Board Presentation

04 April 2016

The management presented the Annual Budget for FY 17 to the Board of Directors of the Company on April 4, 2016, which was noted by the Board. The Key Highlights of the same are given below -

- The Company has launched and scaled up many lines of businesses in the last 5 years, namely, SME Loans, Business Loans, Consumer Durables, Two Wheeler Loans, Home Loans focusing on the self-employed category, as well as a few additional businesses launched last year. The Company has established a strong foothold in most of these businesses, and plans to continue scaling up these business lines in the coming years.

- The Company intends to increase its overall Asset Under Management (AUM) by around 25% in FY'17 to cross Rs. 200 billion by March 31, 2017.

- The Company has a stated strategy to increase Retail Loans as a proportion of the overall AUM. Between FY 10 to FY 16, Retail AUM, as a percentage of the overall AUM has increased from 10% to 86%. The Company intends to increase the same to more than 90% by FY 17.

- The Company has robust and contemporary loan management system to manage the businesses. The Company would continue to focus on technology based innovations going forward for better customer experience and operational efficiency.

- The Company has maintained high standards of credit quality over the years using the good checks and controls in the credit approval processes. As a result, the Gross NPA of the Company has been consistently maintained around 1%. The Company plans to continue to build on the same and maintain high asset quality, by further improvising the underwriting processes based on experience. Following the RBI mandate, the Company plans to shift to 120-dpd NPA recognition in FY 17 from the current 150-dpd NPA recognition. As the Company already start provisions for the doubtful assets for all asset classes at 90-dpd, the transition for NPA recognition from 150-dpd to 120-dpd will not impact the profit & loss statement of the Company.

- The overall cost of funds for the Company has come down steadily over the last 12 quarters owing to improved performance of the Company and the confidence of the financial markets in the Company. The Company enjoys long term credit rating of AA+. The Company expects to raise funds at low cost from diversified sources for future growth. The Company intends to maintain its policy of doing business with matched funding for the purpose of healthy Asset Liability Management.

- The profitability of the Company is expected to increase every quarter sequentially in FY 17, and reach cumulative Profit After Tax of about Rs. 2.20 billion to Rs. 2.40 billion.

- As per the business plans, the Capital Adequacy Ratio of the Company is expected to remain comfortably above the regulatory requirements. The Company expects to end the year with total Capital Adequacy Ratio of 19% with Tier-I Capital Adequacy Ratio at 13%.

- Overall, strong foundations for future growth of the Company has been laid in the form of diversified and low cost of funding, defined business lines, quality team, strong systems, strong operations and controls, and good market presence. The Company looks forward to the future with high optimism.

Disclaimer

Statements made in this document may contain certain forward-looking statements based on various assumptions on the Company's present and future business strategies as well as on the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and abroad, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements. The Company has obtained all market data and other information from sources believed to be reliable or its internal estimates, although its accuracy or completeness cannot be guaranteed.