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

July 21, 2016

The Secretary,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001.

The Vice President – Listing
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
MUMBAI – 400 051.

Dear Sirs,

Sub: **Press Release on financial results**

Please find attached hereto a copy of Press Release dated July 21, 2016 on financial results for quarter ended June 30, 2016.

We request you to take the above on record.

Thanking you,

Yours faithfully,
For **Bharat Financial Inclusion Limited**
(formerly known as "**SKS Microfinance Limited**")

Rajendra Patil
Sr. Vice President – Legal & Company Secretary

Encl: as above.

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Press Release

Bharat Financial Inclusion Limited borrower base crosses 50 lakh mark, Gross Loan Portfolio grows by 10% QoQ to Rs. 8,463 crore in Q1-FY17 and marginal cost of borrowing continues to be sub 10%

Mumbai, July 21, 2016: Bharat Financial Inclusion Limited today announced that its gross loan portfolio excluding the states of Andhra Pradesh and Telangana registered a 10% quarter-on-quarter and a 76% year-on-year growth to Rs. 8,463 crore (Rs. 7,677 crore in Q4-FY16 and Rs. 4,797 crore in Q1-FY16) in Q1-FY17.

Bharat Financial Inclusion Limited continues to maintain its lead as the most efficient microfinance institution in the world, post its distinction in November 2015 of becoming the first private sector MFI in the world to charge a sub-20% interest rate 19.75% which is the lowest interest rate to date. The Company's marginal cost of borrowing continues to be at sub-10% level in Q1-FY17. Its weighted average cost of borrowing further reduced to 10.7% in Q1-FY17 from 11.1% in Q4-FY16 and 11.9% in Q1-FY16.

Bharat Financial Inclusion Limited has been assigned a Corporate Governance Rating of "CGR2" by a leading rating agency. CGR2 rating implies that the Company has adopted and follows such practices, conventions and codes as would provide its financial stakeholders a high level of assurance on the quality of corporate governance in the current opinion of the said rating agency.

In another development, the Company has commenced the phase-wise electronic transfer of 1,000 scholarships to the bank accounts of girl children hailing from economically weaker sections in 16 Indian states. The scholarship programme has a corpus of up to Rs. 2.5 crore for this academic year.

During Q1-FY17, the Company added 7.7 lakh borrowers and ended the quarter with a borrower base of 50.9 lakhs (10% increase QoQ and 38% increase YoY). Employee strength increased to 14,559.

Bharat Financial Inclusion Limited has the Highest Safety Rating of 'A1+' for its short-term debt programme and 'A+' rating for its long-term borrowings.

The Company's Cost to Income reduced to 45.7% (52.3% in Q1-FY16 and 47.5% in Q4-FY16) and Opex to Gross Loan Portfolio further reduced to 6.3% in Q1-FY17 (8.5% in Q1-FY16 and 6.5% in Q4-FY16).

Loan disbursements increased by 59% year-on-year to Rs. 3,769 crore (Rs. 2,377 crore in Q1-FY16). During the quarter, Bharat Financial Inclusion Limited had incremental drawdowns of Rs. 1,096 crore (Rs. 1,046 crore in Q1-FY16) excluding origination under managed loans. The Company also originated Rs. 303 crore worth of loans under managed portfolio in Q1-FY17. The quarter also witnessed completion of securitization transactions worth Rs. 214 crore rated as 'AA (SO)'

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Bharat Financial Inclusion Limited posted a profit of Rs. 139 crore in Q1-FY17 (Rs. 84.5 crore in Q4-FY16 and Rs. 61.2 crore in Q1-FY16). The Company also recognized a MAT credit of Rs. 97 crore as on March 31, 2016, which translates into a PAT of Rs. 236 crore in Q1-FY17.

The Company has an un-availed deferred tax benefit of Rs. 308 crore which will be available to offset tax on future taxable income.

As of June 30, 2016, the Company had a net worth of Rs. 1,627 crore and a capital adequacy of 23.2%. Cash and cash equivalents stood at Rs. 762 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@sksindia.com