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 I 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

May 1, 2017

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

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

Dear Sir/Madam,

Sub: Press Release

Please find attached hereto a copy of Press Release dated May 1, 2017.

This is for your information and records.

Thanking you,

Yours faithfully,
For Bharat Financial Inclusion Limited
(Formerly known as 'SKS Microfinance Limited')

Rajendra Patil
Executive Vice President – Legal & Company Secretary

Encl: As above

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Bharat Financial Inclusion Limited reports Profit After Tax of Rs. 290 crore for FY17, reiterates its medium-term target guidance of 50% growth in earnings to Rs. 435 crore in FY18

The Company's Board authorizes the CEO & Managing Director to explore complete spectrum of strategic options including merger and reverse merger

Hyderabad, May 1, 2017: The Board of Directors of Bharat Financial Inclusion Limited (earlier SKS Microfinance Limited) today authorized the CEO & Managing Director of the Company to explore the complete spectrum of strategic options including merger, reverse merger, bringing on board a strategic investor and making a strategic acquisition in order to pursue growth opportunities benefiting all key stakeholders in a rapidly changing financial inclusion environment. This is on account of the fact that the Company is well-equipped to leverage the emerging opportunities in view of its unassailable track record on the twin fronts of technological innovation and implementation.

The Company has already set a record by completing the roll-out of its Instant Loan Approval project comprising eKYC, eSign and Instant Credit Bureau check three and a half months ahead of schedule on March 16, 2017 (as against the targeted date of June 30, 2017). Cashless disbursements have increased to 75% by April 2017 (April 1 to 24, 2017) in less than four months (12% in January 2017).

The Company has rolled out its Retail Distribution and Service Point (RDSP) initiative as a pilot. The project is a unique combination of its existing connect with 2 lakh kirana stores, Aadhar and Bank accounts integrated into a seamless in-house built technology platform. This shall not only enable the Company to do cashless collections, but it will also act as a distribution and service center for products being financed by the Company.

The Company has also commenced a pilot on loans for two-wheelers and housing improvement for its existing customers.

"We believe our spotless track record of technological innovation and implementation of game-changing initiatives at the grassroots would bring unprecedented gains for all our stakeholders including borrowers," said M.R. Rao, CEO and Managing Director, Bharat Financial Inclusion Limited.

Loan disbursements grew 31% quarter-on-quarter to Rs. 3,902 crore in Q4-FY17 (Rs. 14,667 crore in FY17 as against Rs. 12,088 crore in FY16).

Bharat Financial Inclusion Limited also announced that its Gross Loan Portfolio excluding the states of Andhra Pradesh and Telangana registered a 19% year-on-year growth to Rs. 9,150 crore in Q4-FY17 (Rs. 7,677 crore in Q4-FY16) -- surpassed its recent guidance of Rs. 9,000 crore for FY17.

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Collections improved to 96.7% in April 2017 (April 1 to 25, 2017). Cumulative collection efficiency since demonetization (November 11, 2016 to April 25, 2017) has improved to 94.5% as on April 25, 2017.

Bharat Financial Inclusion Limited announced a loss of Rs. 235 crore (pre-provision profit of Rs. 100 crore) in Q4-FY17 and Rs. 290 crore profit for FY17, as the Company has chosen to be conservative and continues with its eight- week NPA classification and provisioning policy. The Company could have reported a profit of Rs. 105 crore for Q4-FY17 and Rs. 630 crore for FY17 with RBI provisioning norms. The Company's guidance for FY18 reiterates its medium-term target of 50% growth in loan portfolio and earnings, which will be primarily driven by customer acquisition and cost efficiency.

MAT credit of Rs. 16 crore has been recognized on the balance sheet in Q4-FY17. With this, accumulated MAT credit is Rs. 206 crore as on March 31, 2017.

The un-availed deferred tax benefit of Rs. 281 crore will be available to offset tax on future taxable income.

Bharat Financial Inclusion Limited also registered a 146% quarter-on-quarter growth in incremental drawdowns to Rs. 2,576 crore in Q4-FY17 excluding origination under managed loans. The Company also originated Rs.184 crore in Q4-FY17 under managed portfolio. Marginal cost of borrowings reduced to 8.8% in Q4-FY17 from 9.9% in Q3-FY17.

As of March 31, 2017, Bharat Financial Inclusion Limited had a net worth of Rs. 2,447 crore and a capital adequacy of 33.5%. Cash and cash equivalents stood at Rs. 2,505 crore.

About Bharat Financial Inclusion Limited:

Bharat Financial Inclusion Limited is among the largest microfinance companies in India with presence across 18 states covering 1,00,000 villages. The states include: Karnataka, Maharashtra, Odisha, Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Uttaranchal, Haryana, West Bengal, Jharkhand, Chhattisgarh, Kerala, Punjab, Himachal Pradesh and Delhi. The Company's mission is to provide financial services to the economically weaker sections.

For further details, contact: J S Sai/ +91 9849199455/ sai@bfil.co.in