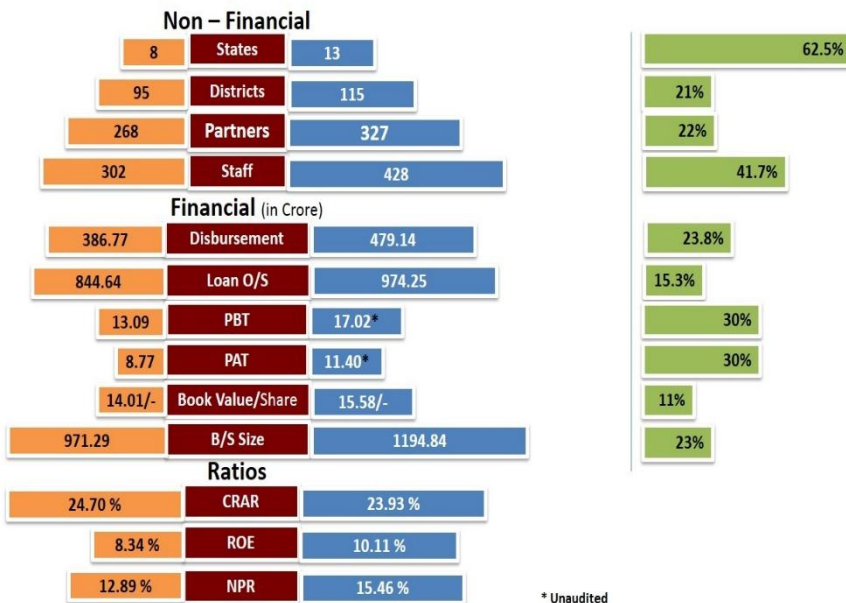


## Snapshot of Operations

September, 2016

September, 2017

Growth %



## Regulatory Updates

- To enhance the efficiency of the National Electronic Funds Transfer (NEFT) system and to add customer convenience, the Reserve Bank of India vide notification BI/2016-17/300, DPSS (CO) EPPD No.2612/04.03.01/2016-17 dated May 08, 2017 has introduced additional settlements in the NEFT system at half-hour intervals. The half-hourly settlements would speed up the funds transfer process and provide faster credit to the destination accounts. The Bank has advised to all participating banks to carry out the required changes in their CBS system to initiate the NEFT transactions for half-hourly settlement as above, and also to accept and credit the inward NEFT transactions on half-hourly basis.
- The Reserve Bank of India vide notification no. RBI/DNBS/2016-17/53 Master Direction DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 has issued Master Direction - Information Technology Framework for the NBFC Sector. Focus of the proposed IT framework is on IT Governance, IT Policy, Information & Cyber Security, IT Operations, IS Audit, Business Continuity Planning and IT Services Outsourcing. The directions are categorized into two parts, those which are applicable to all NBFCs with asset size above ₹500 crore (Considered Systemically Important) are provided in Section-A. Directions for NBFCs with asset size below ₹500 crore are provided in Section-B.
- The Reserve Bank of India vide notification RBI/2017-18/35, DBR.CID.BC.No.79/20.16.042/2017-18 dated August 02, 2017 has issued Directions to all Credit Information Companies to ensure that the Credit Information Report in respect of a borrower, furnished to the Credit Information, incorporates all the credit information available in all modules, e.g. consumer, commercial and MFI, etc., in respect of the borrower.
- The Reserve Bank of India vide notification No. RBI/DNBR/2017-18/57, Master Direction DNBR (PD) 090/ 03.10.124/ 2017-18 dated October 04, 2017 has issued Directions for compliance by every Non-Banking Financial Company that carries on the business of a Peer-to-Peer Lending Platform. These Directions shall be known as the Non-Banking Financial Company – Peer-to-Peer Lending Platform (Reserve Bank) Directions, 2017.

## Sector Highlights

- NBFC-MFIs witness 26% YoY growth in Q1 FY18: as per the MFIN Report. The loan portfolio of micro-finance institutions (MFIs) increased by 26 per cent to ₹35,045 crore in the first quarter ended June 2017. NBFC-MFIs provided micro-credit to around 2.08 crore clients, an increase of 19 per cent over first quarter of 2016-17, reports the Microfinance Institutions Network (MFIN). Eight NBFC-MFIs (ESAF, Equitas, FinCare, Janalakshmi, RGVN, Suryoday, Ujjivan and Utkarsh) who have already transited or in process of doing so, are grouped together as SFBs and their micro-credit portfolio is excluded from panel of NBFC-MFIs.
- Microfinance Institutions Network (MFIN), the Self-Regulatory Organization (SRO) for microfinance institution in India has released Mutually Agreed Code of Conduct (MACC), which they state is sector specific and lender agnostic.
- The IndusInd Bank board has approved the acquisition of Bharat Financial Inclusion, India's second largest micro finance company in an all share deal. IndusInd Bank will offer 639 shares for every 1000 shares of Bharat Financial in a deal that will be effective from January 2018. Post merger, BFIL will now serve as a Business Correspondent of the bank. The cost of funds is expected to reduce by 3-4%.
- The National Bank for Agriculture and Rural Development (NABARD) has bought an additional 7 percent stake in Small Industries Development Bank of India (SIDBI) for ₹900 crore from public sector lender IDBI Bank. With this, NABARD now owns 10 percent of SIDBI. This is the largest ever investment made by the country's foremost rural financial institution so far.
- Bengaluru based school finance company Varthana has raised \$3 million in funding from the Michael and Susan Dell Foundation to expand its School Transformation Program. Through this initiative, Varthana provides debt financing, education assessments, hands-on support, vendor connections, and financial rewards to schools in different states.
- Indian microfinance companies are losing some of the early investors like Michael and Susan Dell Foundation and Lok Capital as these investors have shifted priorities from pure MFIs. Michael and Susan Dell Foundation established in 1999 in US has supported MFIs like Janalakshmi and Sonata Finance is looking to exit this space completely by 2019.
- North East Small Finance Bank Limited has commenced operations from 17 October 2017.

## Our mission

"To be a trusted, client centric financial institution advancing hassle-free services to low income households & the unorganized sector"

**20th Annual General Meeting and Payment of Dividend to Shareholders**

The 20th Annual General Meeting of the Company held on September 26, 2017 approved the payment of dividend for the FY2016-17. This is the second consecutive year NABFINS has declared dividend. For the FY2016-17, NABFINS declared a dividend of ₹3.66 crore to its shareholders as against ₹1.83 crore for the FY 2015-16. Despite demonetization and challenges faced owing to call for loan waivers, the Company recorded 36% growth in PBT (₹34.13 crore) and 133% growth in PAT (₹21.15 crore) compared to the corresponding previous year. The Company has exceedingly well in expanding its outreach to 6.5 Lakh households (adding 1 lakh clients during the year).

**Business Expansion in Madhya Pradesh, Rajasthan & Assam**



4<sup>th</sup> District Office of NABFINS at Bhopal, Madhya Pradesh was inaugurated by Shri K R Rao, CGM, NABARD Madhya Pradesh RO on September 20, 2017. Shri O P Dhoundiyal GM, Manoj Chalachak DGM, Abhishek Pathak RM, and local NGO partners were present at the occasion.

NABFINS started its operation in Pratapgarh district of Rajasthan and Nalbari District of Assam. With this, the total operating States of NABFINS has reached 13.

**Auditors' Corner**

Adhering to "Qualifying Assets" criteria laid down by RBI is mandatory. Assessment and disbursement to the customers to satisfy the criteria are mentioned as below,

- i) Loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹1,00,000 or urban and semi-urban household income not exceeding ₹1,60,000 ;
  - ii) Loan amount does not exceed ₹60,000 in the first cycle and ₹1,00,000 in subsequent cycles;
  - iii) Total indebtedness of the borrower does not exceed ₹1,00,000
- Provided that loan, if any availed towards meeting education and medical expenses shall be excluded while arriving at the total indebtedness of a borrower.
- iv) Tenure of the loan not to be less than 24 months for loan amount in excess of ₹30,000 with prepayment without penalty.

**Good Practice – Meticulous Document maintenance**

Thanjavur District is consistently maintaining record of all disbursed and closed loan documents, which includes orderly stacking of loan documents with proper update of key registers, which is very crucial part of back office maintenance.

**Tele-callers Desk**

Reaching customers at regular intervals is very crucial for ensuring quality portfolio and customer retention. During the first half of FY 2017-18, Tele-calling Team at Head office were able to reach 3539 customers successfully. Although, success rates of Tele-calling has improved, still a focused attention is needed during grading and disbursement process to obtain correct mobile number from all our customers after cross verification.

**NABFINS @Sa-Dhan National Conference 2017**



Dr. B. S. Suran, Managing Director NABFINS speaking in a session on "Infusing Capital into the Microfinance Industry – Opportunities and Challenges" during the annual national conference organized by Sa-Dhan on 14<sup>th</sup> & 15<sup>th</sup> September 2017 at New Delhi.

**NABFINS organized Financial Literacy Campaigns**



NABFINS conducted a series of financial literacy campaigns across the district of Gondia, Maharashtra. These events were organized to inform people of maintaining a positive credit culture. The events emphasized upon need for maintaining good savings habit, time value of money, maintaining prompt repayment credit & repayment ethics for ensuring continued quality services and sustainable access to client's friendly financial services.

**Cartoon Space**



*"..things are never as complicated as they seem. It is only our arrogance that prompts us to find unnecessarily complicated answers to simple problems." — Muhammad Yunus*