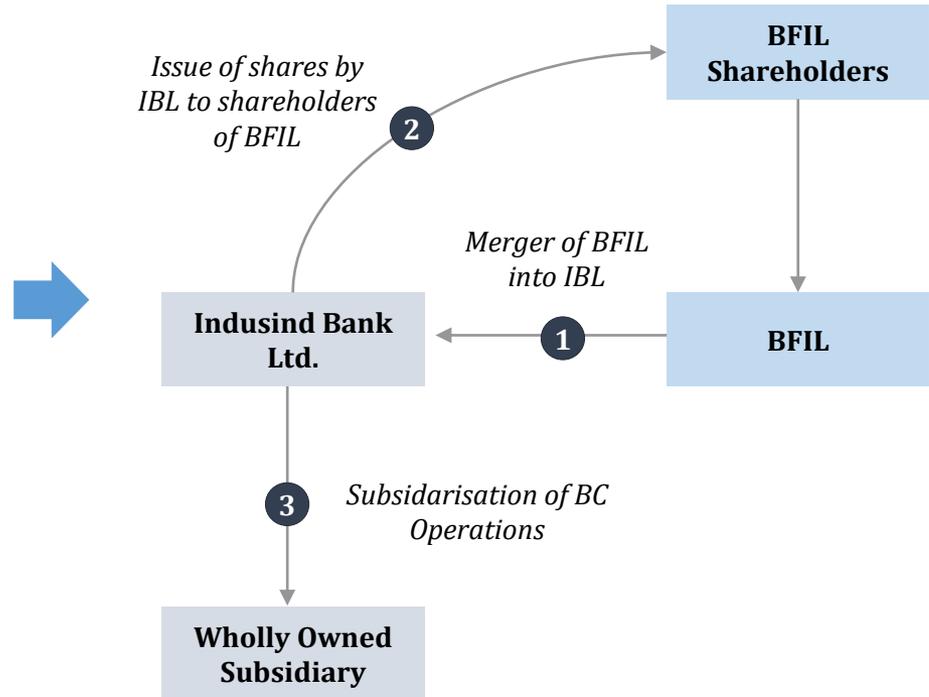
- Cashless collections > Customer analytics > Consumer finance loan

- 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 –AWAITING NCLT FINAL ORDER



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

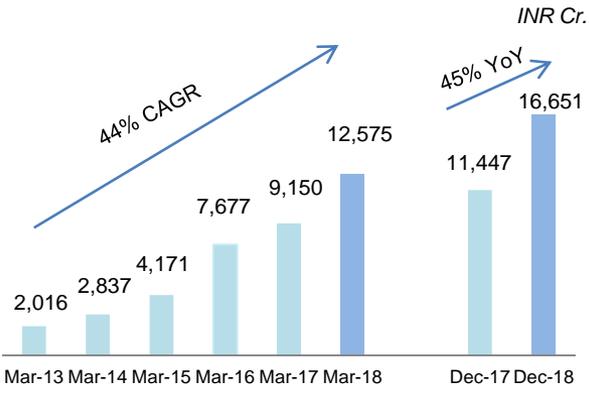
EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

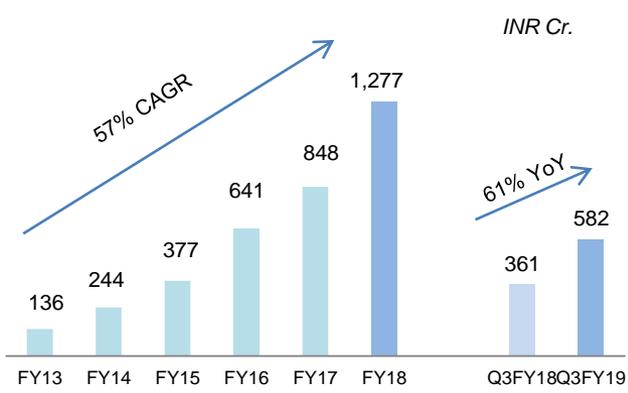
Overview

- Largest microfinance company in India with gross loan portfolio of INR 16,651 Cr., 85 Lakhs members in Non-AP states and 1,793 branches
- Sub 20% lending rate
- Company's Portfolio grew by 45% (YoY) to INR 16,651 Crs. as of Dec 31, 2018
- Profit after tax for Q3FY19 of INR 288 Crs (Previous GAAP INR 243 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

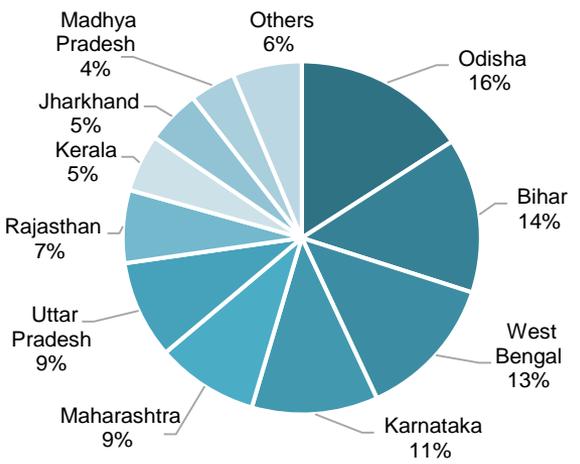
Net worth (INR Cr.)	3,903
Capital Adequacy	36.2%

Efficiency and Profitability

Marginal cost of borrowing#	9.3%
Cost to income	34.4%
Return on Asset^	6.5%
Return on Equity	30.7%

Note: Above Data for Q3FY19
 # includes on and off b/s borrowings (including processing fees) for Q3FY19
 ^Assets includes securitized, assigned and managed loans

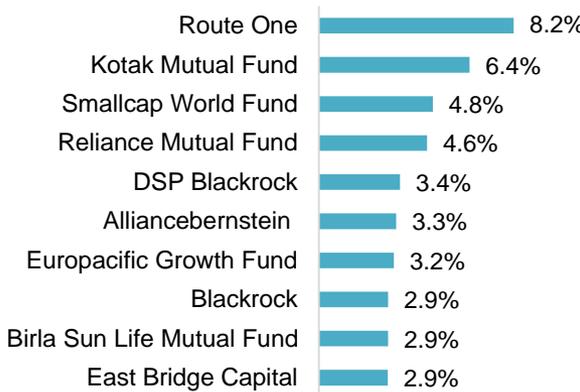
Balanced Geographical mix



Note: Portfolio as of Dec 31, 2018

Diversified Shareholding

Top 10 Shareholders



Note: Shareholding as of Dec 31, 2018

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+ 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 4% to PAT for 9MFY19

Pan-India presence with no unbalanced geographic sectoral exposure

Strong solvency (Capital Adequacy of 36.2% as on 31st Dec 2018) 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

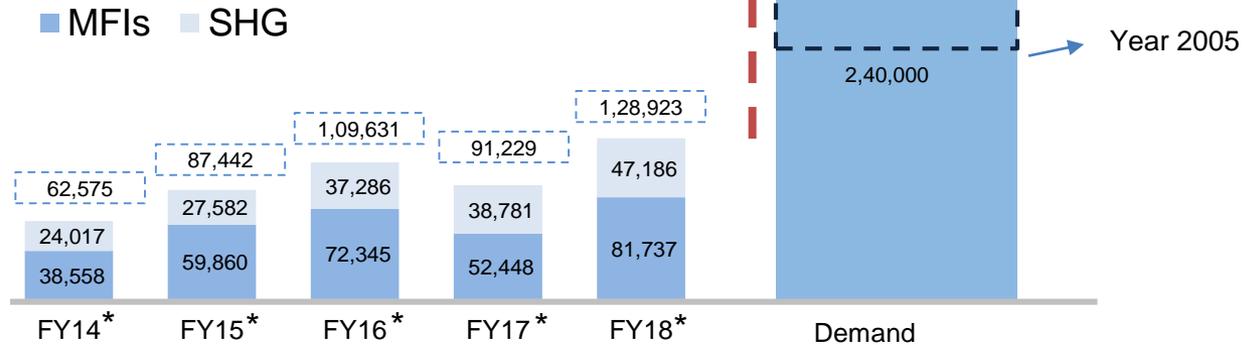
Segment -1

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

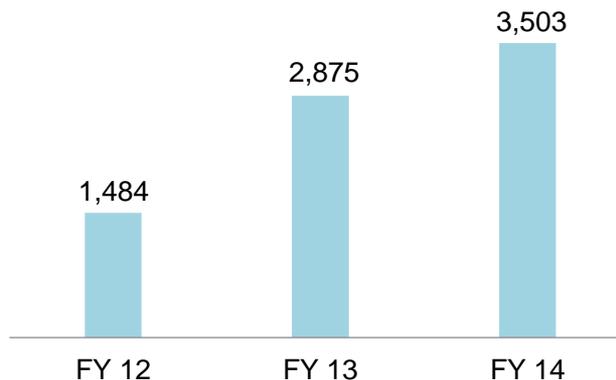
INR crore

Balance Sheet Cleansed

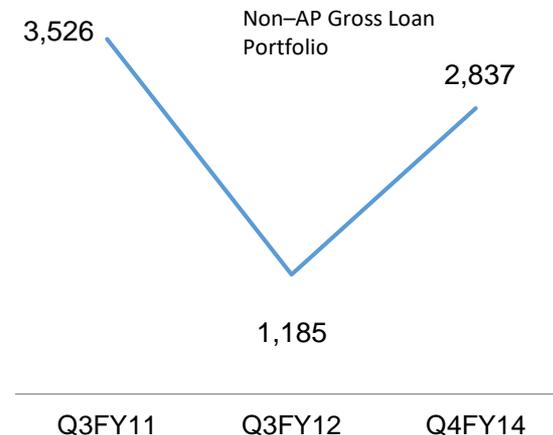
AP exposure of Rs. 1,360 crore written off

Supply-side Shock Managed

Drawdowns



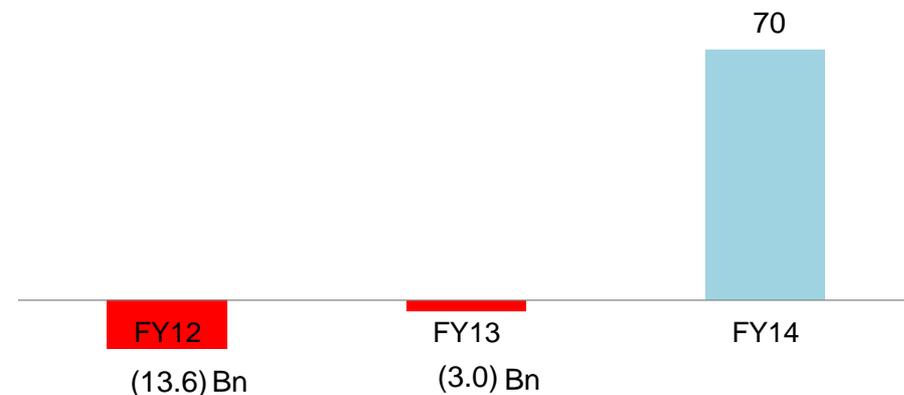
Credit Growth Resumed



Cost Structure Optimization

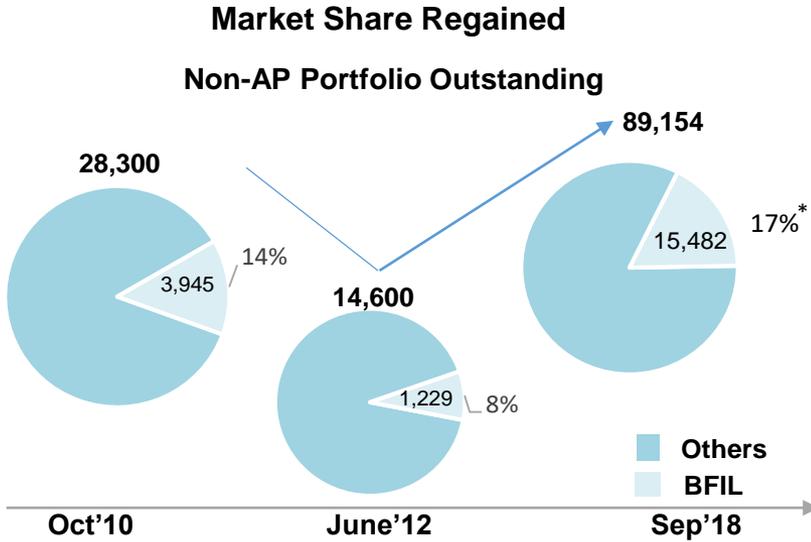
	Q3FY11	Q4FY14	Var.
Branches	2,403	1,255	-48%
Other Opex (INR crore)	51	21	-60%
Headcount	25,735	8,932	-65%
Personnel Cost (INR crore)	89	43	-52%

Return To Profitability



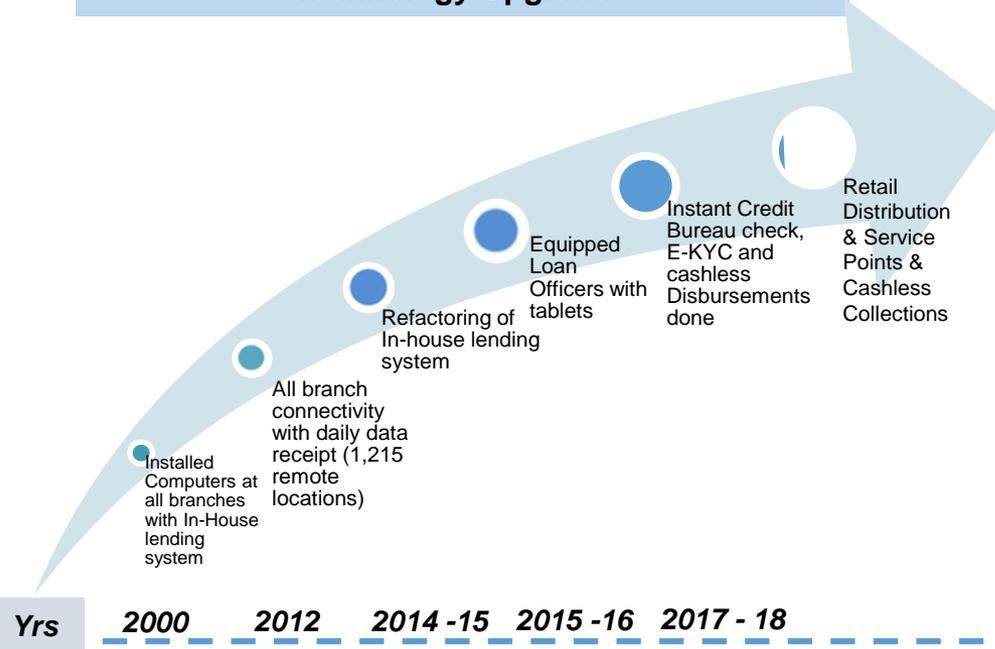
DURABLE FOUNDATION FOR SUSTAINABLE GROWTH (1/2)

INR Crs.



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

Technology Upgraded

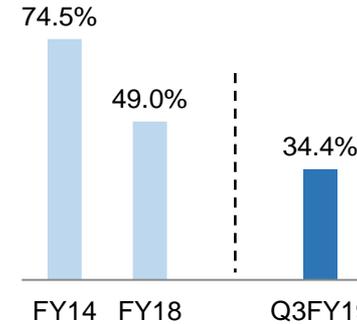


Capital Reinforced

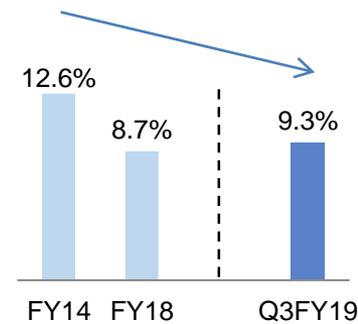
- Net worth - Rs. 3,903 crs
- CAR - 36.2% (RBI Requirement 15%)

Efficiency Gains

Cost to Income



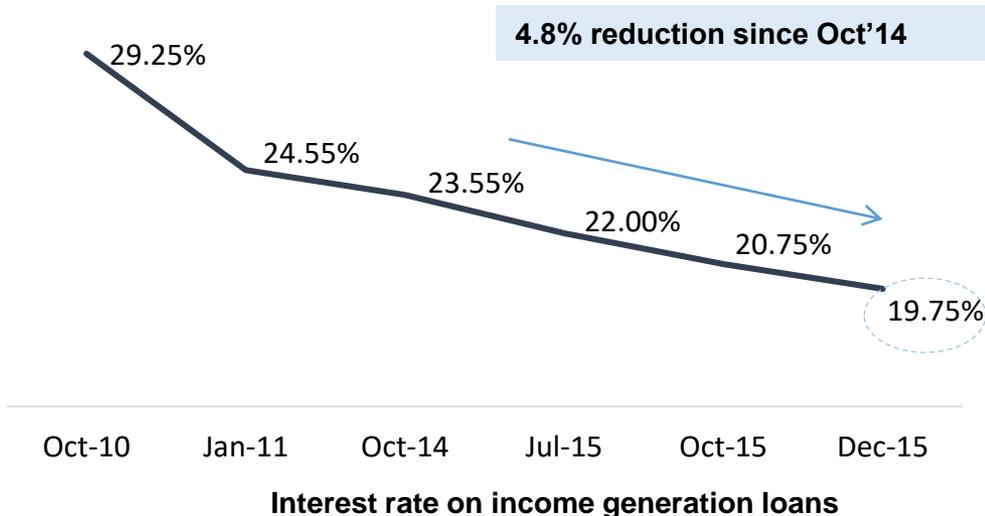
Marginal Cost of Borrowing#



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

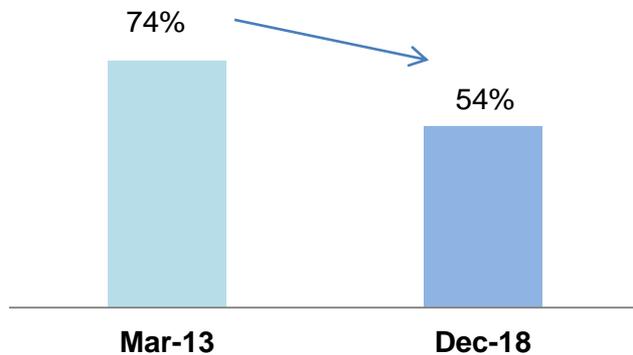
DURABLE FOUNDATION FOR SUSTAINABLE GROWTH (2/2)

Political Risk Mitigation through interest rate reduction



Reduced Borrowing Dependence

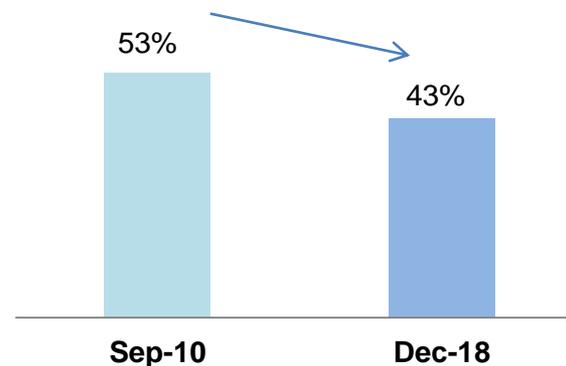
Share of borrowing from top 5 banks



Term loan and cash credit facilities

Lower State Concentration

Top three states share in GLP



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+ 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.

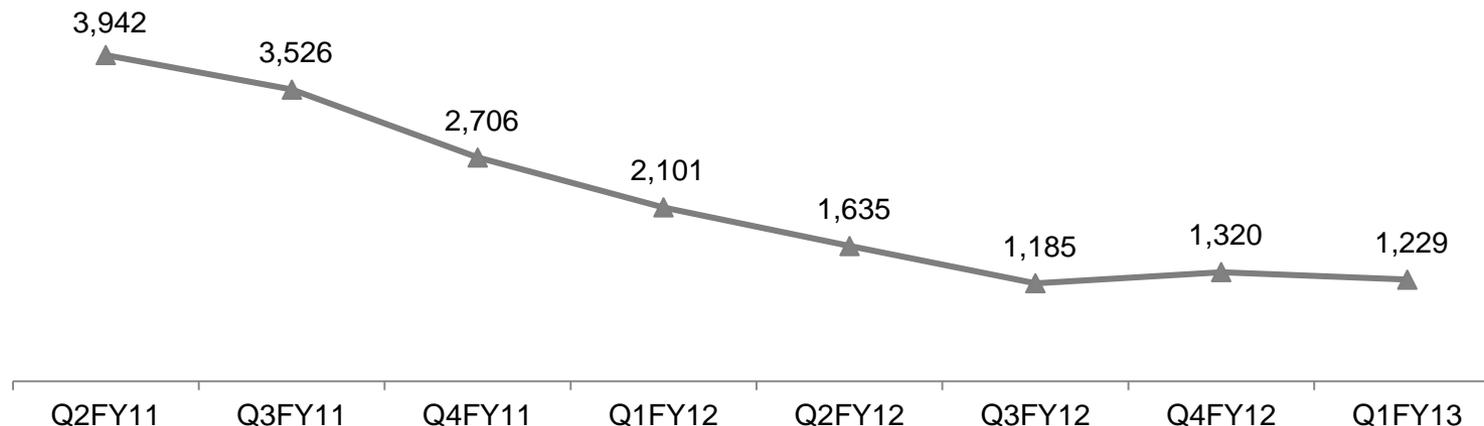
- RoA of 3-4% on a steady-state basis

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

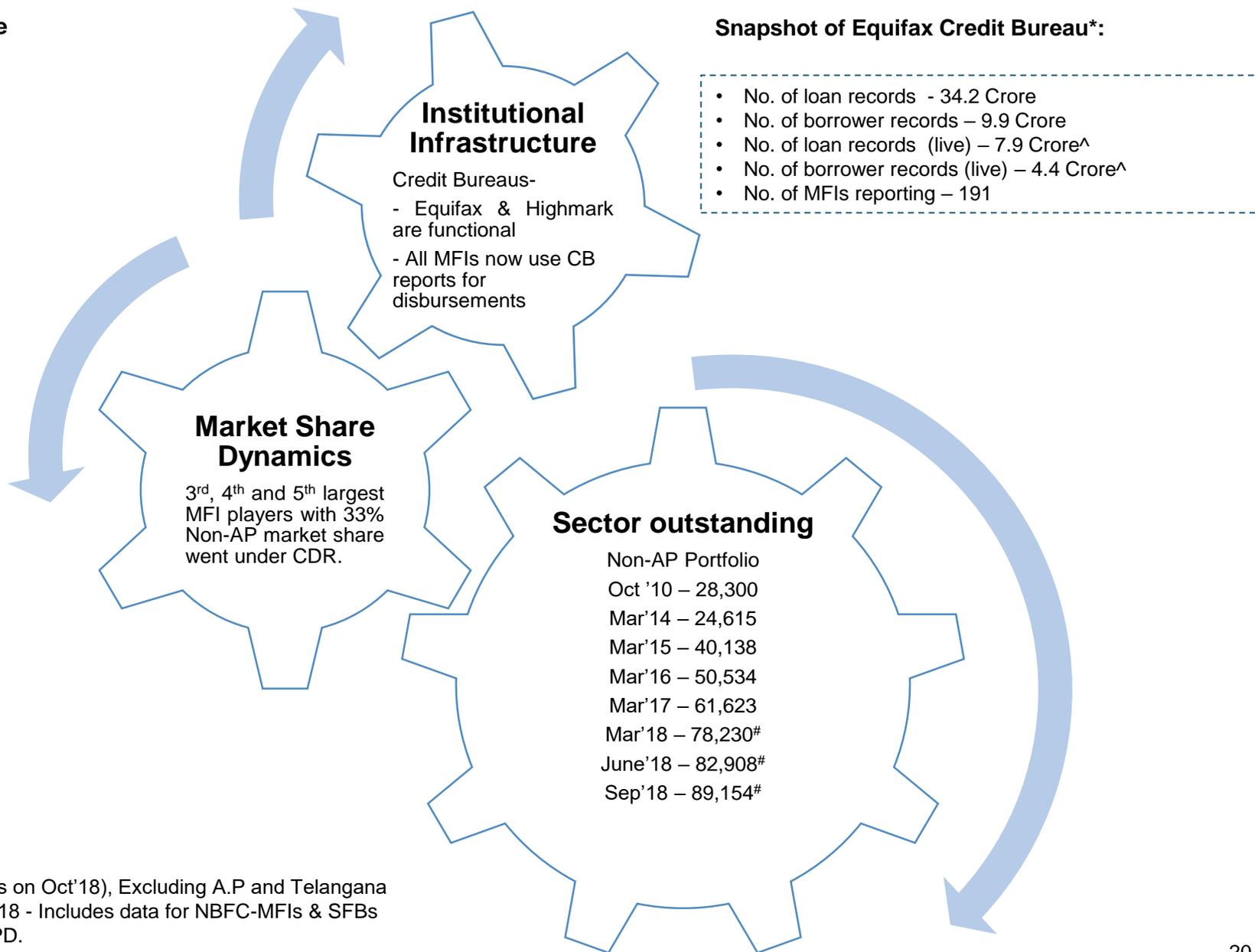
Internal generation -- and not incremental debt -- aids prompt repayment

MFI Industry non- AP Portfolio Outstanding (Rs Cr)

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

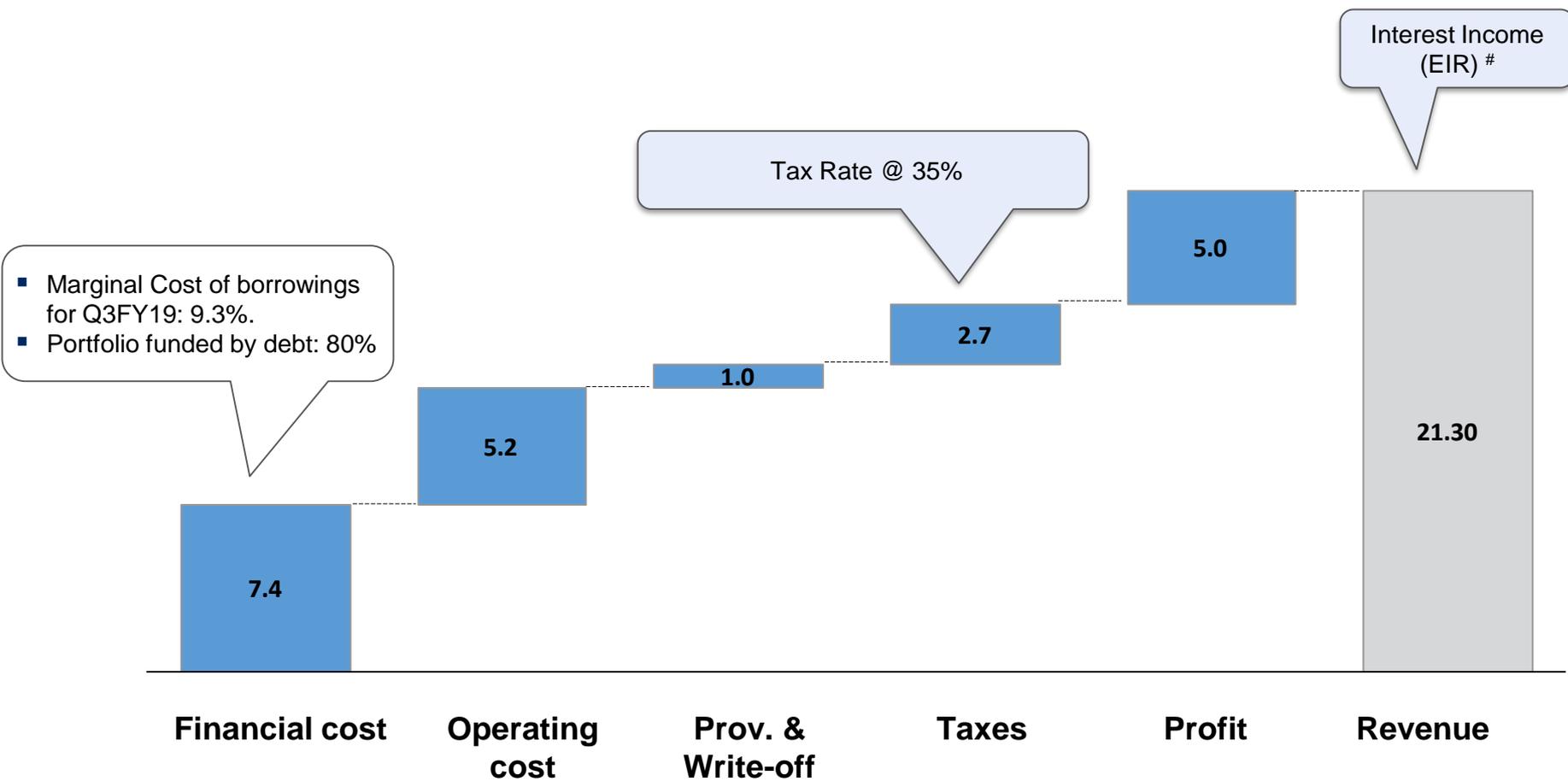
COMPETITIVE LANDSCAPE CHANGES TO BFILS' ADVANTAGE

INR crore



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

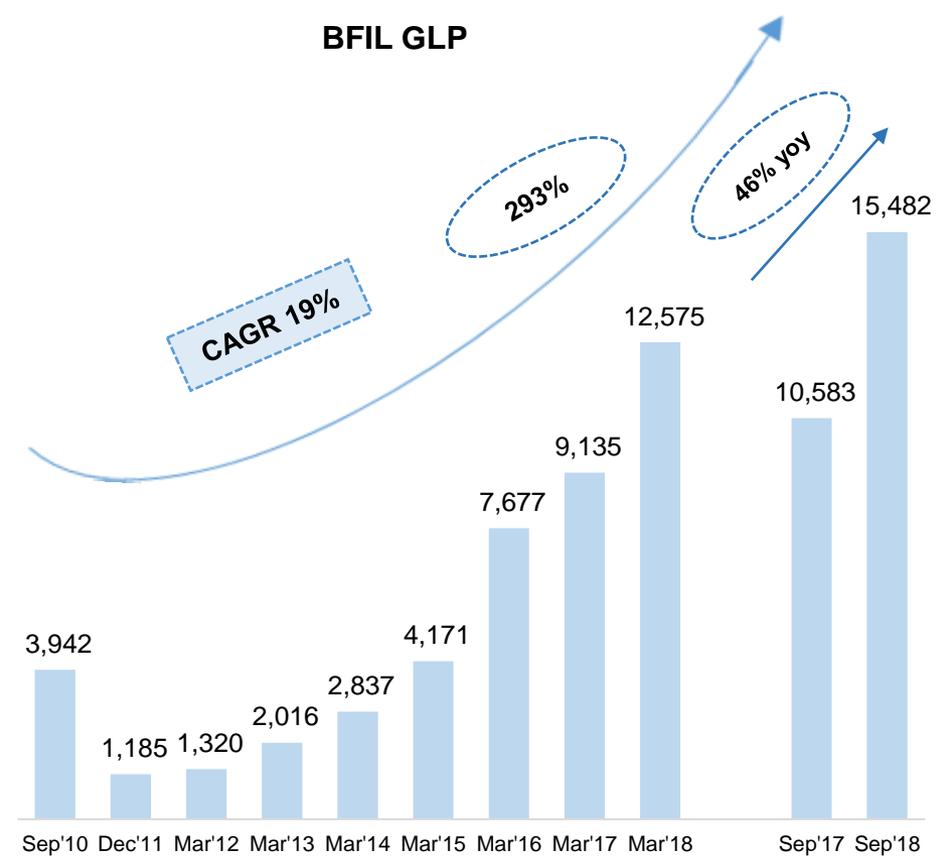
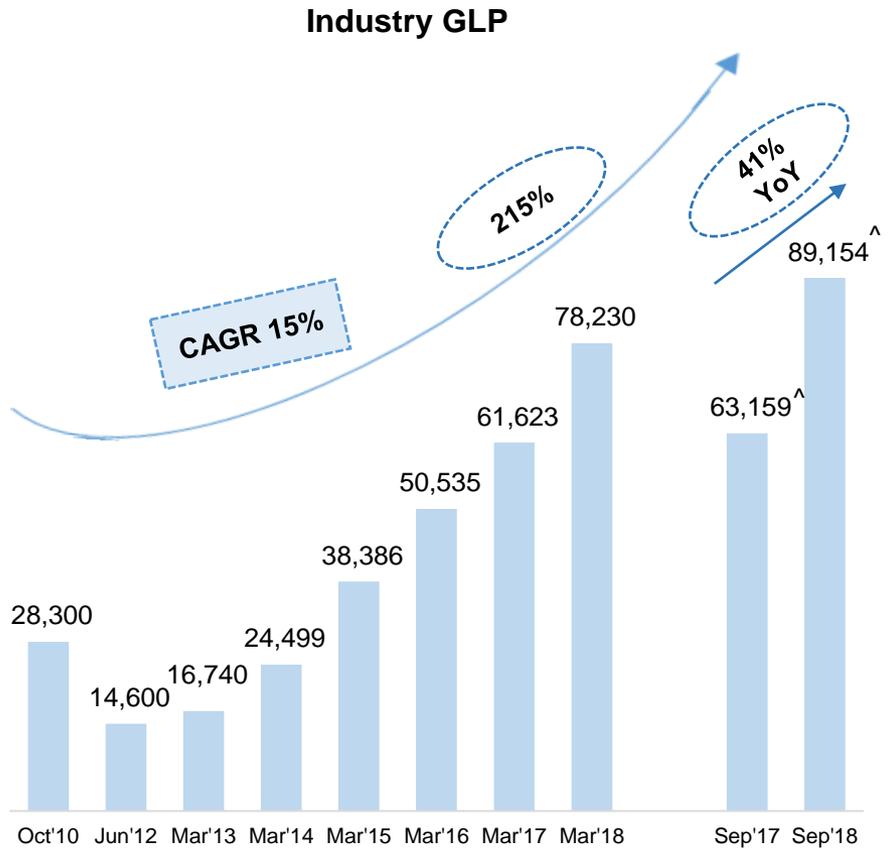
STEADY-STATE ROA OF 4% CAN BE TARGETED



#EIR is calculated based on weighted average portfolio mix of 41% IGL (1 Yr. loan) , 30% LTL (2 Yr. loan) and 29% MTL (1.5 Yr. loan)

GROWTH ANATOMY

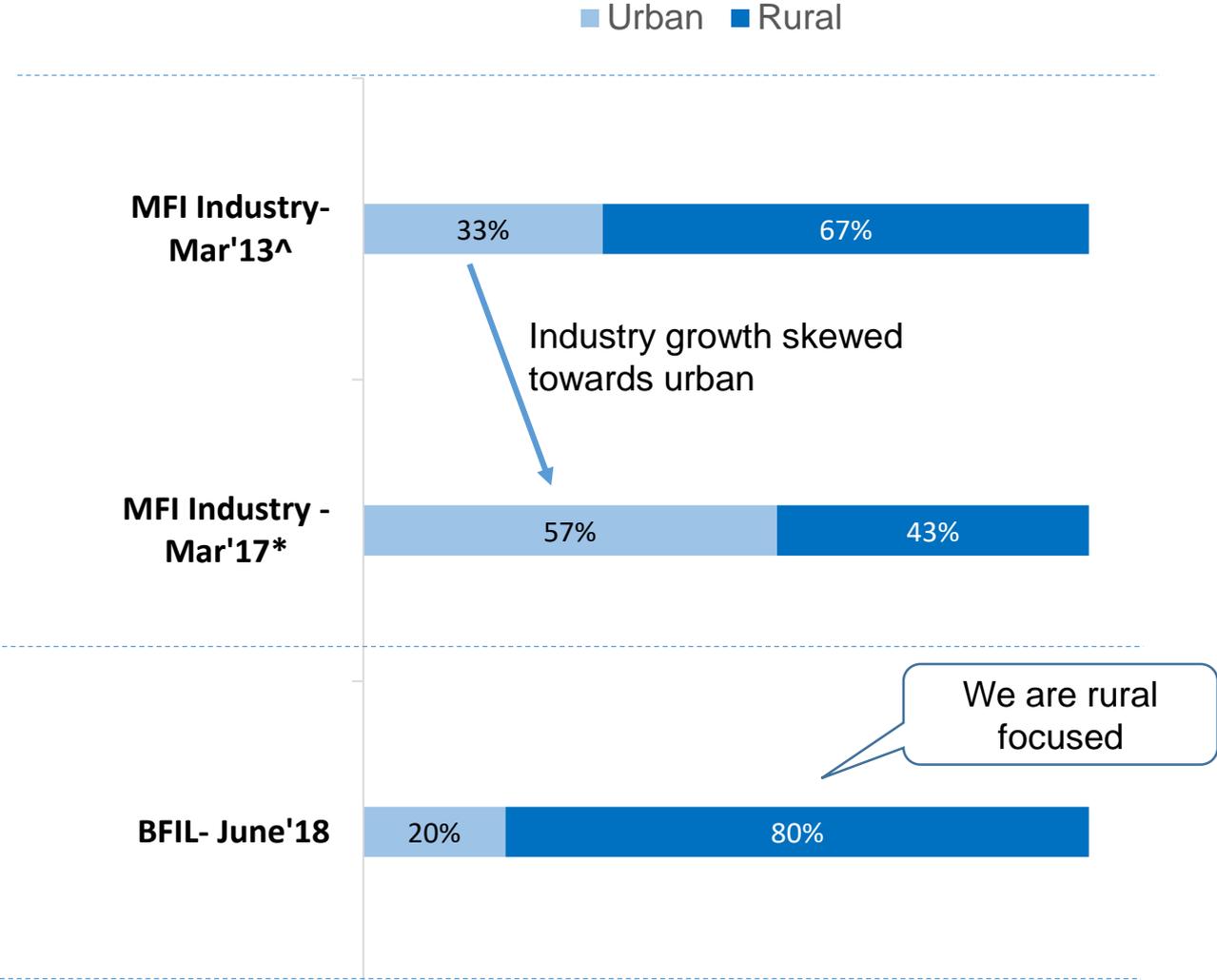
8 YEAR CAGR FOR THE SECTOR AND BFIL ARE 15% AND 19% RESPECTIVELY



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

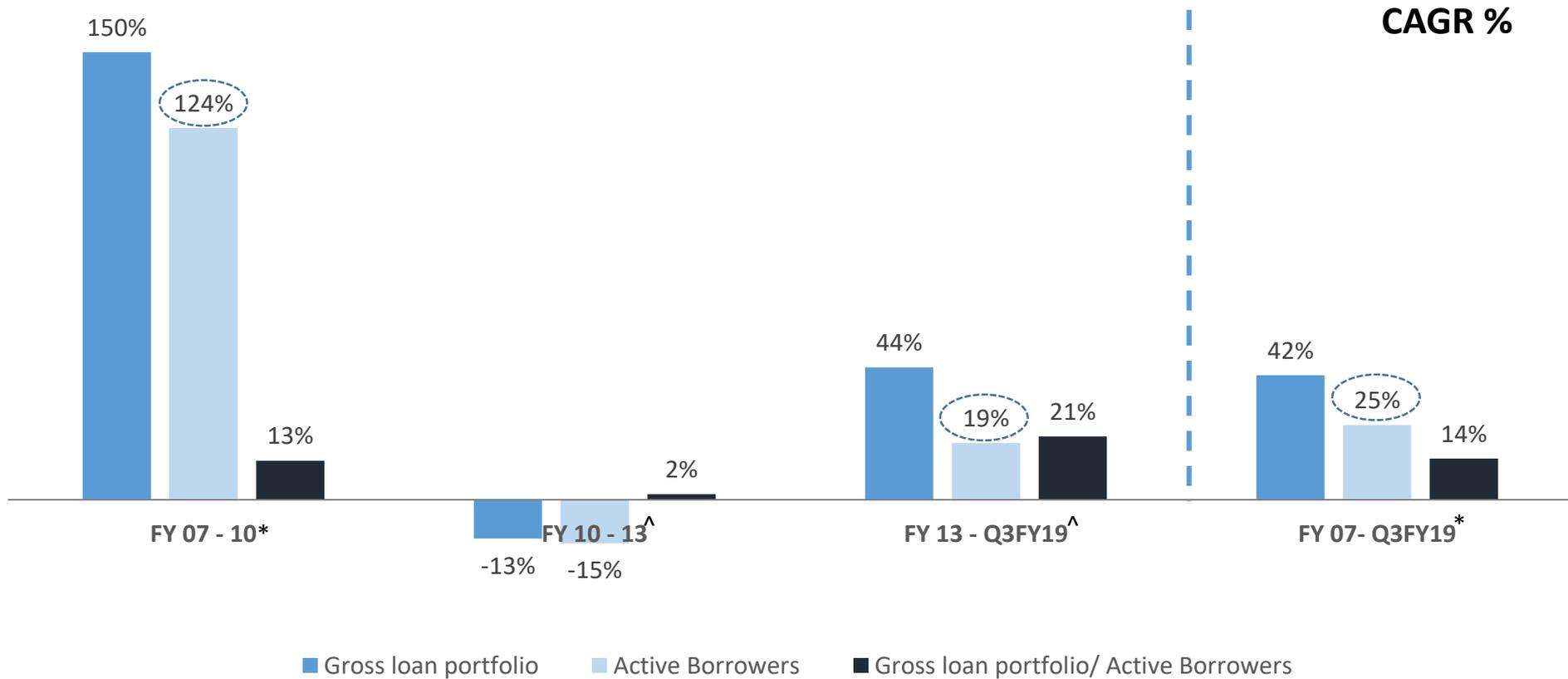
Source: MFIN Micrometer (Mar'13, Mar'14, Mar'15, Mar'16, Mar'17, Mar'18, Sep'17 & Sep'18 data)

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

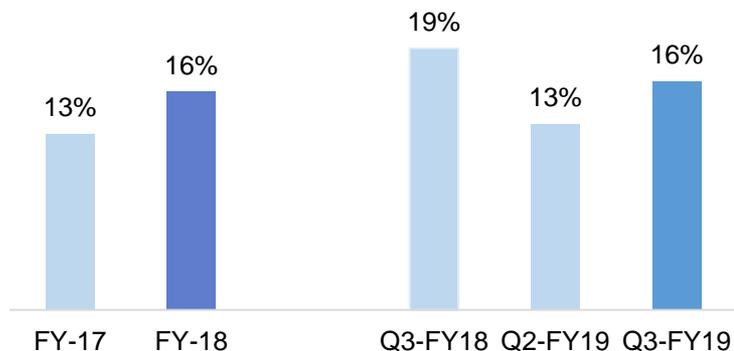


*Enterprise figures

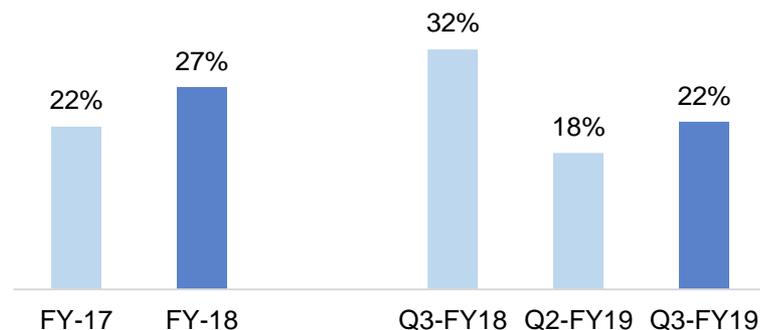
[^] Excluding states of A.P and Telangana

CREDIT BUREAU DATA

Rejection rate for All Products*

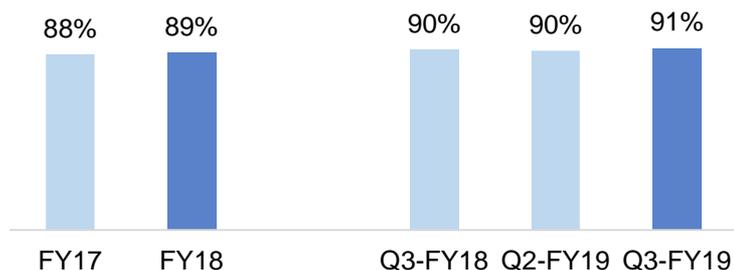


Rejection rate for Long Term loans*



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 – Q3FY19 %

Reasons	Policy 1**		Policy 2**	
	IGL/MTL/ Cross Sell	LTL	IGL/MTL/ Cross Sell	LTL
Rejection %	16%	45%	14%	19%
<i>Loans from=>2MFIs</i>	7%	20%	N/A	N/A
<i>Loans from => 2 MFIs / 3 Lenders (Subject to 2 MFIs Limit)</i>	N/A	N/A	5%	9%
<i>=>2MFIs and Outstanding Balance >60K</i>	5%	16%	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	5%	6%
<i>Outstanding Balance>60K</i>	2%	7%	N/A	N/A
<i>Eligibility < Min Ticket Size</i>	1%	2%	2%	2%
<i>=> Default History</i>	1%	1%	1%	1%

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 one

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%	5%
Bihar	4%	14%
Odisha	3%	16%
Maharashtra	3%	9%
Uttar Pradesh	2%	9%
Assam	1%	-
Rajasthan	1%	7%
Chhattisgarh	1%	1%
Madhya Pradesh	1%	4%
Gujarat	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%
Others	0.2%	0.1%

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

FUTURE STRATEGY

UNMATCHED LEADERSHIP

Parameter

Status

Unique Operating Model

- Group Lending
- Rural customer base

- 100%
- ~80%

Extensive Reach

- No. of districts
- No. of customers

- 370
- 8.5 Mn

Low Cost Producer

- Interest rate

- Sub 20% lending rate

External endorsements

- Rating

- Corporate Governance rating at "CGR2+"
- Highest safety Short-term rating at "A1+"
- Highest Long-term credit rating at "AA-" amongst NBFC-MFIs

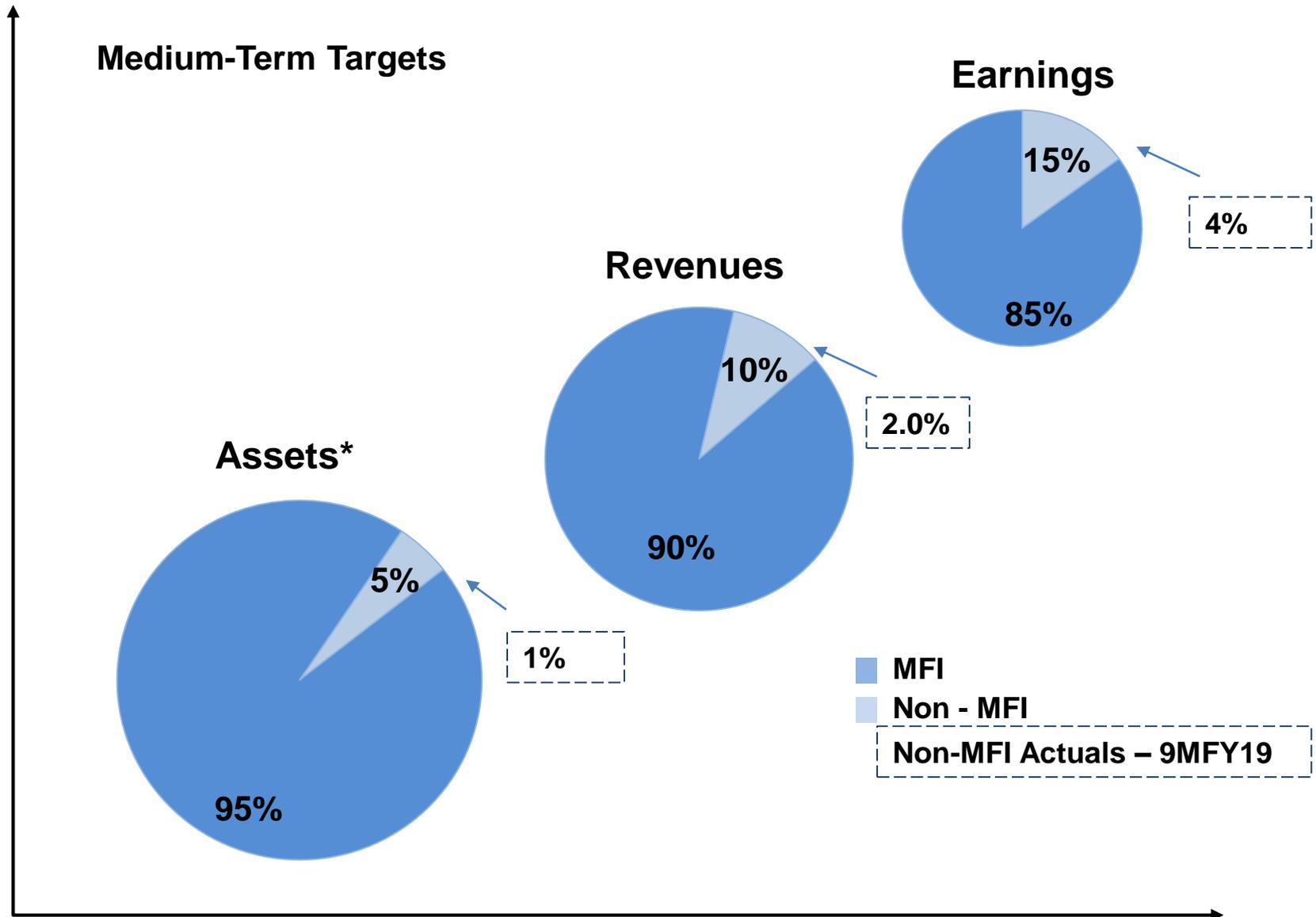
THE MOST EFFICIENT MFI IN THE GLOBE

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 – Q3FY19	 9.3*	 19.75	 -	 34.4	 49

*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



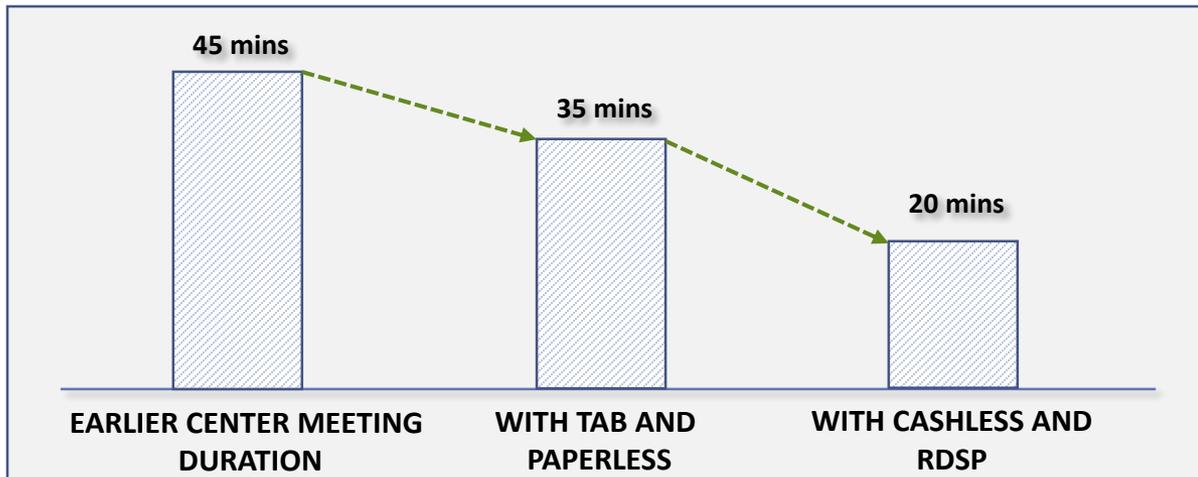
Convenient Day:
Monday to Friday

Convenient Timings:
Between 7 AM to 11 AM

We meet 8.5 mn customers through >3 lacs centre meeting every week across the country

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

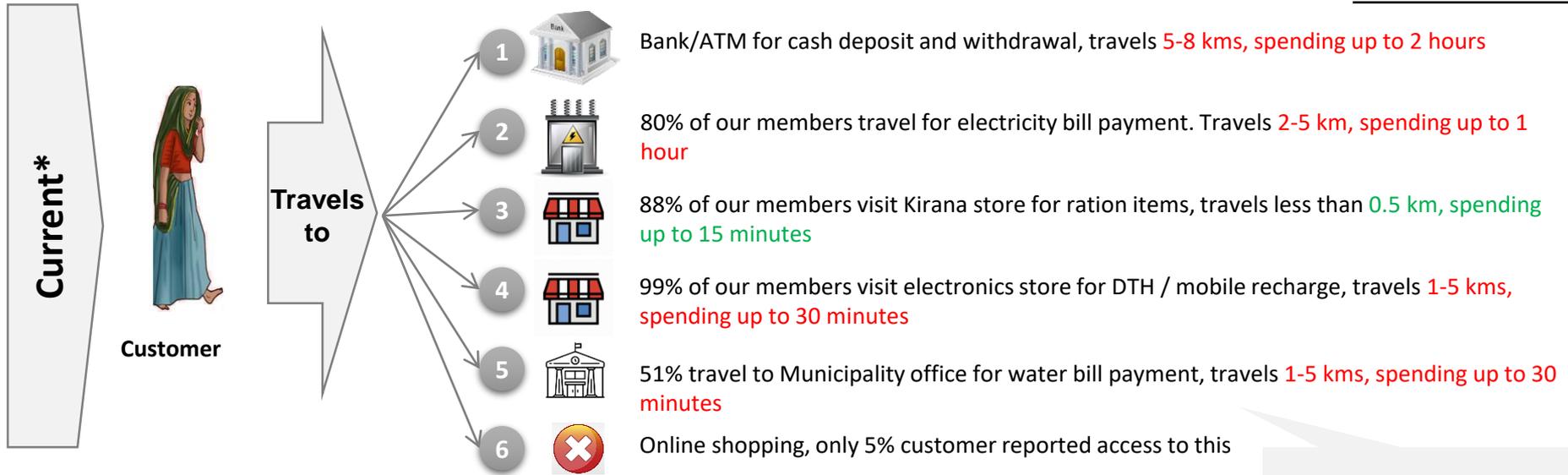
DIGITAL AND PROCESS INITIATIVES HAVE HELPED REDUCE CENTER MEETING DURATION



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

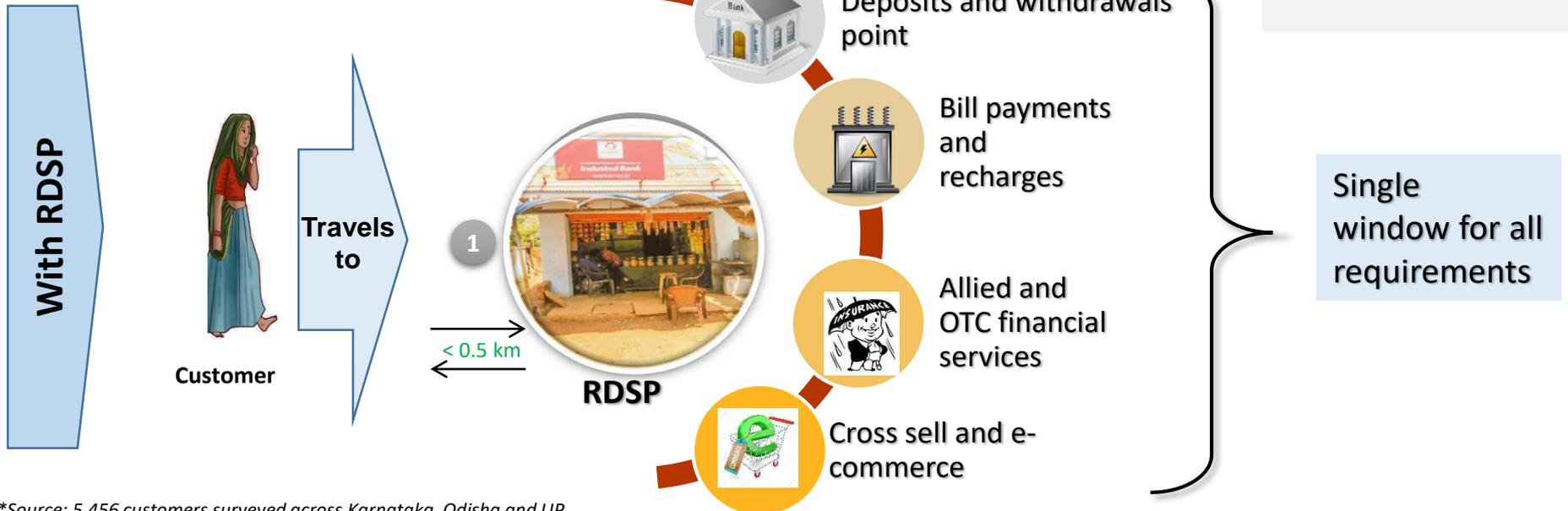
RDSP CREATES A PARADIGM SHIFT IN CLIENT CONNECT AND PRODUCES MULTITUDE OF OPPORTUNITIES

Cashless Coll., RDSP



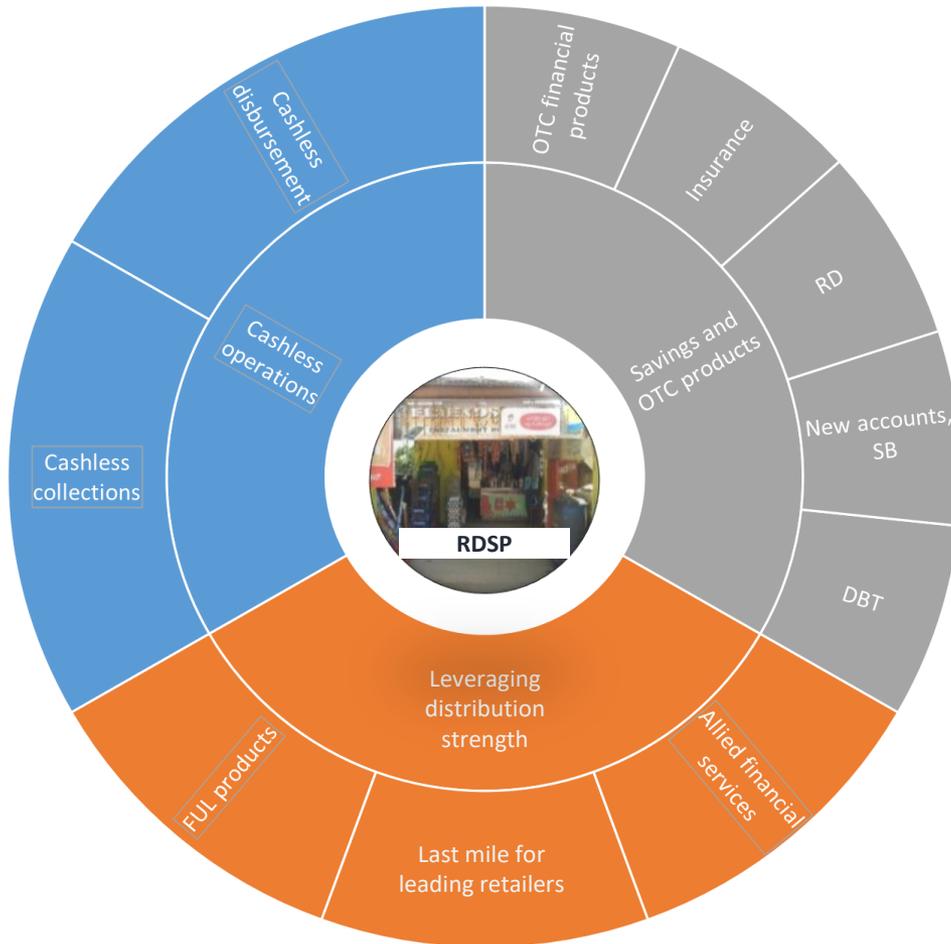
RDSP CAN PROVIDE ACCESS TO THESE SERVICES AT THE SHORTEST DISTANCE THUS REDUCING MULTIPLE VISITS AND SAVES TIME FOR MEMBERS

BFIL is in the process of transitioning to Indusind KUA

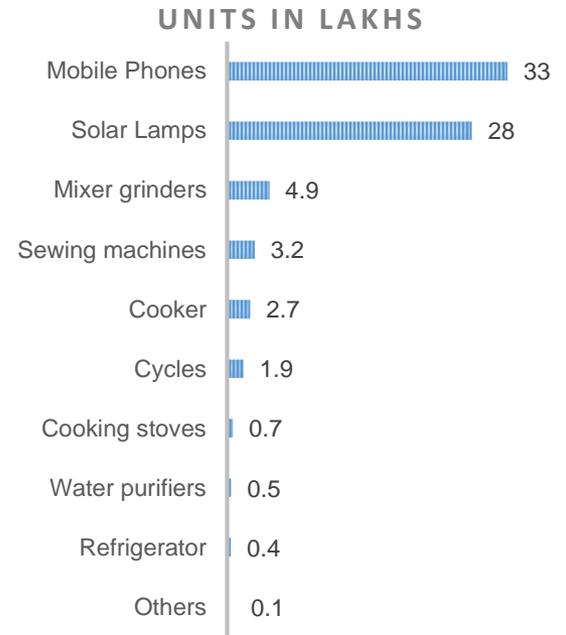


*Source: 5,456 customers surveyed across Karnataka, Odisha and UP

RDSP PILOT



THE MODEL IS PROVEN THROUGH CENTER MEETINGS



OVER 76 LAKH NON-FINANCIAL UNITS FACILITATED*

IMMENSE E-COMMERCE POTENTIAL WITH RDSP IN PLACE

EXISTING PARTNERS



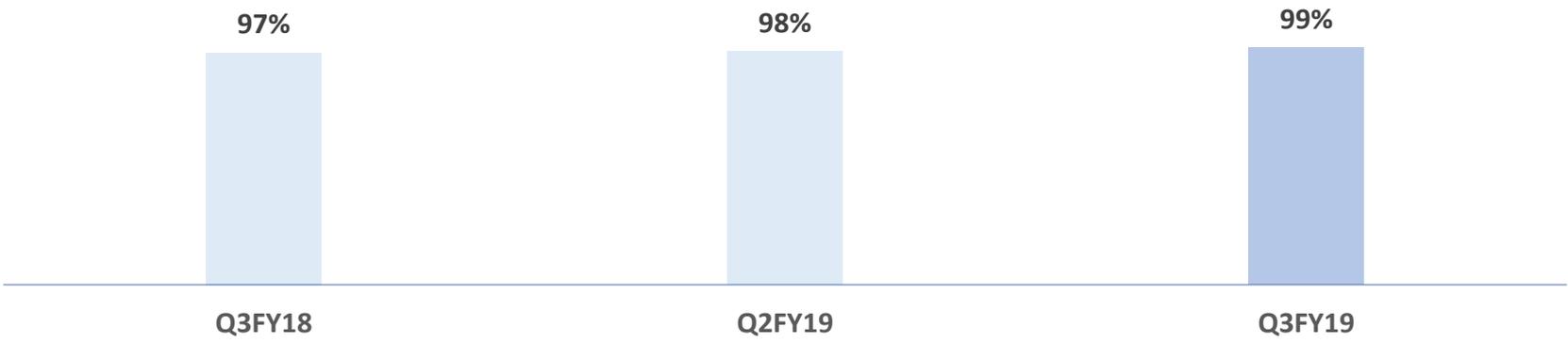
POTENTIAL BUSINESS OPPORTUNITY

- E Commerce
- Railway ticketing
- OTC insurance

*Cumulative units facilitated of non financial products as of Sep'18

UPDATE ON CASHLESS DISBURSEMENT

99% CASHLESS DISBURSEMENTS IN Q3FY19



LOANS FOR HOME IMPROVEMENT & TWO-WHEELER (PILOT)

UPDATE ON PILOT

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

Portfolio outstanding for Two wheeler loans as on 31st Dec'18 Rs.

28 Crs (no. of outstanding loans 6,781)

The Pilot is currently rolled in 450 branches.

Product Offering - Home Improvement

Purpose	Home improvement and extension
Eligibility Criteria	<ul style="list-style-type: none"> ▪ Should have completed at least 3 IGL loan cycles ▪ Age between (18 to 55 years)
Ticket size	Rs. 1,00,000 to Rs. 3,00,000
Loan Tenure	3 to 5 years
LTV (Loan to Value Ratio)	Maximum 50% of the property value or 70% of the work estimate whichever is lower
Repayment Frequency	Monthly

Note:

Portfolio outstanding as on 31st Dec'18 Rs. 3.2 Crs (no. of outstanding loans 157). The Pilot is currently rolled in 55 branches.

Q3FY19 PERFORMANCE HIGHLIGHTS

HIGHLIGHTS OF Q3FY19

Operational Efficiency

- Healthy addition of 9.2 lacs customers in Q3FY19
- Loan disbursements[^] grew by 45% YoY to Rs. 6,822 Crs (Rs. 4,712 Crs in Q3FY18)
- Non-AP Gross Loan Portfolio[^] grew by 45% YoY and 8% QoQ to Rs.16,651 Crs as of Dec 31, 2018

Credit Quality

- Cumulative Collection efficiency of 99.7% for loans disbursed amounting to Rs. 42,505 Crs between 1st Jan'17 to 31st Dec'18
- Net NPA at 0.2%

Financial Efficiency

- Marginal cost of Borrowings* at 9.3% for Q3FY19
- Weighted avg. cost of borrowing** at 9.6% for Q3FY19
- Incremental drawdowns of Rs.5,510 Crs (including securitization and assignment transactions) in Q3FY19 (growth of 140% YoY)
BFIL also originated Rs.1,437 Crs under managed portfolio in Q3FY19
- Completed three assignment and three securitisation transactions amounting to Rs.2,511 Crs and Rs. 937 Crs respectively in Q3FY19
- Long-term credit rating upgraded to “AA-”

P&L Impact

- As per Ind AS, PAT for Q3FY19 grew by 49% YoY and 24% QoQ to Rs. 288 Crs (Rs. 233 Crs in Q2FY19 and Rs. 193 Crs in Q3FY18)
- As per Ind AS, PAT for 9MFY19 is Rs. 663 Crs (Rs. 645 Crs as per Previous GAAP)
- As per previous GAAP, PAT for Q3FY19 is Rs.243 Crs (Rs. 212 Crs in Q2FY19 and Rs. 163 Crs in Q3FY18)

Key Balance Sheet Figures

- AUM[^] of Rs.16,651 Crs as on Dec 31, 2018
- Networth of Rs.3,903 Crs (Higher by Rs. 159 Crs compared to GAAP Networth)
- Capital adequacy at 36.2% as of Dec 31, 2018
- Cash & Cash equivalent of Rs.1,522 Crs as of Dec 31, 2018

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

**Includes on and off balance sheet (Quarterly average) including amortised processing fees.

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

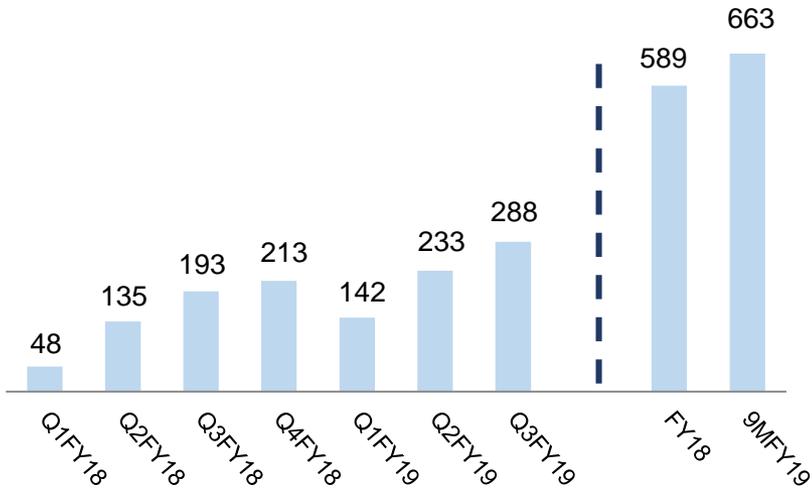
NETWORTH IS HIGHER BY RS.159 CRS WITH Ind AS (CONTD.)

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)	(Rs. 14 Crs)
2	Income recognition on balance sheet assets	Straight line amortisation of processing fees	EIR (Effective interest rate) amortisation of processing fees	Rs. 22 Crs
3	Financial expenses	Processing fees on borrowings recognised upfront	EIR -amortisation of processing fees on borrowings	Rs. 5 Crs
4	Valuation of assets	Loans were booked as at principal outstanding amount	Fair valuation approach	Rs. 50 Crs
5	Income recognition on assignment deals	Recognised over loan contract	Recognised on transaction date	Rs. 175 Crs
6	Others Items			Rs. 4 Crs
7	Tax impact on above items			(Rs. 82 Crs)
	Net worth (As on Dec 31,2018)	Rs. 3,744 Crs (A)	Rs. 3,903 Crs (B)	Rs. 159 Crs (B-A)

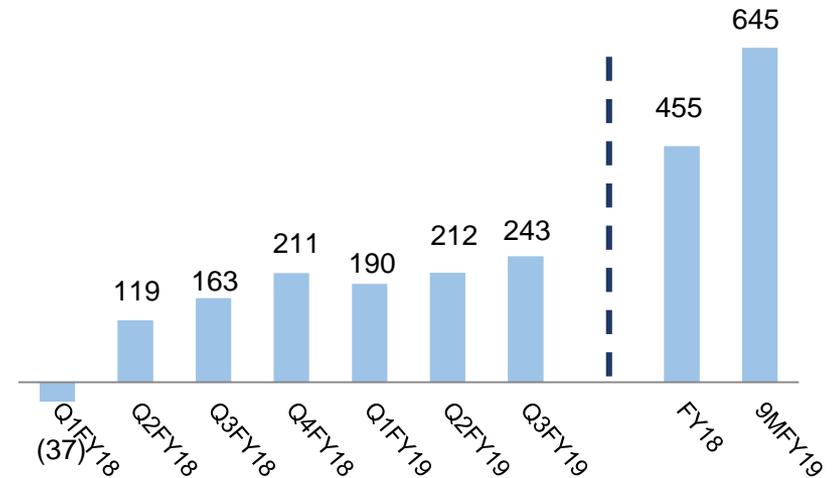
.....NETWORTH IS HIGHER BY RS.159 CRS WITH Ind AS

INR Crs.

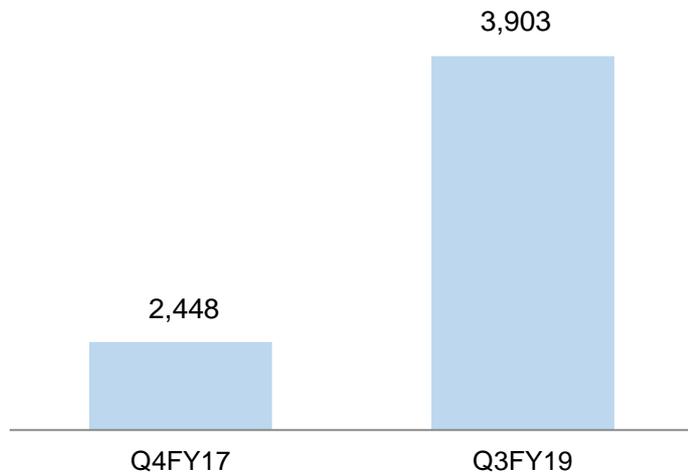
Profit After Tax As Per Ind AS



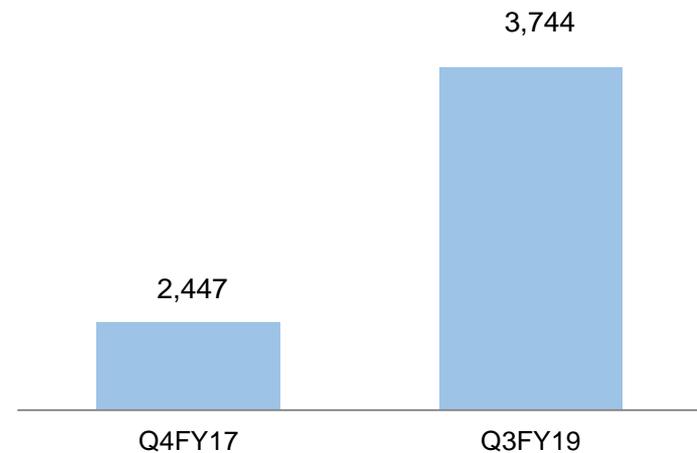
Profit After Tax As Per Previous GAAP



Net Worth As Per Ind AS



Net Worth As Per Previous GAAP



KEY PARAMETERS – IND AS vs GAAP

INR Crs.

Particulars	Ind AS					GAAP				
	Q3FY18	Q3FY19	YoY%	Q2FY19	QoQ%	Q3FY18	Q3FY19	YoY%	Q2FY19	QoQ%
Gross Loan Portfolio	11,447	16,651	45%	15,482	8%	11,466	16,674	45%	15,508	8%
Revenue	576	814	41%	760	7%	544	702	29%	686	2%
Net Interest Income*	361	582	61%	519	12%	296	458	55%	435	5%
Operating expenses	194	210	8%	222	-5%	194	212	9%	221	-4%
PBT	209	381	82%	308	24%	163	319	96%	283	13%
PAT	193	288	49%	233	24%	163	243	50%	212	15%

* Net interest income(Ind AS) = Interest income on Portfolio loans (including securitization) + 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

LOAN PORTFOLIO GREW BY 45% YoY PRIMARILY THROUGH HIGHER CUSTOMER ACQUISITION

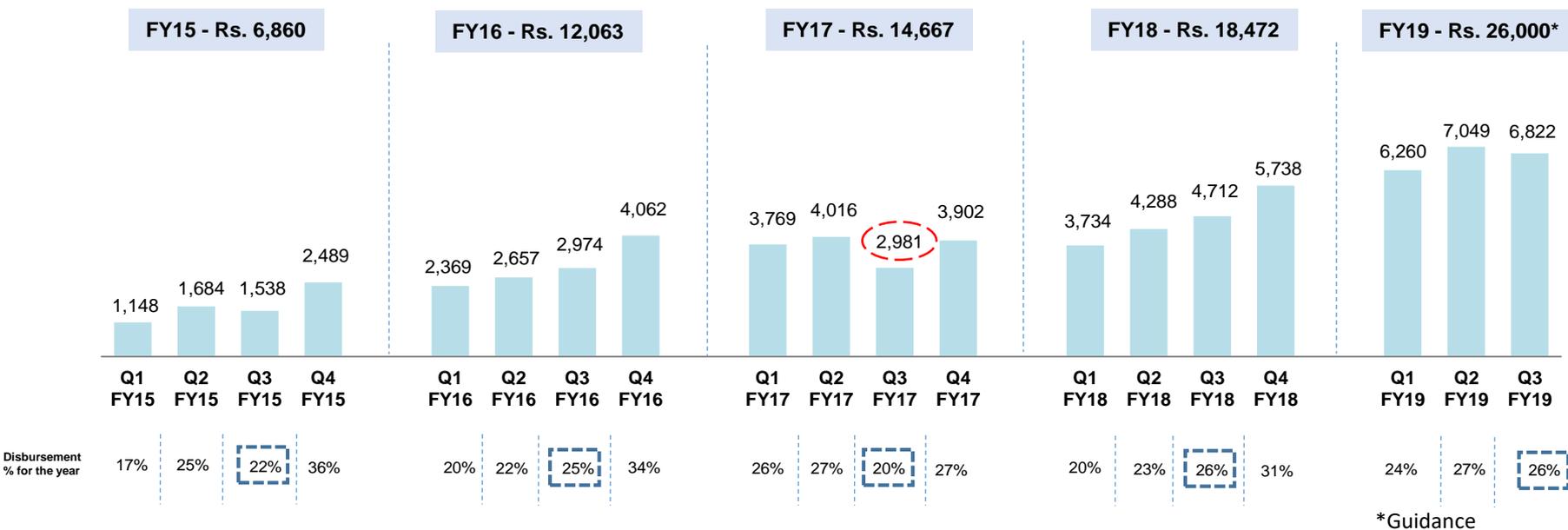
Particulars	Dec-17	Dec-18	YoY%	Sep-18	QoQ%
Branches	1,513	1,793	19%	1,708	5%
Centers (Sangam)	3,08,273	3,86,618	25%	3,76,561	3%
- Centers in non-AP States	2,59,386	3,37,203	30%	3,27,234	3%
Employees (i) + (ii) + (iii) + (iv) + (v) + (vi)+(vii)	16,015	18,938	18%	18,277	4%
▪ Field Staff (i) + (ii) + (iii) + (iv) + (v)	15,420	18,337	19%	17,673	4%
– Sangam Managers* (i)	9,960	11,447	15%	11,368	1%
– Sangam Manager Trainees(ii)	923	1,601	73%	1,246	28%
– Branch Management Staff (iii)	2,991	3,510	17%	3,337	5%
– Area Managers (iv)	280	331	18%	325	2%
– Regional Office Staff (v)	1,266	1,448	14%	1,397	4%
▪ Member helpline (vi)	205	180	-12%	182	-1%
▪ Head Office Staff (vii)	390	421	8%	422	-
Members in non-AP States (in '000)	6,627	8,526	29%	8,273	3%
– Members added (in the quarter) (in '000)	865	919	6%	1,047	-12%
Active borrowers in non-AP States (in '000)	5,756	7,073	23%	6,745	5%
– Active borrowers added (in the quarter) (in '000)	751	842	12%	894	-6%
No. of loans disbursed (in '000)	2,319	2,581	11%	2,812	-8%
Disbursements (for the quarter) (INR Crs.)	4,712	6,822	45%	7,049	-3%
Gross loan portfolio (INR Crs.) (A+B+C+D)	11,447	16,651	45%	15,482	8%
• Loans outstanding (A)	9,472	10,119	7%	10,914	-7%
• Securitised (B)^	146	-	-	-	-
• Assigned (C)	1,141	3,171	-	1,795	77%
• Managed loans (D)	688	3,361	-	2,772	21%
Operational Efficiency – Non-AP :					
Off-take Avg (Disbursements/ No of Loans disbursed) (INR)	20,315	26,430	30%	25,066	5%
Off-take Avg Excluding Cross Sell	24,940	28,102	13%	28,526	-1%
Gross loan portfolio/ Active Borrowers (INR)	19,919	23,542	18%	22,952	3%
Gross loan portfolio/ No. of Sangam Managers (Rs. '000)	12,066	15,090	25%	14,137	7%
Active borrowers / No. of Branches	4,171	4,261	2%	4,282	-1%
Active borrowers / No. of Sangam Managers	607	641	6%	616	4%

*Sangam Managers (SMs) are our loan officers who manage our centers (also called Sangams). As of Dec'18, we had 11,034 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

Q3FY19 DISBURSEMENT IS IN LINE WITH HISTORICAL TREND OF SEASONALITY (EXCEPT FY17)

INR crore



Note: Demonetisation distorted the historical trend of seasonality in FY17

IMPROVING OPERATING COST AND FINANCIAL EFFICIENCY

	Best before AP MFI crisis	Worst during AP MFI crisis	FY14	FY15	FY16	FY17	FY18	Q3 FY18	Q2FY19	Q3FY19
<u>Productivity – Non-AP:</u>										
Borrowers/ SM	489*	287	721	787	733	615	633	607	616	641
Gross Loan Portfolio/ SM ('000)	3,640*	1,320	6,275	8,994	12,141	10,574	12,816	12,066	14,137	15,090
Offtake Avg.	10,299*	9,237	11,849	12,273	15,024	18,676	20,316	20,315	25,066	26,430
Offtake Avg. (Excl Cross-sell)	10,383*	11,021	12,277	14,149	18,102	21,491	24,922	24,940	28,526	28,102
<u>Cost Efficiency:</u>										
Financial cost / Avg. Gross Loan Portfolio	6.6%	9.8%	8.3%	8.3%	8.5%	7.3%	6.8%	6.6%	5.6%	5.1%
On B/S daily Wt. Avg. Cost of borrowings %	10.3%^	16.0%^	13.9%#	13.5%#	12.0%#	10.9%#	9.6%##	9.5%##	9.8%##	10.4%##
Opex/ Avg. Gross Loan Portfolio %	10.4%	21.7%	9.6%	9.5%	7.1%	6.5%	6.6%	7.1%	6.1%	5.2%
Cost to Income Ratio	52.4%	275%	74.5%	61.1%	48.3%	50.0%	49.0%	49.4%	40.0%	34.4%**
<u>Credit Quality - Non-AP:</u>										
Gross NPA%	0.20%*	5.5%	0.1%	0.1%	0.1%	6.0%	2.2%^	4.3%^	0.4%^	0.6%^
Net NPA%	0.16%*	2.9%	0.1%	0.1%	0.04%	2.7%	0.1%	0.1%	0.1%	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

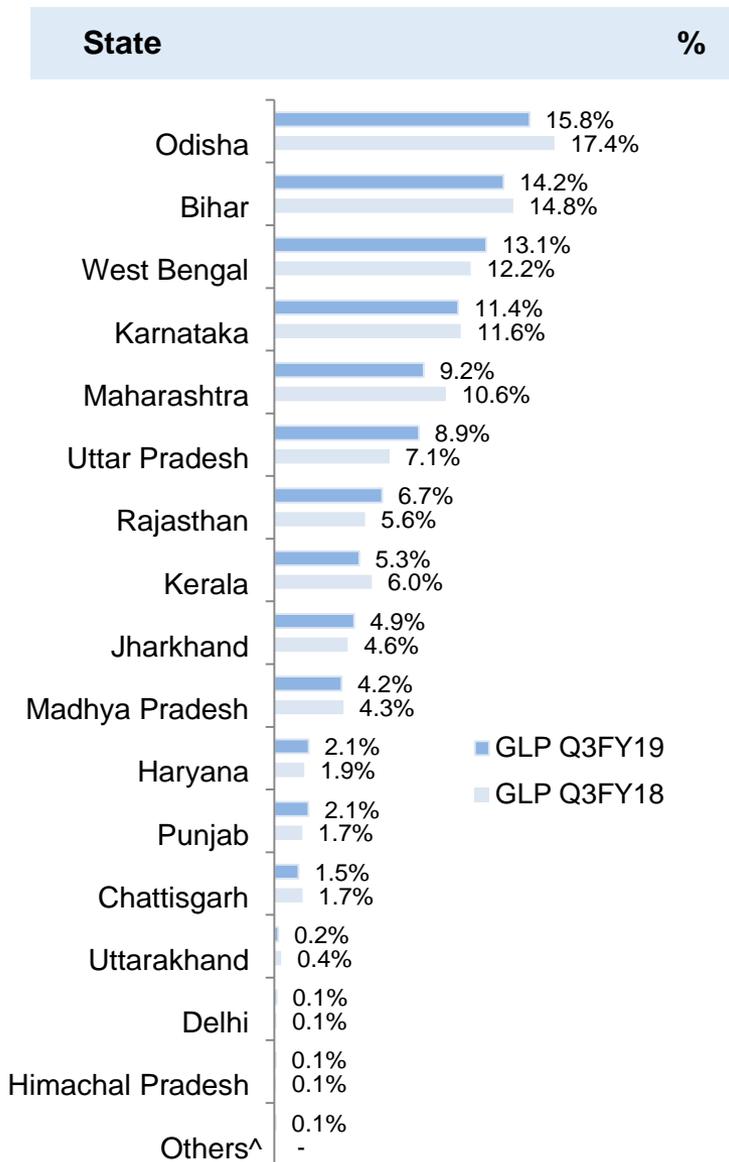
^ Rs. 17.7 Crs , Rs. 190.0 Crs and Rs. 176.6 Crs write offs in Q3FY18, Q4FY18 and Q1FY19 respectively.

based on quarterly Avg and includes amortised processing fees

** Cost to income based on previous GAAP is 39.6%

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 and Tripura

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.)*
Bihar	207	6.8
Odisha	206	7.9
Karnataka	190	9.8
Uttar Pradesh	186	6.5
West Bengal	173	7.5
Maharashtra	172	7.4
Rajasthan	108	6.0
Madhya Pradesh	102	7.3
Kerala	82	5.6
Jharkhand	79	5.9
Chhattisgarh	57	4.9
Haryana	40	4.5
Punjab	32	5.7
Uttarakhand	11	8.6
Tripura	4	0.3
Gujarat	3	3.9
Tamil Nadu	3	0.4
Delhi	2	6.0
Himachal Pradesh	2	4.1
Assam	1	0.1
Total	1,660	7.1

*As of Dec'18

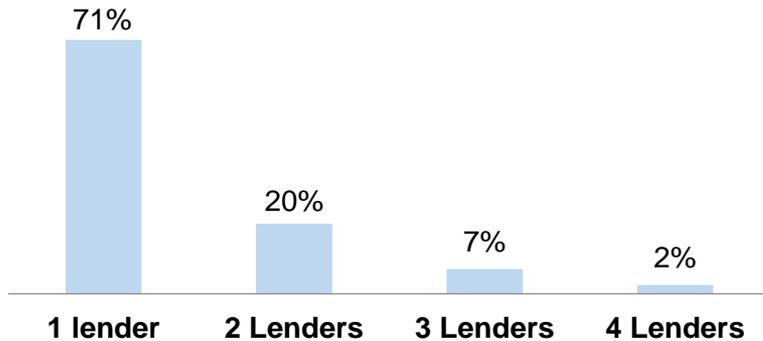
PORTFOLIO OUTSTANDING BY ECONOMIC ACTIVITY

Purpose	% Mix
Livestock	47%
Grocery stores and other retail outlets	10%
Agriculture	9%
Tailoring, Cloth weaving	8%
Trading of vegetable & fruits	6%
Vehicle repairs	6%
Trading of agri. Commodities	3%
Garments & footwear retailing	3%
Masonry, painting, plumbing, electrician, carpenter and related	3%
Eateries	2%
Bangles shop	0.1%
Trading of utensils, plastic items	0.1%
Other income generating activities	3%

INDUSTRY UPDATE ON CREDIT QUALITY

97% OF BORROWERS HAVE INDEBTEDNESS BELOW RS. 1 LAC

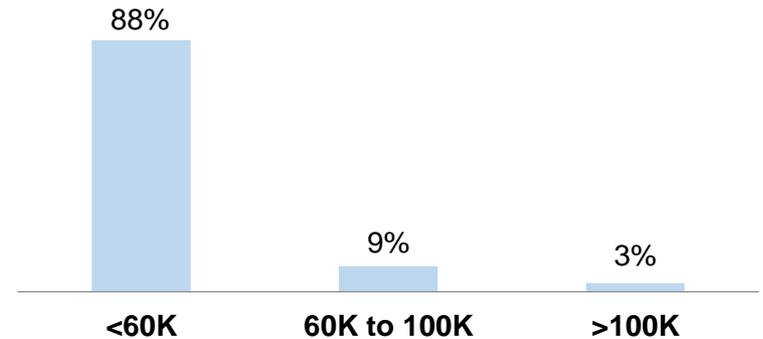
% Borrowers - Loans from Lenders



RBI Guidelines - 2 NBFC MFIs

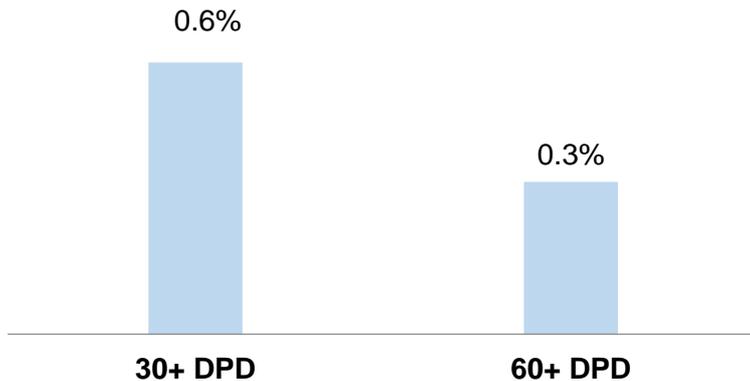
% Borrowers - Indebtedness

INR



RBI Guidelines - 100K for NBFC MFIs

Portfolio Quality *



Note: Lenders include NBFC-MFIs and Banks

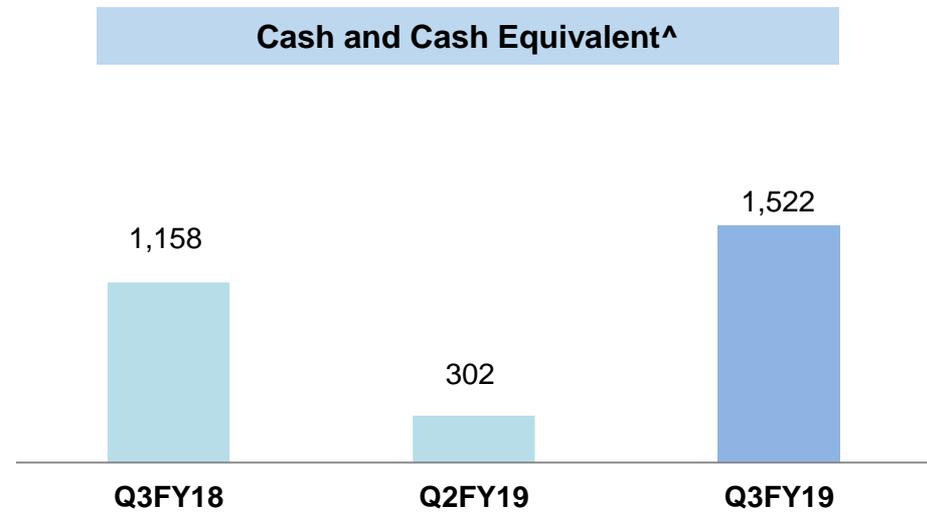
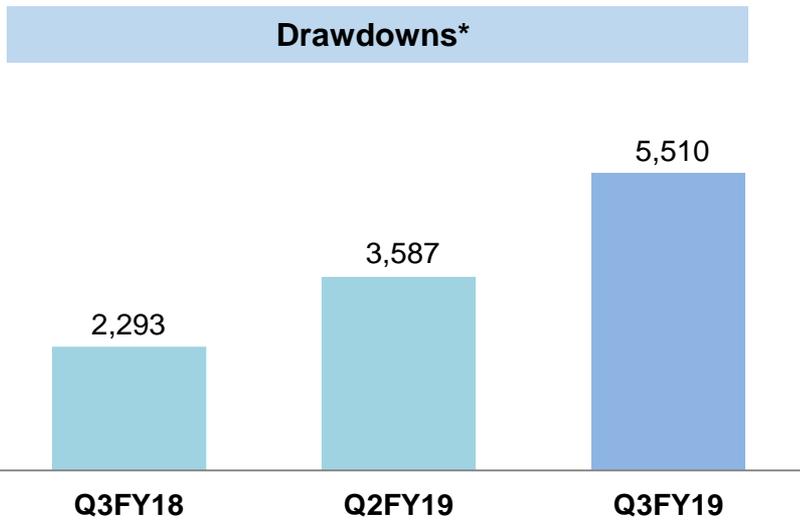
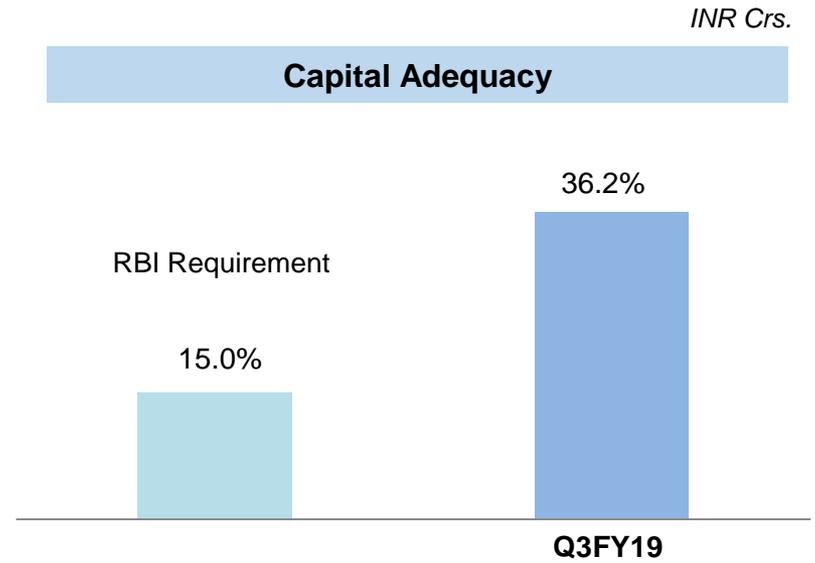
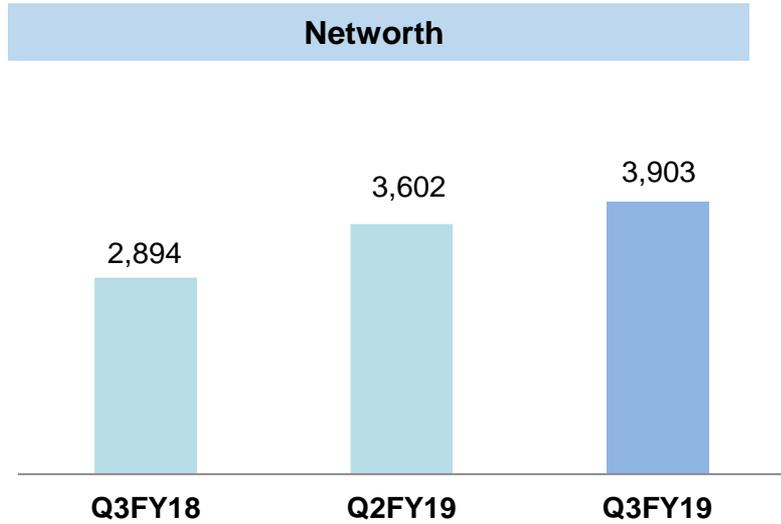
Source : Equifax on Microfinance database as on Oct'18.

Includes data reported by Banks under Microfinance database.

* Loans disbursed from Nov '17 to Oct'18 – Portfolio data as on Oct'18

REVIEW OF FINANCIALS

STRONG SOLVENCY



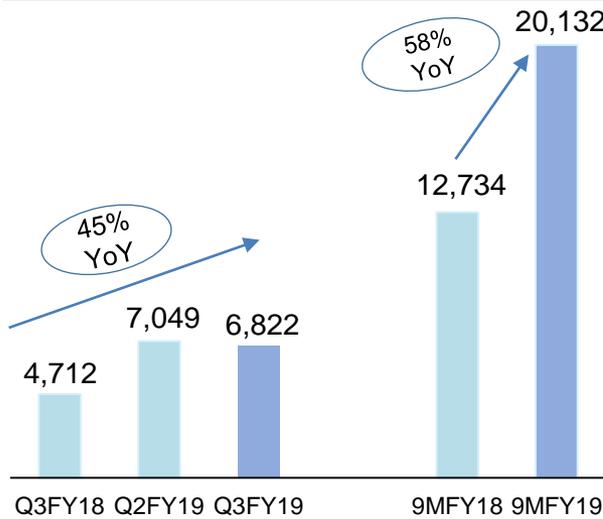
*Excluding Managed Loans

^Excluding security deposit

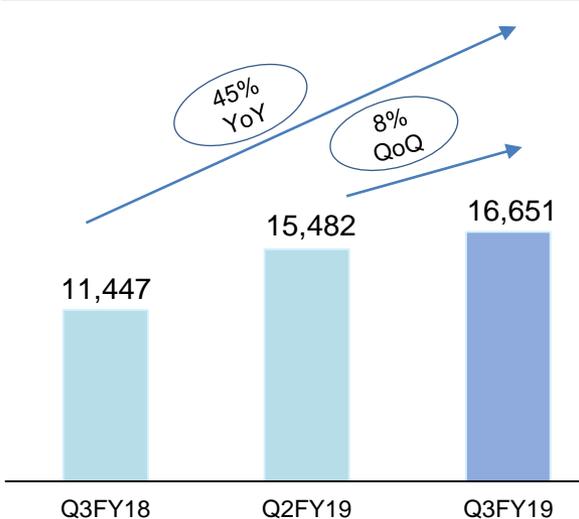
GROSS LOAN PORTFOLIO GREW BY 45% YoY

INR Crs.

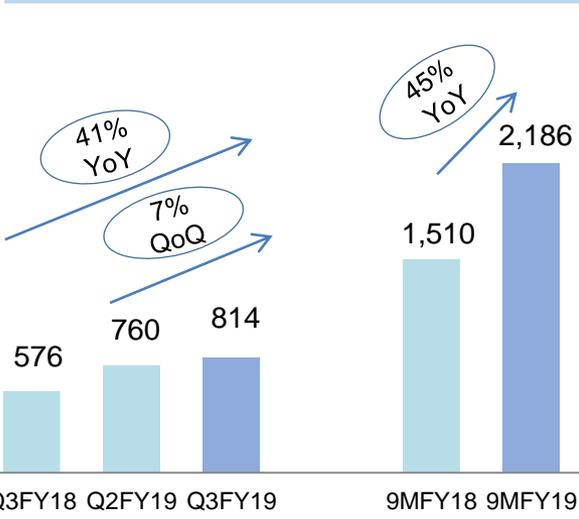
Disbursements



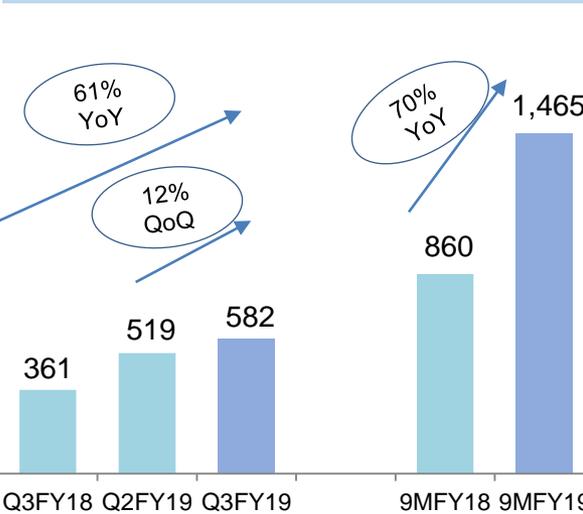
Gross Loan Portfolio



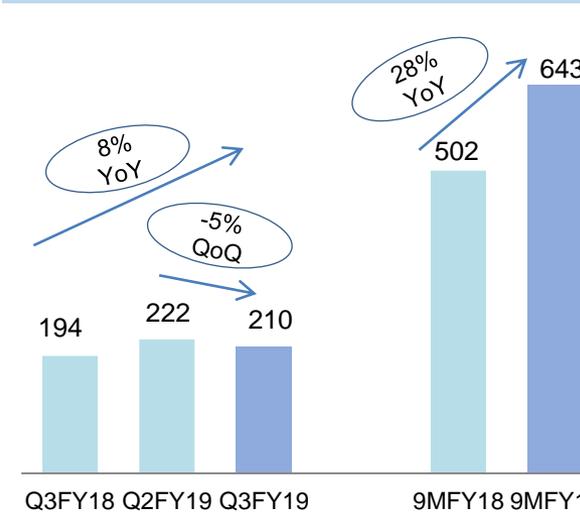
Gross Revenue



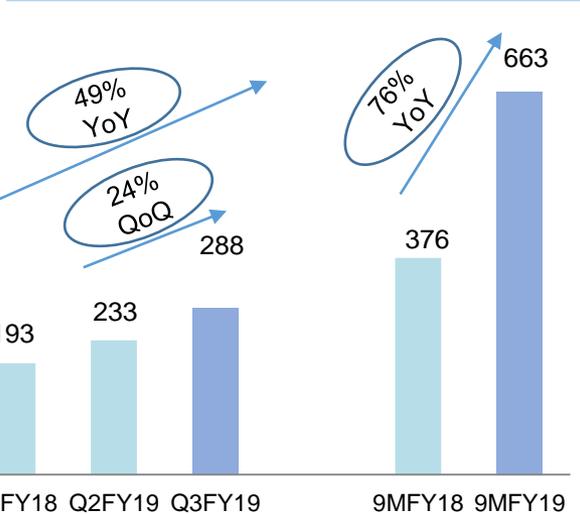
Net Interest Income*



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 Q3FY19 IS RS. 288 CRS

INR Crs.

Particulars	Q3FY18	Q3FY19	YoY%	Q3FY19 As % of Total Revenue	Q2FY19	QoQ%
Interest Income (A)	466	556	19%	68%	576	-4%
<i>Interest income on Portfolio loans</i>	451	540	20%	66%	562	-4%
<i>Interest on deposits</i>	15	16	5%	2%	14	14%
Net gain on derecognition of loans sold under assignment transaction (B)	78	170	-	21%	98	73%
Fee Income (C)	31	85	-	10%	79	7%
<i>BC Fees</i>	14	76	-	9%	63	20%
<i>Facilitation fees from Cross-sell</i>	16	8	-51%	1%	15	-48%
<i>Other Fee income</i>	0.4	0.6	71%	-	0.5	22%
Recovery against loans written off (D)	1	3	-	-	6	-48%
Other income (E)	0.1	0.05	-	-	0.03	65%
Total Revenue (F) = (A+B+C+D+E)	576	814	41%	100%	760	7%
Financial expenses (G)	183	204	12%	25%	205	-
Personnel expenses	147	151	3%	19%	160	-5%
Operating and other expenses	44	54	23%	7%	59	-8%
Depreciation and amortization	4	5	49%	1%	4	38%
Total Operating Cost (H)	194	210	8%	26%	222	-5%
Impairment on financial instruments (I) – ECL	(10)	19	-	2%	26	-25%
Total Expenditure(J)= (G+H+I)	367	433	18%	53%	452	-4%
Profit before Tax = (F-J)	209	381	82%	47%	308	24%
Current Tax (I)	31	75	145%	9%	79	-4%
Deferred Tax (II)	16	17	5%	2%	(4)	-
MAT Credit Entitlement (III)	(31)	-	-	-	-	-
Total Tax Expense (I+II+III)*	16	92	-	11%	75	23%
Profit after Tax	193	288	49%	35%	233	24%
Other Comprehensive income	0.4	(4)	-	-	2	-
Total Comprehensive income for the period	193	285	47%	35%	235	21%

*Tax expense is arrived based on estimated tax rate for FY19

P&L STATEMENT FOR 9MFY19

INR Crs.

Particulars	9MFY18	9MFY19	YoY%	9MFY19 As % of Total Revenue
Interest Income (A)	1,294	1,686	30%	77%
<i>Interest income on Portfolio loans</i>	1,228	1,632	33%	75%
<i>Interest on deposits</i>	66	54	-18%	2%
Net gain on derecognition of loans sold under assignment transaction (B)	125	267	112%	12%
Fee Income (C)	88	220	-	10%
<i>BC Fees</i>	44	174	-	8%
<i>Facilitation fees from Cross-sell</i>	43	44	3%	2%
<i>Other Fee income</i>	1	2	48%	-
Recovery against loans written off (D)	3	13	-	1%
Other income (E)	0.3	0.2	-47%	-
Total Revenue (F) = (A+B+C+D+E)	1,510	2,186	45%	100%
Financial expenses (G)	538	608	13%	28%
Personnel expenses	375	470	25%	22%
Operating and other expenses	117	161	37%	7%
Depreciation and amortization	9	12	25%	1%
Total Operating Cost (H)	502	643	28%	29%
Impairment on financial instruments (I) – ECL	25	64	-	3%
Total Expenditure(J)= (G+H+I)	1,064	1,314	23%	60%
Profit before Tax = (F-J)	445	871	96%	40%
Current Tax (I)	75	301	-	14%
Deferred Tax (II)	69	(93)	-	-4%
MAT Credit Entitlement (III)	(75)	-	-	-
Total Tax Expense (I+II+III)*	69	208	-	10%
Profit after Tax	376	663	76%	30%
Other Comprehensive income	6	(2)	-129%	-
Total Comprehensive income for the period	382	662	73%	30%

*Tax expense is arrived based on estimated tax rate for FY19

Q3FY19 Ind AS VS PREVIOUS GAAP

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	(0)	
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	-	
Other Income	0.05	0.05	-	
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	

Q2FY19 Ind AS VS Previous GAAP

Ind AS / Previous GAAP	Ind AS (A)	IGAAP (B)	Variance (A-B)	Remarks
Interest income	576	509	67	
<i>Interest income on portfolio loans/ Interest income on portfolio loans and Loan processing fee</i>	562	495	67	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	98	91	7	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	79	79	-	
<i>BC fees</i>	63	63	-	
<i>Facilitation fees from Cross-sell</i>	15	15	-	
<i>Other fee income</i>	0.5	0.5	-	
Recovery against loans written off	6.3	6.3	-	
Other Income	0.03	0.02	-	
Total Revenue	760	686	74	
Financial expenses	205	168	37	Under Ind AS Interest expense on securitisation transactions to be included in financial expenses Amortisation of processing fees on borrowings
Personnel expenses	160	159	1	Actuarial adjustments reclassified in other comprehensive income
Operating and other expenses	59	59	-	
Depreciation, amortization and impairment	4	4	-	
Total Operating Cost	222	221	1	
Impairment on financial instruments/ Provisions & Write-offs	26	14	12	Under Ind AS ECL methodology is used to arrive at impairment of loans
Total Expenditure	452	404	49	
Profit before Tax	308	283	25	
Current Tax	79	81	(2)	
Deferred Tax (Asset)/ Liability	(4)	(10)	6	
Profit after Tax	233	212	21	
Other Comprehensive income	2	-	2	Includes actuarial adjustments on gratuity and Fair value impact on assets
Total Comprehensive income for the period	235	212	23	

Q3FY18 Ind AS VS Previous GAAP

INR Crs

Ind AS / Previous GAAP	Ind AS (A)	IGAAP (B)	Variance (A-B)	Remarks
Interest income	466	450	16	
<i>Interest income on portfolio loans/ Interest income on portfolio loans and Loan processing fee</i>	451	435	16	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>	15	15	-	
Net gain on derecognition of loans sold under assignment transaction / Excess interest spread on securitization and Assignment	78	61	17	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	31	31	-	
<i>BC fees</i>	14	14	-	
<i>Facilitation fees from Cross-sell</i>	16	16	-	
<i>Other fee income</i>	0	0	-	
Recovery against loans written off	1	1	-	
Other Income	0	0	-	
Total Revenue	576	544	33	
Financial expenses	183	178	4	Under Ind AS Interest expense on securitisation transactions to be included in financial expenses Amortisation of processing fees on borrowings
Personnel expenses	147	147	0	Actuarial adjustments reclassified in other comprehensive income
Operating and other expenses	44	44	0	
Depreciation, amortization and impairment	4	4	-	
Total Operating Cost	194	194	0	
Impairment on financial instruments/ Provisions & Write-offs	(10)	9	(18)	Under Ind AS ECL methodology is used to arrive at impairment of loans
Total Expenditure	367	381	(14)	
Profit before Tax	209	163	46	
Current Tax	31	31	-	
Deferred Tax (Asset)/ Liability	16	-	16	
Minimum Alternate Tax credit entitlement	(31)	(31)	-	
Profit after Tax	193	163	30	
Other Comprehensive income	0.4	-	0.4	Includes actuarial gains/losses on gratuity and Fair value impact on assets
Total Comprehensive income for the period	193	163	31	

PAT RECONCILIATION OF PREVIOUS GAAP VS Ind AS

INR Crs

Particulars	Q3FY18	Q2FY19	Q3FY19	9MFY19	Remarks
Profit After Tax as per previous GAAP	163	212	243	645	
Ind AS adjustments increase /(decrease) profit					
Expected Credit Loss Impact	18	(8)	(14)	(43)	Provisioning based on ECL methodology
Effective Interest Rate impact on financial assets	2	(7)	1	4	Change from Straight line amortisation of processing fees to EIR
Effective Interest Rate impact on borrowings	3	(3)	(2)	(9)	Amortisation of processing fees on borrowings
Assignment transactions impact	29	43	75	67	Total gain from the assignment deals recognised on the transaction date and derecognised in subsequent periods
Securitisation transactions impact	(5)	0.1	0.2	2	Total gain on securitisation deals prior to transition date recognised on the transaction date and derecognised in subsequent periods
Actuarial gain/(loss) on gratuity	(0)	(1)	2	4	Reclassification in other comprehensive income
Others	(0.1)	0.3	(0.1)	0.2	
Deferred Tax impact on above items	(16)	(9)	(22)	(9)	
Current Tax impact	-	5	5	2	
Profit After Tax as per Ind AS	193	233	288	663	
Other comprehensive income (Net of tax)	0.4	2	(4)	(2)	Actuarial adjustments on gratuity and Fair value impact on assets
Total Other Comprehensive Income after tax as per Ind AS	193	235	285	662	

QoQ REVENUE VARIANCE ANALYSIS (1/2)

INR Crs.

Particulars	Q2FY19 (A)	Q3FY19 (B)	Variance(B-A)	Comments
Interest income on portfolio loans	562	540	(22)	Decrease in income by 4% on account of decrease in quarterly Avg. on balance sheet portfolio by 2% (Quarterly Avg. Rs.10,542 Crs for Q3FY19 and Rs.10,766 Crs for Q2FY19).
Interest on deposits	14	16	2	Income from investments increased by 14% on account of daily avg. interest yielding investments increasing by 9%
Net gain on derecognition of loans sold under assignment transaction	98	170	72	Upfront income realised in Q3FY19 on account of 3 assignment deals amounting to INR 2,511 Crs vis-à-vis 2 assignment deals amounting to 1,354 Crs in Q2FY19
BC Fees	63	76	13	Increase in BC fees by 20% on account of increase in monthly average managed portfolio by 25% (Rs. 3,079 Crs in Q3FY19 and Rs. 2,468 Crs in Q2FY19)
Facilitation fees from Cross-sell	15	8	(7)	No of units facilitated in Q3FY19 is 1.8 Lacs units vis-a-vis 3.9 Lacs units in Q2FY19 (due to change in delivery process)
Recovery from write-offs	6	3	(3)	
Other income	0.5	0.7	0.2	
Total	760	814	54	

QoQ EXPENSES VARIANCE ANALYSIS (2/2)

INR Crs.

Particulars	Q2FY19 (A)	Q3FY19 (B)	Variance (B-A)	Comments
Finance costs	205	204	(1)	<ul style="list-style-type: none"> Increase in Avg. quarterly borrowings cost (9.8% in Q2FY19 to 10.4% in Q3FY19) decrease in Avg. quarterly borrowings (Rs. 8,174 Crs in Q2FY19 and Rs. 7,730 Crs in Q3FY19)
Personnel expenses	160	151	(9)	<ul style="list-style-type: none"> Decline in ESOP expenses by Rs. 8 crs
Other Operating expenses	62	59	(3)	<ul style="list-style-type: none"> Decrease in provision towards death insurance claims
Impairment of financial assets (A+F)	26	19	(7)	
Provisions (A= B+C+D+E)	20	13	(7)	
<i>Stage I Provisions (B)</i>	(4)	(5)	(1)	ECL Methodology is used to arrive at impairment of loans i.e. ~0.64% of decrease in Stage I portfolio of ~ INR 800 Crs
<i>Stage II Provisions (C)</i>	9	(3)	(12)	ECL Methodology is used to arrive at impairment of loans i.e.~ 40% of decrease in Stage II portfolio of INR 7 Crs
<i>Stage III Provisions (D)</i>	5	15	10	ECL Methodology is used to arrive at impairment of loans i.e. ~70% of increase in Stage III portfolio of INR 21 Crs
<i>Managed Loans Provisions (E)</i>	9	6	(3)	1% provisions on incremental managed portfolio
Losses & Write-offs (F = G+H+I)	6	7	1	
<i>Loss on Managed (G)</i>	2	5	3	Losses settled against managed portfolio
<i>Loss on Securitisation (H)</i>	4	2	(2)	Losses on securitisation
<i>Stage III Write-offs (I)</i>	0.5	-	(0.5)	

Refer slide 67 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.

ECL CALCULATION FOR IGL

As on 31 Dec, 2018

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%	4,275	25	0.6%
Stage II (31-60)	65.52%	64.26%	64.26%	82%	70%	9	4	37.7%
Stage III (>60)	100%	100%	100%	100%	70%	35	25	70.0%
					Total	4,319	53	1.2%

* Weights

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

Q3FY19 PROVISIONS BREAKUP

INR Crs

ECL PROVISIONS

Period ->	30-Sep-18			31-Dec-18			Q3FY19
Asset Classification:	Amount Outstanding	Provisions%	Provision (A)	Amount Outstanding	Provisions%	Provision (B)	Incremental Provisions (B-A)
Stage I (Current to 30)	10,845	0.64%	69	10,036	0.64%	64	(5)
Stage II (31-60)	28	40.3%	11	21	39.6%	8	(3)
Stage III (>60)	41	70.0%	29	62	70.0%	44	15
Total	10,914	1.0%	109	10,119	1.14%	116	7

MANAGED LOANS PROVISIONS (1%)

Period ->	30-Sep-18		31-Dec-18		Q3FY19
	Amount Outstanding	Provision (A)	Amount Outstanding	Provision (B)	Incremental Provisions (B-A)
Managed Loans	2,772	28	3,361	34	6

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

TAX IMPACT UNDER Ind AS

As per Ind AS	As on 1 April, 2017 (Transition date)	As on 31 March, 2018	As on 31 Dec, 2018
MAT Credit Entitlement	206	285	151
Deferred Tax asset/ (Liability)	(0.5)	(76)	18
Total	206	209	169

Particulars	As on 31 March, 2018	As on 31 Dec, 2018
ECL impact	(10)	58
EIR impact on assets	(6)	(8)
Income recognition on assignment deals on transaction date and securitisation deals prior to transition date	(38)	(61)
EIR impact on borrowings	(5)	(2)
Impact on Fair valuation of loans	(17)	(17)
Impact of ESOP disallowance	-	41
Others	(0.4)	7
Total Deferred Tax asset/ (Liability)	(76)	18

STRONG CAPITAL BASE AND ROBUST LIQUIDITY DRIVE BFIL BALANCE SHEET

INR Crs.

Particulars	Q3FY18	Q3FY19	YoY%	Q2FY19	QoQ%
Equity share capital	139	140	1%	140	-
Other Equity	2,755	3,763	37%	3,462	9%
Total Equity	2,894	3,903	35%	3,602	8%
Borrowings	7,719	7,740	-	7,721	-
Interest accrued but not due on borrowings	38	18	-52%	20	-8%
Employee benefits payable	29	30	1%	23	26%
Payable towards securitisation/assignment transactions	246	686	-	472	45%
Expenses & other payables	24	34	37%	54	-38%
Provision for gratuity and leave benefits	27	31	15%	28	14%
Provision for Fraud Theft & Burglary	3	6	117%	4	49%
Provision for Managed Portfolio	5	34	-	28	21%
Current tax liabilities (Net)	2	25	-	34	-26%
Statutory dues payable	9	13	37%	13	-
Unamortised fee income	1	3	-	2	25%
Liabilities	8,104	8,619	6%	8,398	3%
Total Liabilities and Equity	10,998	12,522	14%	12,001	4%
Cash and bank balances	1,515	1,991	31%	661	-
Receivables	11	3	-72%	29	-89%
Loans	9,472	10,119	7%	10,914	-7%
ECL provisioning	(421)	(116)	-73%	(109)	6%
Investments	0.2	0.2	-	0.2	-
Interest accrued but not due on portfolio loans	24	26	5%	28	-8%
Interest accrued and due on portfolio loans	1	1	120%	2	-46%
Interest strip on securitisation transactions	2	-	-	-	-
Interest strip on loan assignment transactions	47	147	-	82	79%
Unbilled revenue	12	27	122%	45	-41%
Security deposits	4	4	16%	4	4%
Insurance deposit receivable	2	4	-	4	-6%
Advance to vendor (cross-sale)	12	(0)	-	2	-101%
Claims Outstanding Receivable from Insurance Company	10	38	-	34	11%
Current tax assets (Net)	39	45	16%	42	9%
Deferred tax assets (Including MAT Credit)	209	169	-19%	211	-20%
Fixed assets	16	27	75%	23	17%
Intangible assets	6	7	22%	8	-11%
Other Assets	36	29	-20%	21	41%
Total Assets	10,998	12,522	14%	12,001	4%
Note:1 Securitised ¹ /Managed/Assigned Portfolio	1,975	6,532	-	4,567	43%
2. Gross Loan Portfolio	11,447	16,651	45%	15,482	8%

¹Securitised 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		Q3 FY18	Q2 FY19	Q3 FY19
Spread Analysis (as % of Avg. Quarterly Gross Loan Portfolio)				
Gross Yield	(l)	20.9%	20.7%	20.3%
Portfolio Yield*	(a)	19.7%	19.8%	19.6%
Financial Cost	(b)	6.6%	5.6%	5.1%
NIM on Portfolio	(a-b)	13.1%	14.2%	14.5%
Operating Cost	(c)	7.1%	6.1%	5.2%
Provision and Write-offs	(d)	-0.3%	0.7%	0.5%
Taxes	(e)	0.6%	2.0%	2.3%
Total Expense	II = (b+c+d+e)	13.9%	14.4%	13.1%
Return on Avg. Gross Loan Portfolio	(l) - (II)	7.0%	6.4%	7.2%
Efficiency:				
Cost to Income		49.4%	40.0%	34.4%^
Asset Quality – Non-AP:				
Gross NPA (Stage 3)		4.3%	0.4%	0.6%
Net NPA		0.1%	0.1%	0.2%
Gross NPA (INR Crs.) (Stage 3)		410.8	40.9	62.2
Net NPA (INR Crs.)		8.0	12.3	18.7
Leverage:				
Debt : Equity		2.7	2.1	2.0
Debt : Equity (Incl. Assigned & Managed Loans)		3.4	3.5	3.8
Capital Adequacy:		31.0%	31.3%	36.2%
Profitability:				
Return on Avg. Assets (Incl. Assigned & Managed Loans) **		6.1%	5.7%	6.5%
ROE **		27.8%	27.0%	30.7%
EPS - Diluted (INR) (Not Annualized)		13.8	16.5	20.5
Book Value (INR)		208.3	257.2	278.5

*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

^ 39.6% based on previous GAAP

ROA OF 5.3% AND ROE OF 25.4% FOR 9MFY19

Particulars	9M FY18	9M FY19
Spread Analysis (as % of Avg. Quarterly Gross Loan Portfolio)		
Gross Yield	(l) 19.7%	19.9%
Portfolio Yield*	(a) 18.3%	18.9%
Financial Cost	(b) 7.0%	5.5%
NIM on Portfolio	(a-b) 11.2%	13.3%
Operating Cost	(c) 6.6%	5.9%
Provision and Write-offs	(d) 0.3%	0.6%
Taxes	(e) 0.9%	1.9%
Total Expense	II = (b+c+d+e) 14.8%	13.9%
Return on Avg. Gross Loan Portfolio	(l) - (II) 4.9%	6.0%
Efficiency:		
Cost to Income	51.6%	40.8%^
Asset Quality – Non-AP:		
Gross NPA (Stage 3)	4.3%	0.6%
Net NPA	0.1%	0.2%
Gross NPA (INR Crs.) (Stage 3)	410.8	62.2
Net NPA (INR Crs.)	8.0	18.7
Leverage:		
Debt : Equity	2.7	2.0
Debt : Equity (Incl. Assigned & Managed Loans)	3.4	3.8
Capital Adequacy:	31.0%	36.2%
Profitability:		
Return on Avg. Assets (Incl. Assigned & Managed Loans) **	4.1%	5.3%
ROE **	19.1%	25.4%
EPS - Diluted (INR) (Not Annualized)	27.0	47.2
Book Value (INR)	208.3	278.5

*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

^ 42.9% based on previous GAAP

FINANCIAL ARCHITECTURE

FINANCIAL ARCHITECTURE

INR Crs.

Lenders Mix* Devoid Of Dependence Risk

On Balance Sheet*	Q3FY18	Q2FY19	Q3FY19
IndusInd Bank	-	13.1%	16.9%
Axis Bank	4.9%	12.8%	11.6%
HSBC Bank	4.6%	6.4%	9.6%
SIDBI	6.8%	10.2%	8.7%
Yes Bank	6.4%	10.3%	7.6%
ICICI Bank	4.8%	7.9%	6.6%
Standard Chartered Bank	4.0%	4.5%	6.1%
Bank of India	8.1%	6.0%	5.1%
Citi Bank	1.7%	4.6%	4.5%
RBL Bank	5.1%	4.0%	4.5%
Kotak Mahindra Bank	5.9%	2.3%	3.1%
Dena Bank	5.9%	3.6%	2.9%
Mudra	2.4%	2.6%	2.2%
State Bank Group	7.2%	1.3%	1.9%
Bajaj Finance Limited	0.5%	0.1%	1.6%
Mahindra & Mahindra Financial Services Ltd	2.4%	1.8%	1.5%
Union Bank of India	3.3%	2.0%	1.4%
IDFC Bank	5.5%	2.2%	1.3%
Others	20.4%	4.4%	3.1%
Total	7,240	6,386	6,295

* Includes Term loan and cash credit facilities

Diversified Source Mix

	Q3FY18	% Mix	Q2FY19	% Mix	Q3FY19	% Mix
Term Loan	6,791	69%	6,385	50%	6,235	42%
Asset Assignment	1,293	13%	2,044	16%	3,566	24%
Managed Loans	614	6%	2,765	22%	3,340	22%
Securitisation	673	7%	1,544	12%	1,704	11%
CC	2	-	1	-	60	0.4%
NCD	200	2%	-	-	-	-
CP	247	3%	-	-	-	-
Total	9,820	100%	12,739	100%	14,905	100%

Investor Mix (Off B/S) Broad-based

Securitized / Assigned	Q3FY18	Q3FY19
State Bank Group	44%	30%
IndusInd Bank	-	16%
Axis Bank	-	15%
HDFC Bank	19%	14%
Yes Bank	10%	12%
Bank of India	21%	6%
Kotak Mahindra Bank	-	4%
RBL Bank	-	3%
Vijaya Bank	-	1%
DCB Bank	1%	-
IDBI Bank	4%	-
Total	1,966	5,270

SUB 10% MARGINAL COST OF BORROWING

Funding Cost Analysis

		Metric	FY14	FY15	FY16	FY17	FY18	Q3FY18	Q2FY19	Q3FY19
Marginal Cost of Borrowings#		on and off b/s loans (excluding processing fees)	12.2%	11.7%	10.1%	9.4%	8.6%	8.4%	8.7%	9.2%
		on and off b/s loans (including processing fees)*	12.6%	11.9%	10.2%	9.4%	8.7%	8.5%	8.7%	9.3%
		on b/s loans (excluding processing fees)	12.9%	12.3%	11.0%	9.8%	8.8%	8.6%	8.8%	9.2%
		on b/s loans (including processing fees)*	13.6%	12.6%	11.1%	9.9%	8.9%	8.8%	8.8%	9.2%
Monthly Average (Quarterly Avg for FY18 and Q2FY19 and Q3FY19)		on and off b/s loans (including processing fees)**	13.0%	12.2%	11.1%	10.1%	9.0%	9.1%	9.2%	9.6%
		on b/s loans (including processing fees)**	13.7%	12.8%	11.6%	10.7%	9.6%	9.5%	9.8%	10.4%
	Loan Processing Fees (INR Crs.)		17.3	16.9	11.6	10.4	14.9	5.3	1.5	2.7
	Drawdowns (INR Crs.)		3,503	5,020	7,317	6,900	9,977	2,293	3,587	5,510
	Financial Cost^		8.3%	8.3%	8.5%	7.3%	6.8%	6.6%	5.6%	5.1%

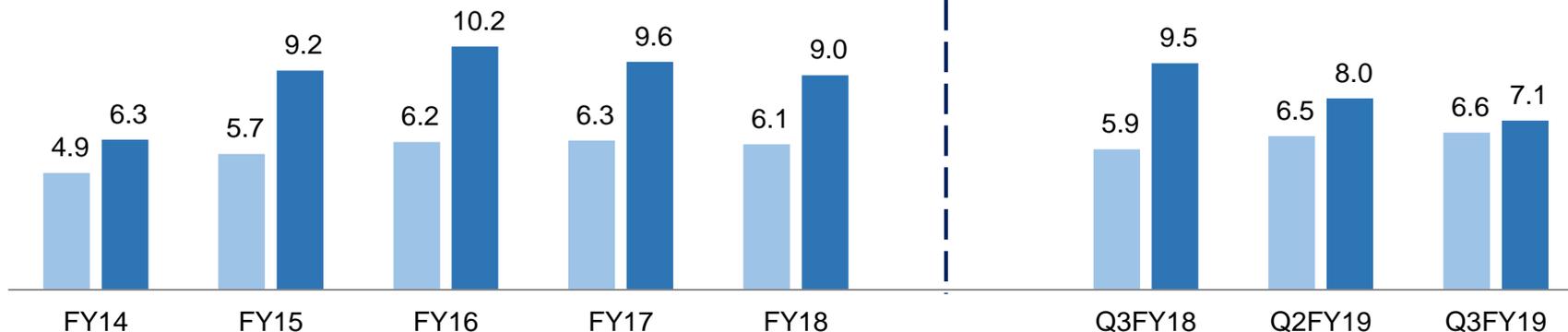
* processing fees is amortized for marginal cost calculation. ^ Financial expenses to quarterly Avg. Gross Loan Portfolio.

Excluding Managed Loans. ** amortised processing fees for FY18 ,Q2FY19, Q3FY19 nos. under Ind AS

POSITIVE ALM MISMATCH BENEFIT CONTINUES

ALM

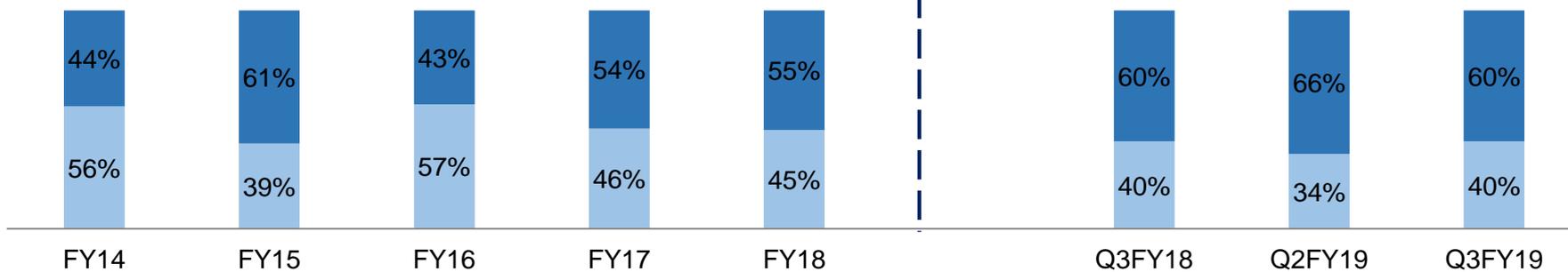
- Avg maturity of assets
- Avg maturity of liabilities



ALM data includes Securitized/ Assigned loans

Interest Rate Mix of Borrowings*

- Floating
- Fixed



* Excludes managed loans

POSITIVE ALM GAP FOR ALL INTERVALS

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	-	-	-	-	-	-	-	3,902	3,902
Borrowing	643	718	889	1,680	2,413	1,397	-	-	7,740
Others^	755	-	-	21.63	-	-	-	121	898
Total (A)	1,398	718	889	1,702	2,413	1,397	-	4,023	12,540
Inflows									
Cash & bank	1,554	40	4	96	181	116	-	0.3	1,991
Loans #	1,187	949	921	2,546	3,166	1,287	19	-	10,076
Others	101	28	28	41	34	8	-	233	473
Total (B)	2,842	1,017	953	2,683	3,381	1,411	19	233	12,540
GAP (B-A)	1,444	300	64	982	968	14	19	(3,790)	-
Cumulative GAP	1,444	1,743	1,808	2,789	3,758	3,771	3,790	-	

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 ASSESMENT- LONG-TERM CREDIT RATING UPGRADED TO AA-

Rating Instrument	Rating/Grading	Rating Agency	Rating Amount Limits (Rs. Crs.)	
			Q2FY19	Q3FY19
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 (NCD)	CARE A+	CARE Ratings	400	-
Short-term Debt (CP/NCD)	CARE A1+	CARE Ratings	200	-
Long-term Debt	[ICRA] A+	ICRA Limited	750	100\$
Short-term Debt	[ICRA] A1+	ICRA Limited		
Securitisation Pool	CARE AAA (SO)	CARE Ratings	244	244*
	ICRA AA (SO)# Provisional ICRA AA (SO)#	ICRA Limited	2,775	3,713*
Corporate Governance Rating	CGR2+^	ICRA Limited	N/A	N/A

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

Five transactions are rated as AA(SO) and Three transactions has provisional AA (SO).

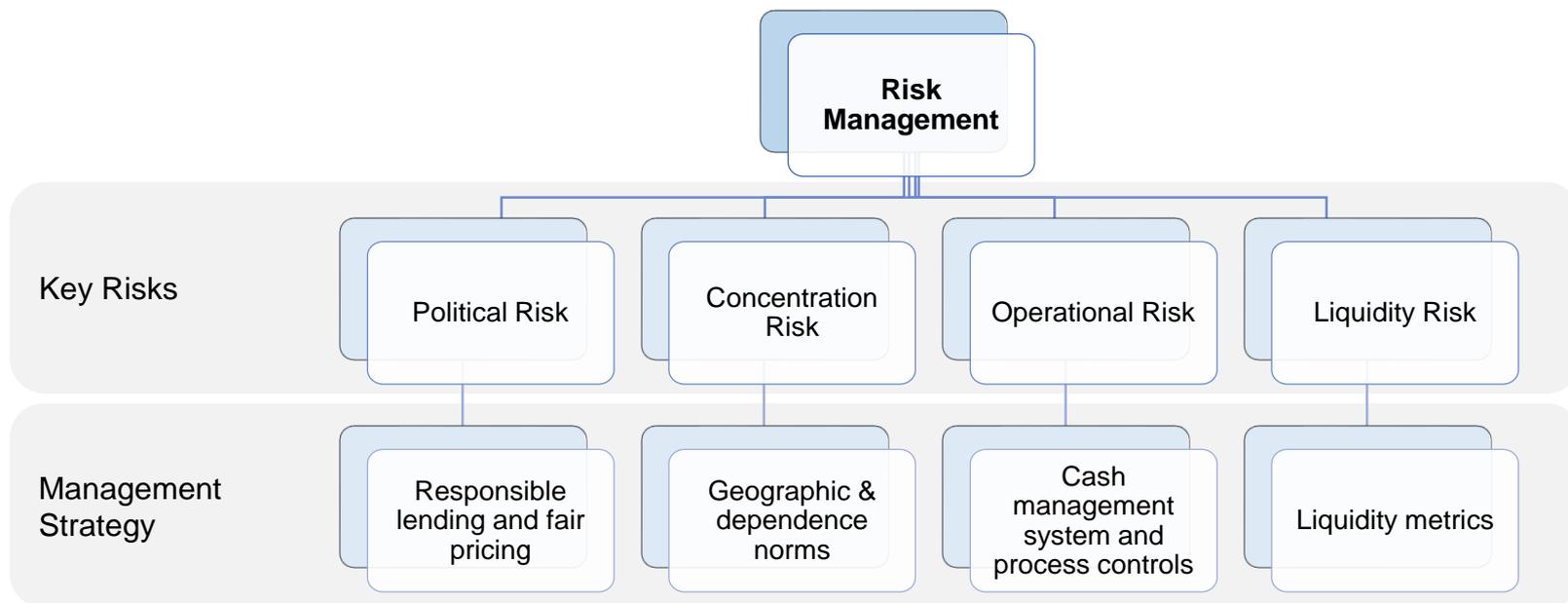
**CARE has upgraded the rating from A+ to AA-

^Annual surveillance under discussion

\$ Overall Interchangeable limit for long term and short term

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)**

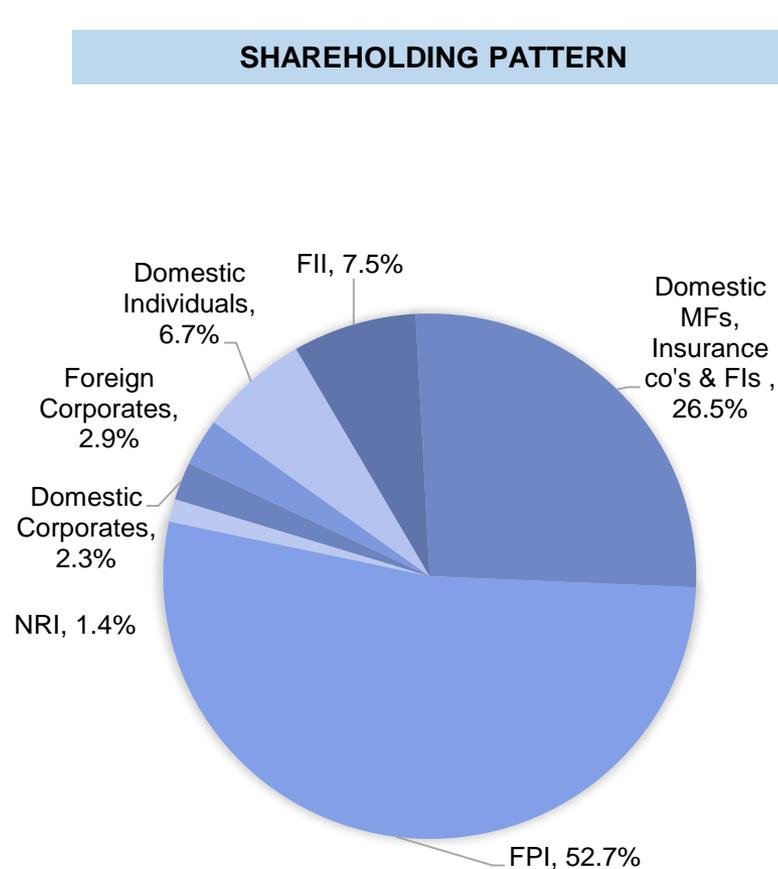
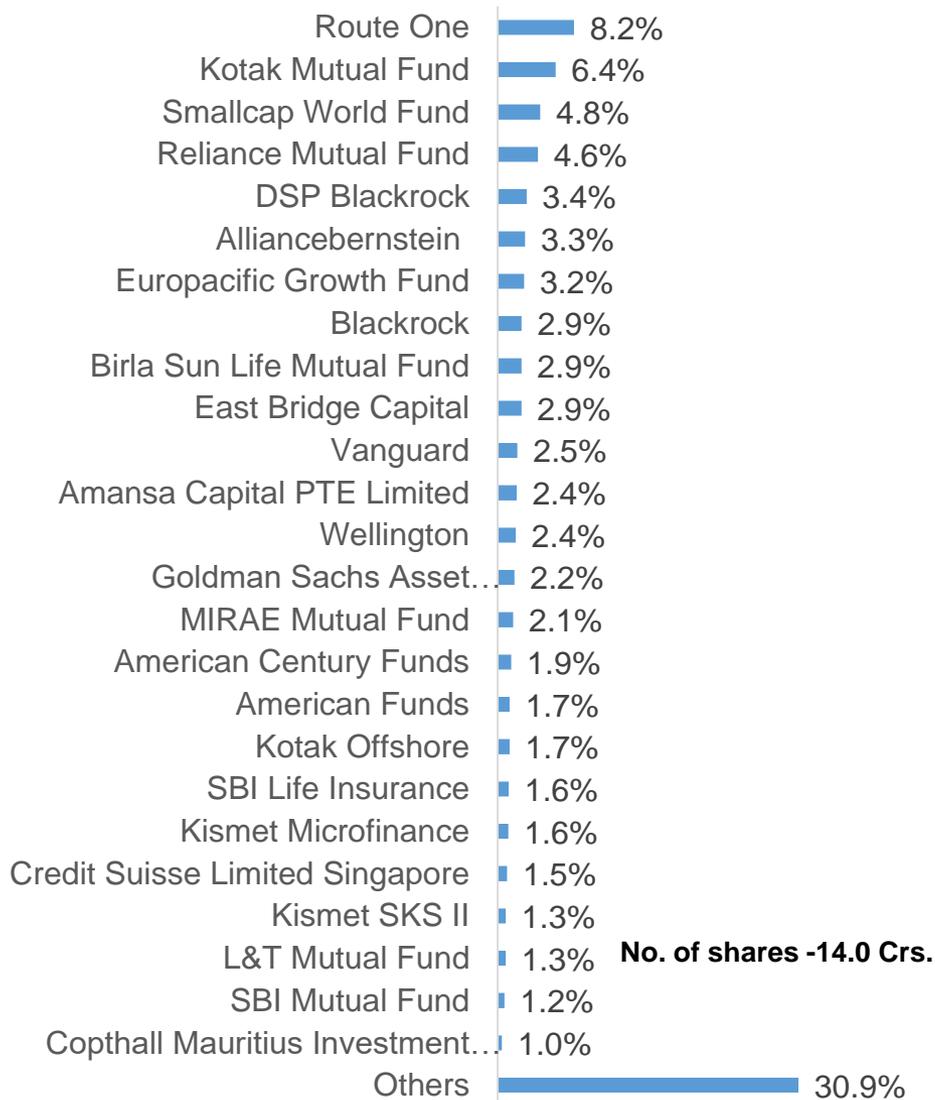
- Integrated cash management system
- Product and process Design
- ISO Certified Internal audit

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

* Cap for Indusind Bank at 25%.

CAPITAL STRUCTURE

CAPITAL STRUCTURE AS ON 31ST DECEMBER 2018



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	Stage I	0- 30 days
	Sub-Standard Assets	91-180 days	> 8 to 25 weeks	Stage II	31-60 days
	Loss Assets	>180 days	>25 weeks and > 8 weeks expired contracts	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	Stage I (Q3FY19 0.64%)	ECL Methodology is used
	Sub-Standard Assets	50% of instalments overdue*	50% of outstanding principal*	Stage II (Q3FY19 40%)	
	Loss Assets	100% of instalments overdue*	100% of outstanding principal/ write-off*	Stage III (GNPA) (Q3FY19 70%)	
Provisioning Norms for Managed loans			1% of overall Portfolio subject to the maximum guarantee given in respect of these arrangements.	1% of overall Portfolio subject to the maximum guarantee given in respect of these arrangements.	

* The aggregate loan provision will be maintained at higher of 1% of overall portfolio or as per company's provisioning policy.

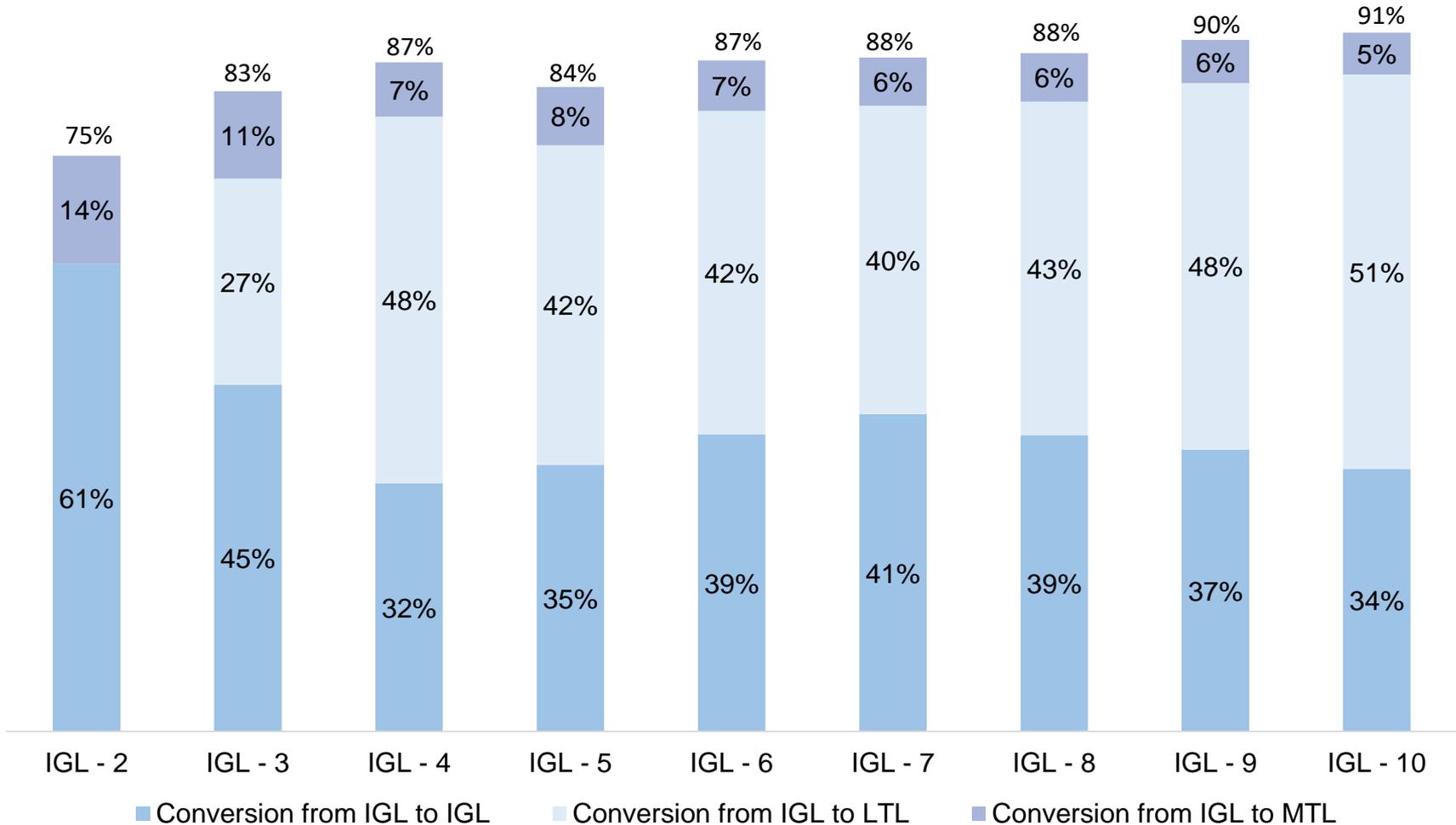
^ Securitised portfolio is recognised as financial asset (on-balance sheet) as per Ind AS

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:

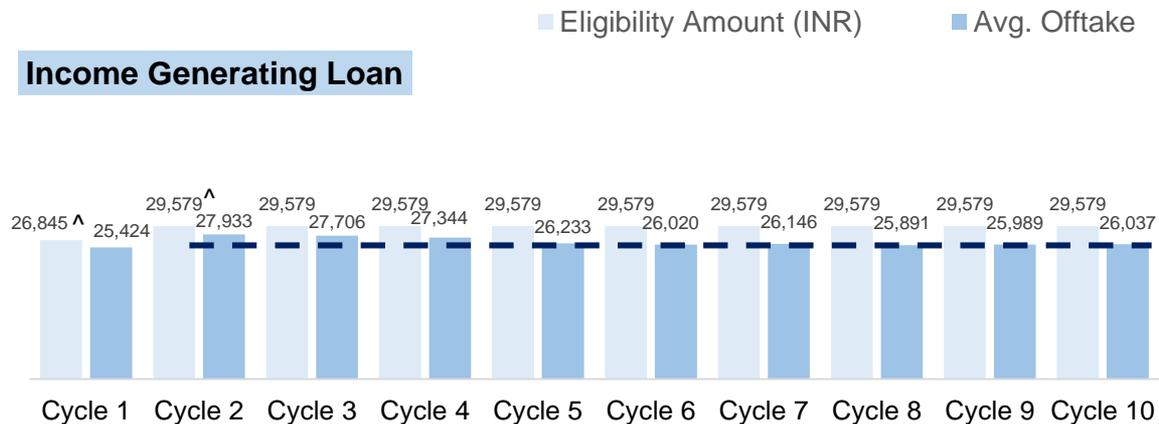
The above data is as on 30th Sep'16 (Pre demonetisation period).

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.

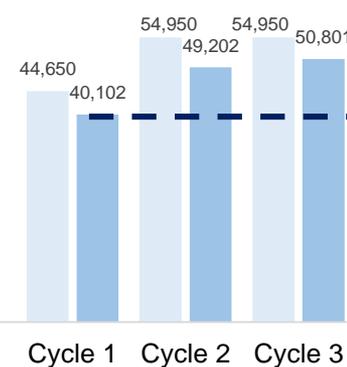
JLG MODEL ENSURES EFFECTIVE CONTROL ON AVERAGE INDIVIDUAL EXPOSURE, IRRESPECTIVE OF ACTUAL LOAN ELIGIBILITY

Q3FY19

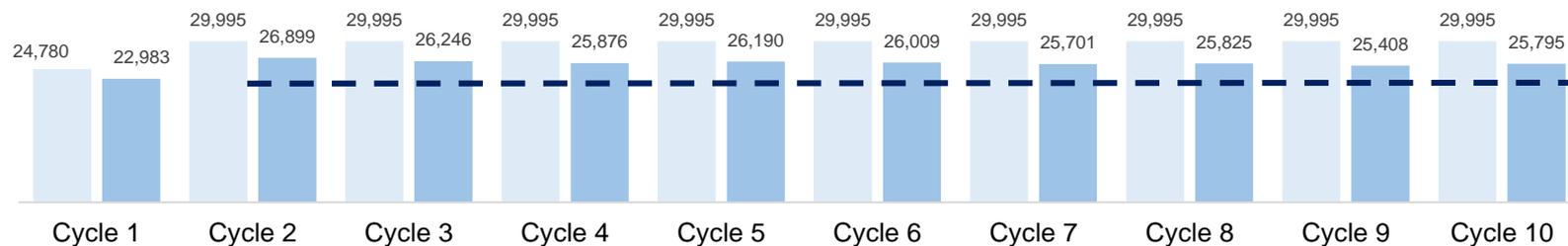
Income Generating Loan



Long Term Loan

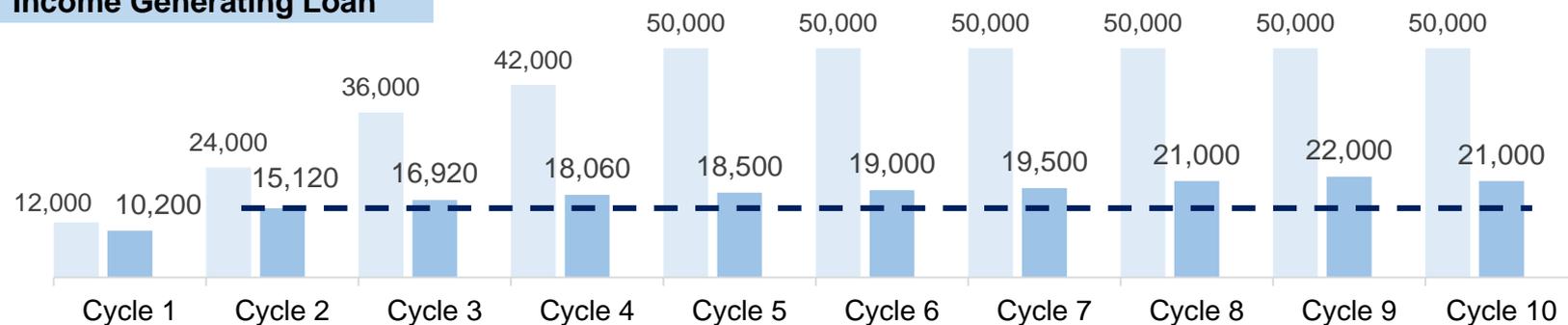


Mid Term Loan



Q2FY11 (PRE-CRISIS)

Income Generating Loan



[^] 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. 26,845 and IGL 2 is Rs. 29,579

CYCLE WISE NON-AP LOAN BORROWERS

Cycle Wise	Q3FY18	Q2FY19	Q3FY19
IGL 1	33%	43%	41%
IGL 2	23%	13%	13%
IGL 3	9%	9%	8%
IGL 4	3%	2%	2%
IGL 5	1%	1%	0.7%
IGL 6	1%	1%	0.4%
IGL 7	1%	1%	0.4%
IGL 8	1%	1%	0.4%
IGL 9 and above	1%	1%	0.5%
Total IGL Borrowers	72%	70%	67%
LTL 1	13%	14%	16%
LTL 2 and above	4%	7%	7%
Total LTL Borrowers	17%	21%	24%
MTL 1	7%	6%	7%
MTL 2	2%	2%	1%
MTL 3	1%	1%	0.4%
MTL 4	1%	0.3%	0.2%
MTL 5	0.3%	0.2%	0.1%
MTL 6	0.2%	0.2%	0.1%
Total MTL Borrowers	12%	9%	9%
Cross Sell	0.2%	0.2%	0.2%
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)	6,846 (41%)	4,909 (29%)	4,789 (29%)	97 (1%)#
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 Q3FY19	26,446	24,308	42,325	4,029
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 and Loans for home improvement which are in pilot stage).

Portfolio excludes Two-wheeler loans - Rs 28 Crs, & Home improvement Rs. 3.2 Crs.

** With effect from 03rd December 2018

Note: Above numbers are based on Previous GAAP

PRODUCT WISE - DISBURSEMENT, PORTFOLIO OUTSTANDING AND TICKET SIZE

		IGL	LTL	MTL	Others*	Total
Q3FY18	No. of Loans Disbursed in '000	1,197	160	489	474	2,319
	<i>% Mix</i>	52%	7%	21%	20%	100%
	Amount of Loan Disbursed (In Crs.)	2,946	624	1,032	109	4,712
	<i>% Mix</i>	63%	13%	22%	2%	100%
	Portfolio Outstanding (In Crs.)	5,687	2,024	3,641	114	11,466
	<i>% Mix</i>	50%	18%	32%	1%	100%
	Avg. Ticket Size INR	24,622	39,121	21,094	2,303	20,315
Q2FY19	No. of Loans Disbursed in '000	1,321	367	732	392	2,812
	<i>% Mix</i>	47%	13%	26%	14%	100%
	Amount of Loan Disbursed (In Crs.)	3,506	1,584	1,814	145	7,049
	<i>% Mix</i>	50%	22%	26%	2%	100%
	Portfolio Outstanding (In Crs.)	6,864	4,071	4,406	167	15,508
	<i>% Mix</i>	44%	26%	28%	1%	100%
	Avg. Ticket Size INR	26,531	43,223	24,768	3,708	25,066
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

*Cross sell products

Note: Above numbers are based on Previous GAAP

LEVERAGING THE DISTRIBUTION STRENGTH

	FY15	FY16	FY17	FY18	Q3FY18	Q2FY19	Q3FY19								
	Total	Total	Total	Total	Total	Total	Solar lamps	Mobile phone	Mixer grinder	Pressure Cooker	Refrigerator	Sewing machine	Bi-Cycle	Others^	Total
No. of Units Facilitated (in Lacs)	8.4	15.6	11.6	18.5	4.7	3.9	0.6	0.6	0.2	0.2	0.2	0.04	0.02	0.03	1.8
Gross Fees (after service tax) INR Crs.	28.3	49.7	42.7	66.4	16.3	15.3	2.4	2.4	0.6	0.4	1.8	0.2	0.1	0.1	7.9
Less: Incentives INR Crs.	4.6	13.8	9.6	15.7	5.3	3.5	0.3	0.3	0.03	0.1	0.1	0.01	0.02	0.1	0.9
Net Fees INR Crs.*	23.7	28.3	26.0	39.9	8.7	8.3	1.5	1.5	0.4	0.3	1.2	0.1	0.1	0.1	4.9
Loan Portfolio INR Crs.	58.3	101.9	32.4	145.0	114.3	162.9	12.5	37.3	6.7	3.4	33.7	2.2	1.0	28.7	125.5
Net Fee Income as % of PAT**	12.6%	9.3%	13.5%	6.8%	5.3%	3.6%	0.5%	0.5%	0.1%	0.1%	0.4%	0.04%	0.02%	0.02%	1.7%
Loan Portfolio Mix	1.4%	1.3%	0.4%	1.2%	1.0%	1.1%	0.1%	0.2%	0.04%	0.02%	0.2%	0.01%	0.01%	0.2%	0.8%

*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	9MFY19	Cumulative past 5.8 years
Solar Lamp	0.8%	4.6%	6.2%	7.2%	9.4%	4.3%	32.4%
Mobile Phone	1.4%	5.2%	8.3%	4.6%	7.1%	3.4%	30.1%
Mixer Grinder	-	0.1%	-	-	3.0%	2.6%	5.8%
Sewing Machine	-	-	1.5%	0.8%	0.8%	0.4%	3.6%
Pressure Cooker	-	-	-	-	0.9%	2.1%	3.0%
Others	-	0.2%	2.1%	0.9%	0.2%	0.6%	4.1%
Total	2.3%	10.1%	18.2%	13.5%	21.4%	13.4%	78.9%

Frequency of Loans Based On Current Member Base

Frequency of Loans (for the period)	FY14	FY15	FY16	FY17	FY18	9MFY19	Cumulative past 5.8 years
#1	1.4%	4.8%	8.3%	8.8%	16.4%	12.1%	28.3%
#2	0.1%	0.5%	1.2%	0.4%	1.8%	0.7%	7.9%
#3	-	-	0.1%	-	0.1%	-	2.7%
#4	-	-	-	-	-	-	1.0%
#5	-	-	-	-	-	-	0.4%
Total	1.5%	5.2%	9.6%	9.2%	18.3%	12.7%	40.5%

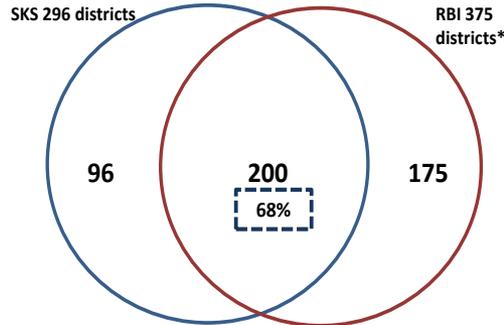
Cumulative Cross-sell Penetration % among our existing Non-AP Member base of 8.5 mn for last 5.8 years is 40.5%

BFIL FINANCIAL INCLUSION COVERAGE...

Strong reach in under-banked areas

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

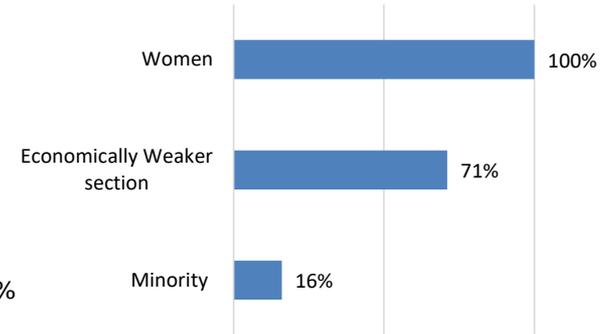
BFIL covers 68% of below average & low financial districts identified by CRISIL



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.

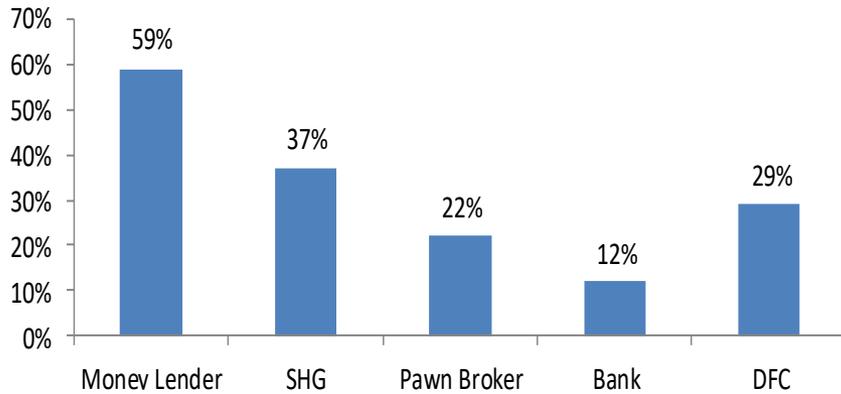
Dedicated customer service

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.

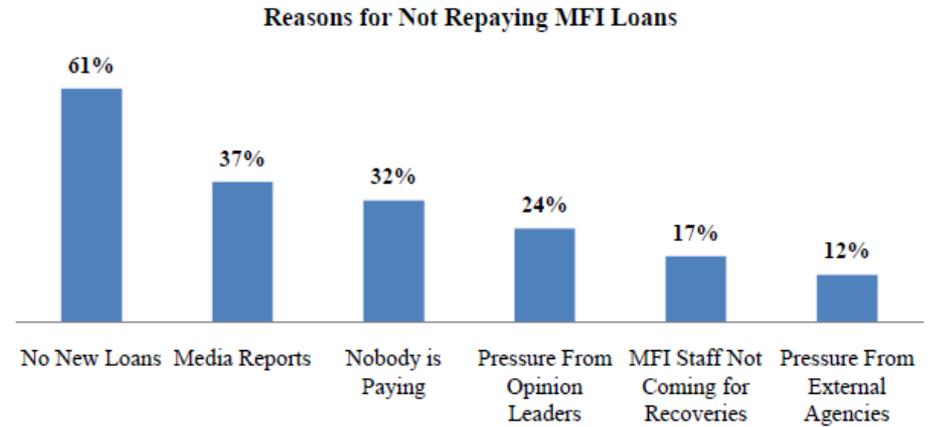
Toll-free helpline number with seven different vernacular languages

WHAT ARE CLIENTS DOING POST THE ANDHRA PRADESH MFI CRISIS?

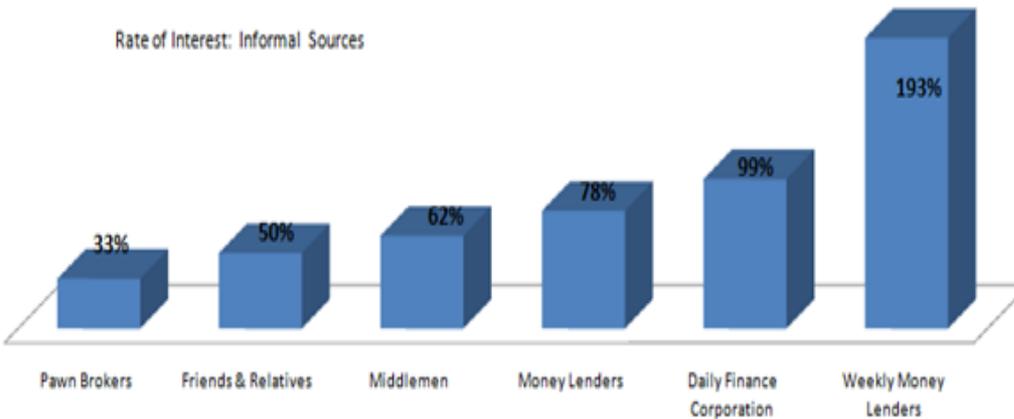
Sources of Credit (in the absence of MFI Loans)



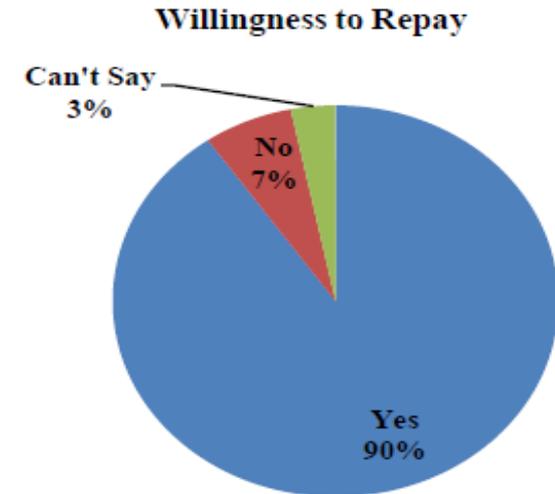
Reasons for not repaying MFI loans



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.

	FY17	FY18	Q3FY18	Q2FY19	Q3FY19
Interest Yielding^	946	929	610	465	498
Non Interest Yielding^^	280	429	433	543	586
Total	1,226	1,358	1,043	1,008	1,084

^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 %

- 32% for 9MFY19 (*Annualised*)

Who?

- 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?

- Majority of the staff who leaves the job, decides to leave within first year from joining date.

Why?

- Work conditions such as :
 - Average distance travelled per day is ~30 kms.
 - Work location is different from home location
 - Branch Reporting time at 6:30 AM

Retention Strategy

- 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 9MFY19	%Mix
< 6 Months	43%
6 Months - 1 Yr.	22%
1 -2 Yrs.	17%
2- 3 Yrs.	12%
> 3 Yrs.	6%

Member Services	Avg. Vintage (Yrs.) As on Dec-18
Branch Management*	7.6
Sangam Managers	2.3 (3.4 [^])

^ Avg Vintage of Sangam Managers (Excl. who joined in last one year) i.e. 63% of Sangam Managers is 3.4 Yrs.

* Includes Promoted Sangam Mangers

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 - 94% ▪ Income generation loans 99%
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 	✓

Note:

*Rs. 60,000 for 1st cycle loans (IGL 1 or IGL 1 + MTL 1) for Pan India and from 11th Dec'18 also applicable for all loans disbursed in Orissa and six districts of West Bengal

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: 9.3% for 9MFY19

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



[^] 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. 50 for details on purpose wise loan portfolio outstanding.

ANNEXURES – INTERNAL AUDIT

INTERNAL AUDIT PLAYS A CRITICAL ROLE IN ASSESSING PROCESS CONTROLS

Strength

- 261 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 1,793
- Branches per Internal Audit staff 7
- Regional Offices 39

Automation of Internal Audit

Pre	Post	Benefits
MS-Excel	Automated risk based audit	Improved Audit quality
Offline audit & control	Real time control for Managers	Improved Audit supervision
7 branches per IA staff	8 branches per IA staff by FY19	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 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