



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 | 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 Sir / Madam,

Sub: Approval of Un-audited Financial results for quarter ended June 30, 2016.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the Board of Directors of Bharat Financial Inclusion Limited (formerly known as 'SKS Microfinance Limited') at its meeting held on July 21, 2016 (commenced at 9.00 a.m. and concluded at 4.30 p.m.) has approved Un-audited financial results (subjected to limited review by the Auditors) for the quarter ended June 30, 2016. A copy each of the Un-audited financial results and Limited review report issued by the Statutory Auditors is attached herewith.

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.

Limited Review Report

Review Report to
The Board of Directors
Bharat Financial Inclusion Limited
(formerly, SKS Microfinance Limited)

1. We have reviewed the accompanying statement of unaudited financial results of Bharat Financial Inclusion Limited ('the Company') for the quarter ended June 30, 2016 (the "Statement"). This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & CO. LLP

ICAI Firm registration number: 301003E/E300005

Chartered Accountants



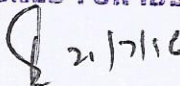
per Shrawan Jalan
Partner
Membership No.: 102102

Mumbai
July 21, 2016

BHARAT FINANCIAL INCLUSION LIMITED
(Formerly known as "SKS Microfinance Limited")

Regd. Office: Unit No. 410, "Madhava", Bandra-Kurla Complex, Bandra (East), Mumbai – 400051

Statement of Standalone Unaudited Financial Results for the quarter ended June 30, 2016					
Part I		Quarter ended			Rs. In lakhs
		June 30, 2016	March 31, 2016	June 30, 2015	Year ended
Sr No.	Particulars	Unaudited	Audited	Unaudited	March 31, 2016
					Audited
1	Income				
	Income from operations	33,412.08	30,002.83	21,729.68	106,418.70
	Other operating income	3,483.84	2,973.25	2,356.03	10,494.70
	Total income from operations	36,895.92	32,976.08	24,085.71	116,913.40
2	Expenses				
	Employee benefits expenses	9,489.64	8,011.34	7,085.52	29,236.91
	Depreciation and amortization expenses	216.51	282.34	98.56	836.44
	Provisions and write offs	1,202.74	1,392.11	719.82	3,864.15
	Other expenses	2,988.54	2,920.04	2,333.23	10,283.21
	Total expenses	13,897.43	12,605.83	10,237.13	44,220.71
3	Profit from operations before other income & finance costs (1-2)	22,998.49	20,370.25	13,848.58	72,692.69
4	Other income	4,515.91	4,055.24	4,178.71	15,153.87
5	Profit before finance costs (3+4)	27,514.40	24,425.49	18,027.29	87,846.56
6	Finance costs	13,608.52	13,409.68	10,078.03	48,457.35
7	Profit before tax (5-6)	13,905.88	11,015.81	7,949.26	39,389.21
8	Tax expense	(9,685.24)	2,569.02	1,833.70	9,091.07
9	Profit after tax (7-8)	23,591.12	8,446.79	6,115.56	30,298.14
10	Paid-up equity share capital (Face Value of Rs.10 Each)	12,752.95	12,731.11	12,646.64	12,731.11
11	Reserves (excluding Revaluation reserves)				125,568.40
12	Earnings Per Share (EPS) (Not annualised)				
	Basic	18.52	6.64	4.84	23.90
	Diluted	18.29	6.57	4.77	23.58

SIGNED FOR IDENTIFICATION
BY 
S. R. BATLIBOI & CO. LLP
MUMBAI



BHARAT FINANCIAL INCLUSION LIMITED
(Formerly known as "SKS Microfinance Limited")

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016

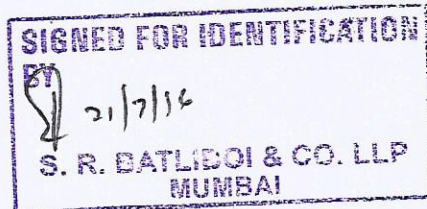
Notes:

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on July 20, 2016 and July 21, 2016, in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. The Statutory Auditors have carried out the 'Limited Review' of the results for the quarter ended June 30, 2016.
3. The figures of quarter ended March 31, 2016 are the balancing figures between audited figures in respect of the full financial year upto March 31, 2016 and the unaudited published year-to-date figures upto December 31, 2015, being the date of the end of the third quarter of the financial year ended March 31, 2016, which were subjected to limited review.
4. The net deferred tax asset amounting to Rs.30,770.81 lakhs as at June 30, 2016 has not been recognized. The said sum of Rs.30,770.81 lakhs will be available to offset tax on future taxable income.
5. The Company has provided for minimum alternate tax ('MAT') liability of Rs.3,188.33 lakhs for the quarter ended June 30, 2016. Unrecognised MAT credit of Rs.9,685.24 lakhs as at March 31, 2016 and Rs.3,188.33 lakhs for the quarter ended June 30, 2016, aggregating Rs.12,873.57 lakhs has been recognized as an asset on the balance sheet as there is convincing evidence that the Company will pay normal income tax during the period for which MAT credit is allowed to be carried forward.
6. The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.
7. Figures for the previous periods have been regrouped/ rearranged wherever necessary to conform to current period presentation.

Place: Mumbai

For Bharat Financial Inclusion Limited

Date: July 21, 2016





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July 21, 2016

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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@skcindia.com



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July 21, 2016

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

Dear Sirs,

Sub: Earning Update

This is inform you that Board of Directors of the Company at its meeting held today i.e. July 21, 2016, had approved the un-audited financial results (subjected to limited review by the Auditors) for the quarter ended June 30, 2016 and the same have been sent to you.

A copy of the Earning Update for the aforesaid quarter, which we plan to host on our website www.bfil.co.in is attached for your information and records.

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.



BHARAT
Financial Inclusion Ltd

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EARNINGS UPDATE Q1FY17

Sab se Sastha loan



BFIL's lowest interest rate benefits 50 lakh women in 1 lakh villages

JULY 2016

BHARAT FINANCIAL INCLUSION LIMITED
(Formerly known as 'SKS Microfinance Limited')

BSE: 533228 • NSE: BHARATFIN

Corporate Identity No. L65999MH2003PLC250504

www.bfil.co.in

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Figures rounded off to the nearest digit across the presentation. Figures and ratios have been regrouped wherever necessary.

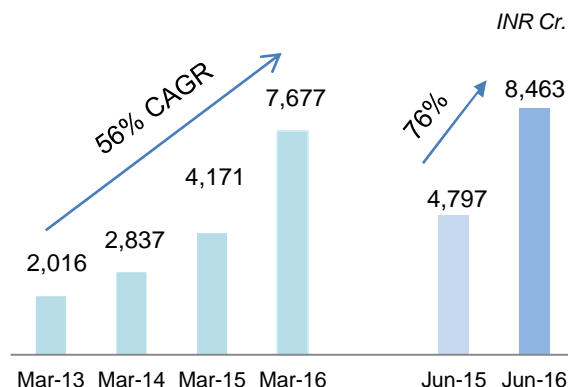
EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

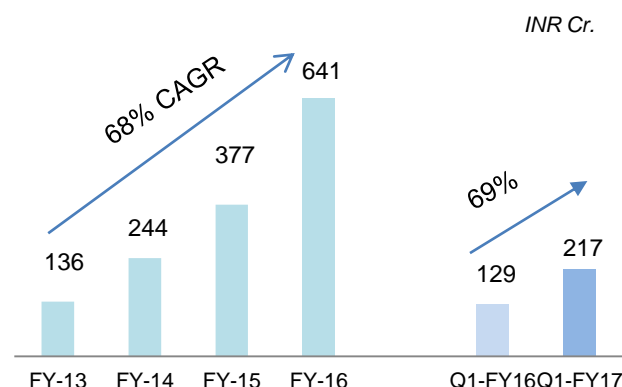
Overview

- Second largest microfinance company in India with gross loan portfolio of INR 8,463 Cr., 57 Lakhs members in Non-AP states and 1,368 branches
- Lowest lending rate (19.75%) among MFIs
- Company's non-AP Portfolio grew by 76% (YoY) and 10% (QoQ) to INR 8,463 Crs. as of June 30, 2016
- PAT of Rs. 303 Crs for FY16 and Profit for Q1FY17 of Rs. 139^ Crs

AUM Growth (Non-AP portfolio)



Growing Net Interest Income



NII = Interest income on Portfolio loans + Excess interest spread on securitization/Income from Assignment + BC Fee – Financial Cost

Attractive Financial Metrics

Strong Balance sheet and liquidity

Net worth (INR Cr.)	1,627
Capital Adequacy	23.2%
Cash & Cash equivalent (INR Cr.)	762
Gross NPA	0.1%

Efficiency and Profitability

Marginal cost of borrowing [#]	9.9%
Cost to income	45.7%
Return on Equity ^{^^}	28.5%
Return on Asset ^{^^}	4.3%

Note: Q1FY17

Non-AP = excluding states of AP and Telangana

[#] includes on and off b/s borrowings (excluding processing fees) for Q1FY17

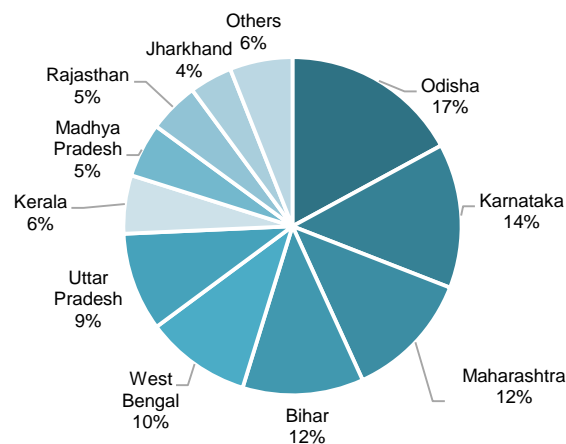
^{*} includes securitized, assigned and managed loans

Figures rounded off to the nearest digit across the presentation

[^] Excludes MAT Credit of Rs. 97 Crs as on March 31, 2016

^{^^} Excluding MAT Credit of Rs.129 Crs

Balanced Geographical mix



Note: Portfolio as of June 30, 2016

Diversified Shareholding

Top 10 Shareholders

Amansa Capital PTE Limited	4.2%
Sandstone	4.0%
Morgan Stanley SG PTE	3.2%
Tree Line	3.0%
IDFC Mutual Fund	2.9%
Baron Capital Management	2.9%
Morgan Stanley Mauritius	2.8%
Morgan Stanley Investment...	2.7%
Vinod Khosla	2.7%
Indus Capital Partners	2.6%

Note: Shareholding as of June 30, 2016

INVESTMENT HYPOTHESIS

INVESTMENT HYPOTHESIS

Favorable Macros

There is a huge demand/ supply gap for microfinance

Entry barriers and supervisory standards are significantly enhanced thwarting future competition

No credible alternative for microfinance emerges even after 5.8 years of AP MFI Act

Regulatory Clarity

RBI's comprehensive regulatory framework mitigates political and regulatory risks

RBI and MoF acknowledge microfinance as a key component of financial inclusion

PSL requirement of banks to enhance funding availability and value of the franchise

Unmatched leadership

BFIL is the most efficient and lowest cost MFI lender across the globe

Impeccable track record of meeting financial obligations in a timely manner even during the black swan event of AP-MFI Crisis

Diversified earnings stream with cross-sell / Non-Loan revenue contributing 6% to PAT for Q1FY17.

Pan-India presence with no unbalanced geographic sectoral exposure

Strong solvency (Capital Adequacy of 23.2% as on 30th June 2016) and sufficient liquidity

Steady state RoA of 4% is the highest among financial services play

THERE IS A HUGE UNMET DEMAND FOR MICROFINANCE



Segment -1

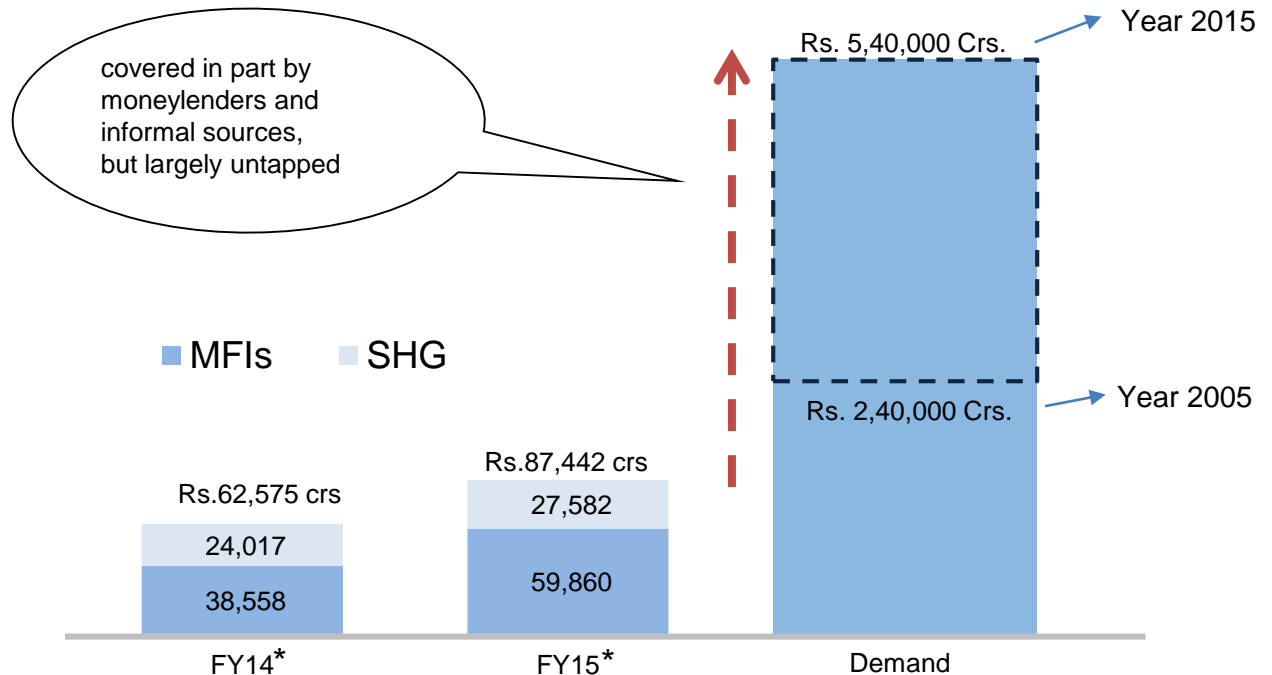
70 mn households in India
with some assets (INR
90/day PPP)



Segment -2 (BPL)

80 mn households in India
with no assets (INR 55/day
PPP)

Micro-Credit Demand In India



*Disbursement in INR Crs.

Assumptions

- Target households: 150 mn
 - Basis: World Bank poverty statistics, India
- Avg. credit requirement: per household Rs. 45,000 (2015), adjusted with inflation on per household Rs 20,000 (Year 2005)
 - Basis: EDA Rural Systems, World Bank, Access to Finance
- Adjustment for service difficulties: 20%
 - Basis: adjustment made to reflect inaccessible poor in rural areas (~7%) and half of underserved urban poor ($0.5 \times 26\% = 13\%$)

Source: World Bank; Sa-Dhan Bharat Microfinance reports

COMPANY OVERVIEW

BFIL USES GRAMEEN MODEL TO PROVIDE UNSECURED CREDIT AT THE DOORSTEP OF LOW INCOME RURAL WOMEN



Survey a village



Recruit members



Provide training



Deliver doorstep service

BUILDING BLOCKS OF TURNAROUND POST AP MFI CRISIS

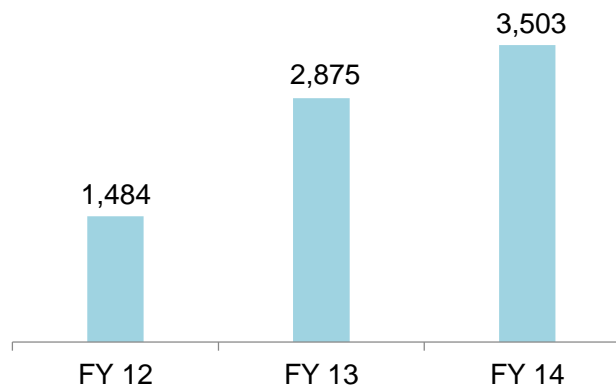
INR crore

Balance Sheet Cleansed

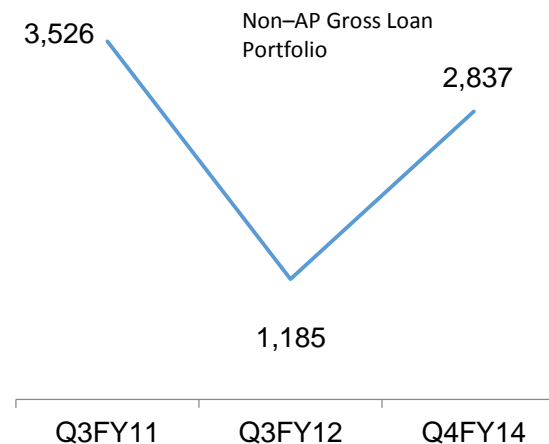
AP exposure of Rs. 1,360 crore written off/ provided for

Supply-side Shock Managed

Drawdowns



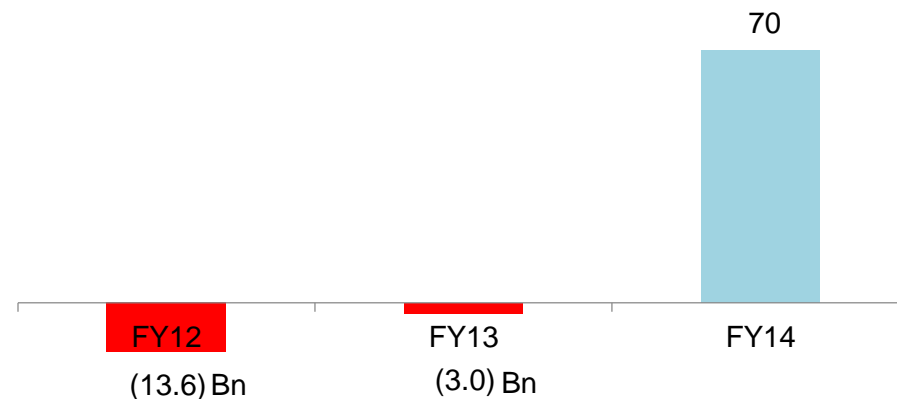
Credit Growth Resumed



Cost Structure Optimization

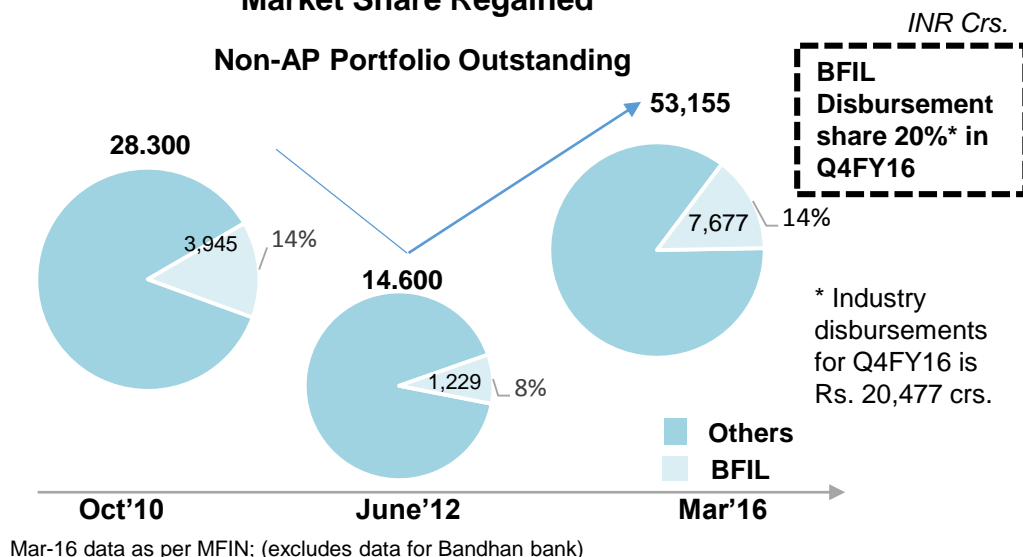
	Q3FY11	Q4FY14	Var.
Branches	2,403	1,255	-48%
Other Opex (INR crore)	51	21	-60%
Headcount	25,735	8,932	-65%
Personnel Cost (INR crore)	89	43	-52%

Return To Profitability

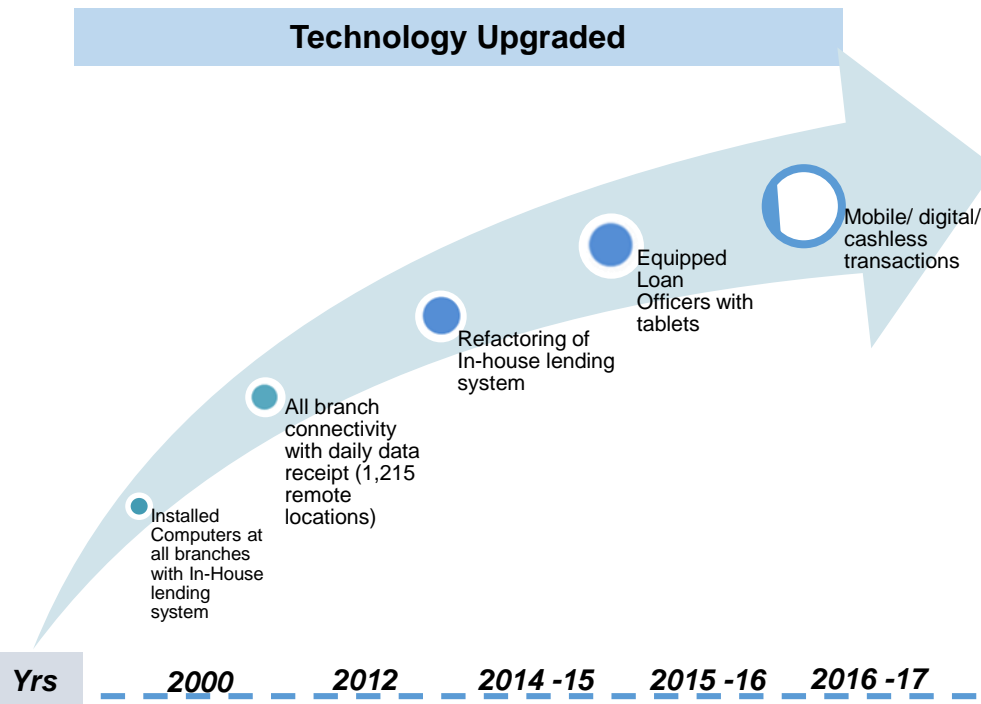


DURABLE FOUNDATION FOR SUSTAINABLE GROWTH (1/2)

Market Share Regained Non-AP Portfolio Outstanding



Technology Upgraded

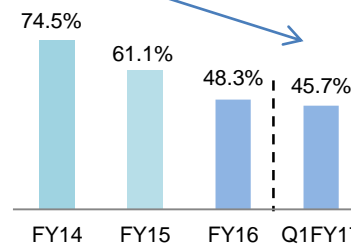


Capital Reinforced

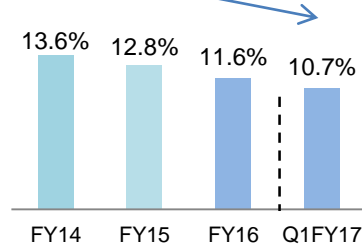
- Net worth - Rs. 1,627 crs
- CAR - 23.2% (RBI Requirement 15%)

Efficiency Gains

Cost to Income



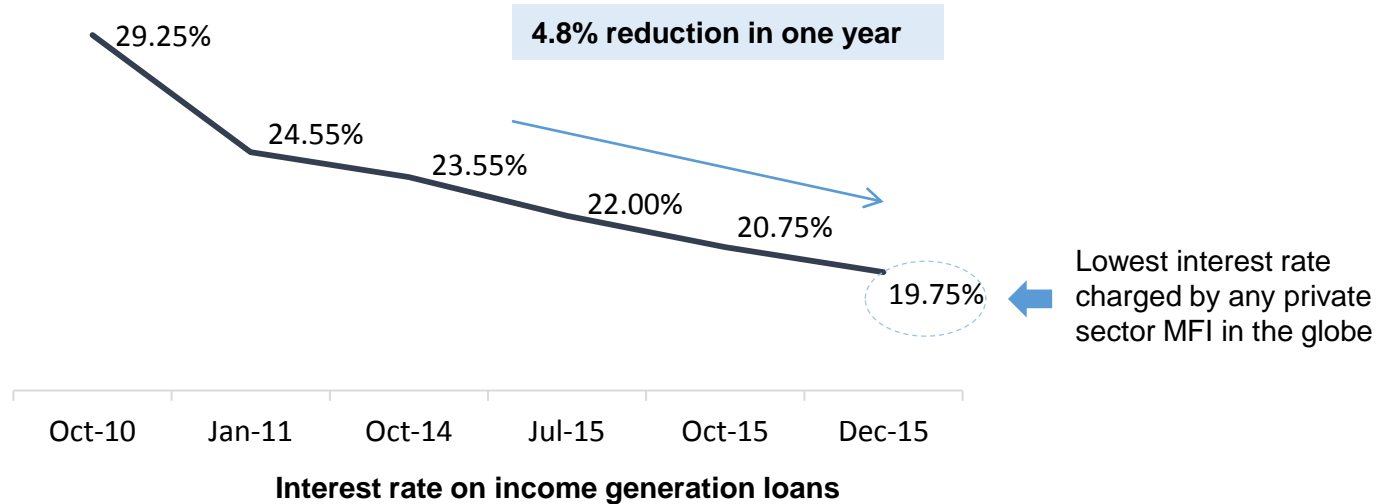
Wt. Avg. Cost of Borrowing#



On balance sheet loans including processing fee

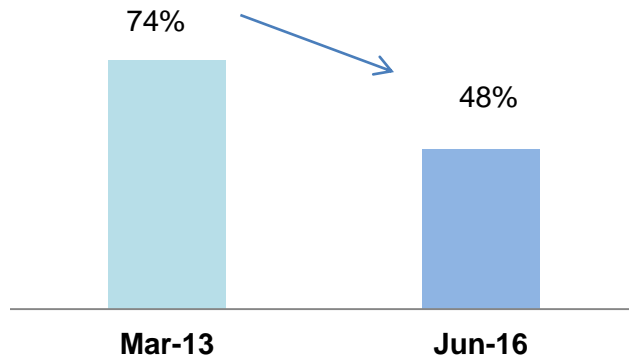
DURABLE FOUNDATION FOR SUSTAINABLE GROWTH (2/2)

Political Risk Mitigation through interest rate reduction



Reduced Borrowing Dependence

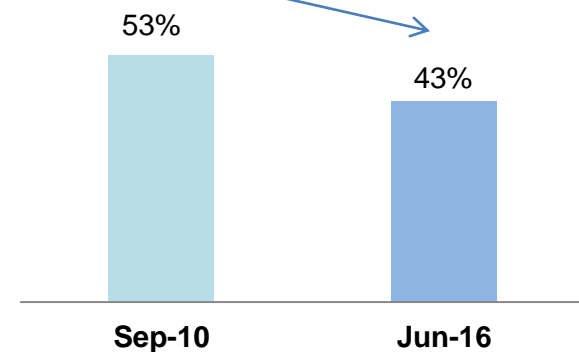
Share of borrowing from top 5 banks



Term loan and cash credit facilities

Lower State Concentration

Top three states share in GLP



GLP: Gross Loan Portfolio

CLARITY ON MAJOR UNCERTAINTIES POST AP MFI CRISIS

WHAT DOESN'T KILL YOU, MAKES YOU STRONGER - POSITIVE DEVELOPMENTS POST AP MFI CRISIS

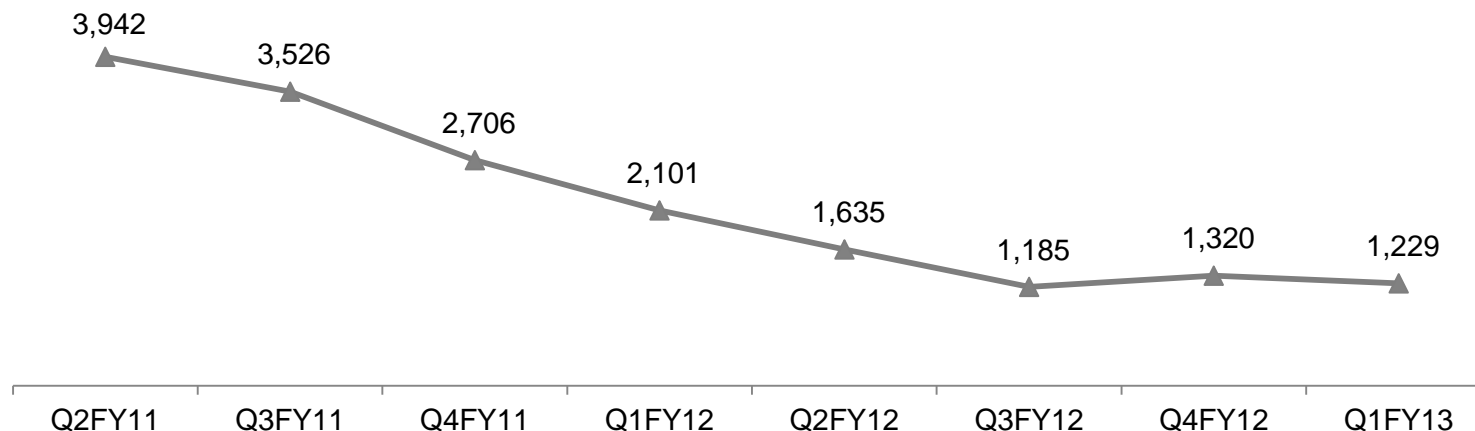
Concerns	Clarity
Will there be multiple regulators?	<ul style="list-style-type: none">▪ Regulatory clarity – RBI to be the sole regulator
Funding uncertainty?	<ul style="list-style-type: none">▪ Priority sector status continues▪ MFIs are the only indirect priority sector dispensation
Will there be contagion?	<ul style="list-style-type: none">▪ No contagion▪ Since past 5.8 years no other state has followed suit
Has the operating model been challenged?	<ul style="list-style-type: none">▪ Collection efficiency maintained despite disbursements being a fraction of collections during the wind-down mode i.e. Oct'2010 to June'2012.▪ No alternative credit delivery model has gained currency.
What will be the economics under regulated interest rate regime?	<ul style="list-style-type: none">▪ RoA of 3-4% on a steady-state basis

OPERATING MODEL VAILIDITY ESTABLISHED

Collection efficiency of 97% during wind-down mode dispels ever greening myth

INR crs

Non-AP
Loan
Portfolio



1.9 million borrowers repaid loans
without incremental lending

in Millions

No. of non-AP borrowers who repaid on-time during this period	5.2
No. of non-AP members who availed loans during this period	3.3
No. of non-AP members who didn't receive any incremental credit from BFIL during this period	1.9

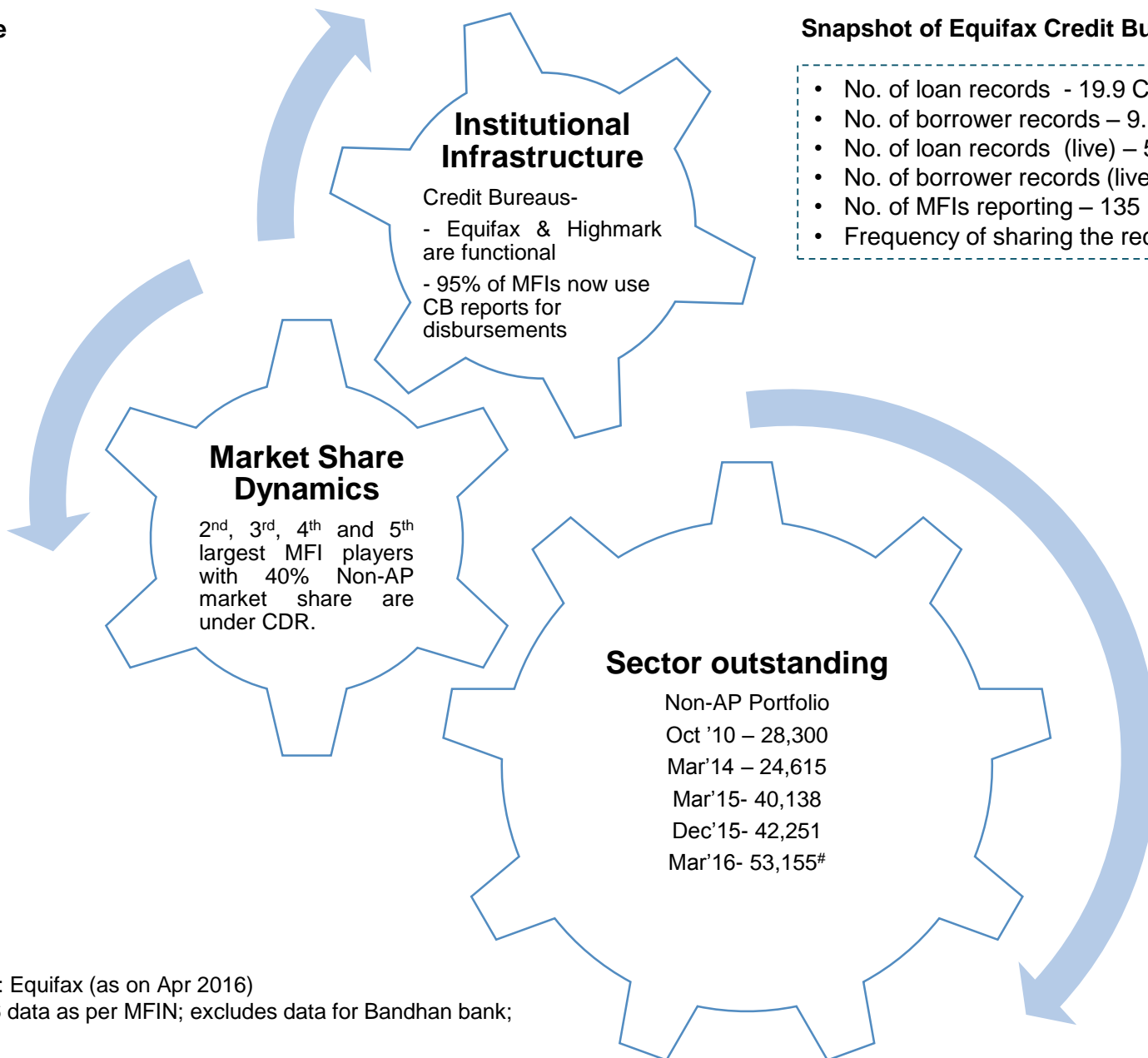
Internal generation -- and not incremental debt --
aids prompt repayment

MFI Industry non- AP Portfolio Outstanding (Rs Cr)

Oct'10	28,300
June'12	14,600

COMPETITIVE LANDSCAPE CHANGES TO BFILS' ADVANTAGE

INR crore



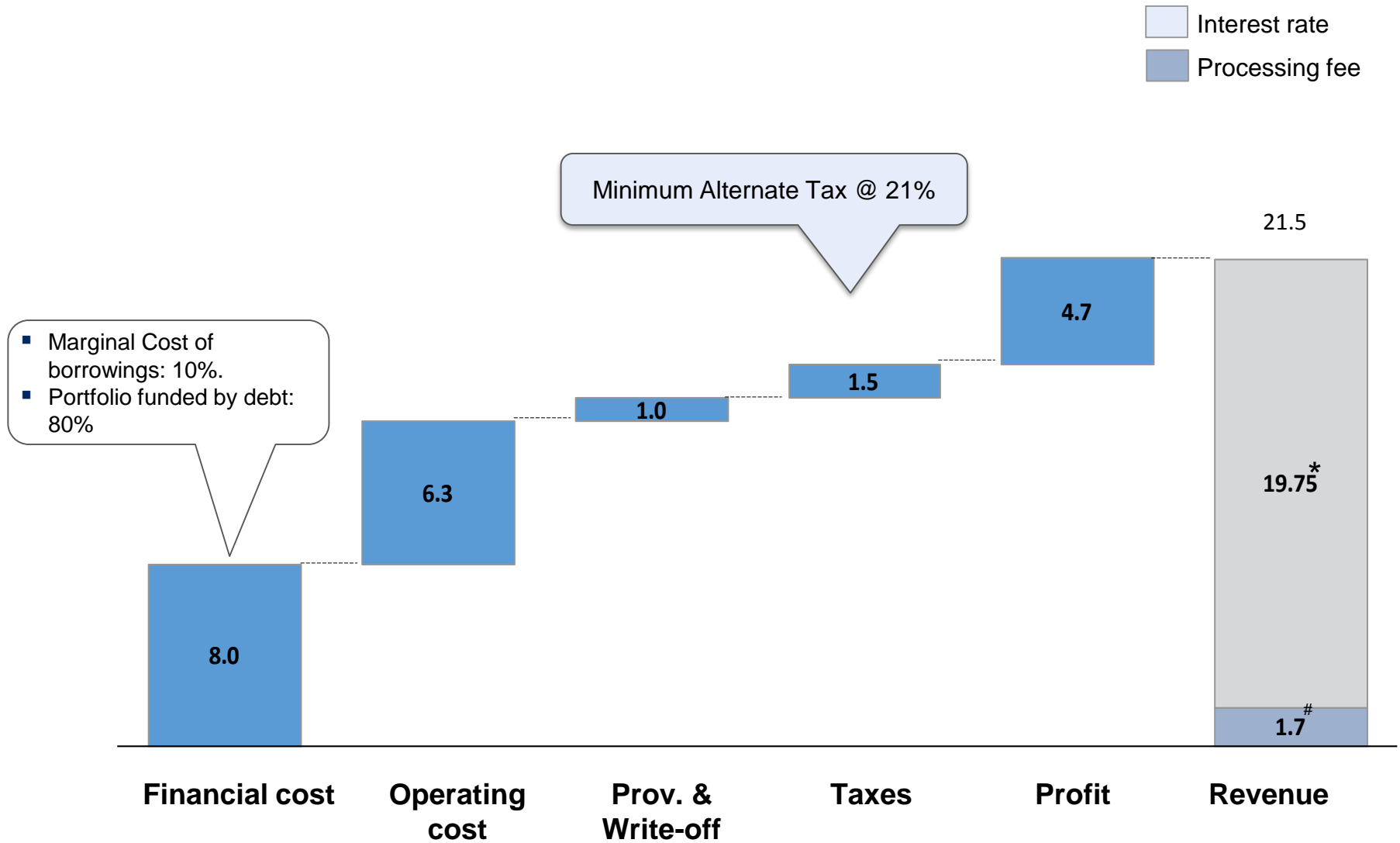
Snapshot of Equifax Credit Bureau*:

- No. of loan records - 19.9 Crore
- No. of borrower records – 9.1 Crore
- No. of loan records (live) – 5.4 Crore
- No. of borrower records (live) – 4.1 Crore
- No. of MFIs reporting – 135
- Frequency of sharing the records – Weekly

* Source: Equifax (as on Apr 2016)

Mar-16 data as per MFIN; excludes data for Bandhan bank;

STEADY-STATE ROA OF 4% CAN BE TARGETED

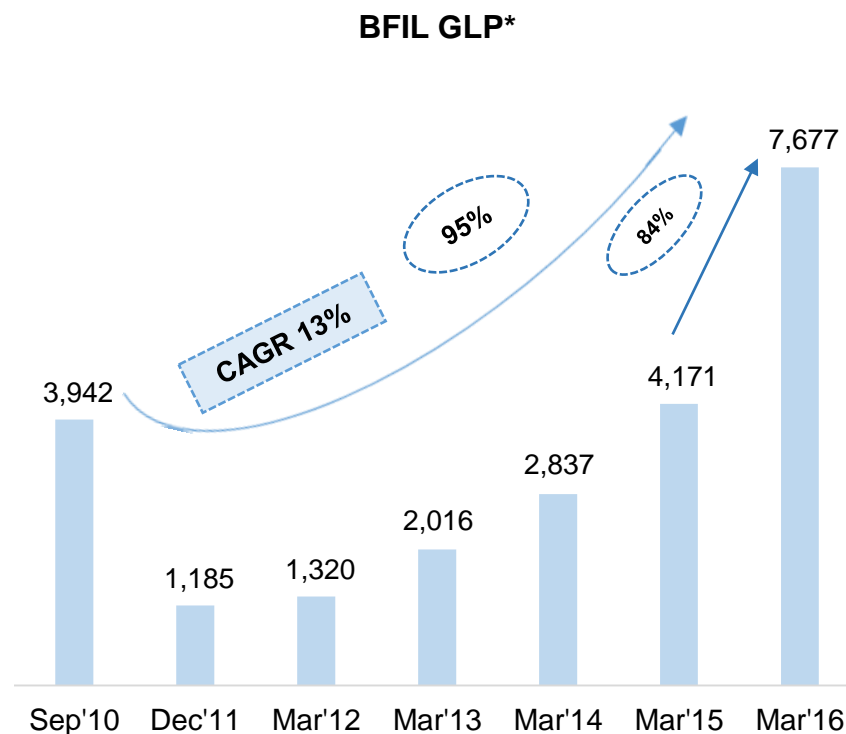
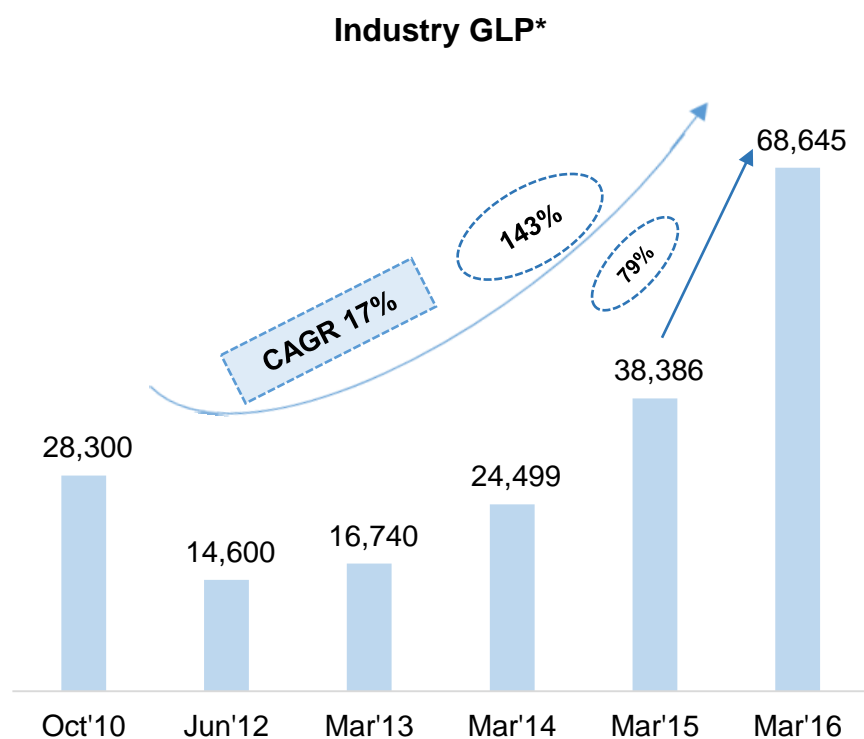


*interest rate charged is 19.75% for new loans effective from 7th Dec'15

#Processing fee is calculated based on weighted average portfolio mix of 70% IGL (1 Yr. loan) and 30% LTL (2 Yr. loan).

GROWTH ANATOMY

5 YEAR CAGR FOR THE SECTOR AND BFIL ARE 17% AND 13%



* Non-AP GLP (Gross Loan Portfolio), Industry GLP data includes Bandhan data

Source: MFIN Micrometer (Mar'13, Mar'14, Mar'15, Mar'16 data)

WE GREW SLOWER THAN THE SECTOR IN 6 OUT OF TOP 10 STATES

Top 10 States by GLP	Industry		Bharat Financial Inclusion Ltd.	
	GLP FY16 (Rs. Cr.)	YoY growth	GLP FY16 (Rs. Cr.)	YoY growth
Tamil Nadu	8,687	71%	-	-
Karnataka	7,165	74%	1,092	72%
Maharashtra	6,329	88%	936	94%
Uttar Pradesh	5,645	84%	723	99%
Madhya Pradesh	4,084	81%	409	84%
Odisha	3,141	90%	1,358	93%
West Bengal	3,075	85%	735	62%
Bihar	2,921	90%	850	83%
Kerala	2,434	112%	448	85%
Gujarat	2,064	101%	-	-
Overall	53,233	84%	7,677	84%


 Growth > Industry


 Growth < Industry

Source: Micrometer

OUR GROWTH PATTERN IS DIFFERENT FROM THE SECTOR (CONT..)

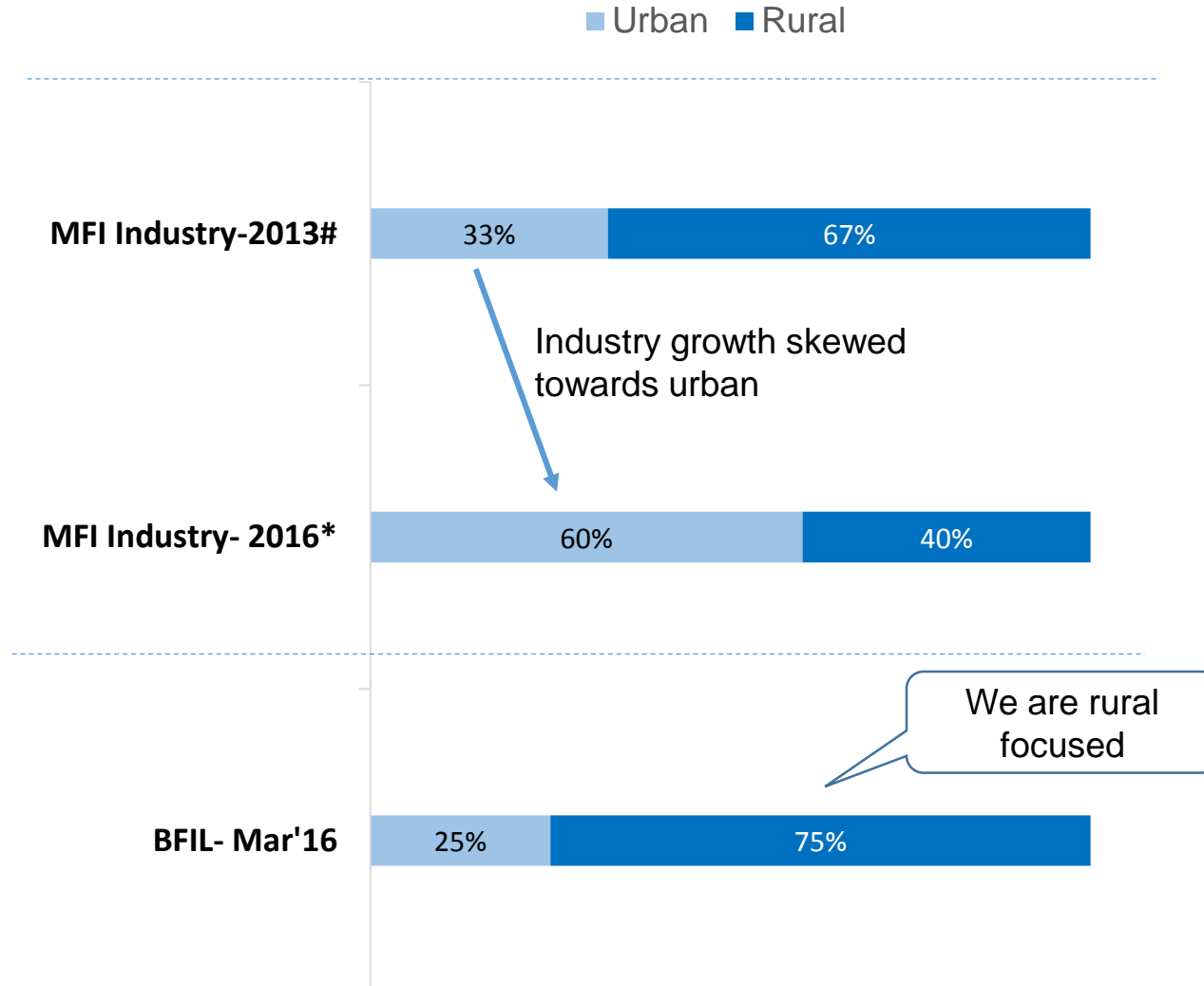
Top 10 growth States	Industry		Bharat Financial Inclusion Ltd.	
	GLP Increase FY16 (Rs. Cr.)	Contribution to growth	GLP Increase FY16 (Rs. Cr.)	Contribution to growth
Tamil Nadu	3,607	15%	-	-
Karnataka	3,056	13%	457	13%
Maharashtra	2,967	12%	454	13%
Uttar Pradesh	2,574	11%	359	10%
Madhya Pradesh	1,830	8%	187	5%
Odisha	1,492	6%	655	19%
West Bengal	1,416	6%	282	8%
Bihar	1,387	6%	385	11%
Kerala	1,284	5%	206	6%
Gujarat	1,036	4%	-	-
Other States	3,644	15%	521	15%
Overall	24,293	100%	3,506	100%

 Growth > Industry

 Growth < Industry

Source: Micrometer

.....INDUSTRY GROWTH SKEWED TOWARDS URBAN, WHEREAS WE REMAIN RURAL FOCUSED



Source: #MFIN Micrometer, * Sa-Dhan Report 2013

OUR BORROWER GROWTH EXCEEDS TICKET SIZE GROWTH FOR LAST 3 YEARS

	Increase in No. of Borrowers		Increase in Ticket size		Change in Loan duration^		AUM growth
FY14	26%	×	4%	×	8%	=	41%
FY15	12%	×	6%	×	24%	=	47%
FY16	27%	×	22%	×	18%	=	84%
CAGR last 3 yrs.	21%	×	10%	×	16%	=	56%
Q1FY17 (YoY)	38%	×	25%	×	2%	=	76%

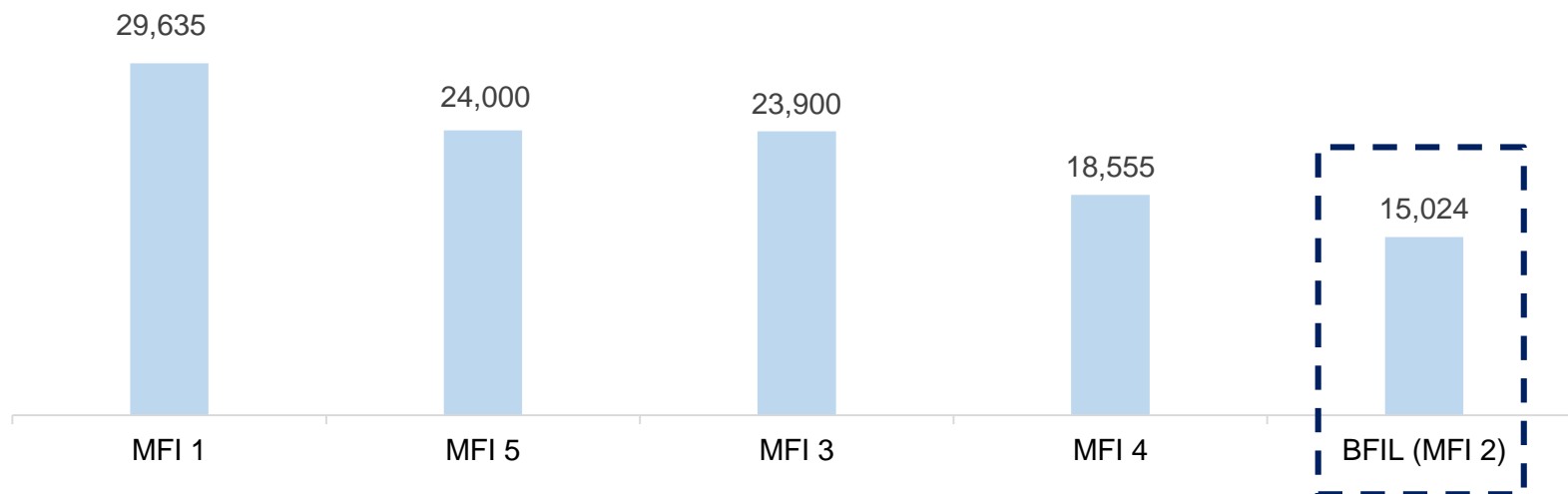
Notes:

^ Due to the impact of long term loans (2 years duration), which was piloted in FY14 and rolled out in FY15.

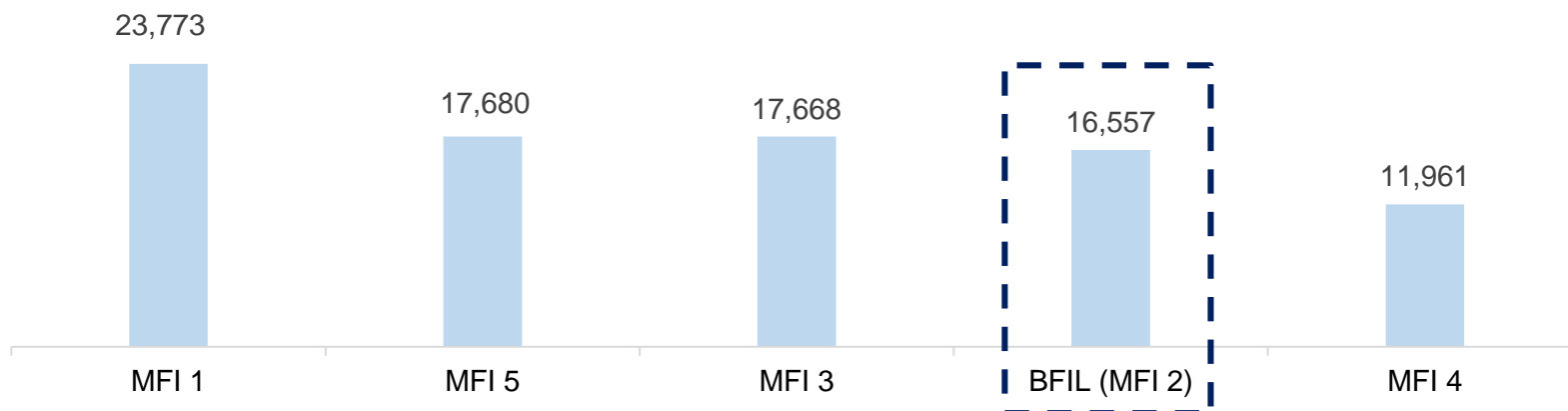
OUR LOAN OFF-TAKE IS LOWEST AMONG THE TOP 5 MFIs

LOAN OFF-TAKE

INR Figures for FY16



AVERAGE LOAN OUTSTANDING PER BORROWER

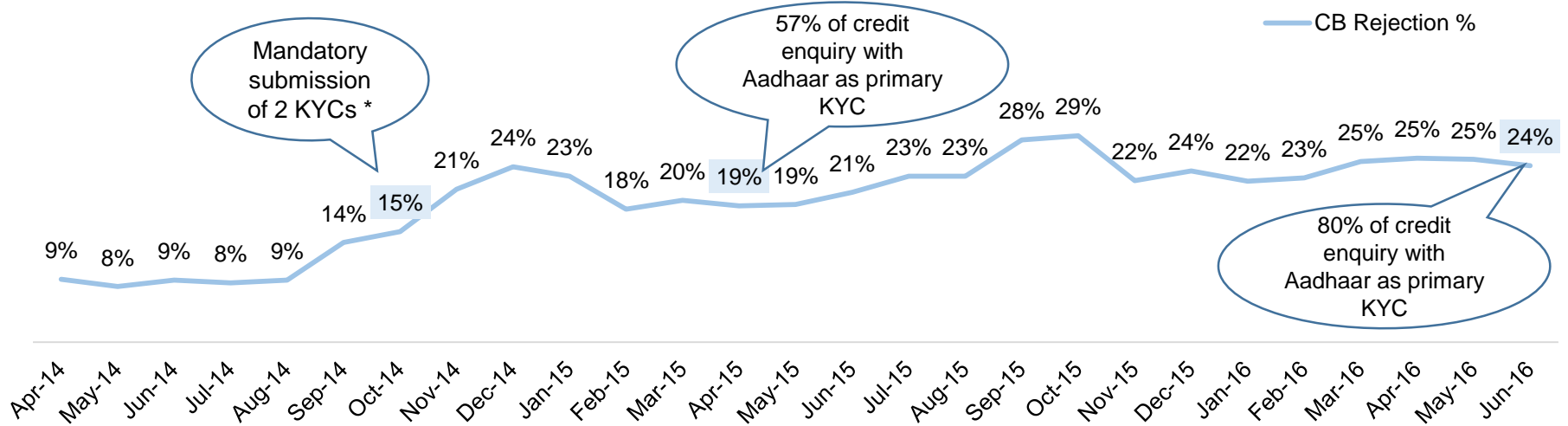


MFI 1 – 5 are ranked in the order of Gross Loan Portfolio

Source: Micrometer, Investor Presentations of MFIs

OUR FOCUS ON AADHAAR ENHANCES CREDIT QUERY EFFICIENCY

CB REJECTIONS TREND



Rejection Reasons* - Q1FY17 % Mix

Reasons	All Products	LTL
Loans from =>2 MFIs	85%	80%
Eligibility < Min Ticket Size	8%	16%
Outstanding Balance > 60K	5%	2%
Default History	2%	2%
Total	100%	100%

*Note: Rejections done by based on data inputs from Credit bureau

- * Primary KYC has to be Aadhaar or Voter ID
- Internal CAP of Rs. 60,000 for total indebttness of the borrower, including loans from other MFIs..

BFIL HAS NIL EXPOSURE IN TOP 3 SHG CONCENTRATED STATES



Top 3 SHG
Concentrated States

SHG Exposure <4%

State	SHG Exposure*	BFIL Exposure
Andhra Pradesh	31%	-
Telangana	16%	-
Tamil Nadu	12%	-
Karnataka	11%	14%
West Bengal	6%	10%
Kerala	4%	6%
Odisha	4%	17%
Maharashtra	3%	12%
Uttar Pradesh	3%	9%
Rajasthan	2%	5%
Bihar	2%	12%
Madhya Pradesh	1%	5%
Assam	1%	-
Gujarat	1%	-
Jharkhand	1%	4%
Chhattisgarh	0.5%	1%
Haryana	0.4%	2%
Uttarakhand	0.3%	1%
Himachal Pradesh	0.2%	0.1%
Punjab	0.2%	2%
Others	0.5%	0.1%

FUTURE STRATEGY

A COMPARATIVE STUDY OF STRUCTURAL OPPORTUNITIES & CHALLENGES

	 OPPORTUNITIES	 CHALLENGES
SFB	<ul style="list-style-type: none">✓ Access to low cost funds/deposits✓ Bank accounts to customers✓ Political risk mitigation	<ul style="list-style-type: none">✗ CASA can be competitive only in the long term✗ CRR and SLR drag✗ No PSL benefit on bank borrowings✗ Interbank borrowings capped at 3x Net Worth✗ Cannot act as Business Correspondent (BC) to other banks✗ Investment in technology, infrastructure and functional capabilities for banking
NBFC-MFI	<ul style="list-style-type: none">✓ Generate Agri-allied/ PSL for banks✓ Leverage Business Correspondent (BC) model to offer bank accounts and saving products to customers without CRR and SLR drag	<ul style="list-style-type: none">✗ Political risk beyond a size✗ Cannot access deposits

SFB - MISSED OPPORTUNITY BUT NOT A SETBACK

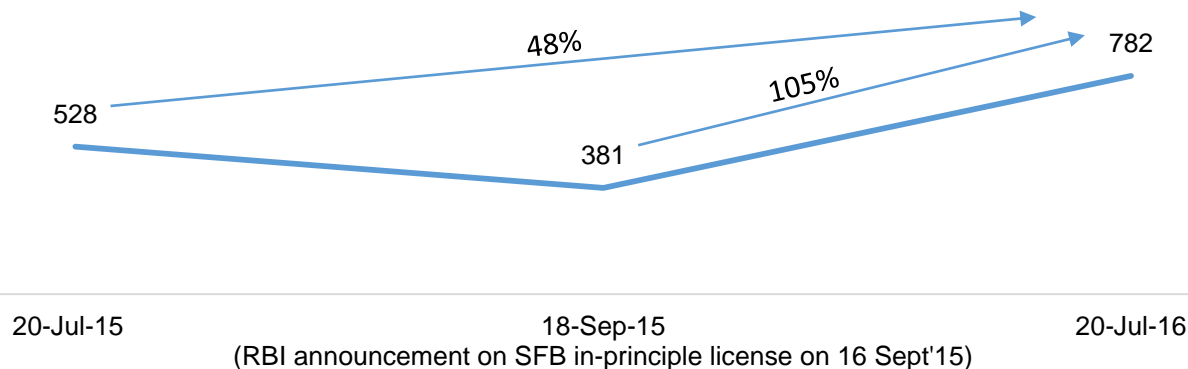
Rationale for SFB application

Mitigants / Counter Strategies

1	Political Risk mitigation	<ul style="list-style-type: none"> Sub-20% interest rate mitigates political risk • BFIL becomes the lowest cost lender with 19.75% interest rate
2	Access to refinance	<ul style="list-style-type: none"> Access to refinance is now available to NBFCs also • BFIL has accessed Rs.100 Cr refinance from MUDRA @ 10%
3	Bank accounts for customers <ul style="list-style-type: none"> ▪ Migration to cashless regime to reduce opex 	<ul style="list-style-type: none"> • Seed Jan-Dhan accounts of members • Open bank accounts for members as BC for other banks
4	Downward adjustment of risk premium to reduce cost of borrowings	<ul style="list-style-type: none"> • Lowest borrowing cost in the sector • Highest safety Short-term rating at (A1+) and Long-term rating at (A+) • Strong Balance Sheet : Strong solvency and sufficient liquidity • Relationship premium from credit grantors

MARKET ENDORSEMENT

BFIL Share Price







UNMATCHED LEADERSHIP

	Parameter	Status
Unique Operating Model	<ul style="list-style-type: none">Group LendingRural customer base	<ul style="list-style-type: none">100%~75%
Extensive Reach*	<ul style="list-style-type: none">No. of districtsNo. of customers	<ul style="list-style-type: none">3145.7 Mn
Lowest Cost Producer	<ul style="list-style-type: none">Interest rate	<ul style="list-style-type: none">Lowest interest rate of 19.75% among global private sector MFI
Best of Breed financial ratios*	<ul style="list-style-type: none">Opex to GLPCost to IncomeEarnings growthRoA, RoE	<ul style="list-style-type: none">6.3%45.7%127% YoY4.3%, 28.5%
External endorsements	<ul style="list-style-type: none">Rating	<ul style="list-style-type: none">Corporate Governance rating at "CGR2"Highest safety Short-term rating at "A1+"

THE MOST EFFICIENT MFI IN THE GLOBE

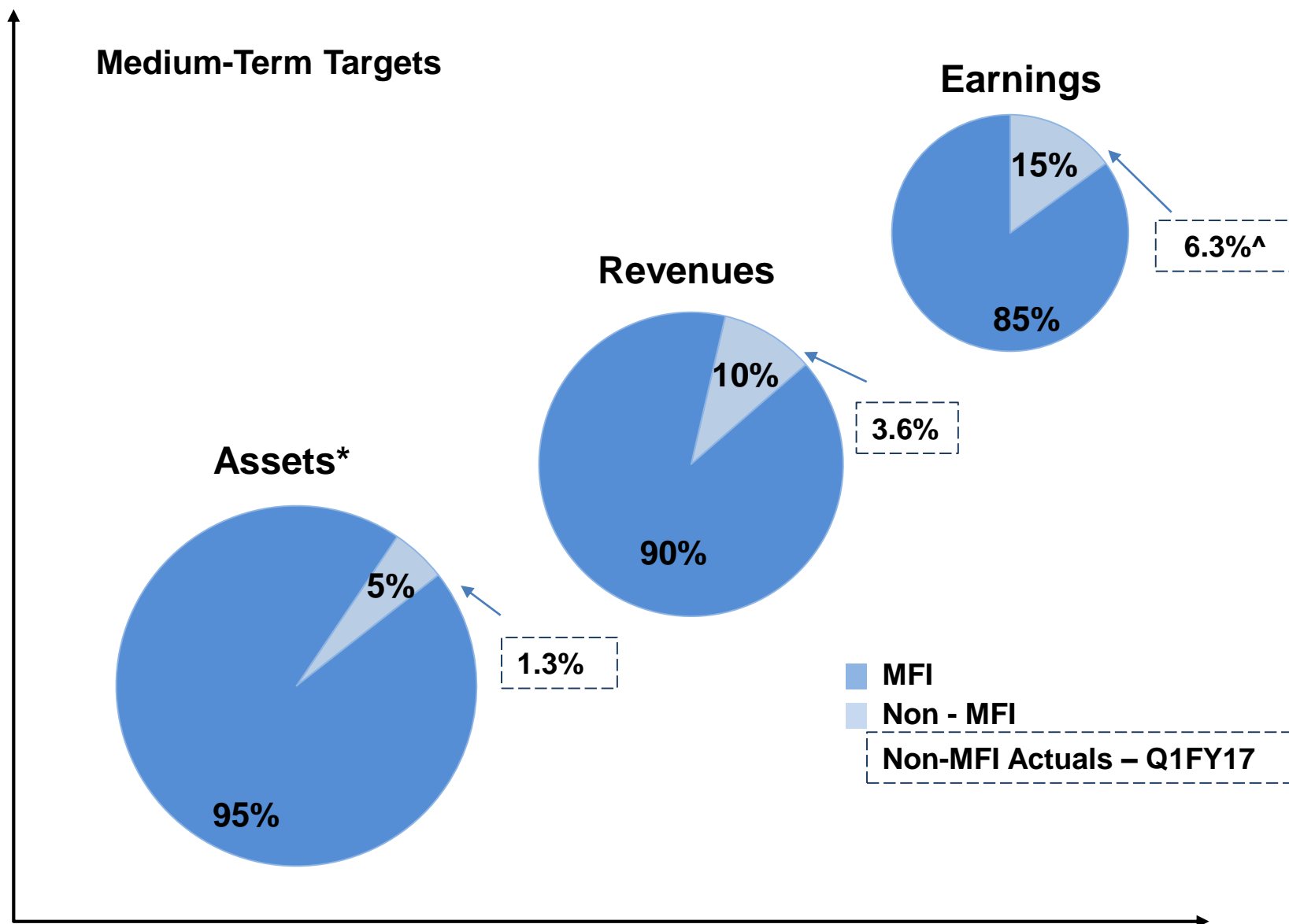
Medium Term Strategic Priorities:

Target %	10	20	30	40	50
Metric	<ul style="list-style-type: none"> ▪ Marginal cost of Borrowing 	<ul style="list-style-type: none"> ▪ Sub-20 Interest Rate to Borrower 	<ul style="list-style-type: none"> ▪ Cumulative next 2 years salary increase to field staff 	<ul style="list-style-type: none"> ▪ Cost to Income Ratio 	<ul style="list-style-type: none"> ▪ Annualised earnings growth
Drivers	<ul style="list-style-type: none"> ▪ Balance sheet strength ▪ Stellar repayment record ▪ Judicious sources mix 	<ul style="list-style-type: none"> ▪ Low marginal cost of borrowing ▪ Scale & Efficiency 	<ul style="list-style-type: none"> ▪ Productivity & Efficiency 	<ul style="list-style-type: none"> ▪ Technology initiatives ▪ Scale 	<ul style="list-style-type: none"> ▪ AUM growth ▪ Operating leverage ▪ Non-Loan revenue
Status – Q1FY17	 10.0*	 19.75	 15	45.7	 65[#]

*on and off b/s loans (including processing fees)

[#] QoQ % excluding MAT Credit of Rs. 97 Crs as on 31st March, 2016.

CREATIVE DISTURBANCE TO ASSET-REVENUE-EARNING CORRELATION



*Note: Core microfinance will continue to be more than 95% of credit assets

^PAT Excluding MAT credit of Rs. 97 Crs as on 31st March, 2016

Q1FY17 PERFORMANCE HIGHLIGHTS

HIGHLIGHTS OF Q1FY17

- Incremental drawdowns of Rs.1,096 Crs. in Q1FY17 (Rs.1,046 Crs. Q1FY16) excluding origination under managed loans. BFIL also originated Rs.303 Crs. loans under managed portfolio in Q1FY17.
- Completed securitization transactions of Rs.214 Crs rated as 'AA (SO)' in Q1FY17.
- Loan disbursement of Rs.3,769 Crs. in Q1FY17 (growth of 59% YoY).
- Non-AP Portfolio grew by 76% YoY and 10% QoQ to Rs.8,463 Crs. as of June 30, 2016.
- Marginal cost of Borrowings* continues to be sub-10%, leading to reduction in Weighted Average cost of Borrowings# to 10.7% for Q1FY17 from 11.1% for Q4FY16 (11.9% for Q1FY16).
- MAT Credit of Rs. 129 Crs. has been recognised on the balance sheet in Q1FY17, which includes Rs. 97 Crs. as on Mar'16 and Rs. 32 Crs. for Q1FY17.
- The un-availed deferred tax benefit of Rs.308 Crs. will be available to offset tax on future taxable income.
- Profit for the period** of Rs. 139 Crs. in Q1FY17 (growth of 127% YoY and 65% QoQ)
- Networth of Rs.1,627 Crs. and Capital adequacy at 23.2% as of June 30, 2016.
- Cash & Cash equivalent^ of Rs.762 Crs as of June 30,2016.
- Corporate governance rating of "CGR2" by ICRA

Note:

^ Excluding security deposit.

including processing fee of Rs.1.7 Crs paid on Loans on Balance sheet in Q1FY17.

** Includes on and off b/s borrowings, excluding processing fees.*

*** PAT excluding MAT credit of Rs.97 Crs as on March 31, 2016*

OPERATIONAL HIGHLIGHTS

Particulars	June-15	June-16	YoY%	Mar-16	QoQ%
Branches [#]	1,268	1,368	8%	1,324	3%
Centers (Sangam)	220,485	226,307	3%	246,647	-8%
- Centers in non-AP States	149,797	193,393	29%	175,774	10%
Employees (i) + (ii) + (iii) + (iv) + (v) + (vi)+(vii)	10,100	14,559	44%	11,991	21%
▪ Field Staff (i) + (ii) + (iii) + (iv) + (v)	9,812	14,094	44%	11,689	21%
– Sangam Managers* (i)	5,656	7,914	40%	6,884	15%
– Sangam Manager Trainees(ii)	610	2,103	-	1,008	109%
– Branch Management Staff (iii)	2,390	2,708	13%	2,576	5%
– Area Managers (iv)	137	231	69%	155	49%
– Regional Office Staff (v)	1,019	1,138	12%	1,066	7%
▪ Central Processing Unit and Member helpline (vi)^	29	156	-	36	-
▪ Head Office Staff (vii)	259	309	19%	266	16%
Members in non-AP States (in '000)	4,471	5,657	27%	5,566	2%
– Members added (in the quarter) (in '000)	415	778	87%	806	-4%
Active borrowers in non-AP States (in '000)	3,686	5,095	38%	4,637	10%
– Active borrowers added (in the quarter) (in '000)	474	771	63%	845	-9%
No. of loans disbursed (in '000)	1,778	2,249	26%	2,386	-6%
Disbursements (for the quarter) (INR Crs.)	2,377	3,769	59%	4,066	-7%
Gross loan portfolio – Non-AP (INR Crs.) (A+B+C)	4,797	8,463	76%	7,677	10%
• Loans outstanding (A)	3,852	6,227	62%	4,965	25%
• Securitized/Assigned (B)	475	1,494	215%	2,023	-26%
• Managed loans (C)	470	742	58%	688	8%
Operational Efficiency – Non-AP :					
Off-take Avg (Disbursements/ No of Loans disbursed) (INR)	13,378	16,758	25%	17,049	-2%
Off-take Avg Excluding Cross Sell	16,674	19,986	20%	20,578	-3%
Gross loan portfolio/ Active Borrowers (INR)	13,015	16,612	28%	16,557	0.3%
Gross loan portfolio/ No. of Sangam Managers (Rs. '000)	9,544	11,469	20%	12,141	-6%
Active borrowers / No. of Branches	3,247	4,125	27%	3,893	6%
Active borrowers / No. of Sangam Managers	733	690	-6%	733	-6%

*Sangam Managers (SMs) are our loan officers who manage our centers (also called Sangams). As of June'16, we had 7,379 SMs in Non-AP States

[#] Incl. 43 Gold loan branches; [^] 110 employees moved from field to Central Processing Unit & Member helpline

PRODUCTIVITY GAINS & COST EFFICIENCY ENABLE BFIL TO LEVERAGE THE CONDUCTIVE ENVIRONMENT

	Best before AP MFI crisis	Worst during AP MFI crisis	FY14	FY15	FY16	Q1 FY17
<u>Productivity – Non-AP:</u>						
Borrowers/ SM	489*	287	721	787	733	690
Gross Loan Portfolio/ SM ('000)	3,640*	1,320	6,275	8,994	12,141	11,469
Offtake Avg.	10,299*	9,237	11,849	12,273	15,024	16,758
Offtake Avg. (Excl Cross-sell)	10,383*	11,021	12,277	14,149	18,102	19,986
<u>Cost Efficiency:</u>						
Financial Cost % ^{\$}	6.6%	9.8%	8.3%	8.3%	8.5%	6.7%
Cost of borrowings % (without processing fees)	9.7%	12.9%	12.7%	12.1%	11.4%	10.6%
Cost of borrowings %	10.3%^	16.0%^	13.6%#	12.8%#	11.6%#	10.7%#
Opex/ Gross Loan Portfolio %	10.4%	21.7%	9.6%	9.5%	7.1%	6.3%
Cost to Income Ratio	52.4%	275%	74.5%	61.1%	48.3%	45.7%
<u>Credit Quality - Non-AP:</u>						
Gross NPA%	0.20%*	5.5%	0.1%	0.1%	0.1%	0.1%
Net NPA%	0.16%*	2.9%	0.1%	0.1%	0.04%	0.03%
Collection Efficiency %	99.8%*	94.9%	99.9%	99.8%	99.8%	99.8%

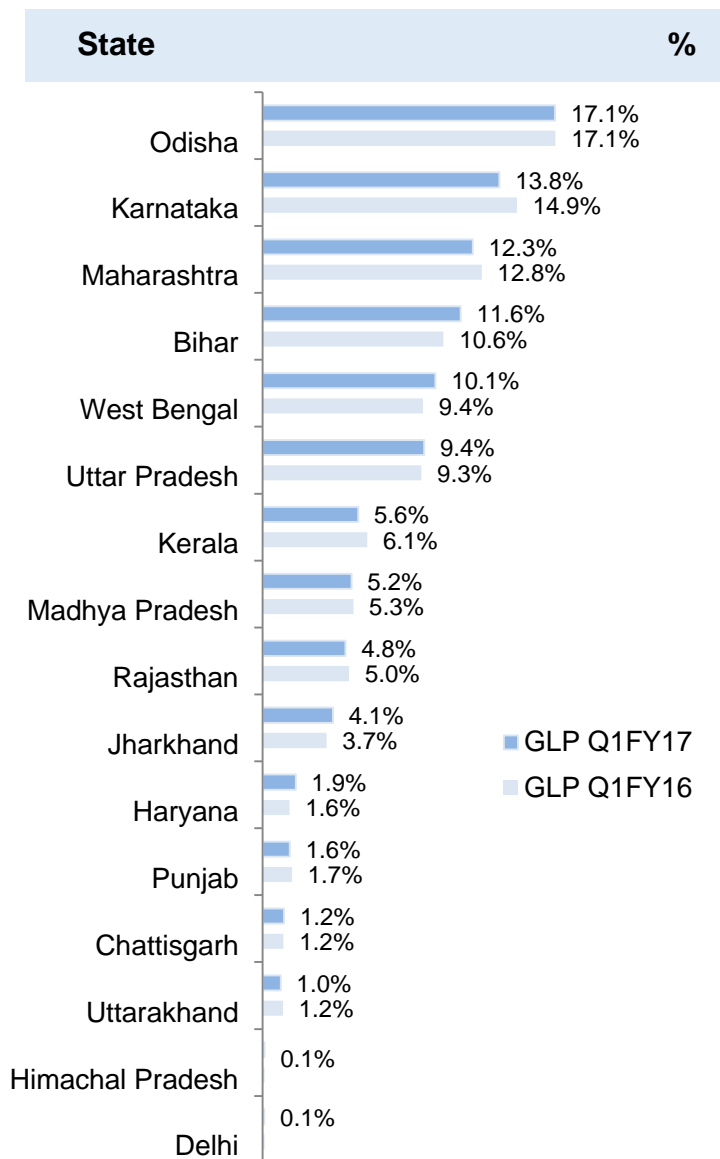
*Enterprise figures - includes figures from AP state

^{\$} Financial expenses to Avg. Gross Loan Portfolio

[^]Includes processing fee for on and off balance sheet (b/s) funding

[#] Includes processing fee for on b/s funding only, for FY 14 Rs. 13 Crs, FY15 Rs. 14.3 Crs. FY16 Rs.10.5 Crs. and Q1FY17 Rs. 1.7 Cr

PORTFOLIO MIX



Note: Portfolio percentage are based on proportion of gross loan portfolio of respective states.

CONCENTRATION NORMS

Metric	% Cap on Disbursement*	POS % Cap of Network*
State	<ul style="list-style-type: none"> <15% (20% for Karnataka & Odisha) 	<ul style="list-style-type: none"> 75% (100% for the state of Odisha, Karnataka and Maharashtra)
District	<ul style="list-style-type: none"> <3 % (4% for Karnataka & Odisha) 	<ul style="list-style-type: none"> 5% (Only 5% of total operating districts can go up to 10% of Network)
Branch	<ul style="list-style-type: none"> <1 % (1.25 % for Karnataka & Odisha) 	<ul style="list-style-type: none"> 1% (Only 5% of the total operating branches can go up to 2% of Network)
NPA	<ul style="list-style-type: none"> No disbursement to a branch with NPA > 1 % 	
Collection efficiency	<ul style="list-style-type: none"> No disbursement to a branch with on-time collection efficiency of < 95% 	
15% Cap on portfolio outstanding for each state (20% for Karnataka and Odisha)		

*Subject to tolerance of 10%

Odisha, Karnataka and Maharashtra exposure are at 89%, 72% and 64% respectively of our network.

VINTAGE OF NON-AP BRANCHES IS 7.1 YEARS

State	No. of Branches	Wt. Avg. Vintage (in Yrs.)*
Karnataka	171	8.3
Odisha	153	7.8
Uttar Pradesh	147	5.7
Bihar	143	6.8
West Bengal	126	7.5
Maharashtra	125	7.4
Madhya Pradesh	72	7.5
Rajasthan	59	7.6
Kerala	54	5.6
Jharkhand	48	6.5
Chhattisgarh	31	5.5
Haryana	27	4.2
Punjab	18	6.9
Uttarakhand	12	5.7
Himachal Pradesh	3	1.6
Delhi	2	3.5
Non-AP	1,191	7.1

As of June 2016

* Excludes 43 Gold Loan Branches.

PORTFOLIO OUTSTANDING BY ECONOMIC ACTIVITY

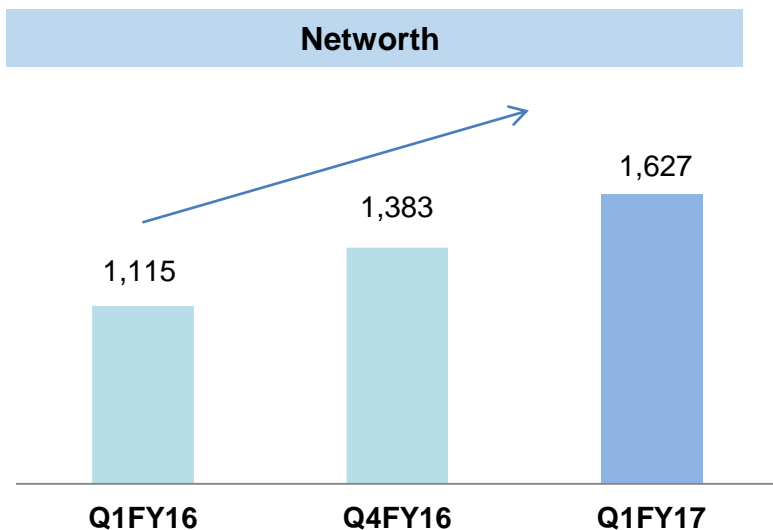
Purpose	% Mix
Livestock	33%
Tailoring, Cloth weaving	11%
Grocery stores and other retail outlets	10%
Agriculture	9%
Trading of Vegetable & fruits	7%
Masonry, Painting, Plumbing, Electrician, Carpenter and related	6%
Vehicle repairs	5%
Eateries	4%
Trading of Agri-commodities	3%
Garments & Footwear retailing	2%
Trading of Utensils, Plastic items	1%
Bangles Shop	1%
Scrap Business	1%
Other income generating activities	7%

REVIEW OF FINANCIALS

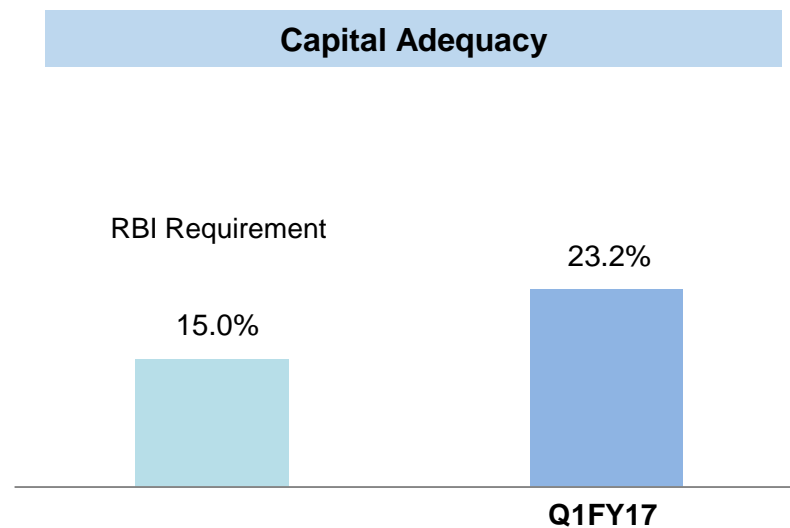
STRONG SOLVENCY AND SUFFICIENT LIQUIDITY

INR Crs.

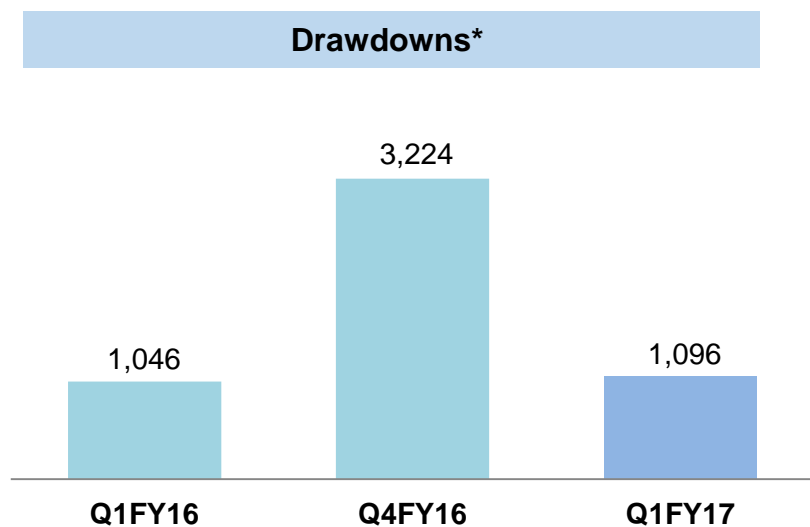
Networth



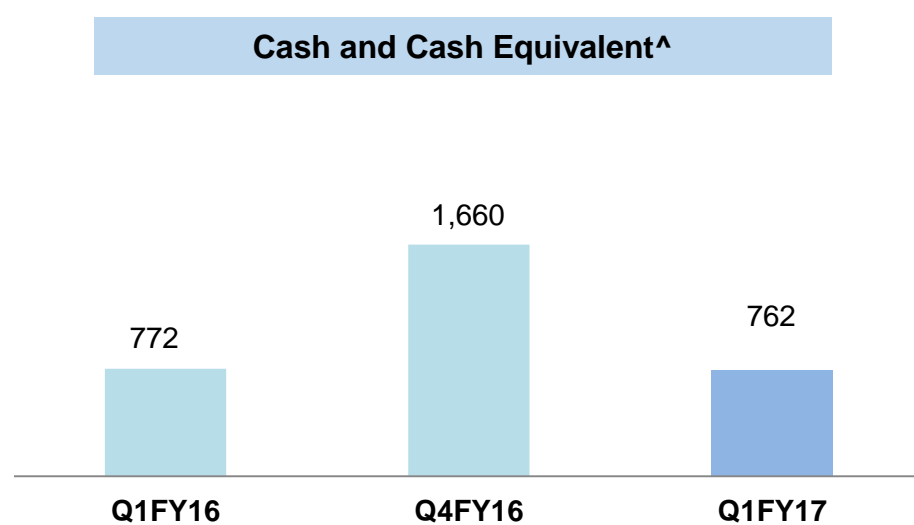
Capital Adequacy



Drawdowns*



Cash and Cash Equivalent^



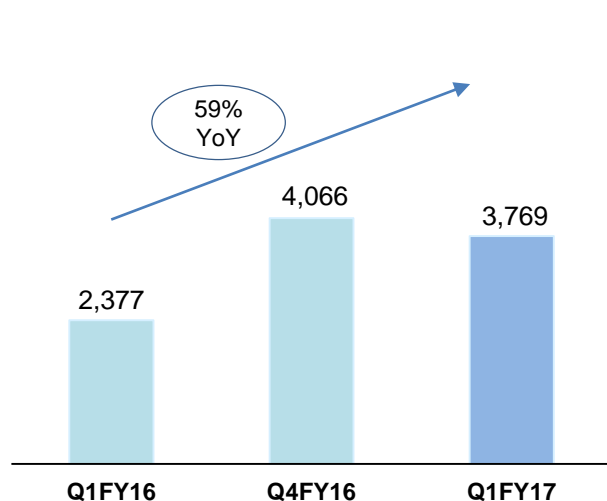
*Excluding Managed Loans

^ Excluding security deposit

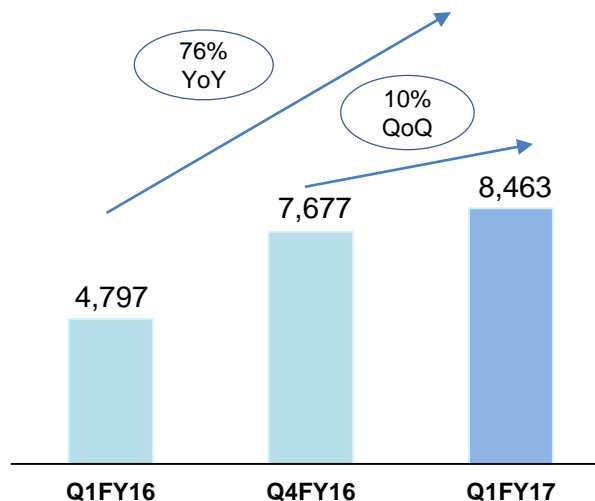
REDUCTION IN COST OF BORROWING AND COST TO INCOME DRIVE PROFITABILITY GROWTH

INR Crs.

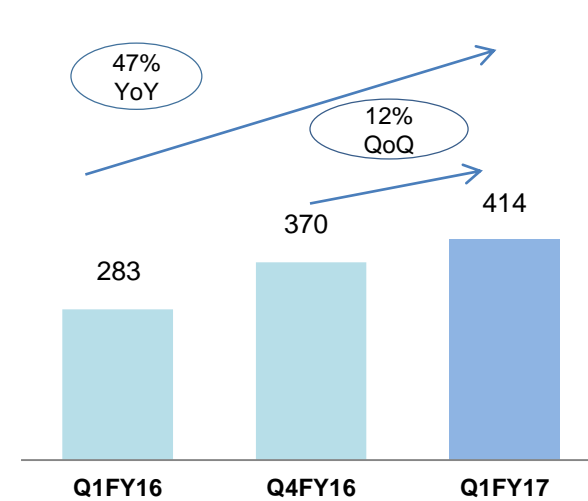
Disbursements



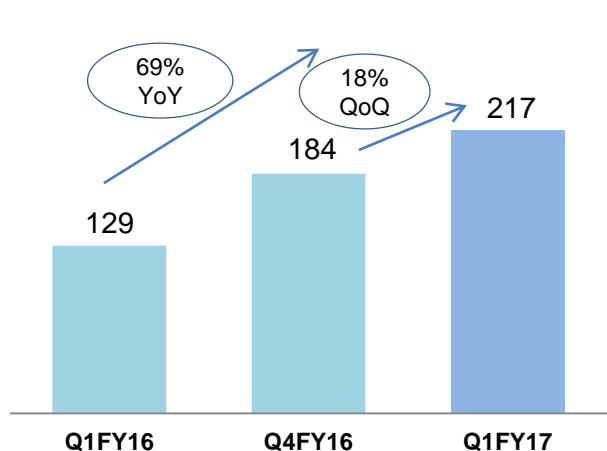
Non-AP Gross Loan Portfolio



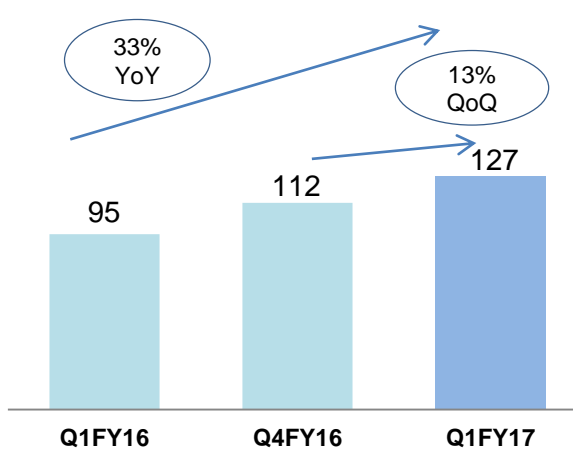
Gross Revenue



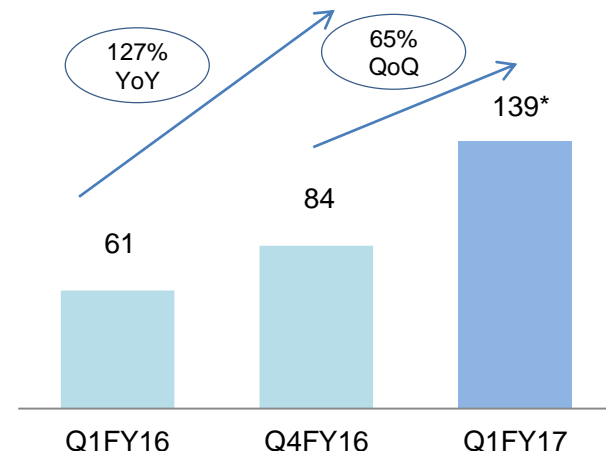
Net Interest Income*



Operating Cost



PAT



* Net interest income (excluding loan processing fees) = Interest income on Portfolio loans + Excess interest spread on securitization/Income from assignment + BC Fee – Financial Cost

Tax Exp: Rs. 18 Crs Rs. 26 Crs -
*PAT excluding MAT credit of Rs.97 Crs as on March 31, 2016

ROBUST EARNINGS MODEL DELIVERS IMPROVED PROFITABILITY

INR Crs.

Particulars	Q1FY16	Q1FY17	YoY%	Q1FY17 As % of Total Revenue	Q4FY16	QoQ%
Income from Operations						
Interest income on Portfolio loans	195	278	42%	67%	239	16%
Excess interest spread on securitization / Assignment	22	56	158%	14%	61	-7%
Loan processing fees	15	27	84%	7%	23	19%
Other Income						
Income on investments	21	16	-23%	4%	12	37%
Recovery against loans written off	4	2	-50%	0%	3	-20%
Facilitation fees from Cross-sell	13	15	16%	4%	15	0%
BC fees	12	19	57%	5%	18	7%
Other miscellaneous income	0.2	0.3	43%	0.1%	0.2	61%
Total Revenue	283	414	47%	100%	370	12%
Financial expenses	101	136	35%	33%	134	1%
Personnel expenses	71	95	34%	23%	80	18%
Operating and other expenses	23	30	28%	7%	29	2%
Depreciation and amortization	1	2	120%	1%	3	-23%
Total Operating Cost	95	127	33%	31%	112	13%
Provision & Write-offs	7	12	67%	3%	14	-14%
Total Expenditure	203	275	35%	66%	260	6%
Profit before Tax	79	139	75%	34%	110	26%
Tax expense	18	32	74%	8%	26	24%
MAT Credit Entitlement *	-	(129)		-31%	-	
Profit after Tax	61	236	286%	57%	84	179%
Profit for the period (excl. MAT credit of Rs.97Crs as of Mar16)		139				

*MAT credit is recognized from Q1FY17. MAT credit entitlement comprises tax expenses of Rs. 32 Crs for Q1FY17 and unrecognized MAT credit of Rs. 97 Crs as on 31st March, 2016.

QOQ PROFITABILITY ANALYSIS

INR Crs.

Particulars	FY16	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17
AUM growth rate (QoQ) Closing	84%	15%	14%	13%	24%	10%
AUM growth rate (QoQ) Monthly Averages	80%	22%	17%	10%	22%	16%
PAT/Profit for the period [#]	303	61	78	79	84	139
PAT Growth rate (QoQ) [#]	61%	51%	27%	2%	6%	65%
Cross sale fee (Facilitation fees)	49.7	12.8	12.7	9.3	14.9	14.8
<u>Non-Core Drivers</u>						
MAT Credit recognition for the period	-	-	-	-	-	32
Income deferred (net*) on account of Securitisation/assignment	9.1	(0.9)	(1.0)	2.3	8.7	(2.3)
Standard Asset Provision (Inc. off b/s provision upto 1%)	30.8	4.9	6.1	7.3	12.5	9.9
<u>Non-Core Drags</u>						
AP Recovery	10.8	3.5	3.4	2.5	1.4	0.2
Cash & Bank balance (net of security deposit) Avg. Daily	735	1,036	439	789	681	808
% Securitised & assigned / Non-AP AUM (Based on Closing figs)		9.9%	3.3%	9.0%	26.4%	17.6%
Average gross interest yield (Non-AP) QTR average	22.0%	23.2%	23.6%	21.7%	21.2%	20.4%
Interest rate on new loans		23.55%	22.0%	20.75% & 19.75%	19.75%	19.75%

*Net of flow back from earlier deferrals

[#] Q1FY17 PAT & PAT growth rate excluding MAT credit of Rs.97 Crs as on March 31, 2016

STRONG CAPITAL BASE AND ROBUST LIQUIDITY DRIVE BFIL BALANCE SHEET

INR Crs.

Particulars	Q1FY16	Q1FY17	YoY%	Q4FY16	QoQ%
Equity Share Capital	126	128	1%	127	0.2%
Stock Options Outstanding	27	25	-8%	25	-1%
Reserves And Surplus	962	1,474	53%	1,231	20%
Capital & Reserves	1,115	1,627	46%	1,383	18%
Loan Funds	3,503	5,359	53%	5,130	4%
Payable Towards Assignment/Securitisation	151	266	77%	247	8%
Expenses & Other Payables	33	46	37%	44	3%
Provision For Taxation	8	10	31%	2	-
Unamortised Loan Processing Fees	35	71	103%	64	11%
Employee Benefits Payable	12	18	50%	24	-28%
Interest Accrued But Not Due On Borrowings	19	25	26%	38	-35%
Provision For Leave Benefits & Gratuity	14	25	77%	21	20%
Statutory Dues Payable	7	11	67%	4	-
Unrealised Gain On Securitisation Transactions	25	91	-	124	-26%
Provision For Standard And NPA - Non-AP	48	84	73%	74	13%
Provision For Standard And NPA - AP	0.14	0.06	-58%	0.11	-48%
Liabilities	3,856	6,006	56%	5,771	4%
Total Liabilities	4,971	7,633	54%	7,154	7%
Fixed Assets	6	17	187%	11	51%
Intangible Assets	5	6	11%	5	18%
Investment	0.2	0.2	-	0.2	-
Cash And Bank Balances (Incl. Security Deposits)	991	1,059	7%	1,942	-45%
Trade Receivable	8	15	85%	6	130%
Interest Accrued And Due On Loans	1	0	-88%	0	-56%
Interest Accrued But Not Due On Loans	13	11	-16%	10	10%
Interest Accrued But Not Due On Deposits With Banks	15	12	-17%	12	1%
Interest Strip On Securitization Transactions	25	91	-	124	-26%
Portfolio Loans -- Non-AP	3,806	6,109	60%	4,806	27%
Portfolio Loans -- AP	14	6	-58%	11	-48%
Loans Placed As Collateral	46	118	157%	160	-26%
Security Deposits For Rent And Other Utilities	4	4	-3%	4	-5%
Advances For Loan Cover Insurance	1	1	-8%	0.68	-15%
Loans To BFIL Employee Benefit Trust	5	3	-44%	3	-
Advance Income Tax	14	16	13%	16	-
Prepaid Insurance	1	2	43%	3.9	-49%
MAT credit entitlement	-	129	-	-	-
Other Advances / Other Assets	15	34	123%	39	-13%
Total Assets	4,971	7,633	54%	7,154	7%
Note:1 Non-AP Securitized/Managed/Assigned Portfolio	945	2,236	137%	2,711	-18%
2. Non-AP Gross Loan Portfolio	4,797	8,463	76%	7,677	10%

BEST OF BREED RATIOS

Particulars		Q1 FY16	Q4 FY16	Q1 FY17
Spread Analysis (as % of Avg. Gross Loan Portfolio)				
Gross Yield	(I)	25.1%	21.3%	20.5%
Portfolio Yield*	(a)	20.4%	18.3%	17.5%
Financial Cost	(b)	9.0%	7.7%	6.7%
NIM on portfolio ^{\$}	(a-b)	11.4%	10.6%	10.8%
Operating Cost	(c)	8.5%	6.5%	6.3%
Provision and Write-offs	(d)	0.6%	0.8%	0.6%
Taxes	(e)	1.6%	1.5%	1.6%#
Total Expense	II = (b+c+d+e)	19.7%	16.5%	15.2%
Return on Avg. Gross Loan Portfolio	(I) - (II)	5.4%	4.9%	5.3%
Efficiency:				
Cost to Income		52.3%	47.5%	45.7%
Asset Quality – Non-AP:				
Collection Efficiency		99.7%	99.8%	99.8%
Portfolio at Risk >30 Days		0.2%	0.1%	0.1%
Gross NPA		0.1%	0.1%	0.1%
Net NPA		0.1%	0.04%	0.03%
Gross NPA (INR Crs.)		4.6	4.1	3.5
Net NPA (INR Crs.)		2.2	1.9	1.6
Leverage:				
Debt : Equity		3.1	3.7	3.3
Debt : Equity (Incl. Securitised, Assigned & Managed Loans)		4.1	5.9	4.8
Capital Adequacy:		27.2%	23.1%	23.2%
Profitability:				
Return on Avg. Assets (Incl. Securitised, Assigned & Managed Loans)		4.1%	3.9%	4.3%#
ROE		22.6%	25.3%	28.5%#
EPS - Diluted (INR) (Not Annualised)		4.8	6.6	18.3**
Book Value (INR)		88.2	108.6	127.5

*Portfolio Yield = (Int. income on portfolio loans + Excess interest spread on securitization and Asset Assignment + BC Fee) /Avg. GLP

Tax, ROA, ROE ratios are calculated excluding MAT credit entitlement of Rs.129 Crs

** Includes Rs.7.5 on account of recognition of MAT credit of Rs.97 Crs as on March 31, 2016

\$ NIM = (Int. income on portfolio loans + Excess interest spread on securitization and Asset Assignment + BC Fee- Financial expenses) /Avg.GLP 45

GUIDANCE FOR FY17

INR Crs.

	FY16	FY17
	Actual	Guidance
Incremental debt requirement	8,385	10,000
Non-AP Disbursement	12,063	16,500
Non-AP Gross Loan Portfolio	7,677	11,000
Profit After Tax (Post MAT @ 21%)	303	450^

^Excludes MAT credit recognition

Note on MAT credit recognition:

- MAT credit is recognized from Q1FY17, including unrecognized MAT Credit of Rs. 97 Crs as on 31st March, 2016.
- Recognition is based on extant guidance note issued by ICAI.

FINANCIAL ARCHITECTURE

FINANCIAL ARCHITECTURE

INR Crs.

Lenders Mix (On B/S) Devoid Of Dependence Risk

On Balance Sheet*	Q1FY16	Q4FY16	Q1FY17
Yes Bank	10%	10%	12%
State Bank Group	8%	13%	10%
Dena Bank	7%	12%	10%
SIDBI	6%	8%	8%
Bank of Maharashtra	5%	4%	8%
IDFC Bank	-	8%	6%
Bank of India	2%	2%	6%
IDBI Bank	6%	7%	6%
ICICI Bank	8%	5%	5%
HDFC Bank	5%	5%	4%
HSBC Bank	2%	3%	3%
Kotak Mahindra Bank	10%	3%	3%
Standard Chartered Bank	3%	4%	3%
Andhra Bank	6%	3%	2%
Axis Bank	4%	1%	2%
Mudra	-	2%	2%
Citi Bank	2%	1%	2%
South Indian Bank	2%	2%	2%
Ratnakar Bank	5%	2%	2%
Barclays Bank PLC	-	2%	1%
Shinhan Bank	-	-	1%
Union Bank of India	-	1%	1%
DCB Bank	1%	1%	1%
Abu Dhabi Commercial Bank	-	-	1%
Others	7%	1%	1%
Total	2,847	4,440	4,640

* Includes Term loan and cash credit facilities

Diversified Source Mix

	Q1FY16	% Mix	Q4FY16	% Mix	Q1FY17	% Mix
Term Loans	2,724	59%	4,307	53%	4,576	58%
Securitisation	619	13%	1,886	23%	1,527	19%
Managed Loans	479	10%	708	9%	758	10%
NCD	400	9%	400	5%	400	5%
CP	256	6%	290	4%	320	4%
Assignment	-	-	367	5%	220	3%
CC	123	3%	132	2%	64	1%
Total	4,602	100%	8,091	100%	7,864	100%

Investor Mix (Off B/S) Broad-based

Securitised / Assigned	Q1FY16	Q1FY17
Yes Bank	52%	25%
IDBI Bank	2%	21%
HDFC Bank	5%	19%
Bank of India	-	13%
ICICI Bank	16%	10%
Kotak Mahindra Bank	-	9%
Ratnakar Bank	12%	2%
DCB Bank	3%	-
IndusInd Bank	9%	-
Total	100%	100%

SUB 10% MARGINAL COST OF BORROWING

Funding Cost Analysis

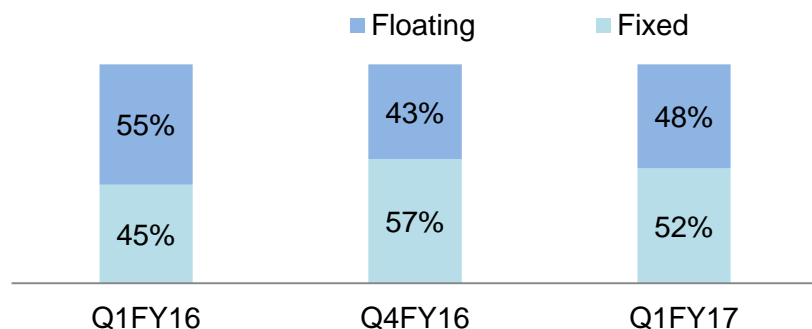
	Metric	FY14	FY15	FY16	Q1FY16	Q4FY16	Q1FY17
Marginal cost of borrowing	on and off b/s loans (excluding processing fees)	12.2%	11.7%	10.1%	11.5%	9.2%	9.9%
	on and off b/s loans (including processing fees)#	12.6%	11.9%	10.2%	11.5%	9.3%	10.0%
	on b/s loans (excluding processing fees)	12.9%	12.3%	11.0%	11.5%	10.3%	10.4%
	on b/s loans (including processing fees)#	13.6%	12.6%	11.1%	11.6%	10.3%	10.5%
Wt. avg. cost of borrowing (on b/s loans) *	excluding processing fee paid & other charges	12.7%	12.1%	11.4%	11.7%	10.8%	10.6%
	including processing fee	13.6%	12.8%	11.6%	11.9%	11.1%	10.7%
Loan Processing Fees (INR Crs.)		17.3	16.9	11.6	1.0	3.6	1.7
Drawdowns (INR Crs.)		3,503	5,020	7,317	1,046	3,224	1,096
Financial Cost^		8.3%	8.3%	8.5%	9.0%	7.7%	6.7%

processing fees is amortized for marginal cost calculation.

^ Financial expenses to quarterly Avg. Gross Loan Portfolio.

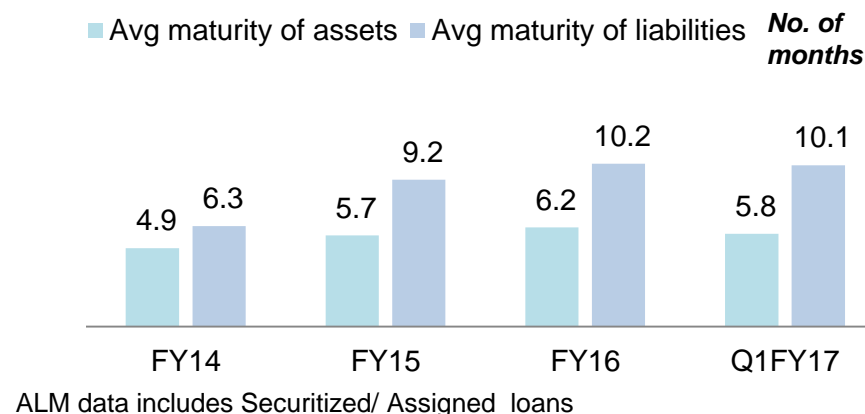
*The above percentages are based on monthly averages. Expenses towards loan processing fees are recognized upfront whereas loan processing fees received from borrowers are amortized over the period of contract.

Interest Rate Mix of Borrowings*



* Excludes managed loans

Positive ALM Mismatch



EXTERNAL ASSESSMENT

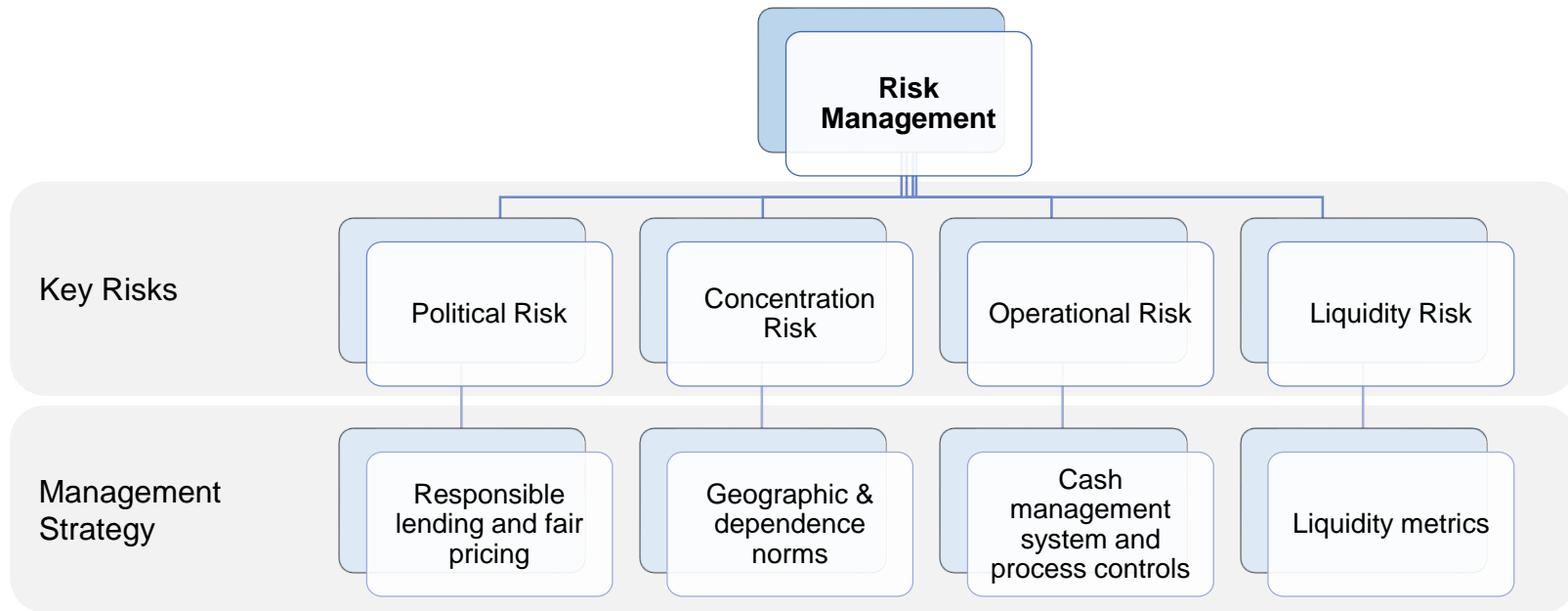
Rating Instrument	Rating	Rating Agency	Rating Amount Limits (Rs. Crs.)	
			Q4Y16	Q1FY17
MFI Grading	MFI 1	CARE Ratings	N/A	N/A
Corporate Governance Rating	CGR2	ICRA Limited	N/A	N/A
Bank Loan Rating (Long-term facilities)	CARE A+	CARE Ratings	4,500	5,500^
Bank Loan Rating (Short-term facilities)	CARE A1+	CARE Ratings		
Long-term Debt (NCD)	CARE A+	CARE Ratings	400	400
Short-term Debt (CP/NCD)	CARE A1+	CARE Ratings	200	200
Long-term Debt	[ICRA] A+	ICRA Limited	750	750
Short-term Debt	[ICRA] A1+	ICRA Limited		
Securitisation Pool	CARE AA (SO)	CARE Ratings	1,731	1,731*
	ICRA AA (SO)	ICRA Limited	589	802*

*Amount aggregates to 5 transactions rated by CARE Ratings and 3 transactions rated by ICRA

^ As on July 2016

RISK MANAGEMENT

KEY RISKS AND MANAGEMENT STRATEGIES



- Low cost lender
- Voluntary Cap on RoA from core lending
- Robust Customer grievance redressal (CGR) Mechanism with Ombudsman
- Calibrated Growth

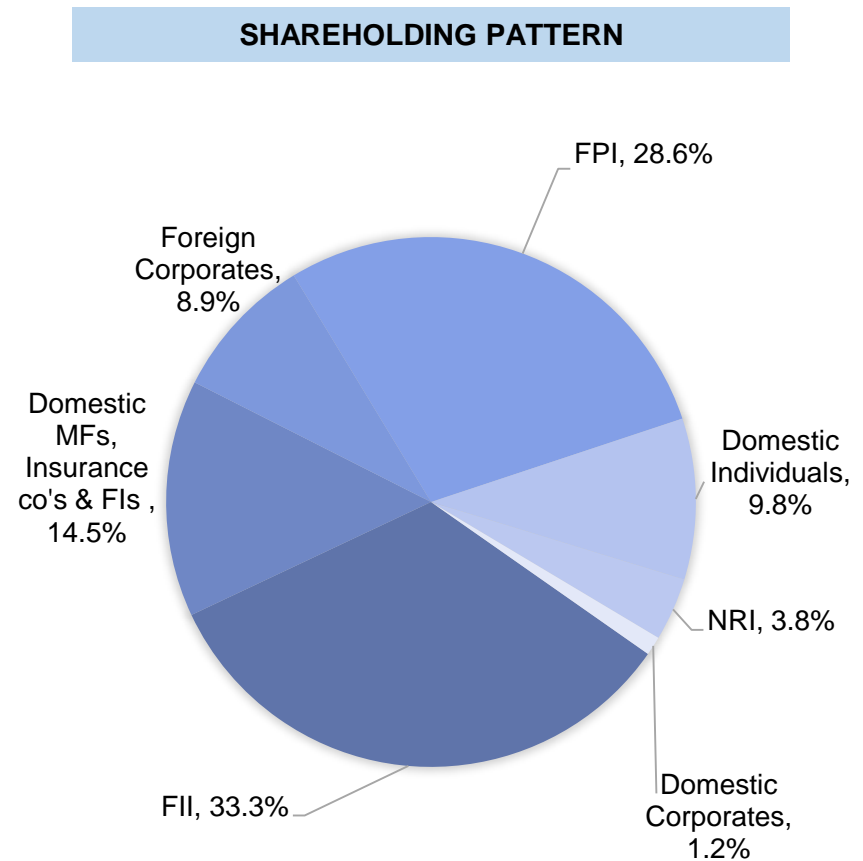
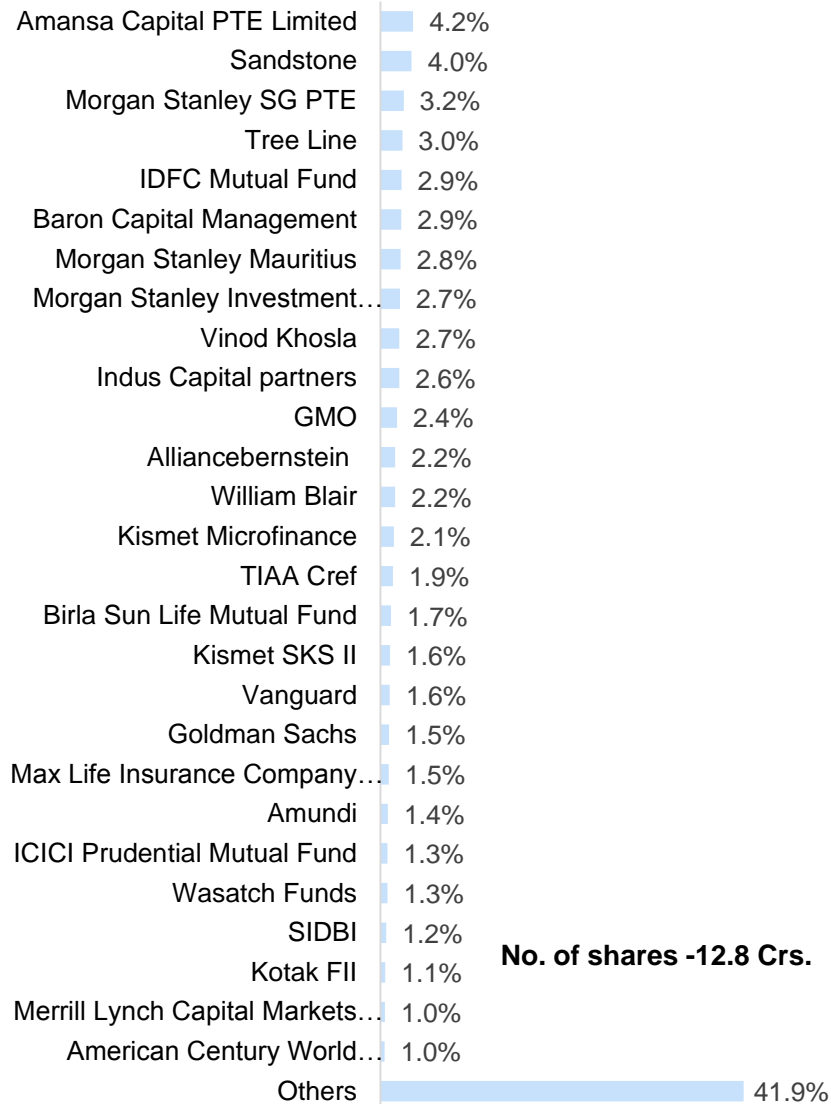
- Geographic concentration norms
 - *Disbursement Related Caps*
 - *Portfolio Outstanding Related Caps*
- *Borrowing dependence norms*
 - *Cap on borrowing from any single credit granter (15% of funding requirement)*

- Integrated cash management system
- Product and process Design
- ISO Certified Internal audit

- Well defined metrics for
 - *Cash burn*
 - *Business continuity*
 - *Growth*

CAPITAL STRUCTURE AND SHARE PRICE MOVEMENT

CAPITAL STRUCTURE AS ON 30TH JUNE 2016



Excludes no. of Outstanding ESOPs 0.3 Crs.

Note: The Investment under different accounts by a fund are clubbed under their respective names

ADJUSTED PRICE TO BOOK COMPUTATION

INR

	June-16
Book value per share (A)	128
Present value of DTA per share (B)^	21
Book value per share – Including PV of DTA (A+B)	149
Adjusted Price to Book Ratio (times)	5.1

Note:

^ Estimated Present Value of Deferred Tax Assets(DTA).

DTA as on June 30, 2016 is Rs. 308 Crs.

Discount rate assumed at 10.6% and applied over next 2 years' estimated profit.

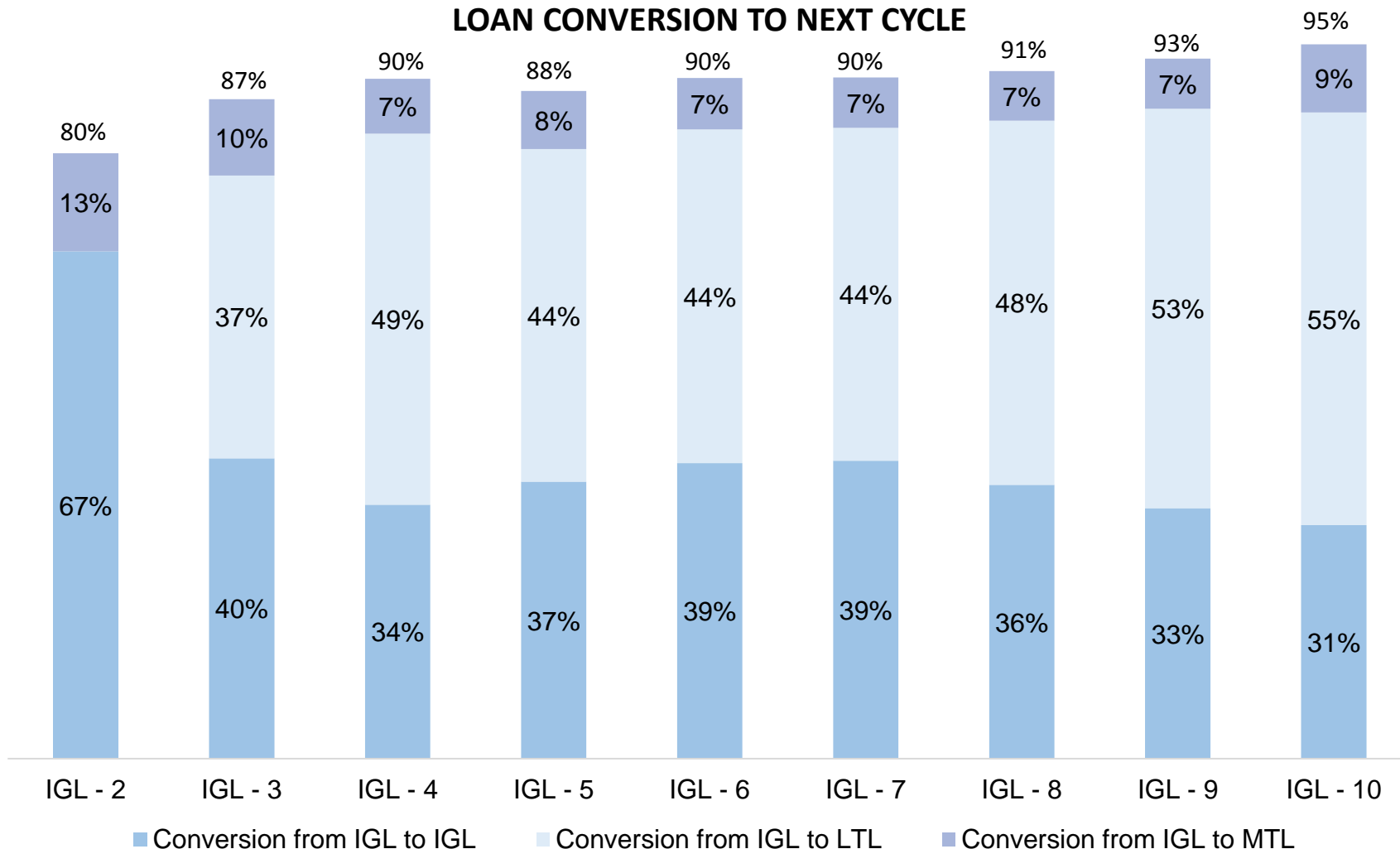
BFIL Market Price as of July 21, 2016 – Rs. 764

ANNEXURES

ANNEXURES - OPERATIONS

GROUP UNDERWRITING AT WORK

LOAN CONVERSION TO NEXT CYCLE



IGL & MTL have 50 weeks duration; LTL has 104 weeks duration. As LTL is new, maximum clients are in LTL 1 cycle.

Active IGL loans disbursed during Oct'14 to Dec'14 have been considered as base and loans disbursed in subsequent cycles over the next 1.5 yrs i.e. till Jun'16 have been taken and cycle wise conversion has been arrived. Only the next first loan taken by customer is taken into consideration for conversion.

DIFFERENCES IN LENDING MODEL BETWEEN SHG & JLG

	SHG	JLG (BFIL)
Model	Savings led (Members collectively save money for 6 months to avail credit)	Credit led (No savings required, members have an access to the finance as per the requirement)
Borrowers Segment	Women/Men	Women
Lending Methodology	Group (Size 10-20 members)	Group (5 members)
Loan Processing time	4 Months	1 week
Repayment frequency	Monthly	Weekly
Credit Decision	Group leader decides the quantum of loan for the member	Entire group and the center decides the quantum of loan
Credit Bureaus Reporting	Not much information available (RBI mandated the SHGs to share data from July 2016)	Weekly sharing of the data with CICs
NPAs	7.4% as on Mar-15	0.1% as on June 30 th 2016

SHG Concentration:

Top 5 States	% Mix in Portfolio (Mar-15)	Portfolio O/S (Mar-15) INR Crs.
Andhra Pradesh & Telangana	47%	24,187
Tamil Nadu	12%	6,218
Karnataka	11%	5,928
West Bengal	6%	2,864
Kerala	4%	2,237
Others	20%	10,111
Total	100%	51,545

PRODUCT OFFERINGS

	IGL	MTL	LTL	Other product offerings^^
Loan portfolio (INR Crs) / (% Mix)	4,346 (51%)	1,740 (21%)	2,270 (27%)	113 (1%)#
Ticket size range (w.e.f 7 th Dec’15)	INR 9,100 to INR 29,565	INR 9,100 to INR 15,010	INR 30,915 to INR 49,785	INR 1,310 to INR 5,001
Avg. Ticket Size (INR) For Q1FY17	21,336	14,698	37,028	2,580
Eligibility*	<ul style="list-style-type: none">▪ Completion of CGT / GRT▪ Age limit 18 years to 55 years▪ Maximum limit of INR. 20,010 for IGL 1	<ul style="list-style-type: none">▪ With IGL - Between 20th to 46th week▪ With LTL – Between 20th to 96th week	<ul style="list-style-type: none">▪ Minimum Two IGL Loan cycle completed▪ Maximum limit of INR. 38,635 for LTL 1	<ul style="list-style-type: none">▪ With IGL – Between 4th to 46th week▪ With LTL – Between 4th to 100th week
Tenure	50 weeks		104 weeks	25 weeks
Annual effective interest rate	19.75% (w.e.f 7 th Dec’15 for new loans)			<ul style="list-style-type: none">▪ 19.60% - 19.75%
Processing fee (Incl. Service Tax)	1.15%			<ul style="list-style-type: none">▪ 0.94% -1.15%
* Eligibility criteria over and above the criteria prescribed by the RBI				

Stopped disbursement of gold loans from January 2016 (Portfolio outstanding as on 30th June 2016 is Rs. 0.4 Crs.)

^^Loans for Mobile Phones, Solar lamps, Sewing Machines, Bicycle, Bio-Mass Stove, Water-purifier(Excluding Two wheeler loans pilot).

Portfolio Including Two wheeler loans pilot of Rs.0.24 Crs. We have started Two wheeler loans on Pilot basis from the month of April 2016.

HIGHLIGHTS - LONG TERM LOANS (LTL)

Product Details	
Purpose	Income generating activity
Ticket Size	Rs.30,915 to Rs.49,785
Tenure	104 Weeks
Eligibility	<ul style="list-style-type: none"> Minimum Two IGL^ Loan cycle completed Maximum limit of INR. 38,635 for LTL 1
Product design	Equal weekly installment (EWI) similar to IGL Eg.: IGL Rs.15K Ticket size : Rs. 330 EWI LTL Rs. 30K Ticket size : Rs. 360 EWI

Snapshot

	LTL			Enterprise			% Mix LTL		
	Q1FY 16	Q4FY 16	Q1FY 17	Q1FY 16	Q4FY 16	Q1FY 17	Q1FY 16	Q4FY 16	Q1FY 17
No. of Loans Disbursed in '000	191	168	114	1,778	2,386	2,249	10.8%	7.1%	5.1%
Avg. Ticket Size INR	29,641	36,812	37,028	13,368	17,041	16,758			
Amount of Loan Disbursed (In Crs.)	567	619	421	2,377	4,066	3,769	23.8%	15.2%	11.2%
Portfolio Outstanding (In Crs.)	1,135	2,259	2,270	4,797	7,677	8,463	23.7%	29.4%	26.8%

Note: Disbursement capped at 25% of overall disbursement

^ Income Generating Loans with ticket size of Rs.9,100 to Rs.29,565 with tenure of 50 weeks

LEVERAGING THE DISTRIBUTION STRENGTH

	FY15	FY16	Q4FY16						Q1FY17					
	Total	Total	Mobile phone	Solar lamp	Sewing Machine	Cycle	Others^	Total	Mobile phone	Solar lamp	Sewing Machine	Cycle	Others^	Total
No. of Units Facilitated (in Lacs)	8.4	15.6	2.0	1.4	0.6	0.5	0.1	4.6	1.6	1.7	0.4	0.4	0.1	4.2
Gross Fees (after service tax) INR Crs.	28.3	49.7	5.9	4.9	2.2	1.5	0.4	14.9	5.8	6.3	1.3	1.3	0.2	14.8
Less: Incentives INR Crs.	4.6	13.8	1.7	1.2	0.5	0.5	0.1	4.0	1.4	1.5	0.3	0.4	0.1	3.6
Net Fees INR Crs.*	23.7	28.3	3.3	2.9	1.3	0.8	0.2	8.6	3.5	3.7	0.7	0.7	0.1	8.8
Loan Portfolio INR Crs.	58.3	101.9	36.3	24.6	22.0	16.8	2.3	101.9	44.8	30.3	19.2	16.3	2.1	112.8
Net Fee Income as % of PAT	12.6%	9.3%	4.0%	3.4%	1.6%	1.0%	0.3%	10.2%	2.5%	2.7%	0.5%	0.5%	0.1%	6.3%**
Loan Portfolio Mix	1.4%	1.3%	0.5%	0.3%	0.3%	0.2%	0.03%	1.3%	0.5%	0.4%	0.2%	0.2%	0.0%	1.3%

*Net fee post the incentive payout and sans transfer pricing of other operating cost and Post MAT adjustment

^Loans for Bio-Mass Stove, Water-purifier etc.

** Profit for Q1FY17 before MAT credit entitlement of Rs.97 Crs as on 31st March,2016

Penetration Based On Total No. Of Loans

	FY14	FY15	FY16	Q1FY17	Cumulative past 3.25 years
Mobile Phone	2.2%	6.7%	12.1%	2.8%	23.8%
Solar Lamp	1.3%	6.0%	9.0%	3.0%	19.3%
Sewing Machine	-	0.2%	2.2%	0.7%	3.1%
Bicycle	-	-	1.8%	0.8%	2.6%
Bio-mass stove	-	0.3%	0.8%	-	1.1%
Water Purifier	-	-	0.5%	0.1%	0.6%
Others	-	-	-	0.02%	0.02%
Total	3.6%	13.1%	26.5%	7.4%	50.5%

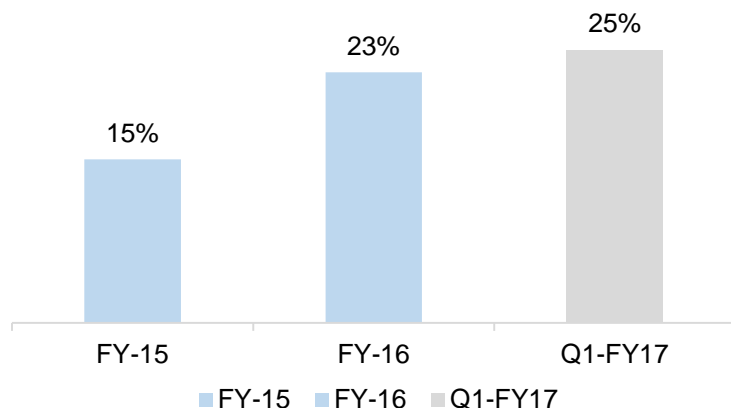
Frequency of Loans Based On Current Member Base

	Frequency of Loans (for the period)	FY14	FY15	FY16	Q1FY17	Cumulative past 3.25 years
#1		3.3%	11.1%	20.2%	7.1%	26.8%
#2		0.1%	1.0%	2.7%	0.1%	7.2%
#3		-	0.01%	0.3%	-	2.1%
#4		-	-	-	-	0.6%
#5		-	-	-	-	0.1%
Total		3.4%	12.1%	23.2%	7.2%	36.8%

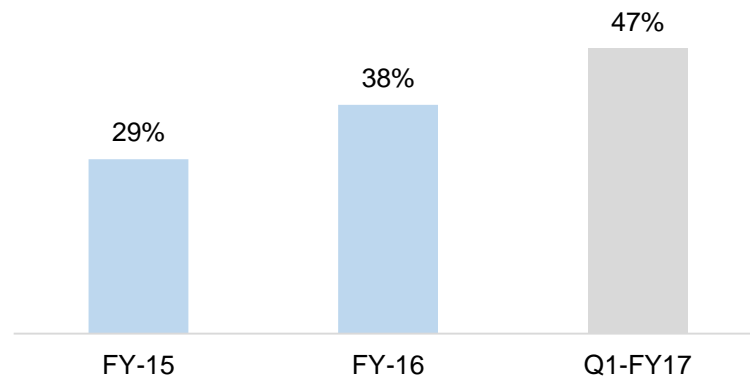
Cumulative Cross-sell Penetration % among our existing Non-AP Member base of 5.66 mn for last 3.25 years is 37%

CREDIT BUREAU DATA

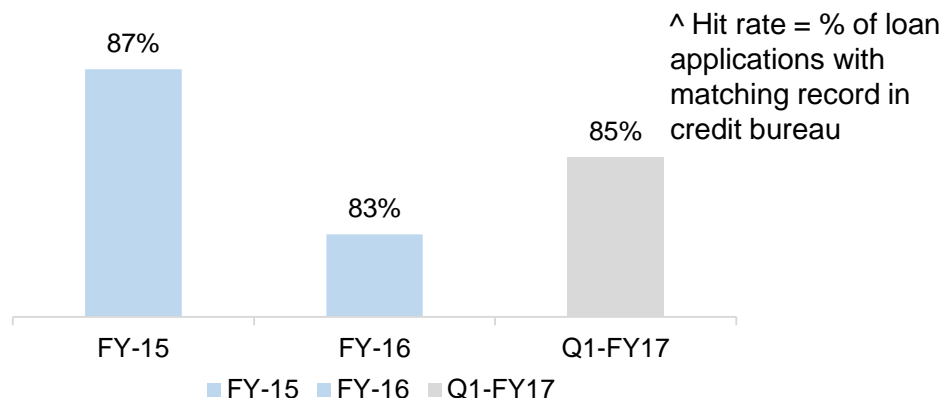
Rejection rate for All Products



Rejection rate for Long Term loans



Hit rate^ for all products



Rejection Reasons – Q1FY17 % Mix

Reasons	All Products	LTL
Loans from =>2 MFIs	85%	80%
Eligibility < Min Ticket Size	8%	16%
Outstanding Balance > 60K	5%	2%
Default History	2%	2%
Total	100%	100%

*Note: Rejections done by based on data inputs from Credit bureau

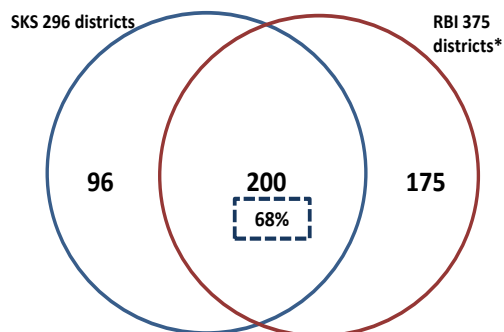
Major Initiatives Impacting Credit Bureau Decision:

- 80% of credit enquiry with Aadhaar as primary KYC (June'16).
- Internal CAP of Rs. 60,000 for total indebtedness of the borrower for JLG loans, including loans from other MFIs.

BFIL FINANCIAL INCLUSION COVERAGE...

Strong reach in under-banked areas

68% of BFIL branches are in RBI under-banked district list

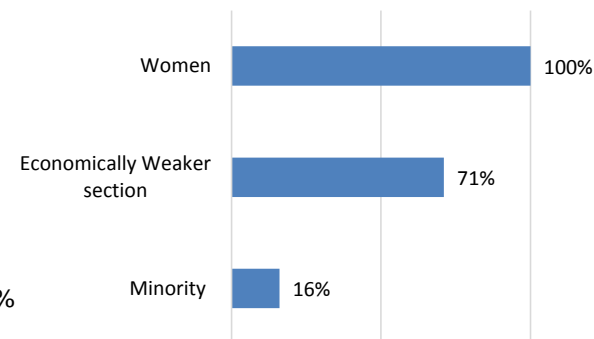


BFIL covers 68% of below average & low financial districts identified by CRISIL

CRISIL level of financial inclusion	SKS Coverage of those districts
High	18%
Above average	15%
Below average	51%
Low	16%
Grand Total	100%

68%

Weaker & Minority section coverage



* Source: RBI under-banked districts data

[1] Source: CRISIL Inclusix: An index to measure India's progress on Financial Inclusion, June 2013

.... IS SUPPORTED BY ROBUST CUSTOMER CENTRIC PRACTISES

Doorstep Service



Doorstep delivery (i.e. at Center meetings)

Financial literacy



2 day process consisting of hour-long sessions designed to educate clients on BFIL processes and credit discipline.

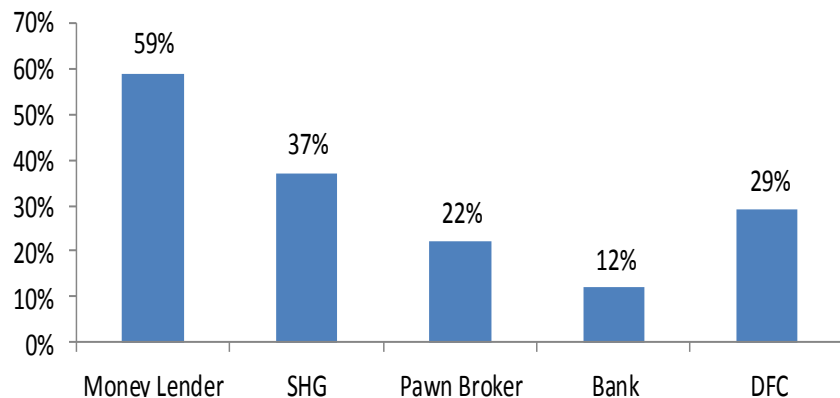
Dedicated customer service



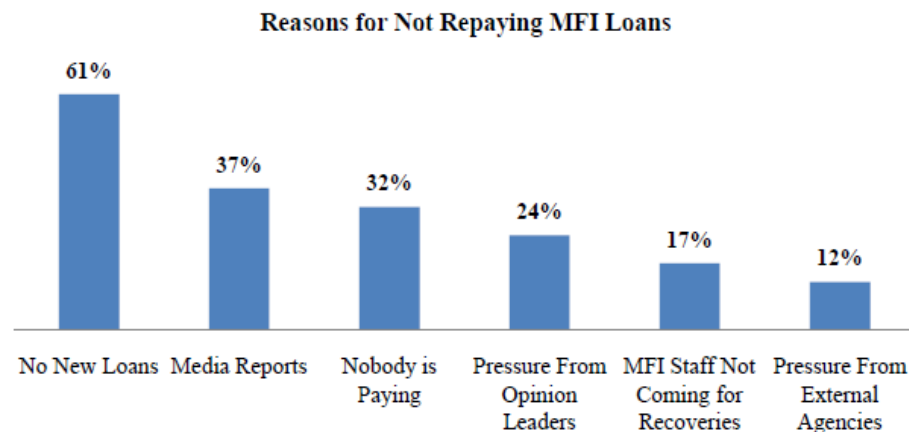
Toll-free helpline number with seven different vernacular languages

WHAT ARE CLIENTS DOING POST THE ANDHRA PRADESH MFI CRISIS?

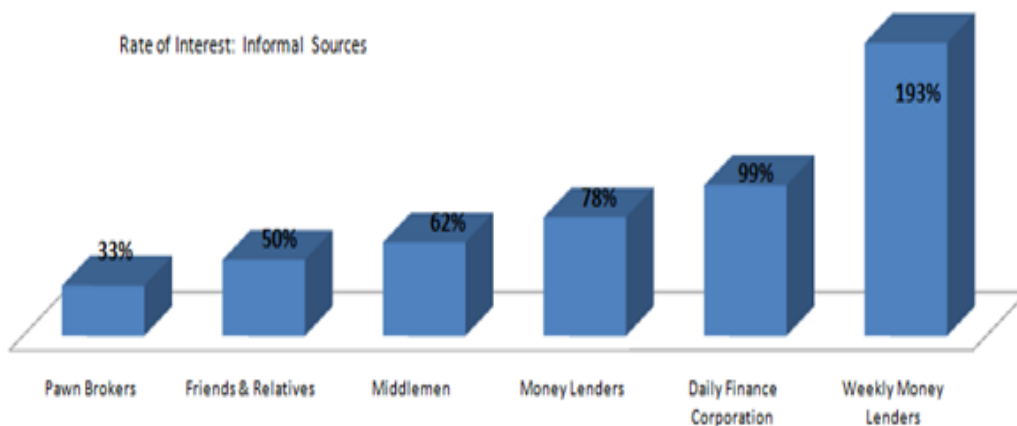
Sources of Credit (in the absence of MFI Loans)



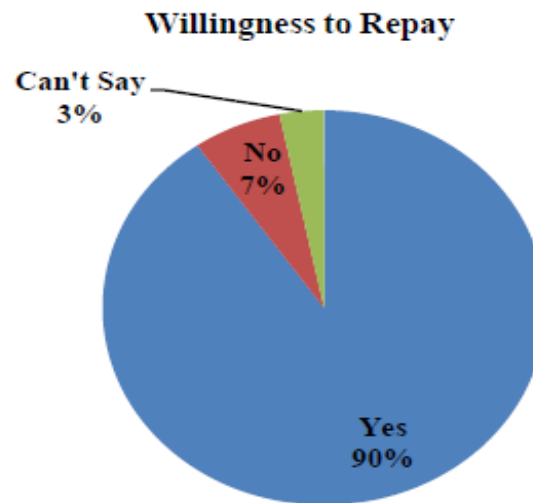
Reasons for not repaying MFI loans



Interest rates charged by informal sources (in the absence of MFIs)



Willingness to repay

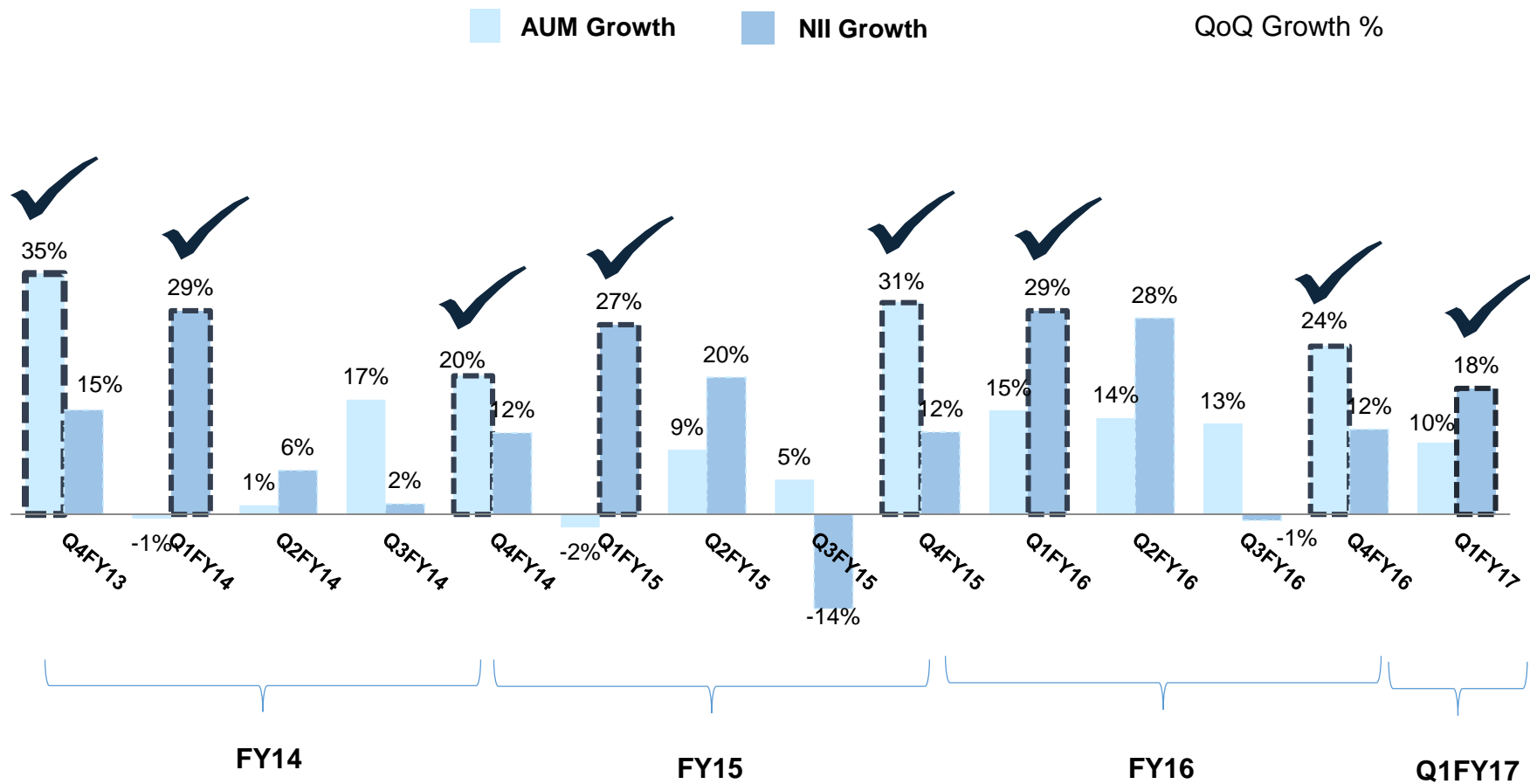


Data relates to Andhra Pradesh & Telangana

Source: "What are Clients doing post the Andhra Pradesh MFI Crisis?", MicroSave, 2011

ANNEXURES - FINANCIALS

HISTORICALLY, AUM GROWTH IS STRONGEST IN Q4 & NII GROWTH IS STRONGEST IN Q1



Reasons:

- Deferral of income due to higher volume of securitisation and asset assignment in Q4; or/and
- Higher Cash balances at the end of Q4

* Net interest income (excluding loan processing fees) = Interest income on Portfolio loans + Excess interest spread on securitization/Income from assignment + BC Fee – Financial Cost

CASH AND CASH EQUIVALENT BALANCES

INR Crs.

	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17
Interest Yielding^	860	255	581	427	568
Non Interest Yielding^^	176	184	208	254	240
Total	1,036	439	789	681	808

^fixed deposits, excluding margin money deposits.

^^Includes current account and cash balances

Note: Daily Average figures

OUR PROVISIONING POLICY

		RBI norms for NBFC-MFIs	BFIL compliance
Asset Classification	Standard Assets	0-90 days	0-60 days
	Sub-Standard Assets	91-180 days	61-180 days
	Loss Assets	>180 days	>180 days
Provisioning Norms	Standard Assets	1% of overall Portfolio reduced by Provision for NPA (If provision for NPA < 1% of overall Portfolio)	0.35-1% depending on NPA or as stipulated by RBI, whichever is higher
	Sub-Standard Assets	50% of instalments overdue*	50% of outstanding principal*
	Loss Assets	100% of instalments overdue*	100% of outstanding principal/ write-off*
Provisioning Norms for Securitised & Managed loans		-	1% of outstanding portfolio as per company provisioning policy, net-off losses, if any.

* The aggregate loan provision will be maintained at higher of 1% of overall portfolio or sum of provisioning for sub-standard and loss assets.

ANNEXURES - TECHNOLOGY

TECH ADVANCEMENTS DRIVEN BY INDUSTRY LEADING PARTNERSHIPS

Initiatives

Technology Partner Solution

Benefits

New Lending Management Software

In-House Team

SKS SMART

- A robust framework that encompasses workflow/reporting and analytic engines
- Works in online/offline mode to mitigate connectivity challenges.

TABLETS' - Hand held device for field staff



Enterprise Mobility

- Enhances Productivity of SMs- Reduced time spent at both center meeting and back office
- Paper less transaction - Pre-printed loan application form.

ERP Implementation



ERP

- ERP - Automation of financial accounting/ investment management, procurement and payment process.

Migrated from on-premises email system to hosted exchange



Office 365

- Enhanced email security, 99.99% uptime, On mobile office 365 access.
- Additional products such as One-Drive, Enterprise Skype etc. for easy access of data and better communication.

Data Centre– Migration to Cloud



Data Centre Hosting

- On-demand capacity scale-up.
- Business Continuity Plan.

Network protection



Enterprise Web and Network Security

- Improved performance and reliability of network infrastructure and applications.

ANNEXURES – HR

ATTRITION RATE AT SANGAM MANAGER LEVEL IS LARGELY CONTRIBUTED BY STAFF WITH RELATIVELY LOWER PERFORMANCE AND WITHIN 6 MONTHS OF THEIR JOINING

Sangam Manager Attrition %

- 27% for FY16

Who?

- Sangam managers who earn lesser average monthly performance incentive i.e. ~Rs. 5,000 vis-à-vis ~Rs. 7,600 for other Sangam Managers .

When?

- ~50% of staff who leave the job, decides to leave within 6 Months from joining date.

Why?

- Work conditions such as :
 - Average distance travelled per day is ~30 kms.
 - Work location is different from home location
 - Branch Reporting time at 6:30 AM

Retention Strategy

- 2ND Best paying job (~Rs.16,000 pm) in the local milieu (1st – Govt. Job)
- High growth career path – No lateral recruitments till 4 levels above loan officer.

ANNEXURES - COMPLIANCE

COMPLIANCE WITH RBI NBFC-MFI REGULATORY FRAMEWORK (1/2)

	RBI norms for NBFC-MFIs	BFIL compliance
NBFC-MFIs	<ul style="list-style-type: none"> Qualifying assets to constitute not less than 85% of its total assets (excluding cash and bank balances) At least 50% of loans for income generation activities 	<ul style="list-style-type: none"> Qualifying assets - 95% Income generation loans 98%
Pricing Guidelines		
Income of Borrower's Family	<ul style="list-style-type: none"> Rural : <=Rs.100,000 Non-Rural : <=Rs. 1,60,000 	✓
Ticket Size	<ul style="list-style-type: none"> <= 60,000 – 1st cycle <= Rs.100,000 – Subsequent cycle 	✓
Indebtedness	<ul style="list-style-type: none"> <= Rs. 100,000 	✓ <= Rs. 60,000
Tenure	<ul style="list-style-type: none"> If loan amt. > Rs.30,000, then >= 24 months 	✓
Collateral	<ul style="list-style-type: none"> Without collateral 	✓
Repayment Model	<ul style="list-style-type: none"> Weekly, Fortnightly and Monthly 	✓

COMPLIANCE WITH RBI NBFC-MFI REGULATORY FRAMEWORK (2/2)

RBI norms for NBFC-MFIs

BFIL compliance

Pricing Guidelines

Interest Rate

- A. Margin cap – 10% above cost of borrowings
- B. Avg. base rate of top 5 commercial banks X 2.75
- Lower of the A and B.



Margin: 9.6% for FY16

Interest rate 19.75% w.e.f 7th December'15 for new loans

Processing Fees

- ≤ 1% of loan amt.



Insurance Premium

- Actual cost of insurance can be recovered from borrower and spouse
- Administrative charges can be recovered as per IRDA guidelines



Penalty

- No penalty for delayed payment



Security Deposit

- No security deposit/ margin to be taken



BFIL has never taken security deposit/ margin

BFIL LOAN PORTFOLIO QUALIFIES FOR OVERALL PSL TARGET OF 40% AND ALL SUB-TARGETS UNDER NEW PSL NORMS

S.no.	RBI			BFIL	
	Sector	Category	Target for Banks %	Qualifying Portfolio of BFIL %	Explanation
1	Agriculture	Target	18%	42%	Livestock, Agri & Allied
	- Direct Agriculture*	Sub-target	~13.5%*		
	- Direct Small & Marginal farmers*	Sub-target	7% (Mar'16)		
			8% (Mar'17)		
2	Weaker	Target	10%	100%	100% Loans are to women beneficiaries (with less than Rs.1 lac).
					Further, Minority communities constitute 16% and economically weaker sections 71% of loan portfolio.
3	Micro-enterprises	Target	7% (Mar'16)	100%	Loans to MFIs for on-lending to microenterprises.
			7.5% (Mar'17)		

Note:

* As per RBI notification dated 16th July 2015, Banks are directed to ensure overall direct lending to non-corporate farmers does not fall below the system wide average of last three years achievement, which is notified as 11.57% as per RBI notification dated 18th November 2015. They should also continue to maintain all efforts to reach the level of 13.5% direct lending to beneficiaries.. Refer Slide no.30 for details on purpose wise loan portfolio outstanding.

ANNEXURES – INTERNAL AUDIT

INTERNAL AUDIT PLAYS A CRITICAL ROLE IN ASSESSING PROCESS CONTROLS

Strength

- 219 strong headcount
- ISO 9001:2008 certified process
- All branches are inspected monthly based on a 4 tier grading system
- Grading linked to incentives/appraisals of field staff
- Head Office audit by KPMG

Scope

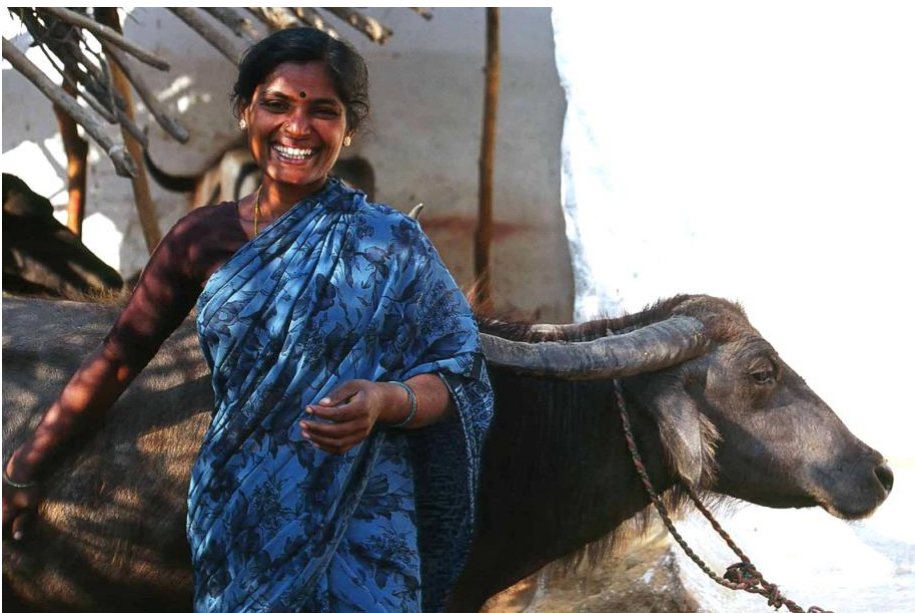
- Branches 1,368
- Branches per Internal Audit staff 6
- Regional Offices 26

		Scope of Audit								
Audit area	Frequency	Client Acquisition	Center Meeting Processes	Document verification (KYC, Loan utilization check etc.)	Monitoring process by supervisors	Adherence to Process / Policies	Statutory Requirements (Credit bureau, Fair practices etc.)	Client Visits *	High Risk items (Frauds etc.)	Fixed Assets verification^
IGL Branches	Monthly	√	√	√	√	√	√	√	√	√
Regional Offices	Once in a quarter, distributed monthly	-	-	-	-	√	√	-	√	√
Head office	Quarterly	-	-	-	-	√	√	-	-	√

Note:

* Approximately 30% of the clients are covered by Internal Audit in an year during the branch audits. Clients visited on a sample basis to check for Loan confirmations, Loan utilization (LUC) , arrears and awareness on Client Protection Principles (CPP)

^ Fixed Assets are verified on Annual basis



THANK YOU