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

June 14, 2017

The General Manager
Department of Corporate Services - Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, 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,

Bharat Financial Inclusion Limited plans 100% digital financial inclusion with 2 lakh Kirana Points across 16 states

We are enclosing herewith a copy of Press Release on the captioned subject.

We request you to take the above documents / information on your record.

Thanking you,

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

Rajendra Patil
Executive Vice President – Legal & Company Secretary

Bharat Financial Inclusion Limited plans 100% digital financial inclusion with 2 lakh Kirana Points across 16 states

A business model meeting multiple stakeholder requirements, namely the Government's cashless, financial inclusion and livelihoods goals; convenience of cashless for borrowers in the remotest locations; new peaks in efficiency and borrower number growth benefiting all including investors.

- *40% improvement in overall efficiency on account of technology initiatives.*
- *Company to strive for a Cost to Income ratio of around 30% with the implementation of the Kirana Points project – helping Bharat Financial Inclusion Limited emerge as one of the top global financial companies with such a distinction.*
- *Remotest locations in rural India are set for urban-India-like financial services like:*
    - *Access to Banking services - as in rural ATM, utility payments, e-retail system. All of which will be within just 500 meters of the borrower's house.*

Humnabad, Karnataka, June 14, 2017: Bharat Financial Inclusion Limited (earlier known as 'SKS Microfinance Limited') is all set to herald the era of complete digital financial inclusion in India with its simple innovation, which has been long-awaited by all key stakeholders in the financial inclusion space.

The innovation will usher in unprecedented gains as it meets the requirements of multiple key stakeholder: the Government's cashless, financial inclusion and livelihoods goals; convenience of cashless for borrowers in the remotest locations; new peaks in efficiency and borrower number growth paving scope for a reduction in interest rates, eventually benefiting all stakeholders, including investors.

The Kirana Points project has been inspired by the resounding success of the Company's earlier technology project, 'Instant Loan Approval' which was completed three and a half months ahead of schedule, on March 16, 2017. The Company, considered one of the leaders of microfinance in India, has been known for its innovative technology initiatives including complete Tab rollout in 2015. In view of the technology initiatives, cashless disbursals in the Company have increased to over 75% on April 24, 2017 from 12% in January 2017.

The Company now plans to rollout 2 lakh Kirana Points across its network in 16 states of India, in partnership with leading banks. With the introduction of Kirana Points, Bharat Financial Inclusion Limited's borrowers can now walk into the nearest kirana/ merchant store to make basic financial transactions like repaying loan, depositing money, withdrawing cash, making bill and other payments.

"We are delighted that we are becoming the first entity in India to launch 100% digital financial inclusion on such a scale, thanks to our team's simple innovation," said M.R. Rao, CEO and Managing Director, Bharat Financial Inclusion Limited. "Kirana Points will eliminate, for rural borrowers, the past insurmountable obstacles like PINs, and usher in the most convenient cash-in, cash-out points featuring biometric authentication and friendly neighbourhood guide."

The tailor-made innovation for rural borrowers is based on extensive research among potential users, and is ready for ramp up across the country in view of its increasing acceptance among

borrowers in Humnabad, Karnataka, where a Kirana Point pilot has been running in partnership with a bank.

Kirana Points will also act as distribution and service centres for products being financed by Bharat Financial Inclusion Limited, helping the Company pursue growth opportunities benefiting all key stakeholders in a rapidly changing financial inclusion environment.

Bharat Financial Inclusion Limited has 5 lakh borrowers operating kirana/ small merchant stores. Of these, the Company would target to convert 2 lakh stores into Kirana Points.

The technology initiatives will further improve cost efficiencies at Bharat Financial Inclusion Limited, considered the most efficient MFI in the world with the lowest lending rate of 19.75% among private sector MFIs.

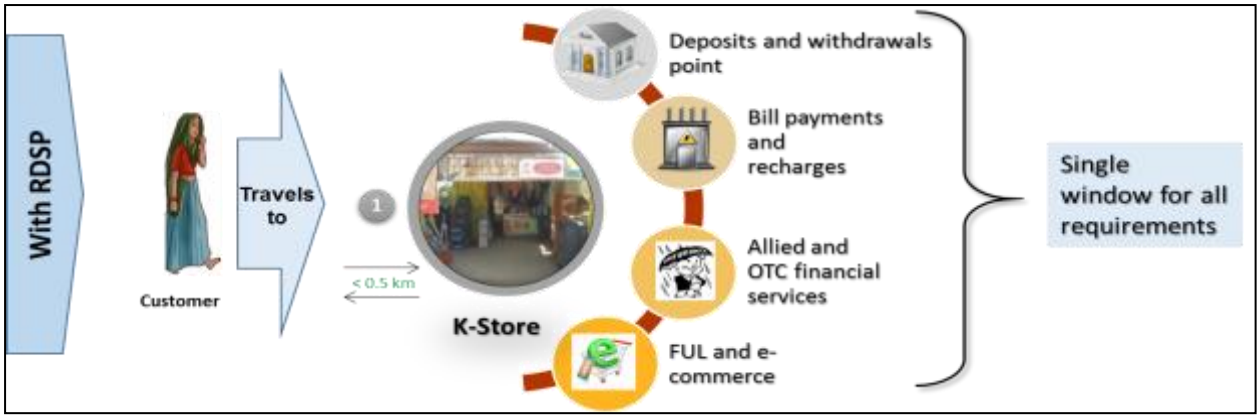
"The technology initiatives will result in 40% improvement in overall efficiency," said Ritesh Chatterjee, Chief - Operational Excellence. "The improvement is on account of the fact that the Centre Meeting duration will fall by over 50% to 20 minutes (45 minutes at present), and the loan officer would be able to double the number of Centre Meetings managed daily to 12 (from the present six). This will also provide our clients access to banking services - *as in rural ATM, utility payments and e-retail system*, all within 500 meters of the borrower's house.

"*We will strive for a Cost to Income ratio of around 30% with the implementation of the Kirana Points project* (74.5% in FY14, 61.1% in FY15, 48.3% in FY16 and 50% in FY17)," said M.R. Rao. "This will help us emerge as one of the top global financial companies with such a distinction."

The technology initiative will further improve risk mitigation in view of the drastic fall in cash handling and complete elimination of fraud loans.

Additional notes:

How This Works



Kirana Point elements:

- As a Banking Correspondent partner, Bharat Financial Inclusion Limited will appoint agents to set up Customer Service Points, Kirana Points.
- Existing kirana stores/ cloth stores and other such merchants from local villages fit in the profile of a Kirana Points.
- These merchants are from the existing borrower family of Bharat Financial Inclusion Limited, who have availed microfinance from the Company to set up or expand business.
- The customer will be able to make repayments of microcredit loans, deposit into savings account, withdraw from savings account and remit money to other accounts and make bill payments like mobile recharge, etc.

Enablers:

- Kirana Points is enabled through a mobile device and supporting essential tools like biometric device/ card reader/ printer.
- Kirana Points are appointed, trained and managed by Bharat Financial Inclusion Limited.
- The technology "assists" the customers initially, later moving gradually to self-sufficient mode over a period with introduction of self-use mobile wallets.

*B*enefits to Various Stakeholders:

Members:

- Moving cash out of the Centre meeting reduces the engagement time between loan officer and customer from 1.5 minutes per customer to less than 45 seconds per customer.
- Center meeting duration can be reduced to as low as 20 minutes -- up to 40% reduction over the current average center meeting duration (35 minutes).
- The reduced center meeting duration will result in higher Sangam Manager/ Loan officer efficiency which would enable him to manage more customers per day.
- With the advent of a digital ecosystem, customer will now be able to access bank accounts, make loan repayments, remit money, etc. in the digital form locally.
- Easy access to Direct Benefit transfers from Government Financial support programmes.
- Opportunity for customers to go cashless – and pay Electricity/Water Bills, source DTH/ Mobile Recharge, make online purchases, etc

Kirana/ Merchant store:

- Additional source of income – up to 50% increase in the monthly income in the first year.
- Higher footfall due to the availability of varied financial and non-financial services.
- Increased credibility due to the association with BFIL and a bank.
- Opportunity to sell products hitherto unavailable to the rural populace.
- Customer delight.
- An opportunity for cashless operations.

Bharat Financial Inclusion Limited:

- The reduced center meeting duration would lead to higher Sangam Manager efficiency. The saved time can be used for more productive activities.
- The overall efficiency gain in field operations would be up to 40%.
- Opportunity to tap a non-member base. The current penetration is about 5% among the eligible base in the Company's operational geographies. With Kirana Points, the potential to tap the non-member base would go up 20 times the current member base.
- Service point for customers.
- Fee income from product facilitation.
- By brining better efficiencies in overall operations, after the complete of Kirana Points, the Company would benefit from an improved Cost to Income ratio by up to 30%.

Partner Bank:

- Branded presence and preferential access across 2 lakh Kirana Stores.
- Income stream through transactions and float.
- Opportunity for RD and OTC products.

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, Chief Marketing & Communications Officer/ +91 9849199455/ sai@bfil.co.in