



BHARAT
Financial Inclusion Limited
Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

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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 Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.

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

Dear Sir/Madam,

Sub: Approval of Audited Financial results for quarter ended June 30, 2018

In compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the Board of Directors of Bharat Financial Inclusion Limited at its meeting held on July 26, 2018 (commenced at 10.00 a.m. and concluded at 1.30 p.m.) has approved Audited Financial Results and Auditor's Report for the quarter ended June 30, 2018. A copy of each of the Audited Financial Results and Auditor's Report is attached herewith.

We request you to take the same on record.

Thanking you,

Yours faithfully

For Bharat Financial Inclusion Limited

Rajendra Patil

Sr. Executive Vice President - Legal & Company Secretary



Encl: As above

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Regd. Office: Unit No. 410, "Madhava", Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

Statement of Financial Results for the quarter ended June 30, 2018

		Rs. in crores			
Sr No.	Particulars	Quarter ended			Year ended
		June 30, 2018 Audited	June 30, 2017 Audited	March 31, 2018 Audited	March 31, 2018 Audited
1	Revenue				
(a)	Revenue from operations	611.27	451.48	645.97	2,155.36
(b)	Other income	0.07	0.08	0.79	1.08
	Total revenue	611.34	451.56	646.76	2,156.44
2	Expenses				
(a)	Employee benefit expense	159.18	109.12	149.92	525.25
(b)	Finance costs	199.34	175.83	189.40	727.01
(c)	Other expenses	49.16	34.95	44.84	162.25
(d)	Depreciation and amortization expenses	2.70	2.72	3.88	13.25
(e)	Provisions and write-offs	18.03	35.63	43.60	68.22
	Total expenses	428.41	358.25	431.64	1,495.98
3	Profit / (loss) before tax (1-2)	182.93	93.31	215.12	660.46
4	Tax expenses				
(a)	Current tax	146.92	12.98	3.50	78.92
(b)	Excess provision of tax relating to earlier years	-	-	(0.70)	(0.70)
(c)	Deferred tax	(106.07)	45.11	2.41	71.76
(d)	Minimum Alternate Tax credit entitlement	-	(12.98)	(3.50)	(78.92)
	Total tax expense	40.85	45.11	1.71	71.06
5	Profit / (loss) after tax (3-4)	142.07	48.20	213.41	589.40
6	Other Comprehensive Income				
(i)	Items that will not be reclassified to profit or loss	(0.06)	13.99	2.90	11.36
(ii)	Income tax on the above	0.02	(4.84)	(1.16)	(4.09)
	Other Comprehensive Income (i + ii)	(0.04)	9.15	1.74	7.27
7	Total Comprehensive Income (5+6)	142.03	57.35	215.15	596.67
8	Earnings per equity share (Not annualised)				
	Nominal value of share	10.00	10.00	10.00	10.00
	Basic	10.19	3.49	15.34	44.40
	Diluted	10.12	3.46	15.25	43.87



BHARAT FINANCIAL INCLUSION LIMITED

Notes:

1. The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 from 1 April 2018 and the effective date of such transition is 1 April 2017. Such transition has been carried out in line with the relevant exemptions provided under Ind AS 101 from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ('RBI') (collectively referred to as 'the previous GAAP').

Accordingly, the impact of transition has been recorded in the opening reserves as at 1 April 2017 and the corresponding figures presented in these results have been restated / reclassified.

Any application guidance/ clarifications/ directions issued by RBI or other regulators will be implemented as and when they are issued/ applicable.

2. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on July 25, 2018 and on July 26, 2018 respectively in accordance with the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. As required by paragraph 32 of Ind AS 101, reconciliation of equity and reconciliation of the financial results to those reported under previous GAAP is summarised as follows:

INR in Crores		
Reconciliation of equity	April 1, 2017	March 31, 2018
Equity as reported under previous GAAP	2,446.74	2,998.75
Expected credit loss on Loans & advances (3(i))	(137.44)	29.38
Effective interest rate impact on financial assets and financial liability (3(ii))	24.00	31.44
Net gain on derecognition of loans sold under assignment transaction (3(iii))	37.49	107.21
Net gain on derecognition of loans sold under securitisation transactions prior to date of transition (3(iv))	40.79	0.33
Fair value gain on financial assets measured at FVTOCI (3(v))	36.17	48.66
Others	0.41	1.45
Deferred tax impact on the above	(0.49)	(76.34)
Equity as reported under Ind AS	2,447.67	3,140.88

INR in Crores			
Reconciliation of the financial results	Quarter ended June 30, 2017	Quarter ended March 31, 2018	Year ended March 31, 2018
Profit/ (Loss) after tax as per previous GAAP	(37.05)	210.51	455.48
Expected credit loss on Loans & advances (3(i))	140.26	(42.97)	166.82
Effective interest rate impact on financial assets and financial liability (3(ii))	(1.11)	2.10	7.44
Net gain on derecognition of loans sold under assignment transaction (3(iii))	9.13	48.39	69.72
Reversal of gain on derecognition of loans sold under securitisation transactions prior to date of transition (3(iv))	(20.23)	(1.85)	(40.46)
Others	2.31	(0.36)	2.16
Deferred tax impact on the above	(45.11)	(2.41)	(71.76)
Total Profit after tax as per Ind AS	48.20	213.41	589.40
Other Comprehensive Income, (net of taxes)	9.15	1.74	7.27
Total Comprehensive Income as per Ind AS	57.35	215.15	596.67



- 3(i) Under the expected credit loss (ECL) methodology, the loan loss provision is made based on the principle of providing for expected future losses, rather than incurred losses. Under ECL methodology required provision are assessed using statistical modelling.
- 3(ii) Fees generated on loans originated and the corresponding costs including processing fees incurred on borrowings have been amortized using the effective interest rate methodology.
- 3(iii) Gain on assignment transaction has been accrued on the day of transaction as against on collection basis under the previous GAAP.
- 3(iv) The Company has applied mandatory exception provided in Ind AS 101 in respect of prospective application of derecognition requirements in Ind AS 109 in respect of securitisation transactions. The Company recognized gain at transition date in respect of securitisation transactions occurred prior to transition date.
- 3(v) As per Ind AS 109, the Company has valued loan portfolio available for assignment / or sale at fair value and any changes in this regard are recognised through other comprehensive income.
4. The statutory auditors, B S R & Associates LLP have expressed an unmodified audit opinion on these financial results of the Company for the quarter ended June 30, 2018.
5. The Board of Directors of the Company at its meeting held on October 14, 2017 had approved the Composite Scheme of Arrangement ("Scheme") between the Company, IndusInd Bank Limited ("Bank") and the proposed wholly owned subsidiary of the Bank (to be incorporated subject to the receipt of approval from the Reserve Bank of India) ("Subsidiary") and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013, subject to receipt of applicable regulatory approvals.

In this regard, the amalgamation has been approved by the Competition Commission of India on December 19, 2017 and no objection has been issued by the Reserve Bank of India, the National Stock Exchange of India Limited and the BSE Limited on March 13, 2018, June 1, 2018 and June 4, 2018, respectively.

As on date, the Scheme remains subject to the receipt of approval from the National Company Law Tribunal, the respective shareholders and creditors of the Company and the Bank and other applicable statutory and regulatory approvals.

6. The Company is engaged primarily in the business of Micro- financing and accordingly there are no separate reportable segments as per Ind AS dealing with Operating Segment. The company operates in a single geographical segment i.e domestic.

For Bharat Financial Inclusion Limited
CIN: L65999MH2003PLC250504



M. R. RAO
Managing Director and CEO
DIN- 03276291

Place: Mumbai
Date: July 26, 2018



B S R & Associates LLP

Chartered Accountants

Salarpura Knowledge City
Orwell, 6th Floor, Unit-3
Sy. No. 83/1, Plot No. 2, Raidurg
Hyderabad-500081, India

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Audit report on quarterly financial results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

To

**The Board of Directors of
Bharat Financial Inclusion Limited**

1. We have audited the quarterly financial results of Bharat Financial Inclusion Limited (the Company) for the quarter ended 30 June 2018, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Listing Regulations.
2. These quarterly financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) for Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of Listing Regulation.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



4. Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results:
- (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
 - (ii) give a true and fair view of the net profit and other comprehensive income and other financial information for the quarter ended 30 June 2018.

for **B S R & Associates LLP**
Chartered Accountants
Firm's Registration Number: 116231W/W-100024



Sriram Mahalingam
Partner
Membership No: 049642

Place: MUMBAI
Date: 26 July 2018