

KEYTAKEAWAYS FROM ANNUAL REPORT 2015-16

STEADY PERSEVERANCE STEADY GROWTH

During the FY 2015 - 2016, your Company continued to perform well. The excitement was largely on account of looking at business opportunities beyond the existing two-wheeler financing in the already established markets. The Company, after successful operations in South India and Western India, has expanded into the North and East Indian markets besides corporate and business loans.

It has been a remarkable landmark for the Company to cross the 1000 crore mark in loan book. Your Company has already disbursed more than 6 lakhs loans till date in the two-wheeler financing segment. The total number of live accounts as on 31st March, 2016 stood at approx. 3.79 lakhs and the total outstanding loan amount was 1039 crores, including corporate and business loans. The Company intends to improve the profitability over the coming years by tapping cheaper sources of funding like non-convertible debentures, commercial papers etc., apart from bank loans and public deposits.

NBFCs are being subjected to strict regulatory norms. It is reported that the overall gross NPA ratio of NBFCs across all asset classes is likely to rise to 7.8% by March, 2017, from 6% at end of September, 2015 and an estimated 6.7% as on 31st March, 2016. Of the 7.8% gross NPLs, 1.5% to 1.7% of the increase will be due to the shift to the 120 day NPA recognition norm in financial year 2016 - 2017 from 150 days in financial year 2015 - 2016. The stringent norms for classification of assets over a period upto the end of 2018 will put pressure on the profitability of your Company in the coming years.

The geographical expansion undertaken by the Company will help in improving the disbursements in the coming years also. In this year, the equity shares of the Company got listed on the National Stock Exchange of India Limited also.

The net profit during the quarter ended 31st March, 2016 increased to 6.87 crores from 6.16 crores for the corresponding period last year, recording a growth of 11.53%. The total income increased to 63.41crores, from 51.98 crores during the same period last year, registering a growth of 21.99%. Interest expenditure increased from 19.62 crores to 22.34 crores, recording an increase of 13.86%. The total expenses during the corresponding period recorded an increase of 24.14%, up from 42.25 crores to 52.45 crores. The profit before tax increased by 12.54% from 9.73 crores during the corresponding period last year to 10.95 crores during the quarter ended 31st March 2016.

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The total loan disbursements by the Company for the quarter ended 31st march 2016 were 314.65 crores. This comprised of two wheeler loans totaling 234.76 crore, and Corporate and other business loans totaling 79.89 crores. Considering the whole year, the loan disbursement was 927.96 crores compared to 648.84 crores for the previous year. This comprised of 1,67,204 two wheeler loans totaling 780.02 crores in 2015-2016, compared to 1,38,832 two wheeler loans amounting to 592.45 crores in the previous year. Corporate and other business loans disbursements increased from 56.39 crores last year to 147.94 crores this year.

Profitability was impacted through reversal of unrealized interest and provisions on NPA, loss on sale of repossessed assets and writing off of assets, totaling to 19.63 crores as against 15.55 crores in the previous year. Also, the Company has made an additional provision of 0.53 crores towards anticipated NPAs in future. However, in spite of all these, the Company was still able to improve the profits for the year.

The implementation of progressively stricter norms for asset classification are likely to impact the profitability of your Company for two more years. However, we have countered this by improved recovery resulting from upgraded collection strategies and intensified collection efforts. The geographic expansion to the North India and the increased focus on corporate loans will boost the disbursements substantially. We are confident that your Company will continue to turn out excellent performance in the years to come.

KEY ACHIEVEMENTS DURING THE FY 2015 - 2016

Preferred Financer tie-up with Suzuki Motorcycle India Private Limited.

The Company's equity shares listed in National Stock Exchange (24th August, 2015).

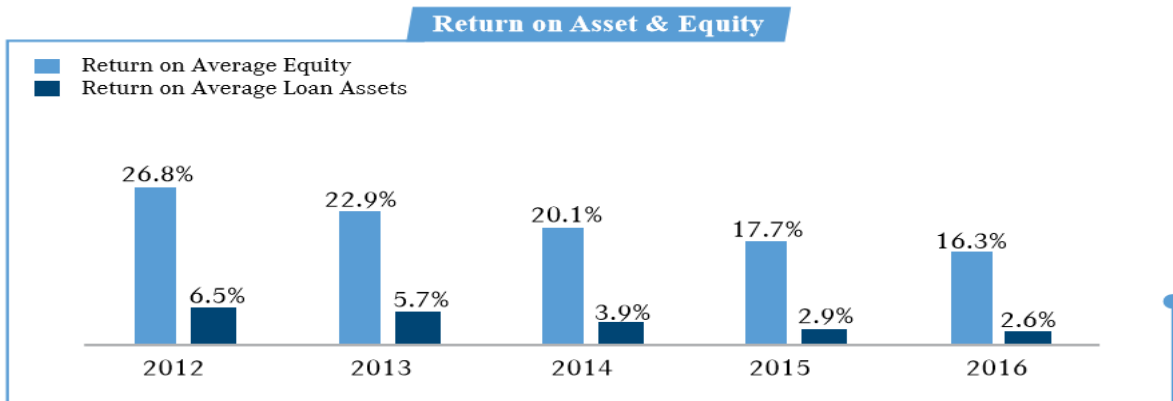
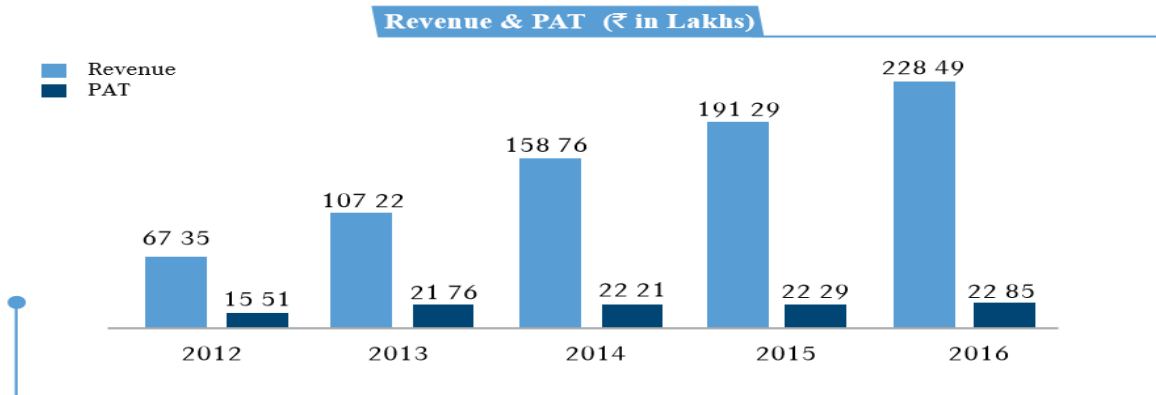
Started Business in North and East Indian States.

10,000 plus disbursement in the month of September, 2015 in Kerala.

The Company declared Interim Dividend for the first time in its history.

Asset under Management crossed 1000 crores.

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Borrowing profile

Particulars	31 st March, 2016		31 st March, 2015	
	Amount (₹ in lakhs)	% of Total	Amount (₹ in lakhs)	% of Total
Bank Loans	738.25	83.69	580.62	82.52
Debentures	2.90	0.33	5.12	0.73
Subordinated Debts	16.33	1.85	3.79	0.54
Public Deposits	109.57	12.42	110.04	15.64
Loan From Directors	13.64	1.55	2.73	0.39
Inter Corporate Deposits (ICD)	1.41	0.16	1.30	0.18
Total	882.10	100.0	703.60	100.0

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(vi) Movement of NPAs

(₹ in '000)

SI No	Particulars	2015-2016	2014-2015
(i)	Net NPAs to Net Advances (%)	4.34%	3.32%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	32 68 64	15 40 33
(b)	Additions during the year*	57 28 77	34 15 40
(c)	Reductions during the year	35 80 25	16 87 09
(d)	Closing balance	54 17 16	32 68 64
(iii)	Movement of Net NPA's		
(a)	Opening balance	27 53 75	13 50 19
(b)	Additions during the year	53 31 11	30 90 57
(c)	Reductions during the year	35 80 25	16 87 01
(d)	Closing balance	45 04 61	27 53 75
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	5 14 89	1 90 14
(b)	Provisions made during the year (net)**	3 97 66	3 24 83
(c)	Write-off/ write- back of excess provisions	Nil	8
(d)	Closing balance	9 12 55	5 14 89