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 26, 2018

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 July 26, 2018 with respect to the financial results and other operational aspects for the quarter ended June 30, 2018.

This is for your information and records.

Thanking you,

Yours faithfully,
For Bharat Financial Inclusion Limited

Bharat Financial Inclusion Limited

Rajendra Patil
Sr. Executive Vice President – Legal & Company Secretary

Encl: As above

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Bharat Financial Inclusion Limited registers 44% YoY growth in Gross Loan Portfolio to Rs. 13,832 crore in Q1-FY19

Healthy addition of 10.6 lakh members in Q1-FY19 contributes significantly to growth

Mumbai, July 26, 2018: Bharat Financial Inclusion Limited, the largest microfinance company in India, today announced a 44% year-on-year growth (10% quarter-on-quarter growth) in its Gross Loan Portfolio to Rs. 13,832 crore (Rs. 9,629 crore in Q1-FY18, Rs. 12,575 crore in Q4-FY18).

"The impressive growth in Gross Loan Portfolio is primarily on account of our relentless efforts on the member addition front," said M.R. Rao, CEO and Managing Director, Bharat Financial Inclusion Limited. "We witnessed a healthy addition of 10.6 lakh members in Q1-FY19 (vis-à-vis 4.8 lakh addition in Q1-FY18). Consequently, the number of members grew by 14% on a year-on-year basis and on a 7% quarter-on-quarter basis to 78 lakhs in Q1-FY19 (68 lakhs in Q1-FY18, 73 lakhs in Q4-FY18)."

The Company's loan disbursements have shown a 68% year-on-year growth and a 9% quarter-on-quarter growth to Rs. 6,260 crore in Q1-FY19 (Rs. 5,738 crore in Q4-FY18 and Rs. 3,734 crore in Q1-FY18).

Bharat Financial Inclusion Limited registered a 183% year-on-year growth in incremental drawdowns to Rs. 3,913 crore in Q1-FY19 (Rs. 1,384 crore in Q1-FY18, Rs. 3,771 crore in Q4-FY18) including securitization and assignment transactions. The Company also originated Rs. 1,367 crore under managed portfolio in Q1-FY19.

During the quarter, marginal cost of borrowings reduced to 8.4% (8.6% in Q4-FY18).

The Company registered a cumulative collection efficiency of 99.8% for loans disbursed between January 1, 2017 and June 30, 2018 amounting to Rs. 28,634 crore. Net NPA stood at 0.1% in Q1-FY19.

As per previous GAAP, Bharat Financial Inclusion Limited's profit before tax for Q1-FY19 is Rs. 245 crore against the Q4-FY18 figure of Rs. 210 crore and loss of Rs. 37 crore in Q1-FY18.

As per Ind AS, Bharat Financial Inclusion Limited's profit after tax stood at Rs. 142 crore in Q1-FY19 as against Rs. 213 crore in Q4-FY18 and Rs. 48 crore in Q1-FY18, primarily on account of:

1. Upfront income recognition of Rs. 123 crore on assignment transactions in Q4-FY18 vis-à-vis no assignment transactions in Q1-FY19.
2. Tax expense of Rs. 41 crore in Q1-FY19 compared to Rs. 2 crore in Q4-FY18. Tax expense of 22% has been considered for Q1-FY19, based on the FY19 expected tax expense percentage.

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As for Ind AS, the net impact on net worth is higher by Rs. 94 crore. The impact on all the key individual items impacting net worth is below:

S. No.	Particular	Previous GAAP	Ind AS	Impact on net worth* (Rs. Crore)
1	Loan provisioning	Company's policy subject to RBI compliance	ECL (Expected Credit Loss)	8
2	Income recognition on balance sheet assets	Straight line amortization of processing fees	EIR (effective interest rate) amortization of processing fees	28
3	Financial expenses	Processing fees on borrowings recognised upfront	EIR amortization of processing fees on borrowings	10
4	Valuation of assets	Loans were booked as at principal outstanding amount	Fair valuation approach	51
5	Securitization assets recognition	Recognised as off-balance sheet	Recognised as on-balance sheet	-
6	Income recognition on assignment deals	Recognised over loan contract	Recognised on transaction date	57
7	Other items	-	-	3
8	Tax impact on above items	-	-	(63)
9	Net worth (as on June 30, 2018)	Rs. 3,216 crore (A)	Rs. 3,310 crore (B)	Rs. 94 crore (B-A)

The Company had a net worth of Rs. 3,310 crore (higher by Rs. 94 crore in comparison to GAAP net worth) and a capital adequacy of 30.6% as of June 30, 2018 (compared to the RBI requirement of 15% capital adequacy). Cash and cash equivalent stood at Rs. 1,236 crore as of June 30, 2018.

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Deferred tax asset has been recognized on the balance sheet in Q1-FY19. The Company reported a deferred tax asset of Rs. 30 crore and a MAT credit of Rs. 285 crore as on June 30, 2018.

About Bharat Financial Inclusion Limited:

Bharat Financial Inclusion Limited is among the largest microfinance companies in India with presence across 16 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/