



BHARAT
Financial Inclusion Ltd
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

October 11, 2017

The General Manager
Department of Corporate Services - Listing
Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

The Vice President, Listing Department
The National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051

Dear Sirs,

Sub: Updated Corporate Presentation

We are enclosing herewith a copy of updated Corporate Presentation of the Company which is also being hosted on our website for information of all the Stakeholders.

We request you to kindly place the aforesaid presentation on your website for the information of Investors.

We request you to take the above on record and acknowledge receipt.

Thanking you,

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

Rajendra Patil
Executive Vice President - Legal & Company Secretary





BHARAT
Financial Inclusion Ltd

Prayaas se pragati

CORPORATE PRESENTATION



OCT 2017

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.

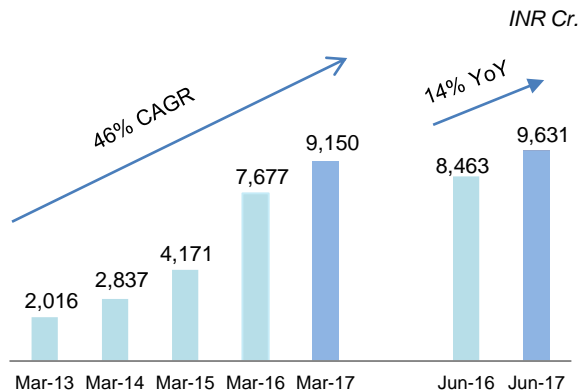
EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

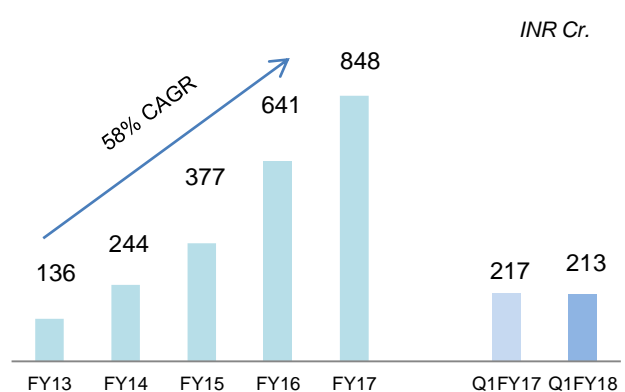
Overview

- Second largest microfinance company in India with gross loan portfolio of INR 9,631 Cr., 68 Lakhs members in Non-AP states and 1,408 branches
- Lowest lending rate (19.75%) among NBFC-MFIs
- Company's non-AP Portfolio grew by 14% (YoY) to INR 9,631 Crs. as of June 30, 2017
- Loss for Q1FY18 of Rs. 37 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

Financial Metrics

Strong Balance sheet and liquidity

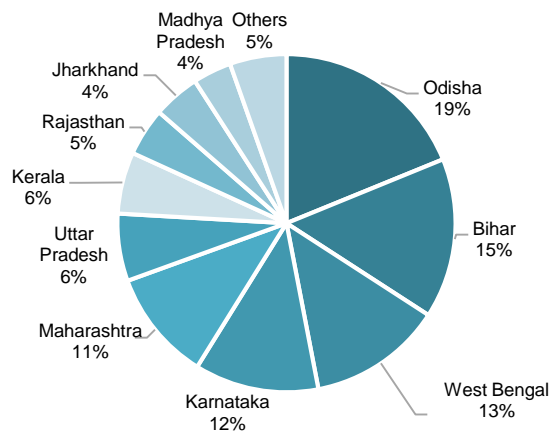
Net worth (INR Cr.)	2,420
Capital Adequacy	31.8%
Cash & Cash equivalent (INR Cr.)	1,701

Efficiency and Profitability

Marginal cost of borrowing#	8.9%
Cost to income	51.8%
Return on Asset*^	2.7%
Return on Equity^	13.6%

Note: Above Data for Q1FY18 except for ROA & ROE which is for FY17
 Non-AP = excluding states of AP and Telangana
 # includes on and off b/s borrowings (excluding processing fees) for Q1FY18
 *^includes securitized, assigned and managed loans
 ^Includes MAT Credit of Rs. 109 Crs for FY17 and unrecognized MAT credit of Rs. 97 crs as on 31st March,2016.

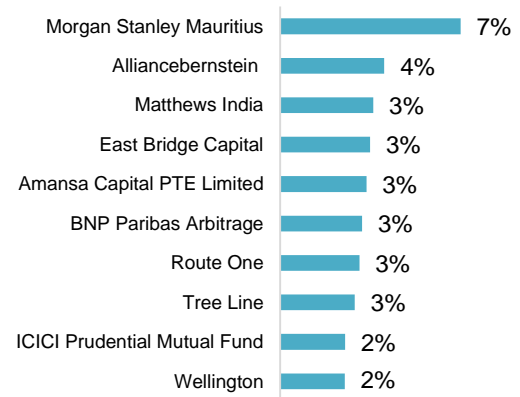
Balanced Geographical mix



Note: Portfolio as of June 30, 2017

Diversified Shareholding

Top 10 Shareholders



Note: Shareholding as of June 30, 2017

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 6.7 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 lender among NBFC-MFIs

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

Pan-India presence with no unbalanced geographic sectoral exposure

Strong solvency (Capital Adequacy of 31.8% as on 30th June 2017) 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)

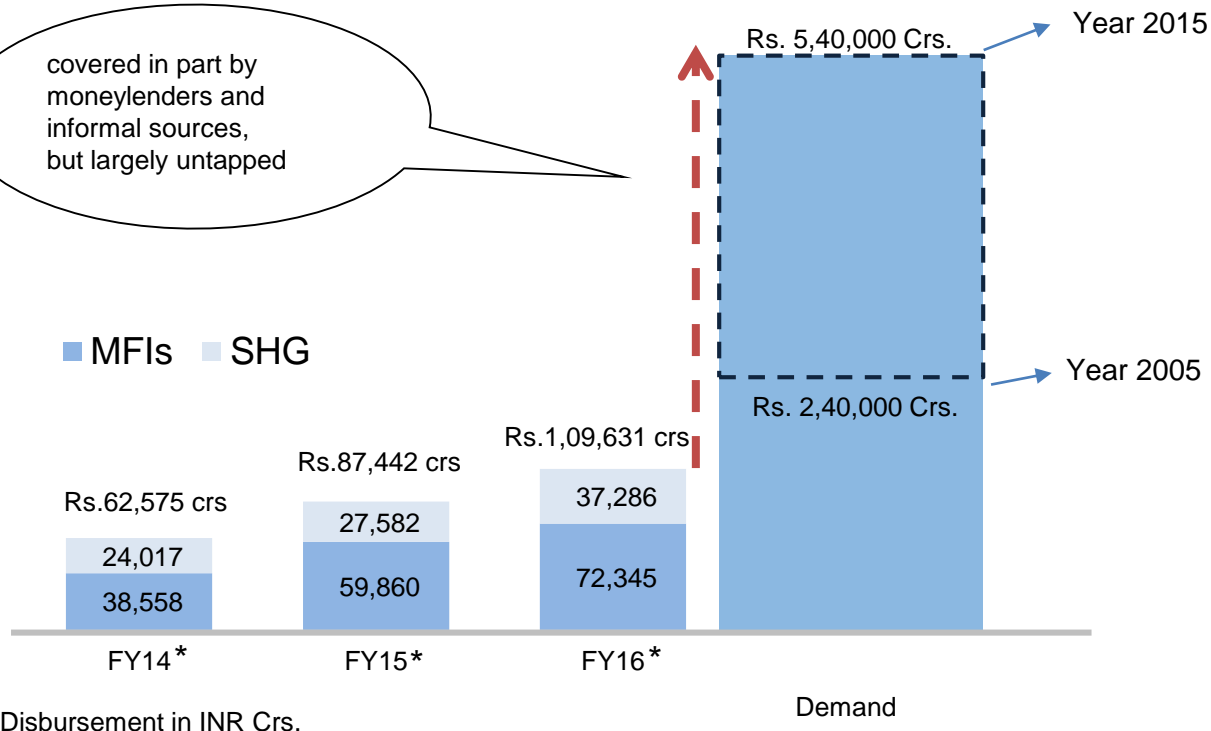


Segment -2 (BPL)

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

Micro-Credit Demand In India

covered in part by moneylenders and informal sources, but largely untapped



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 x 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

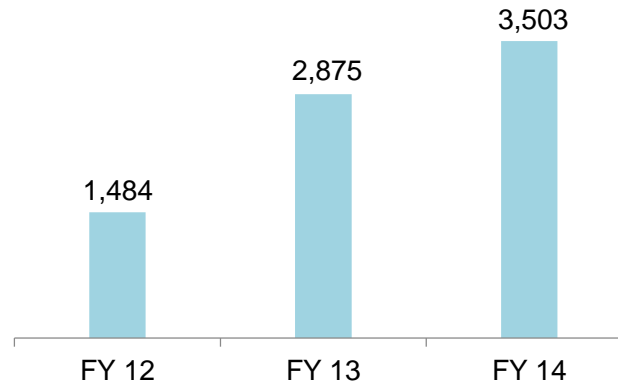
INR crore

Balance Sheet Cleansed

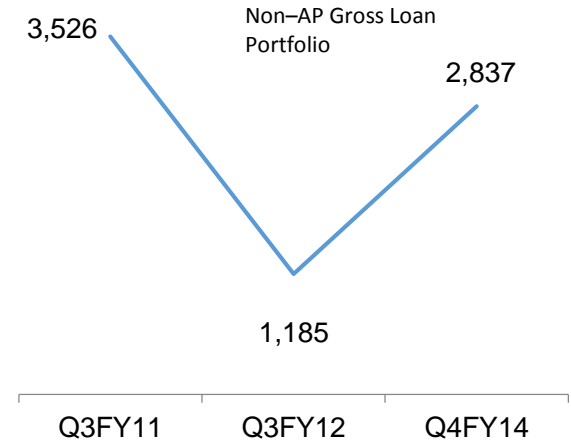
AP exposure of Rs. 1,360 crore written off

Supply-side Shock Managed

Drawdowns



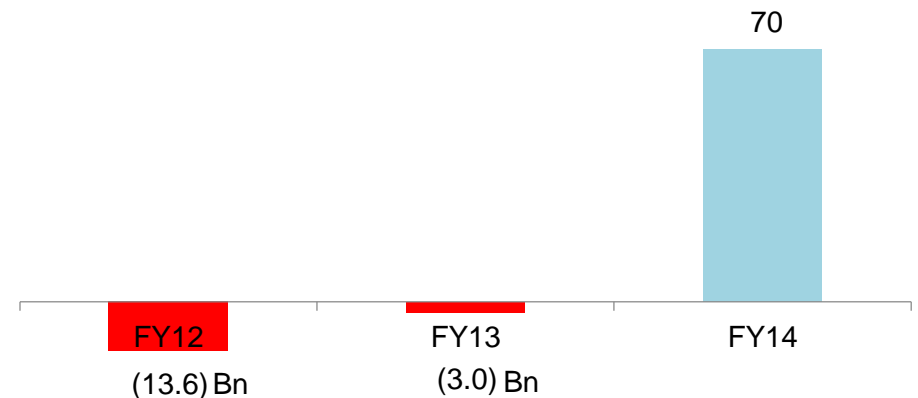
Credit Growth Resumed



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%

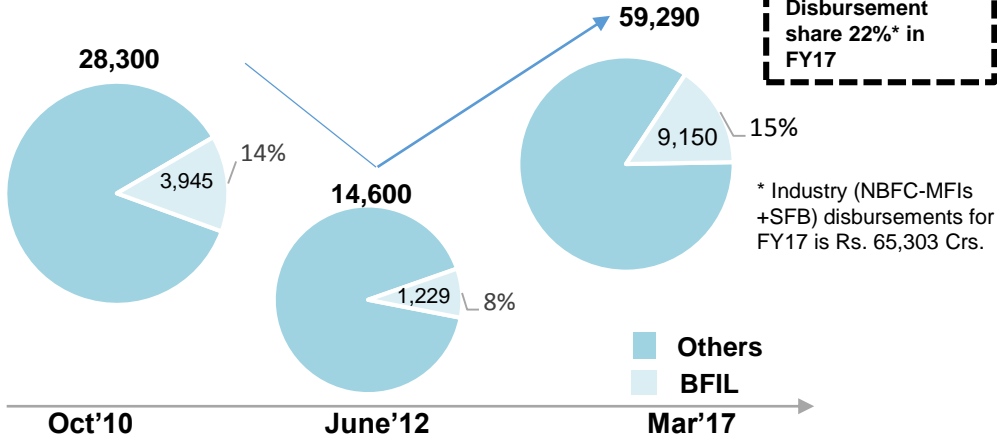
Return To Profitability



DURABLE FOUNDATION FOR SUSTAINABLE GROWTH (1/2)

Market Share Regained

Non-AP Portfolio Outstanding

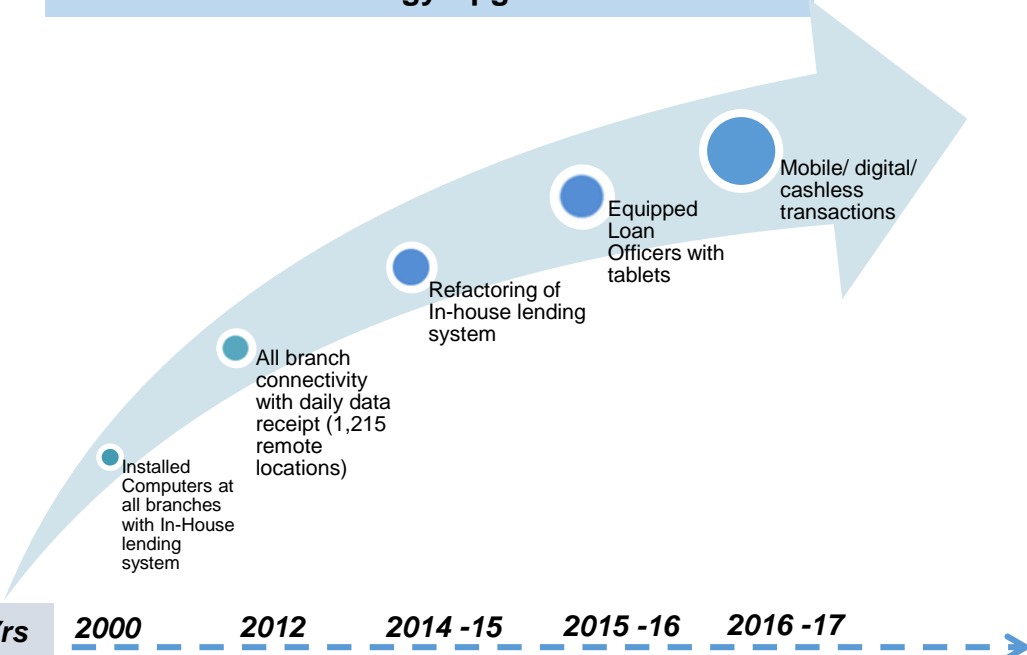


INR Crs.
 BFIL Disbursement share 22%* in FY17

* Industry (NBFC-MFIs +SFB) disbursements for FY17 is Rs. 65,303 Crs.

Mar-17 data as per MFIN

Technology Upgraded

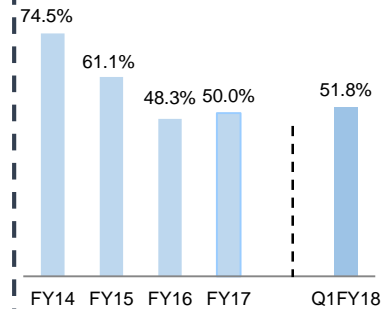


Capital Reinforced

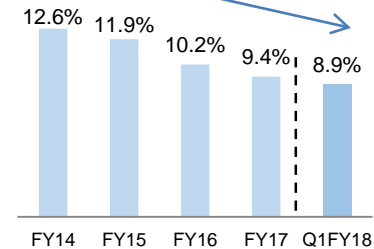
- Net worth - Rs. 2,420 crs
- CAR - 31.8% (RBI Requirement 15%)

Efficiency Gains

Cost to Income



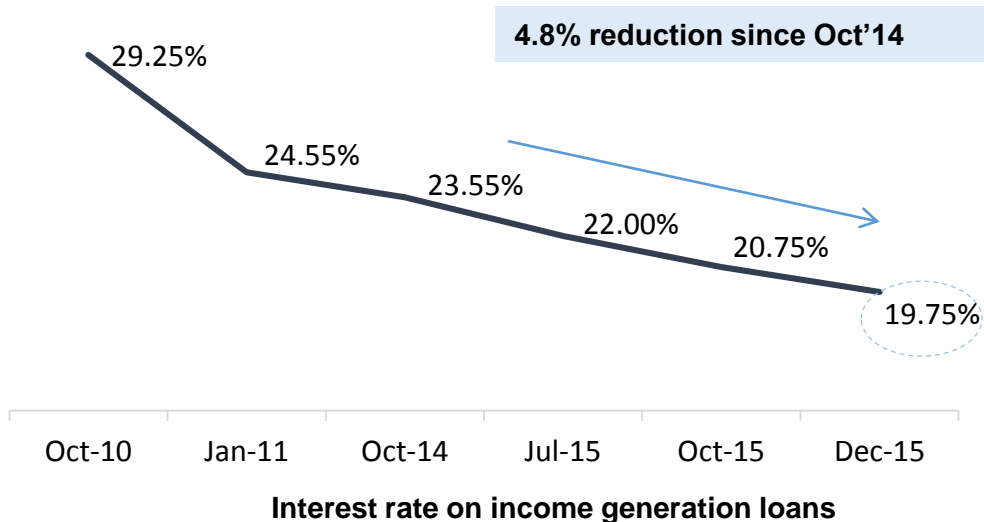
Marginal Cost of Borrowing#



On and Off balance sheet borrowings (excl. Managed Loans) including processing fees

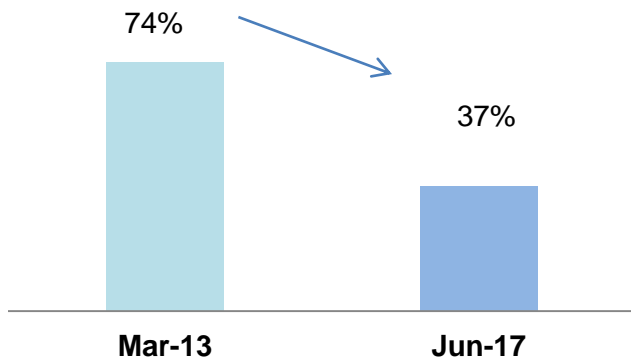
DURABLE FOUNDATION FOR SUSTAINABLE GROWTH (2/2)

Political Risk Mitigation through interest rate reduction



Reduced Borrowing Dependence

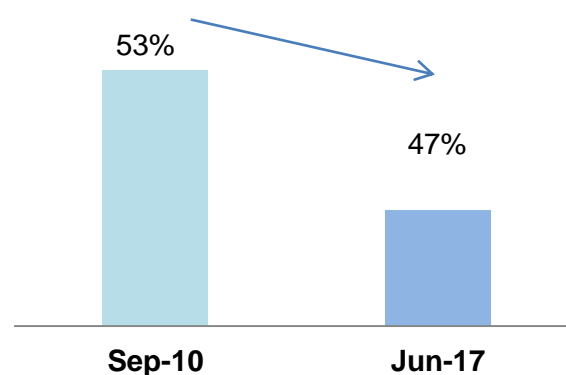
Share of borrowing from top 5 banks



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

Will there be multiple regulators?

Funding uncertainty?

Will there be contagion?

Has the operating model been challenged?

What will be the economics under regulated interest rate regime?

Clarity

- Regulatory clarity – RBI to be the sole regulator

- Priority sector status continues
- MFIs are the only indirect priority sector dispensation

- No contagion
- Since past 6.7 years no other state has followed suit

- 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.

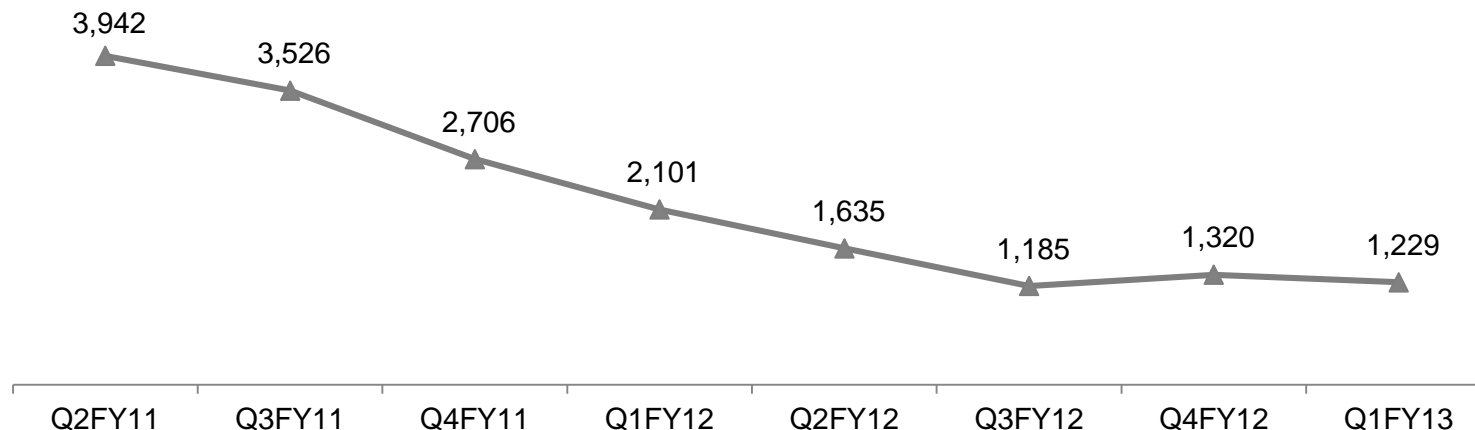
- RoA of 3-4% on a steady-state basis

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

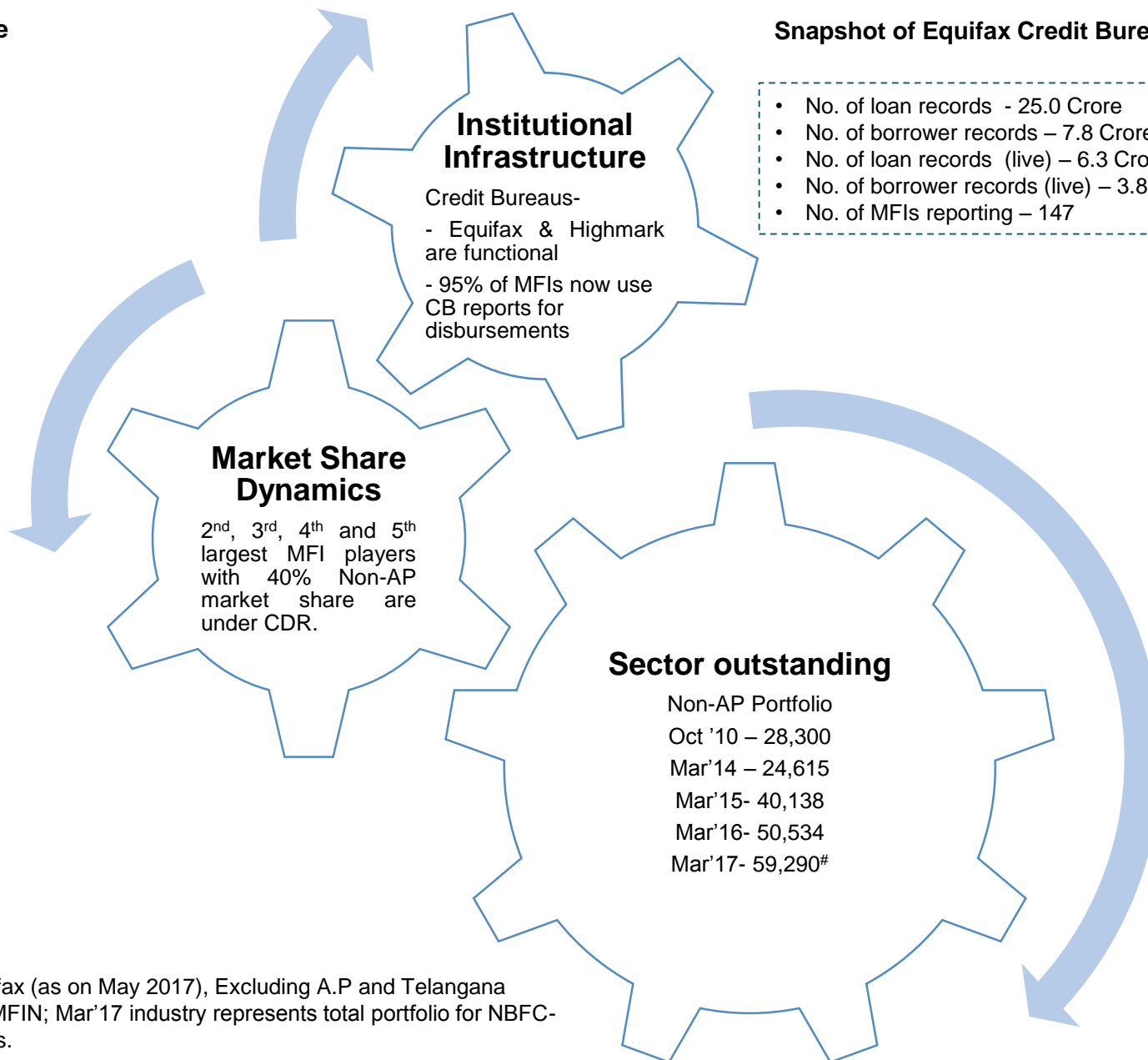
Internal generation -- and not incremental debt -- aids prompt repayment

MFI Industry non- AP Portfolio Outstanding (Rs Cr)

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

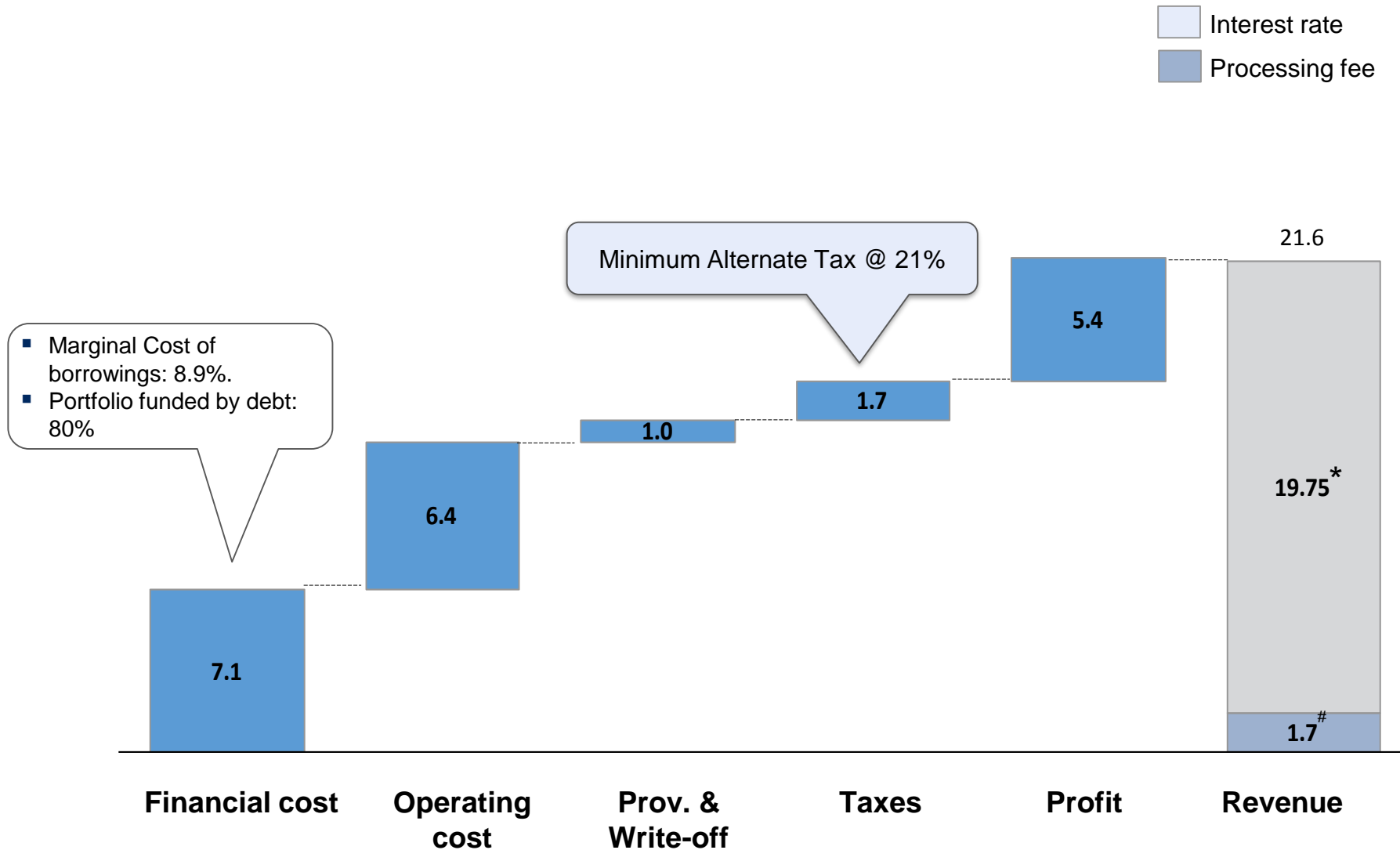
COMPETITIVE LANDSCAPE CHANGES TO BFILS' ADVANTAGE

INR crore



* Source: Equifax (as on May 2017), Excluding A.P and Telangana
data as per MFIN; Mar'17 industry represents total portfolio for NBFC-MFIs and SFBs.

STEADY-STATE ROA OF 4% CAN BE TARGETED

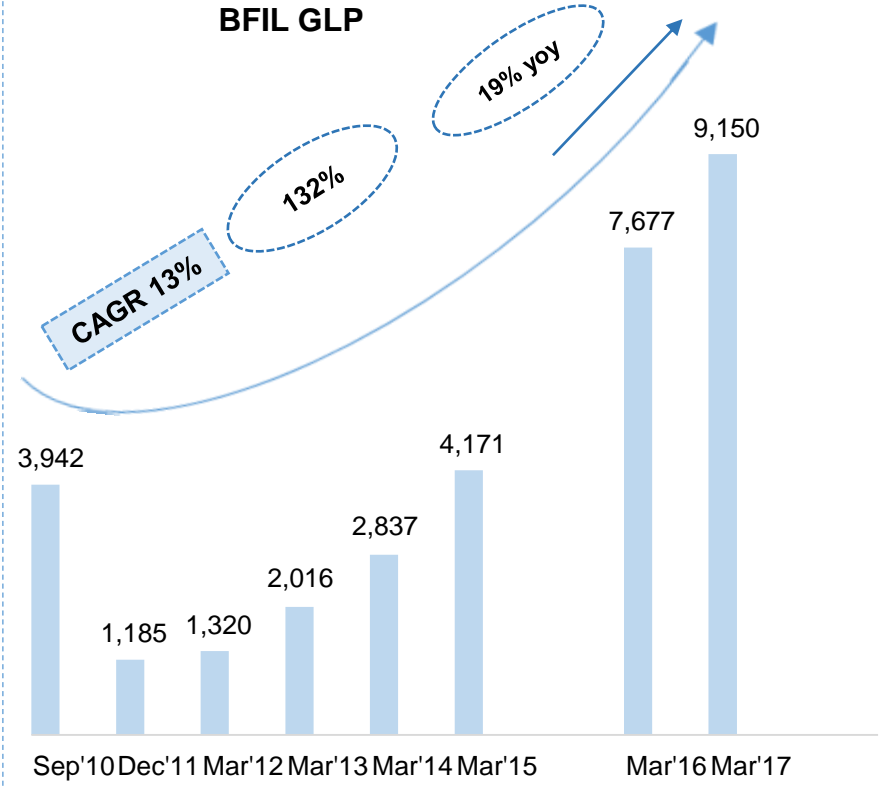
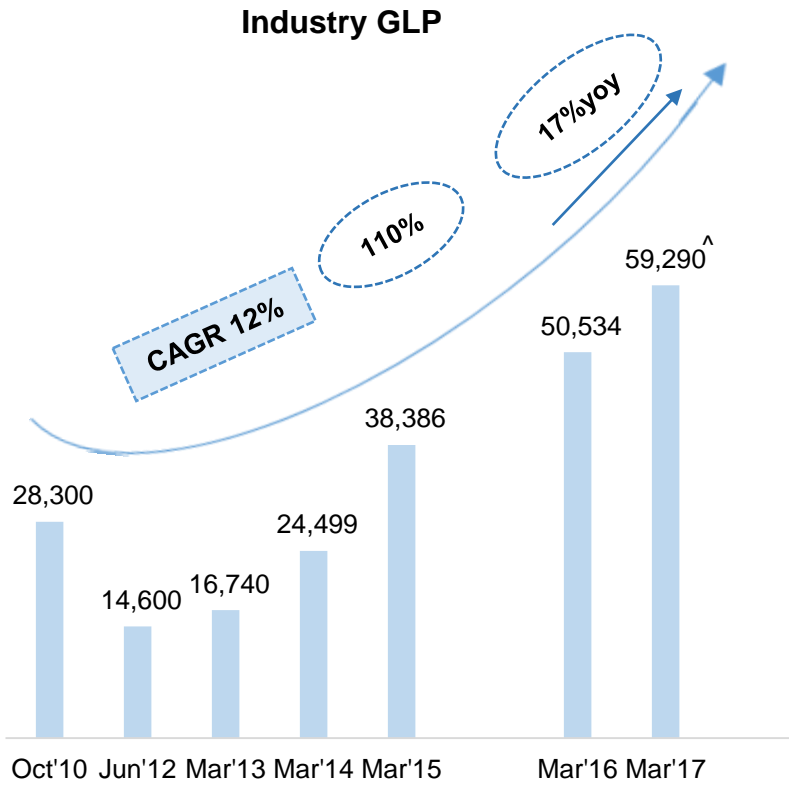


*interest rate charged is 19.75% for new loans effective from 7th Dec'15

#Processing fee is calculated based on weighted average portfolio mix of 50% IGL (1 Yr. loan) , 25% LTL (2 Yr. loan) and 25% MTL (1.5 Yr. loan)

GROWTH ANATOMY

6.5 YEAR CAGR FOR THE SECTOR AND BFIL ARE 12% AND 13% RESPECTIVELY



[^]Mar'17 Industry portfolio includes NBFC-MFIs and SFBs only
 Source: MFIN Micrometer (Mar'13, Mar'14, Mar'15, Mar'16, Mar'17 data)

WE GREW SLOWER THAN THE SECTOR IN 8 OUT OF TOP 10 STATES

Top 10 States by GLP*	Industry		Bharat Financial Inclusion Ltd.	
	GLP FY17 (Rs. Cr.)	YoY growth	GLP FY17 (Rs. Cr.)	YoY growth
Karnataka	7,030	24%	1,131	4%
Tamil Nadu	5,981	60%	-	-
Uttar Pradesh	4,915	0.5%	618	-15%
Maharashtra	4,907	20%	1,018	9%
Madhya Pradesh	3,502	11%	344	-16%
Bihar	3,469	54%	1,362	60%
Odisha	3,256	32%	1,663	22%
West Bengal	2,958	51%	1,149	56%
Gujarat	1,655	15%	-	-
Kerala	1,547	69%	524	17%
Overall	46,847	25%	9,150	19%

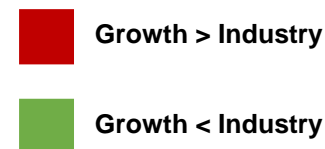
 Growth > Industry

 Growth < Industry

*Data as on Q4FY17 for NBFC-MFI
Source: Micrometer

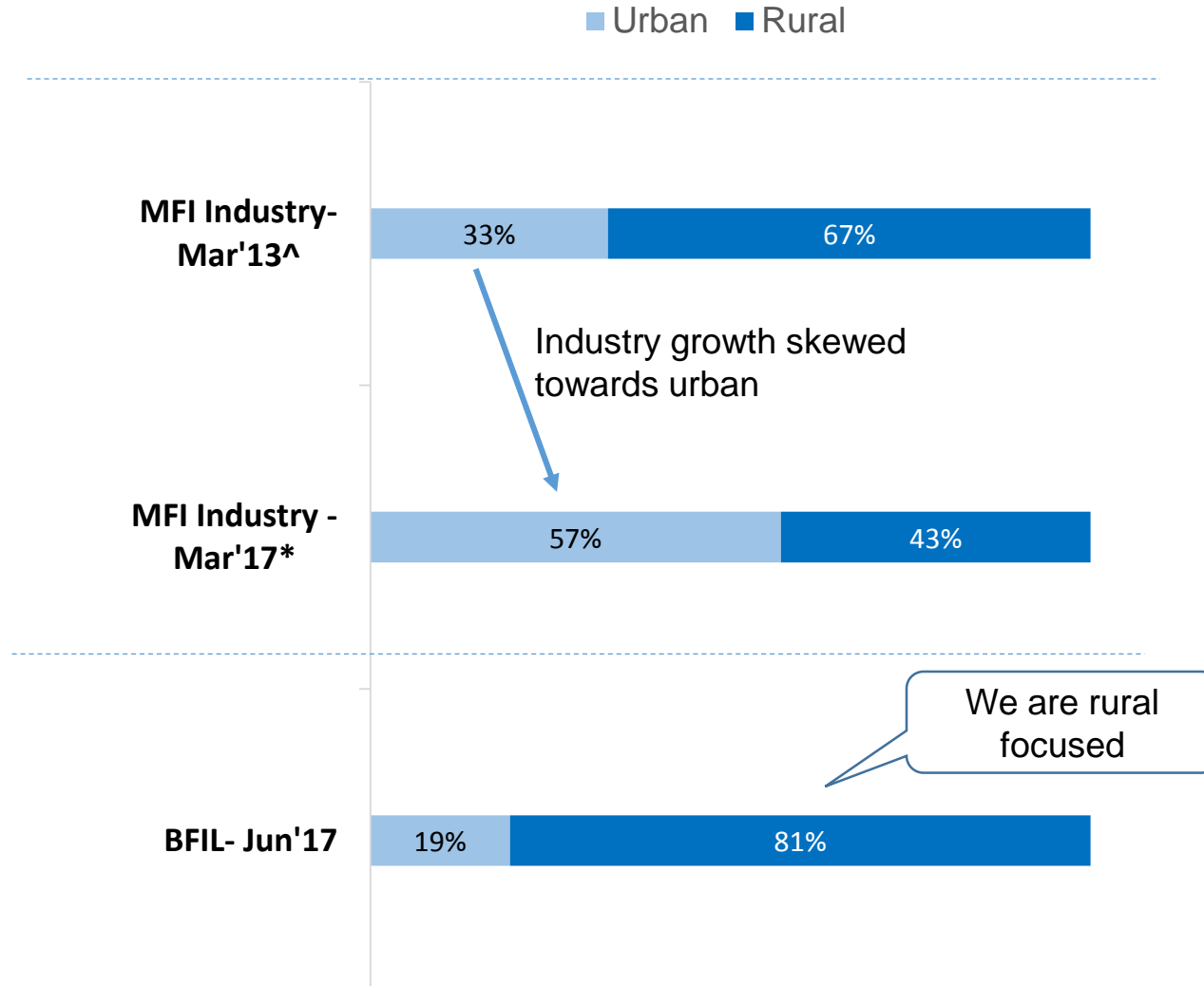
OUR GROWTH PATTERN IS DIFFERENT FROM THE SECTOR (CONT..)

Top 10 growth States*	Industry		Bharat Financial Inclusion Ltd.	
	GLP Increase Q4FY17 (Rs. Cr.)	Contribution to growth	GLP Increase Q4FY17 (Rs. Cr.)	Contribution to growth
Tamil Nadu	2,251	24%	-	-
Karnataka	1,364	15%	39	3%
Bihar	1,211	13%	512	35%
West Bengal	1,003	11%	414	28%
Maharashtra	831	9%	82	6%
Odisha	796	8%	305	21%
Kerala	629	7%	76	5%
Assam	399	4%	-	-
Jharkhand	362	4%	98	7%
Madhya Pradesh	350	4%	(65)	-4%
Other States	182	2%	11	1%
Overall	9,378	100%	1,473	100%



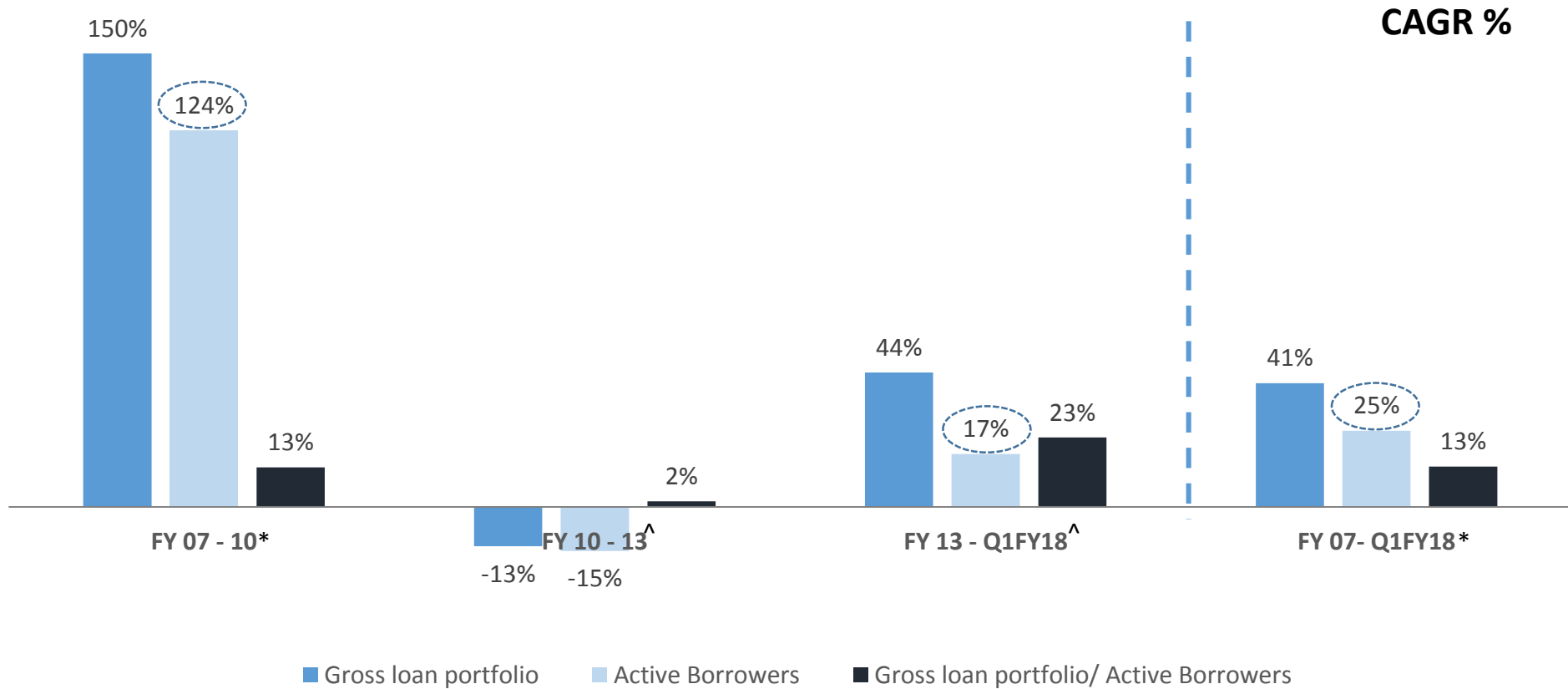
*Q4FY17 data for NBFC – MFIs
Source: Micrometer

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



Source: [^]Sa-Dhan Report 2013, *MFIN Micrometer

AUM GROWTH IS PRIMARILY LED BY CUSTOMER ACQUISITION OVER THE LAST DECADE



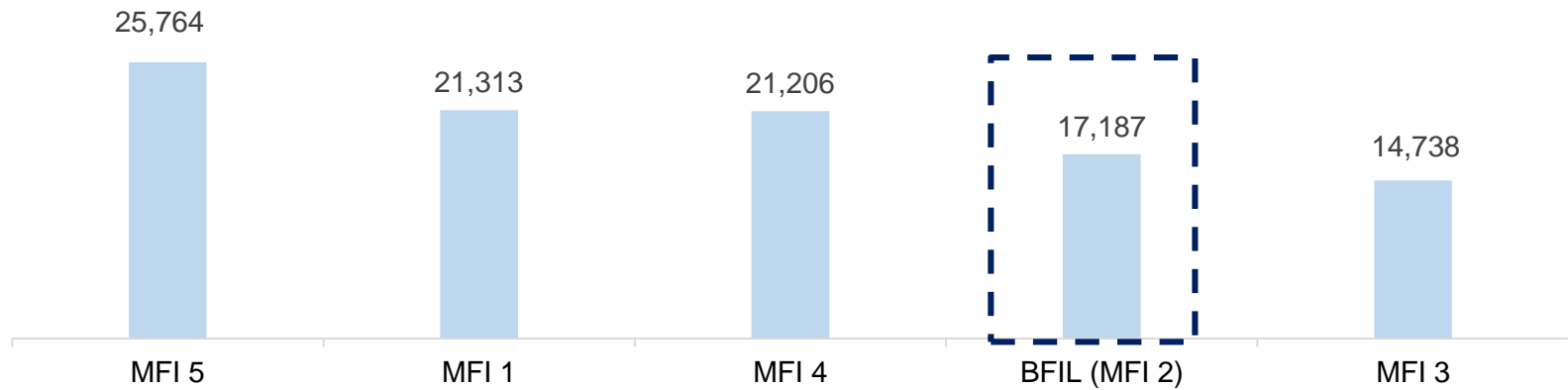
*Enterprise figures

[^] Excluding states of A.P and Telangana

OUR OUTSTANDING PER BORROWER CONTINUE TO BE LOWER

INR Figures for Q4FY17

AVERAGE LOAN OUTSTANDING PER BORROWER

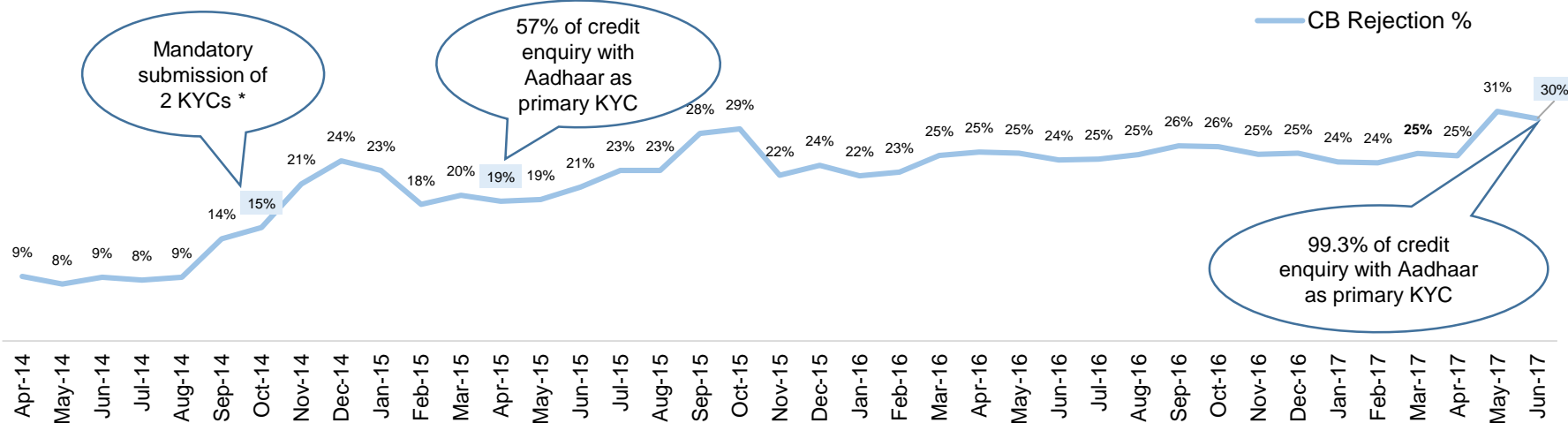


MFI 1 – 5 are ranked in the order of Gross Loan Portfolio

Source: Q4FY17 Micrometer

OUR FOCUS ON AADHAAR ENHANCES CREDIT QUERY EFFICIENCY

CB REJECTIONS TREND



Rejection Reasons – Q1FY18 % Mix

Reasons	All Products	LTL
Loans from=>2MFIs	48%	46%
=>2MFIs and Outstanding Balance >60K	13%	15%
=>2MFIs and Default History	12%	10%
Default History	10%	8%
Outstanding Balance>60K	8%	13%
Eligibility< Min Ticket Size	4%	6%
=>2MFIs,Outstanding Balance>60K and Default History	3%	2%
Default History and Outstanding Balance >60K	0.40%	0.30%
Total	100%	100%

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

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

BFIL HAS NIL EXPOSURE IN SHG CONCENTRATED STATES

SHG Concentrated States



SHG Exposure <4%

State	SHG Exposure*	BFIL Exposure*
Andhra Pradesh	28%	-
Telangana	20%	-
Karnataka	13%	12%
Tamil Nadu	10%	-
West Bengal	8%	13%
Kerala	5%	6%
Odisha	3%	19%
Maharashtra	3%	11%
Uttar Pradesh	2%	6%
Bihar	3%	15%
Madhya Pradesh	1%	4%
Assam	1%	-
Rajasthan	1%	5%
Jharkhand	0.5%	4%
Gujarat	0.4%	-
Chhattisgarh	0.6%	2%
Haryana	0.3%	2%
Punjab	0.1%	1%
Tripura	0.2%	-
Himachal Pradesh	0.2%	0.1%
Others	0.5%	0.6%

*SHG Data (Source: NABARD Status of Microfinance in India-2017), BFIL data as on June'17

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

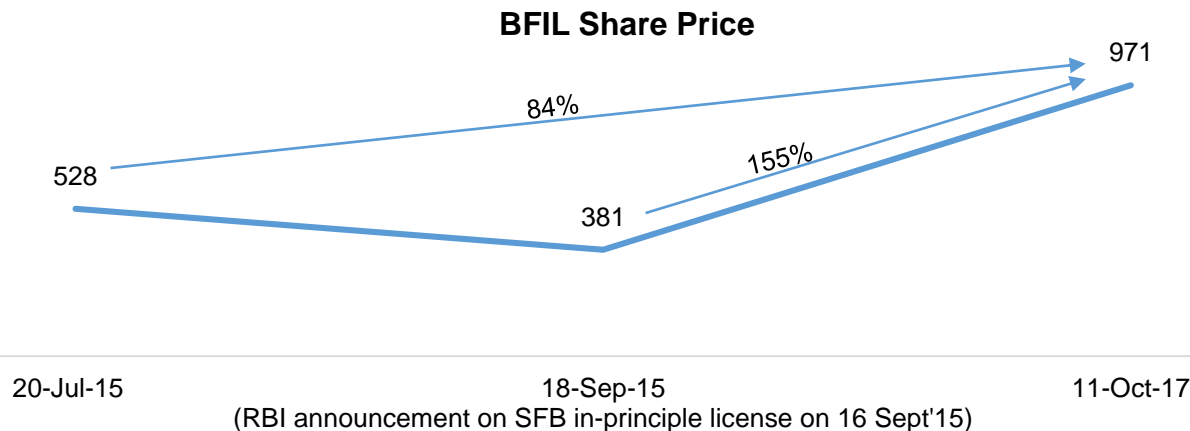
SFB - MISSED OPPORTUNITY BUT NOT A SETBACK

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 is the lowest cost lender with 19.75% interest rate amongst NBFC-MFIs
2	Access to refinance	<ul style="list-style-type: none"> Access to refinance is now available to NBFCs also BFIL has accessed Rs.200 Cr refinance from MUDRA
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



UNMATCHED LEADERSHIP

Parameter

Status

Unique Operating Model

- Group Lending
- Rural customer base

- 100%
- ~81%

Extensive Reach*

- No. of districts
- No. of customers

- 322
- 6.8 Mn

Lowest Cost Producer

- Interest rate

- Lowest interest rate of 19.75% amongst NBFC-MFI




External endorsements

- Rating/Grading

- Highest Code of Conduct Assessment Grading “C1”
- Corporate Governance rating at “CGR2”
- Highest safety Short-term rating at “A1+”
- Multiple AAA rated securitised pools

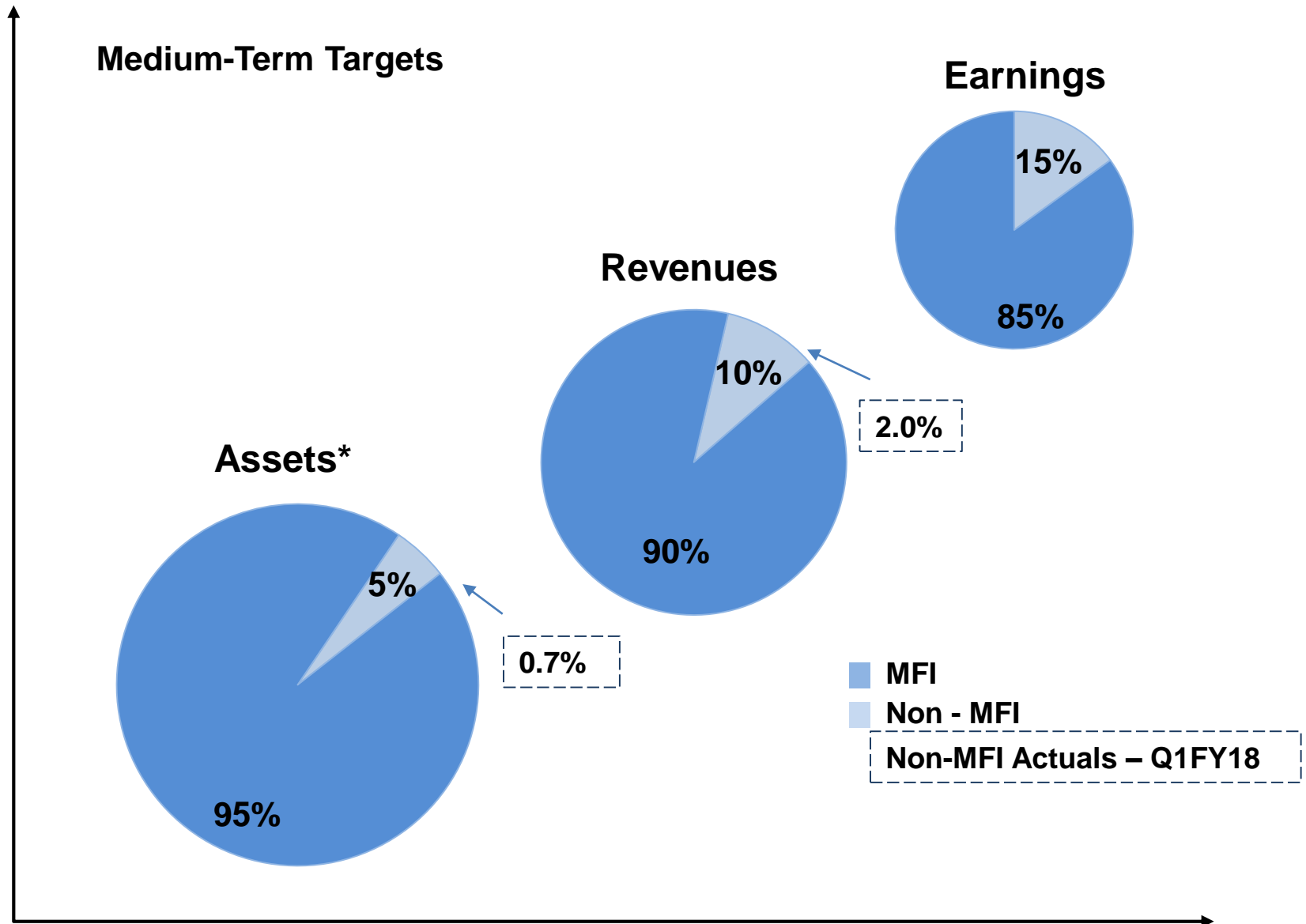
THE MOST EFFICIENT MFI IN THE GLOBE

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 till 	<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 – Q1FY18	 8.9*	 19.75	 -	51.8	-

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

CREATIVE DISTURBANCE TO ASSET-REVENUE-EARNING CORRELATION



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

PILOT ON RETAIL DISTRIBUTION AND SERVICE POINTS (RDSP)

WE MEET OUR BORROWERS 52 TIMES A YEAR

Center Meeting Unique Distribution Channel

Door Step Delivery

Providing Financial &
Non-Financial Products



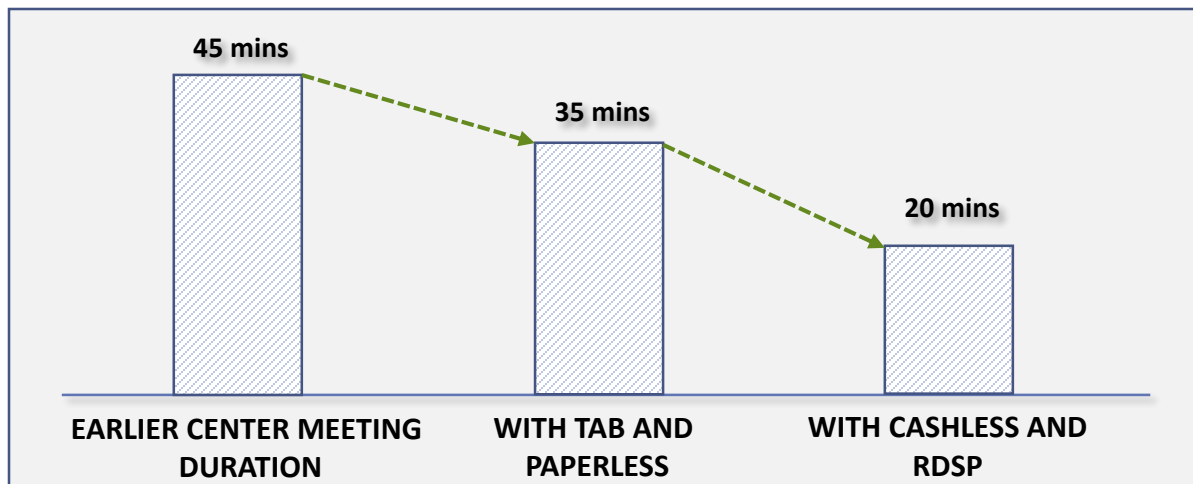
Convenient Day:
Monday to Friday

Convenient Timings:
Between 7 AM to 11 AM

During Center Meeting Hours, At any moment: 8,500+ Center Meetings take place & more than 2.6 lakh borrowers are met across the country

...AND WE UTILISED THIS CHANNEL FOR FACILITATION OF MULTIPLE FINANCIAL AND NON FINANCIAL PRODUCTS.

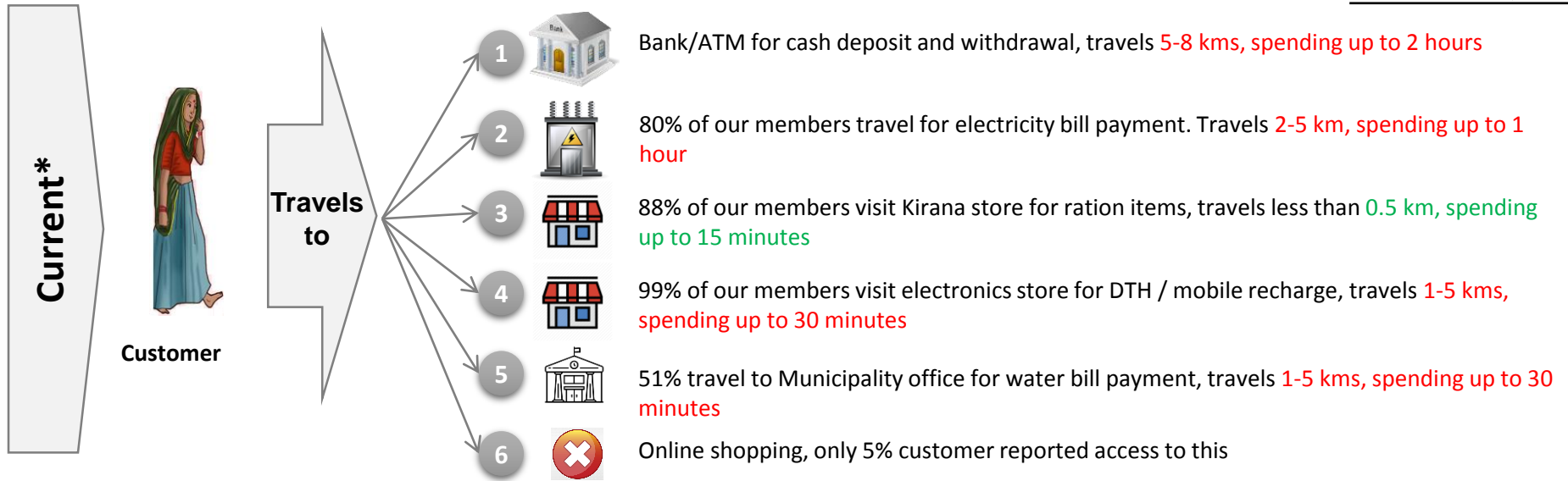
DIGITAL AND PROCESS INITIATIVES HAVE HELPED REDUCE CENTER MEETING DURATION



- More time for value added activities at center meeting
- More center meetings per SM per day

RDSP CREATES A PARADIGM SHIFT IN CLIENT CONNECT AND PRODUCES MULTITUDE OF OPPORTUNITIES

Cashless Coll., RDSP

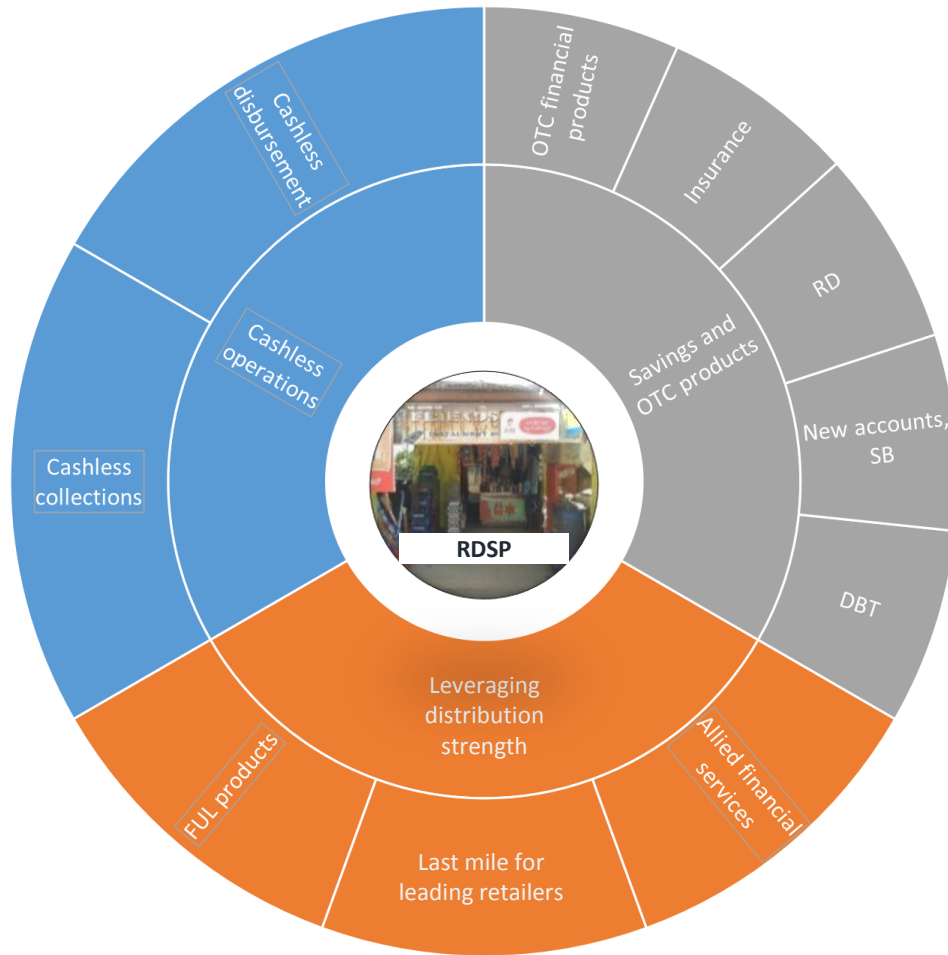


RDSP CAN PROVIDE ACCESS TO THESE SERVICES AT THE SHORTEST DISTANCE THUS REDUCING MULTIPLE VISITS AND SAVES TIME FOR MEMBERS

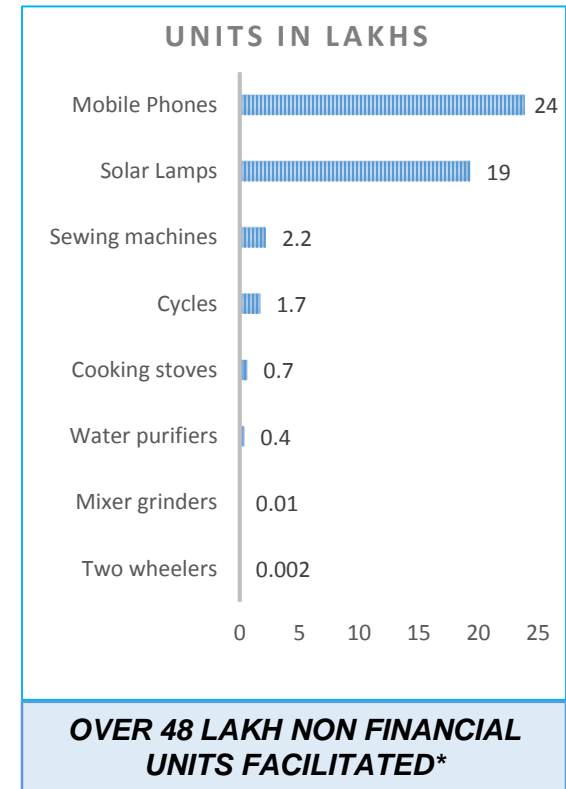


*Source: 5,456 customers surveyed across Karnataka, Odisha and UP

102 RDSP'S OPERATIONAL AS ON 30TH JUNE 2017



THE MODEL IS PROVEN THROUGH CENTER MEETINGS



IMMENSE E-COMMERCE POTENTIAL WITH RDSP IN PLACE

EXISTING PARTNERS



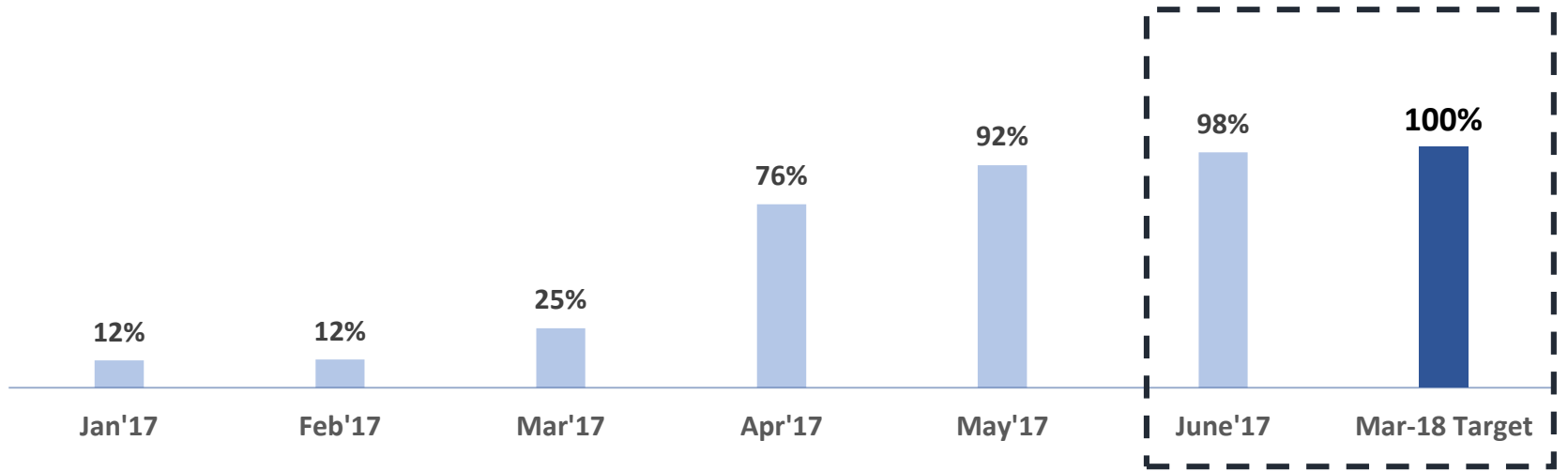
POTENTIAL BUSINESS OPPORTUNITY

- E Commerce
- Railway ticketing
- OTC insurance

*Cumulative units facilitated of non financial products as of Mar'17

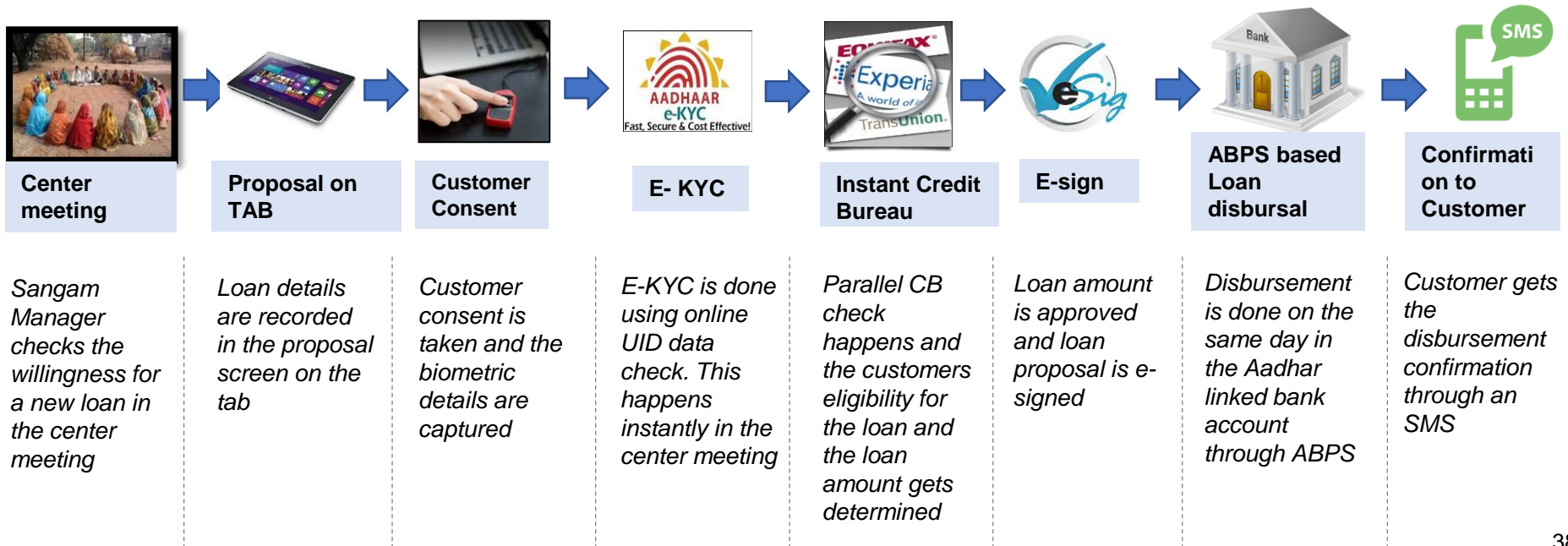
UPDATE ON CASHLESS AND E-KYC

98% CASHLESS DISBURSEMENTS IN JUNE '17

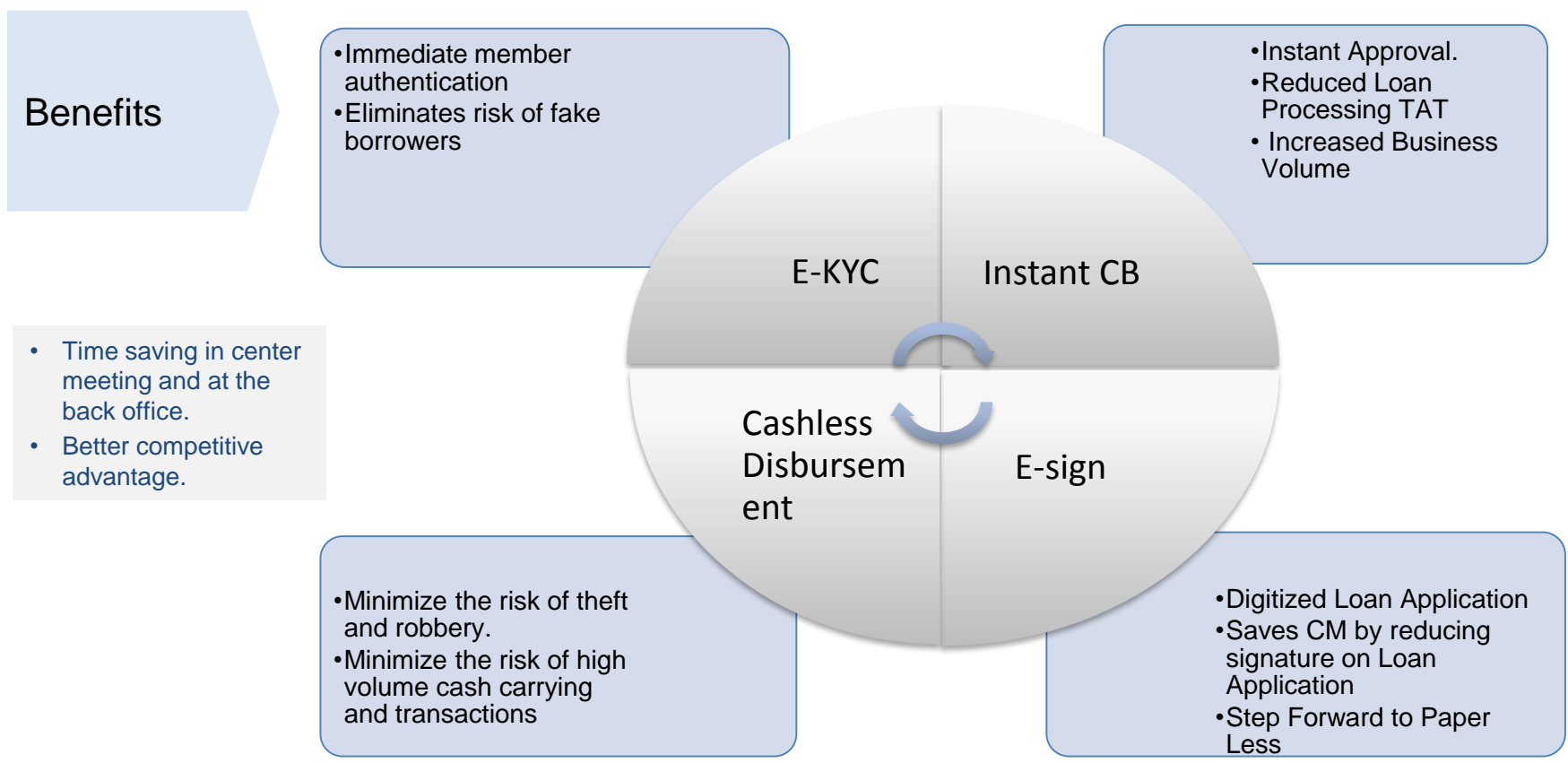


CASHLESS PROCESS

CASHLESS DISBURSEMENT PROCESS

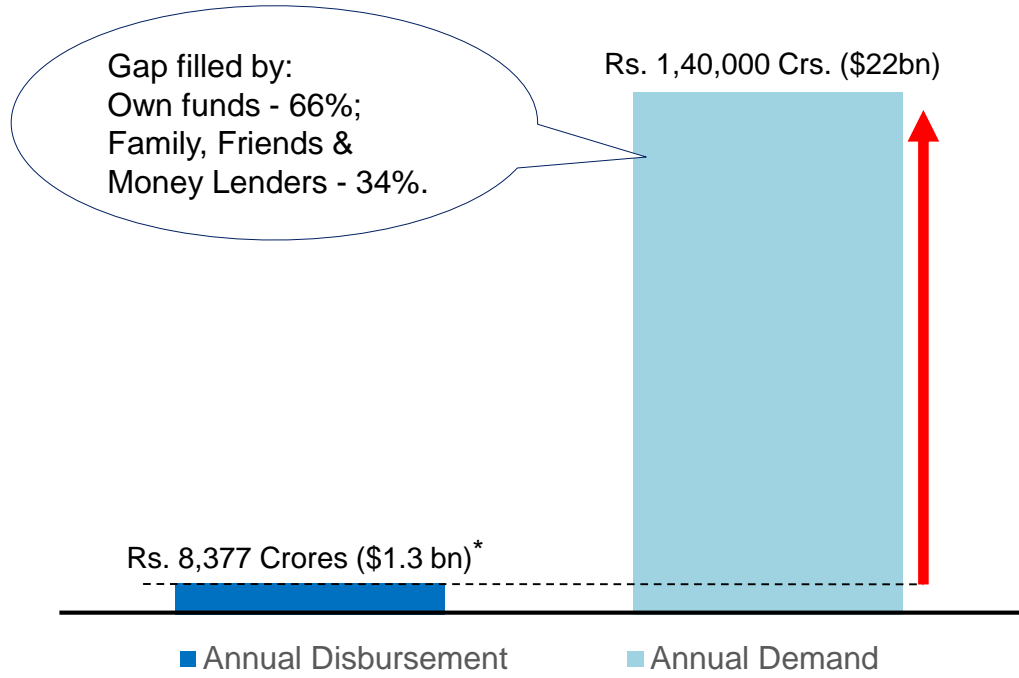


E-KYC, E-SIGN AND INSTANT CB ROLLED OUT ACROSS ALL BRANCHES



LOANS FOR HOUSING IMPROVEMENT & TWO-WHEELER (PILOT)

HUGE UNMET DEMAND FOR RURAL HOME IMPROVEMENT/EXTENSION LOANS



- Assumptions**
- Rural households: 166 mn
 - Basis: Census 2011
 - Adjustment : 46 mn
 - For service difficulties: 20%
 - For rented houses: 5% (source: NSSO survey)
 - For HHs with no house: 4 mn (Source: NSSO survey)
 - Addressable HH: 120 mn
 - Annual no. of HH : 14 mn
 - % of HHs having spent on construction in last 1 yr (Source NSSO survey): 12%
 - Avg. credit requirement: Rs 100,000 per household

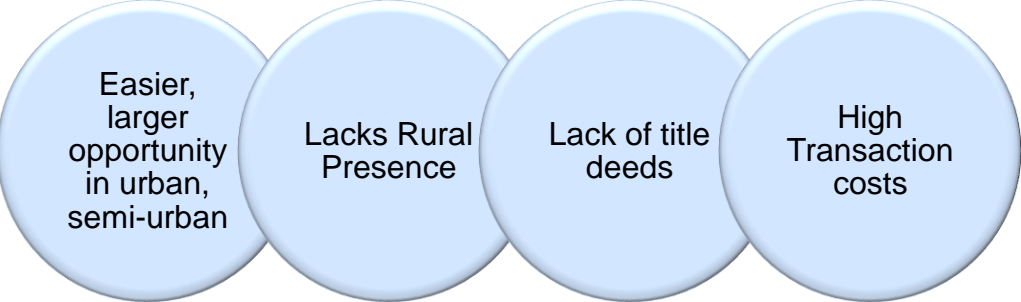
*FY15 disbursement of PSBs Rs.5,231 crs and HFCs Rs.3,146 crs (< Rs.5 lacs ticket size)
Source:(NHB Report on Trend & Progress of Housing in India 2015)
Dollar Exchange rate for 27th April 2017 Rs. 64/-

NO FORMAL LENDER DUE TO OPERATING CHALLENGES IN THIS SPACE

No Rural Focused Player

	Metro	Urban	Semi Urban	Rural
Salaried	Very High	High	Moderate	No Competition
Professionals	High	Moderate	Low	No Competition
Self Employed	Moderate	Low	Very Low	No Competition

Operating Challenges in Rural



PILOT DETAILS

Our Product Offering

Purpose	Home improvement and extension
Eligibility Criteria	<ul style="list-style-type: none"> Should have completed at least 3 IGL loan cycles Age between (18 to 55 years)
Ticket size	Rs. 1,00,000 to Rs. 5,00,000
Loan Tenure	3 to 5 years
LTV (Loan to Value Ratio)	Up to 75% of property value
Repayment Frequency	Monthly

LOANS FOR TWO WHEELER

Product Details	
Purpose	Purchase of Two Wheeler
Eligibility	<ul style="list-style-type: none"> ▪ Member of Joint Liability Group ▪ Minimum Two IGL Loan cycle completed ▪ Should not have availed IGL/MTL/LTL in last 12 weeks ▪ Exposure to borrower capped to Rs. 75,000 – (within BFIL) and Rs. 1 Lacs across the MFIs
Ticket Size	Rs. 33,000, Rs. 38,775 and Rs. 42,915
Loan Tenure	104 Weeks
Loan To Value	80% of On-road price of the vehicle (subject to a maximum amount of Rs. 42,915)
Repayment Frequency	Weekly

Note: Portfolio outstanding for Two wheeler loans as on 30th June'17 Rs. 0.63 Crs

Q1FY18 PERFORMANCE HIGHLIGHTS

HIGHLIGHTS OF Q1FY18

Operational Efficiency

- 98% cashless disbursement in the month of Jun'17
- Healthy addition of 4.2 lacs customers in Q1FY18 vis-à-vis 3.3 lacs in Q4FY17
- Loan disbursement of Rs. 3,734 Crs. in Q1FY18
- Non-AP Gross Loan Portfolio grew by 14% YoY and 5% QoQ to Rs.9,631 Crs. as of June 30, 2017.

Credit Quality

- Cumulative Collection efficiency of 99.9% for loans disbursed amounting to Rs. 7,635 Crs between 1st Jan to 30th Jun'17
- Net NPA reduces to 1%.

Financial Efficiency

- Marginal cost of Borrowings* reduced to 8.9% in Q1FY18 from 9.9% in Q1FY17
- Weighted avg. cost of borrowing(On-B/S - daily average)** reduced to 10.2% in Q1FY18 from 10.6% in Q4FY17
- Incremental drawdowns of Rs.1,384 Crs. in Q1FY18 (growth of 26% YoY)
- BFIL originated Rs.168 Crs. under managed portfolio in Q1FY18
- Completed Assignment transaction of Rs. 540 Crs in Q1FY18

P&L Impact

- PPP (Pre-Provisions & Write-offs Profit) of Rs.139 Crs in Q1FY18
- Loss of Rs. 37 Crs in Q1FY18

Key Balance Sheet Figures

- Networth of Rs.2,420 Crs. and Capital adequacy at 31.8% as of Jun 30, 2017
- Cash & Cash equivalent^ of Rs.1,701 Crs as of June 30,2017
- MAT Credit of Rs.13 Crs. has been recognised on the balance sheet in Q1FY18
- Accumulated MAT credit is Rs. 219 Crs. as on June 30,2017.
- The un-availed deferred tax benefit of Rs.291 Crs. will be available to offset tax on future taxable income.

* Includes on and off balance sheet borrowings and excluding processing fees.

**Including processing fees.

^ Excluding security deposit.

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

OPERATIONAL HIGHLIGHTS

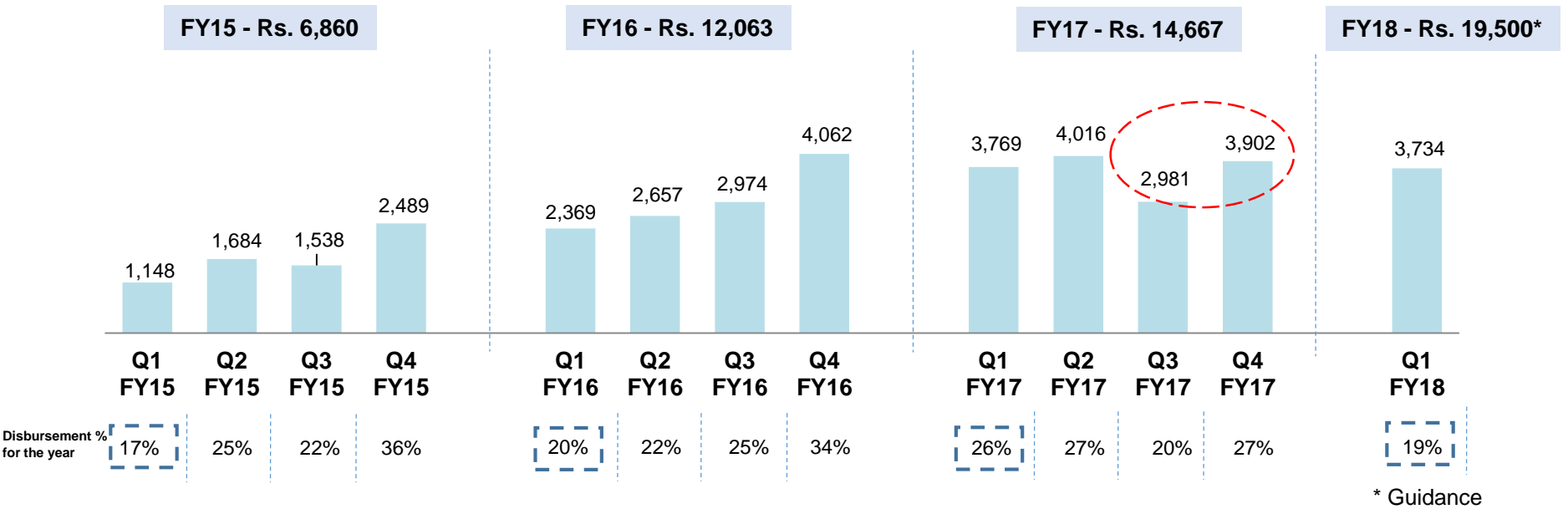
HEALTHY ADDITION OF 4.2 LACS CUSTOMERS IN Q1FY18 VIS-À-VIS 3.3 LACS IN Q4FY17

Particulars	Jun-16	Jun-17	YoY%	Mar-17	QoQ%
Branches	1,368	1,408	3%	1,399	1%
Centers (Sangam)	2,26,307	2,86,259	26%	2,79,252	3%
- Centers in non-AP States	1,93,393	2,37,372	23%	2,30,367	3%
Employees (i) + (ii) + (iii) + (iv) + (v) + (vi)+(vii)	14,559	15,284	5%	14,755	4%
▪ Field Staff (i) + (ii) + (iii) + (iv) + (v)	14,094	14,546	3%	14,030	4%
– Sangam Managers* (i)	7,914	9,251	17%	9,157	1%
– Sangam Manager Trainees(ii)	2,103	1,000	-52%	616	62%
– Branch Management Staff (iii)	2,708	2,831	5%	2,853	-1%
– Area Managers (iv)	231	271	17%	234	16%
– Regional Office Staff (v)	1,138	1,193	5%	1,170	2%
▪ Central Processing Unit and Member helpline (vi)	156	374	-	404	-7%
▪ Head Office Staff (vii)	309	364	18%	321	13%
Members in non-AP States (in '000)	5,657	6,847	21%	6,700	2%
– Members added (in the quarter) (in '000)	778	416	-47%	325	28%
Active borrowers in non-AP States (in '000)	5,095	5,152	1%	5,324	-3%
– Active borrowers added (in the quarter) (in '000)	771	478	-38%	421	14%
No. of loans disbursed (in '000)	2,249	1,894	-16%	1,758	8%
Disbursements (for the quarter) (INR Crs.)	3,769	3,734	-1%	3,902	-4%
Gross loan portfolio – Non-AP (INR Crs.) (A+B+C+D)	8,463	9,631	14%	9,150	5%
• Loans outstanding (A)	6,227	7,709	24%	7,176	7%
• Securitized (B)	1,325	517	-61%	754	-32%
• Assigned (C)	169	759	-	536	42%
• Managed loans (D)	742	647	-13%	684	-5%
Operational Efficiency – Non-AP :					
Off-take Avg (Disbursements/ No of Loans disbursed) (INR)	16,758	19,717	18%	22,194	-11%
Off-take Avg Excluding Cross Sell	19,986	24,037	20%	23,263	3%
Gross loan portfolio/ Active Borrowers (INR)	16,612	18,694	13%	17,187	9%
Gross loan portfolio/ No. of Sangam Managers (Rs. '000)	11,469	10,971	-4%	10,574	4%
Active borrowers / No. of Branches	4,125	4,041	-2%	4,205	-4%
Active borrowers / No. of Sangam Managers	690	587	-15%	615	-5%

*Sangam Managers (SMs) are our loan officers who manage our centers (also called Sangams). As of Jun'17, we had 8,779 SMs in Non-AP States

Q1FY18 DISBURSEMENT IS IN LINE WITH HISTORICAL TREND OF SEASONALITY

INR crore



Note: Demonetisation distorted the historical trend of seasonality in FY17

IMPROVING OPERATING COST AND FINANCIAL EFFICIENCY

	Best before AP MFI crisis	Worst during AP MFI crisis	FY14	FY15	FY16	FY17	Q1 FY17	Q4FY17	Q1FY18
<u>Productivity – Non-AP:</u>									
Borrowers/ SM	489*	287	721	787	733	615	690	615	587
Gross Loan Portfolio/ SM ('000)	3,640*	1,320	6,275	8,994	12,141	10,574	11,469	10,574	10,971
Offtake Avg.	10,299*	9,237	11,849	12,273	15,024	18,676	16,758	22,194	19,717
Offtake Avg. (Excl Cross-sell)	10,383*	11,021	12,277	14,149	18,102	21,491	19,986	23,263	24,037
<u>Cost Efficiency:</u>									
Financial Cost %**	6.6%	9.8%	8.3%	8.3%	8.5%	7.3%	6.7%	7.4%	7.5%
On B/S daily Wt. Avg. Cost of borrowings % (excl. processing fees & other charges)	9.7%^	12.9%^	13.0%	12.8%	11.7%	10.7%	11.0%	10.4%	10.1%
On B/s daily Wt. Avg. Cost of borrowings %	10.3%^	16.0%^	13.9%#	13.5%#	12.0%#	10.9%#	11.2%#	10.6%#	10.2%#
Opex/ Gross Loan Portfolio %	10.4%	21.7%	9.6%	9.5%	7.1%	6.5%	6.3%	6.6%	6.4%
Cost to Income Ratio	52.4%	275%	74.5%	61.1%	48.3%	50.0%	45.7%	59.3%	51.8%
<u>Credit Quality - Non-AP:</u>									
Gross NPA%	0.20%*	5.5%	0.1%	0.1%	0.1%	6.0%	0.1%	6.0%	6.0%
Net NPA%	0.16%*	2.9%	0.1%	0.1%	0.04%	2.7%	0.03%	2.7%	1.0%

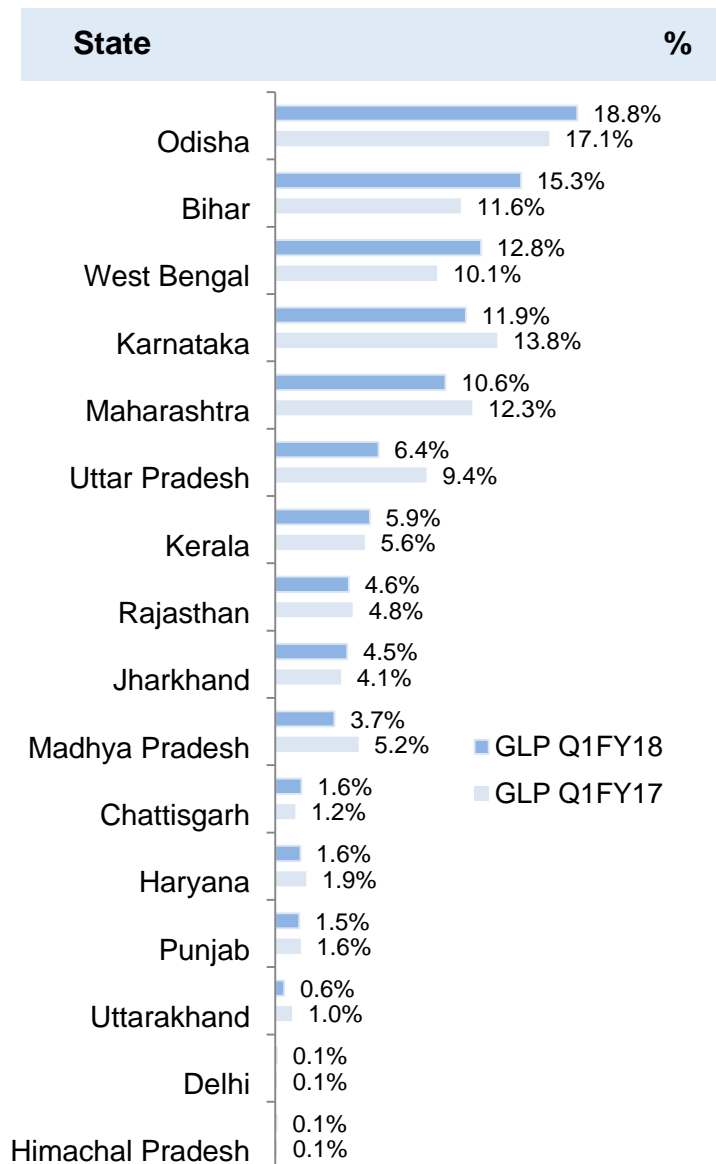
*Enterprise figures includes figures from AP state

** Financial expenses to Avg. Gross Loan Portfolio

^Cost of borrowing for Best before AP MFI crisis and Worst during AP MFI crisis calculated on monthly averages and daily Wt. Avg. Cost of borrowings % Includes processing fee for on and off balance sheet funding for the said periods,

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. ,FY17 Rs. 10.4 Crs, Q1FY17 Rs. 1.7 Crs, Q4FY17 Rs.3.1 Crs and Q1FY18 Rs. 1.9 Crs

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 Networth*
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 Networth)
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 Networth)
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%

STATE WISE GROSS LOAN PORTFOLIO, DISBURSEMENTS, BORROWERS AND BRANCHES

INR Crs

State	Branches		Gross Loan Portfolio		Disbursements		Borrowers (in'000)	
	31-Mar-17	30-Jun-17	31-Mar-17	30-Jun-17	FY17	Q1FY18	31-Mar-17	30-Jun-17
Odisha	163	164	1,663	1,814	2,579	742	893	878
Bihar	159	164	1,362	1,475	2,187	622	734	744
West Bengal	130	131	1,149	1,235	1,886	516	646	658
Karnataka	176	176	1,131	1,145	1,832	405	672	629
Maharashtra	135	135	1,018	1,022	1,532	310	611	579
Uttar Pradesh	147	147	618	621	1,081	238	456	407
Kerala	58	58	524	568	800	228	271	269
Rajasthan	67	72	415	442	697	176	251	244
Jharkhand	54	54	403	432	644	173	225	220
Madhya Pradesh	73	73	344	355	566	134	239	218
Chattisgarh	38	38	149	158	236	65	86	88
Haryana	30	29	161	151	281	55	105	93
Punjab	18	18	138	144	227	54	79	76
Uttarakhand	12	11	58	53	89	10	45	40
Delhi	2	2	9	9	15	4	6	6
Himachal Pradesh	3	2	7	7	15	3	5	5
Total	1,265	1,274	9,150	9,631	14,667	3,734	5,324	5,152

VINTAGE OF NON-AP BRANCHES IS 7.6 YEARS

State	No. of Branches	Wt. Avg. Vintage (in Yrs.)*
Karnataka	176	9.1
Odisha	164	8.3
Bihar	164	6.8
Uttar Pradesh	147	6.7
Maharashtra	135	7.8
West Bengal	131	8.2
Madhya Pradesh	73	8.4
Rajasthan	72	7.3
Kerala	58	6.0
Jharkhand	54	6.8
Chhattisgarh	38	5.5
Haryana	29	4.6
Punjab	18	7.9
Uttarakhand	11	7.1
Delhi	2	4.5
Himachal Pradesh	2	2.6
Non-AP	1,275	7.6

PORTFOLIO OUTSTANDING BY ECONOMIC ACTIVITY

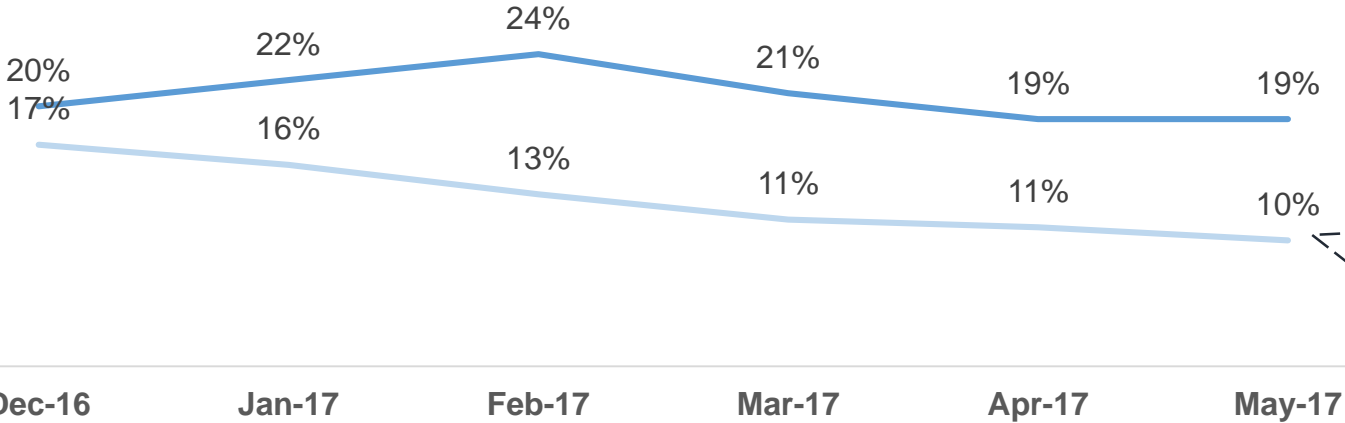
Purpose	% Mix
Livestock	33%
Agriculture	16%
Grocery stores and other retail outlets	9%
Tailoring, Cloth weaving	8%
Trading of Vegetable & fruits	6%
Vehicle repairs	6%
Masonry, Painting, Plumbing, Electrician, Carpenter and related	5%
Eateries	3%
Trading of Agri-commodities	3%
Garments & Footwear retailing	3%
Trading of Utensils, Plastic items	1%
Bangles Shop	1%
Scrap Business	-
Other income generating activities	6%

INDUSTRY UPDATE ON CREDIT QUALITY

BFIL OVERDUE PORTFOLIO % IS MUCH LESSER THAN INDUSTRY OVERDUE PORTFOLIO%

0 + DPD Portfolio %

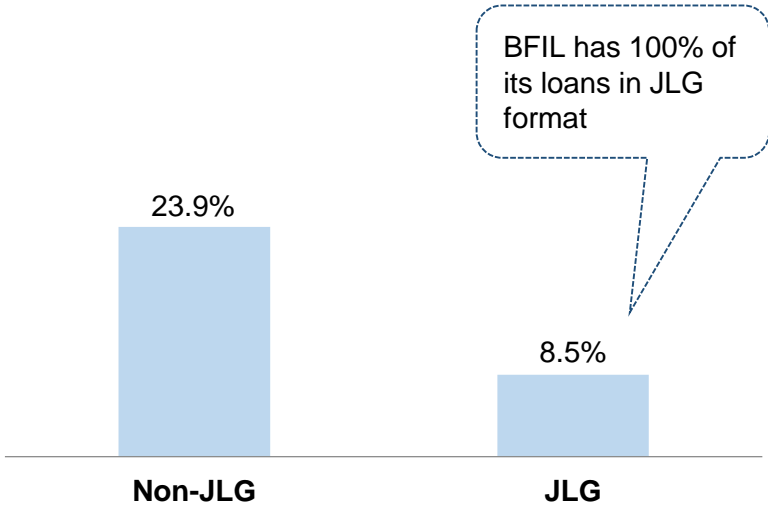
Industry BFIL



On-balance 0+ DPD portfolio is 4.8% as on 21st Jul'17 after adjusting customer who paid at-least once in last 2 weeks

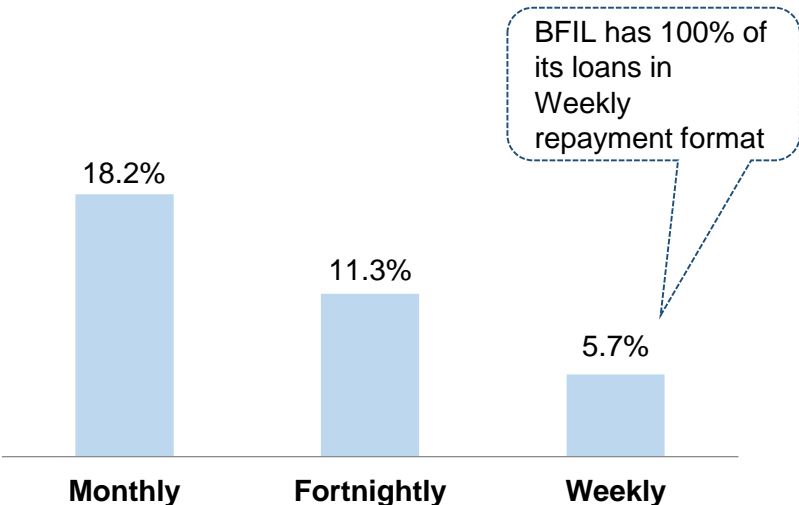
CREDIT BUREAU DATA ON (30 + DPD) MFI INDUSTRY PORTFOLIO SIGNIFIES THE STRENGTH OF JLG LENDING MODEL, WEEKLY REPAYMENT FREQUENCY AND NON-URBAN GEOGRAPHIES

JLG* Vs. Non-JLG model (30 + DPD)



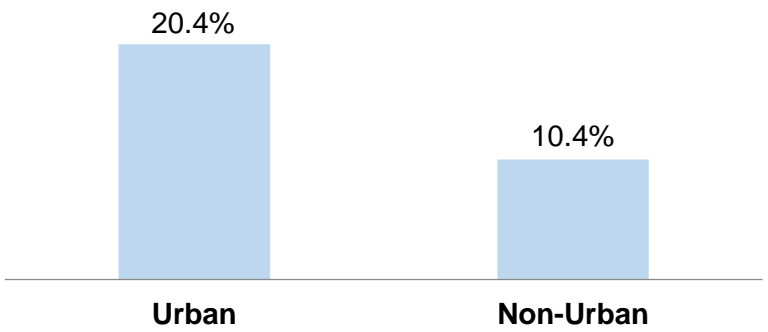
*JLG – Joint liability group lending model

Repayment Frequency^ (30 + DPD)



^ The above data excludes 6% of Industry's portfolio, which has been categorized as "others" in repayment frequency.

Urban Vs. Non-Urban (30 + DPD)



Source – Industry report by Equifax on Microfinance database as on April'17. This also includes data reported by Banks under Microfinance database.

MFI portfolio in Top 50 Cities (by Population) of India are taken as Urban portfolio

UPDATE ON DEMONETISATION

CUMULATIVE COLLECTION EFFICIENCY OF 99.9% FOR LOANS DISBURSED BETWEEN 1ST JAN'17 TO 30TH JUNE'17

INR Crs.

DATA FOR LOANS DISBURSED BETWEEN 1ST JAN to 30TH JUN'17

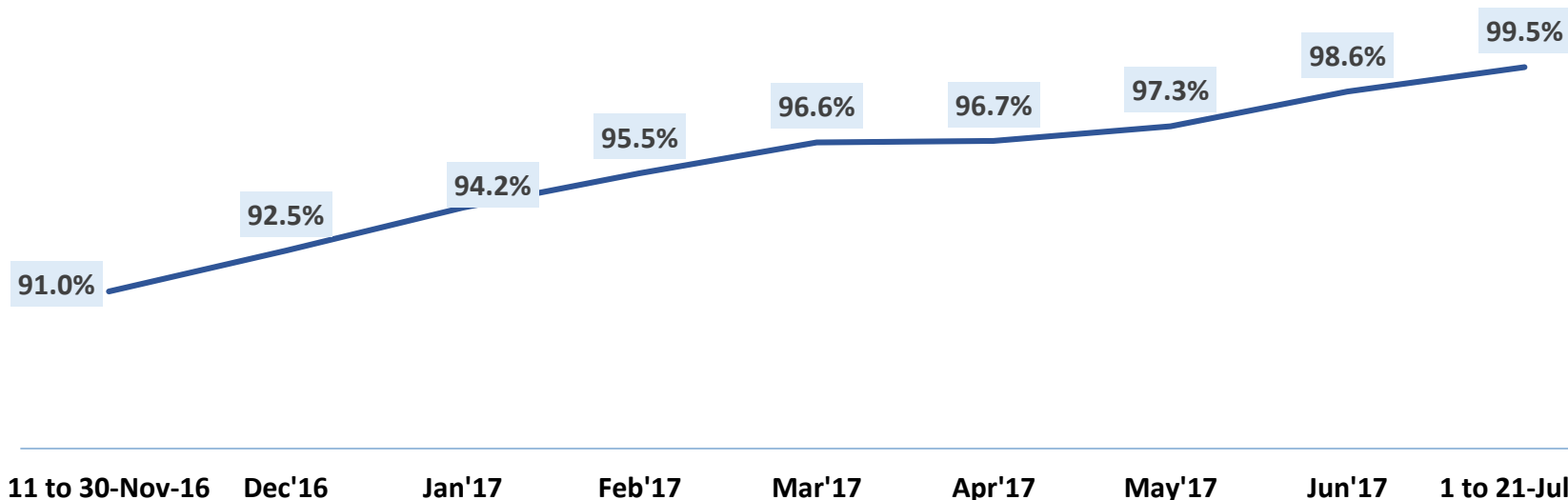
State	Disbursements	Gross Loan Portfolio (30-Jun-17)	Cumulative Collection Efficiency
Odisha	1,512	1,243	99.9%
Bihar	1,343	1,085	99.9%
West Bengal	1,093	881	100.0%
Karnataka	824	672	99.8%
Maharashtra	590	486	99.7%
Kerala	475	391	99.9%
Uttar Pradesh	426	354	99.8%
Rajasthan	367	303	99.9%
Jharkhand	355	291	99.9%
Madhya Pradesh	252	208	99.8%
Chattisgarh	146	118	99.9%
Haryana	118	93	99.8%
Punjab	107	88	99.8%
Uttarakhand	16	14	99.7%
Delhi	6	5	100.0%
Himachal Pradesh	5	5	100.0%
Total	7,635	6,234	99.9%

Constitutes 65% of Gross Loan Portfolio as on 30th Jun'17 i.e. 65% = (Rs. 6,234/9,631 Crs)

Note : Cumulative Collection efficiency of 99.4% for loans disbursed between 11th Nov'16 to 30th Jun'17

GROSS COLLECTION % FOR JUL'17 HAS IMPROVED TO 99.5%

COLLECTION%*



COLLECTION EFFICIENCY%

As on	11 to 30-Nov'16 dues	Dec'16 dues	Jan'17 dues	Feb'17 dues	Mar'17 dues	Apr'17 dues	May'17 dues	Jun'17 dues	Jul'17 dues
30-Nov-16	91.0%	-	-	-	-	-	-	-	-
31-Dec-16	96.8%	88.8%	-	-	-	-	-	-	-
31-Jan-17	97.9%	93.5%	88.5%	-	-	-	-	-	-
28-Feb-17	98.2%	94.9%	92.4%	89.2%	-	-	-	-	-
31-Mar-17	98.4%	95.7%	94.0%	92.6%	91.3%	-	-	-	-
30-Apr-17	98.5%	96.0%	94.6%	93.7%	93.4%	92.0%	-	-	-
31-May-17	98.6%	96.2%	95.0%	94.3%	94.4%	93.9%	93.3%	-	-
30-Jun-17	98.6%	96.3%	95.3%	94.7%	95.0%	94.7%	94.7%	95.0%	-
21-Jul-17	98.7%	96.4%	95.4%	94.9%	95.2%	95.0%	95.2%	95.7%	96.2%

* Collections for the Period/Dues for the Period

Note: Cumulative Collection Efficiency for the period 11th Nov to 21st Jul has improved to 95.8% from 94.5% (11th Nov to 25th Apr)

ON BALANCE SHEET PORTFOLIO AGEING ANALYSIS

INR Crs

Date	On B/S Portfolio Ageing							Total Overdue Portfolio (B+C+D+E+F)
	Total Portfolio (A+B+C+D)	Current (A)	1- 4 weeks (B)	>4-8 weeks (C)	>8-25 weeks (D)	>25 weeks (E)	> 8 weeks Expired Contracts (F)	
31-Mar-17	7,176	6,464	167	112	371	5	56	712
30-Apr-17	7,344	6,675	136	79	364	9	81	669
31-May-17	7,651	7,046	83	57	228	174	63	605
30-Jun-17	7,709	7,154	53	39	138	278	48	555
21-July-17 (E)	8,138	7,608	41	30	101	315	43	530
Portfolio of customers who repaid once in last two weeks (F)		7,608	36	24	48	17	17	143
Net (E-F)		-	5	6	53	298	26	387
Net % of 21-July-17 Portfolio (Rs. 8,138 Crs)	-	-	0.1%	0.1%	0.6%	3.7%	0.3%	4.8%*

Asset Classification	Total	Standard Assets			Sub-Standard Assets	Loss Assets	
		Current	1-4 weeks	>4-8 weeks	>8-25 weeks	>25 weeks	> 8 weeks Expired Contracts
30-Jun-17 (G)	7,709	7,154	53	39	138	278	48
Provisions (H)	467		72		69	278	48
Net Loan Portfolio (G-H)	7,242		7,173		69	-	-

GNPA reduces to Rs. 459 Crs as on 21st July'17 from Rs. 463 crs as on 30th June'17

Rs. 394 Crs provided as on Jun'17

*Total On Balance sheet portfolio would have been Rs. 8,525 Crs, without recent assignment transaction dated 16th June, 2017, which would have resulted in net of 4.5%.

Note: Please refer slide no. 60 for company's provisioning policy

OFF BALANCE SHEET COLLECTIONS ANALYSIS

Securitisation

INR Crs

	Jan'17	Feb'17	Mar'17	Apr'17	May'17	Jun'17	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19
Due (A)*	130	112	115	92	95	85	222	170	92	17	3	1
Collections (B)*	122	105	111	87	91	81	-	-	-	-	-	-
Shortfall (A-B)	8	6	4	4	4	3	-	-	-	-	-	-
Collections %(A/B)^	93.7%	94.3%	96.4%	95.4%	95.6%	95.9%	-	-	-	-	-	-

Managed Loans

	Jan'17	Feb'17	Mar'17	Apr'17	May'17	Jun'17		Asset classification	Guarantee	P&L Impact in Q1FY18	Comments	Outstanding Liability (30th June, 2017)
Due (A)*	108	94	103	87	93	84	Loans originated on or before 31 March, 2017	For loans which are Sub- Standard as on 31 st March'17	Rs. 72 Crs Maximum performance Guarantee	-	Rs. 72 Crs. already provided for/settled with bank till 31 st March'17	-
Collections (B)*	85	76	86	74	79	74			Rs. 12 Crs (Refer Note 2) of security cover to settle future delinquencies	Rs. 2.7 Crs	Rs. 2.7 Crs settled in Q1FY18	Outstanding liability is Rs. 9.3 Crs = (Rs. 12 Crs - Rs. 2.7 Crs)
Shortfall (A-B)	23	18	17	14	14	10		For loans which are Standard as on 31 st March'17				
Cumulative Shortfall	57	75	92	106	120	130						
Collections %(A/B)^	78.7%	81.2%	83.4%	84.4%	84.9%	88.3%	Loans originated on or after 1 April, 2017		7.5% of product category disbursement tranche	Rs. 1.5 Crs	Incremental provisions of 1% on portfolio originated i.e. Rs. 1.5 Crs in Q1FY18	Refer Note 1

*Includes both interest and principal

^Gross collections for the period/Dues for the period

Note 1: Cumulative Collections efficiency of loans disbursed on or after 1st Jan, 2017 is 99.9% , hence we have not projected outstanding liability

Note 2: 50% of BFIL residual interest income on PAR <60 as per Bank's books as on 31st March, 2017.

OUR PROVISIONING POLICY

		RBI norms for NBFC-MFIs	BFIL compliance
Asset Classification	Standard Assets	0-90 days	0- 8 weeks
	Sub-Standard Assets	91-180 days	>8-25 weeks
	Loss Assets	>180 days	>25 weeks and expired contracts > 8 weeks
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		-	As per the Company's provisioning policy for on-balance sheet loans net of losses, subject to the maximum guarantee given in respect of these arrangements.

* The aggregate loan provision will be maintained at higher of 1% of overall portfolio or as per company's provisioning policy.

Q1FY18 COMPANY'S PROVISIONS AND WRITE-OFFS BREAKUP VIS-À-VIS REGULATORY PROVISIONS REQUIREMENT

BFIL PROVISIONS AND WRITE-OFFs

		As on 31-Mar-17 (A)	As on 30-Jun-17 (B)	(C)- Losses for Q1FY18	Q1FY18 Impact (B-A+C)
On Balance Sheet	Standard asset provisions	67.5	72.5	-	5.0
	Sub-Standard asset provisions	185.3	68.9	-	(116.5)
	Loss asset Provisions	57.4	325.7	-	268.4
Off Balance Sheet-Managed	Provisions	65.4	1.5	-	(63.8)
	Losses*	-	-	68.1	68.1
Off Balance Sheet-Securitized	Provisions	17.6	21.1	-	3.5
	Losses^	-	-	11.2	11.2
	Total	393.2	489.7	79.4	175.9

* Losses for managed portfolio are due to settlement done for arrear loans

^ Losses for securitized portfolio are incurred due to short fall in collections in Q1FY18.

RBI PROVISIONS REQUIREMENT

		As on 31-Mar-17	As on 30-Jun-17
On Balance Sheet	Standard asset provisions	70.5	-
	Sub-Standard asset provisions	1.3	120.9
Off Balance Sheet-Managed	Provisions	-	-
Off Balance Sheet-Securitized	Provisions	-	-
	Total	71.8	120.9

Company made excess provisions of Rs. 368.8 Crs = (489.7 – 120.9) over and above regulatory provisions requirement. Following RBI provisioning policy, Company could have made provisions in Q1FY18 of Rs 49.1 Crs = (120.9-71.8)

LOSS FOR Q1FY18 WOULD BE RS. 14 CRS WITH RBI PROVISIONING NORMS

INR Crs

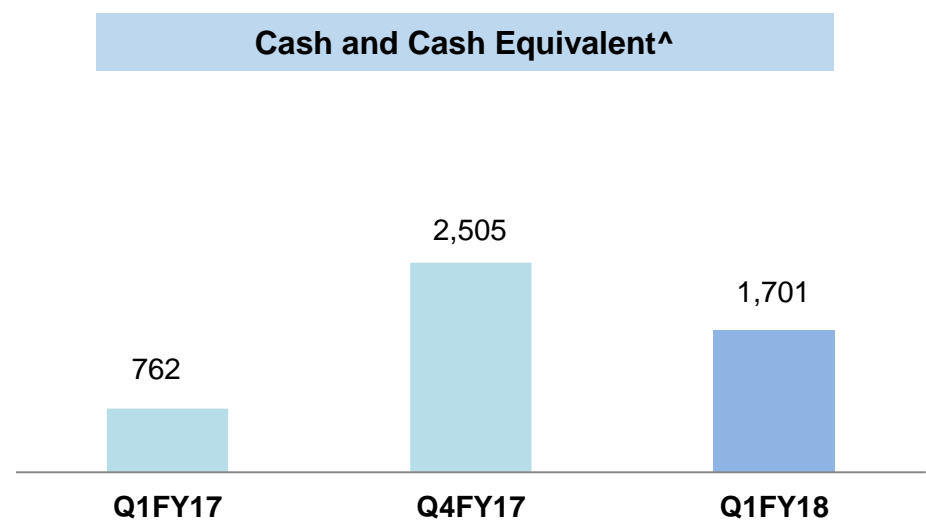
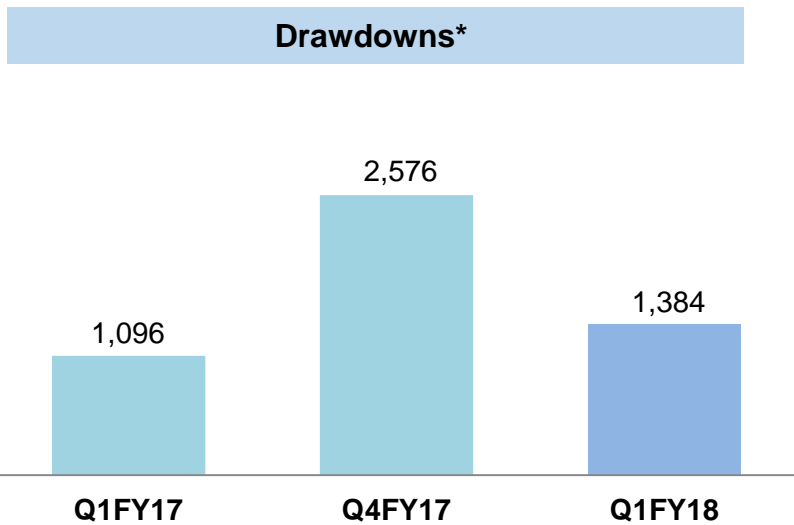
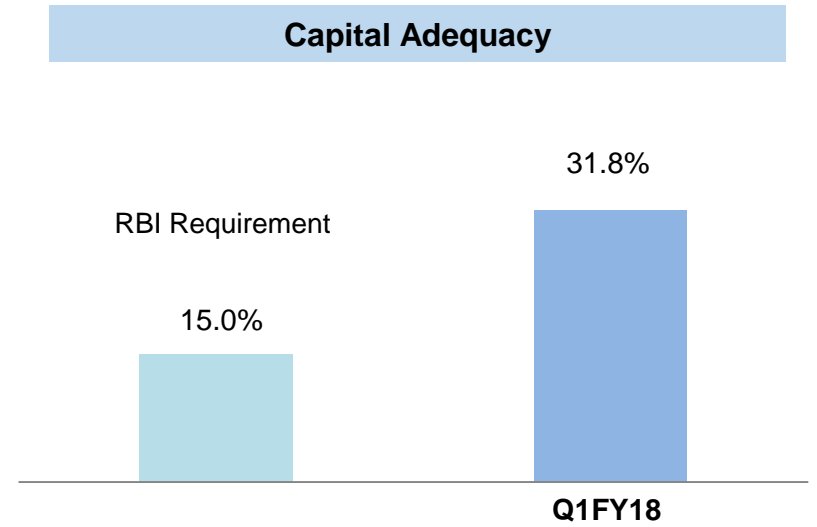
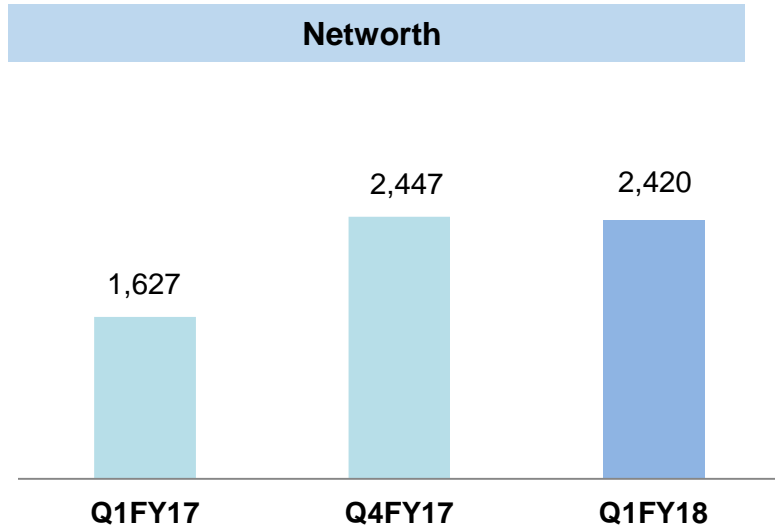
Particulars	Q4FY17		Q1FY18		Net Impact (B-A)	Remarks
	BFIL Policy+ Dispensation	RBI Policy+ Dispensation	BFIL Policy (A)	RBI Policy (B)		
Interest income	287	306	328	304	(24)	Rs. 24 Crs reversal on account of NPA recognition
Provision for standard assets	0.5	4	5	(71)	(76)	
Provision for NPA*	241	(1)	152	120	(32)	Difference due to provisioning policy
Provision and Loss on securitized / managed portfolio	93	10	19	79	60	Difference due to provisioning policy
Write-Offs	0.2	0.2	-	-	-	
Provisions/Loss/Write-offs	335	13	176	128	(48)	
Profit/Loss before tax	(235)	105	(37)	(14)	23	

*NPA calculation is in respect of on balance sheet portfolio only

REVIEW OF FINANCIALS

STRONG SOLVENCY AND SUFFICIENT LIQUIDITY

INR Crs.



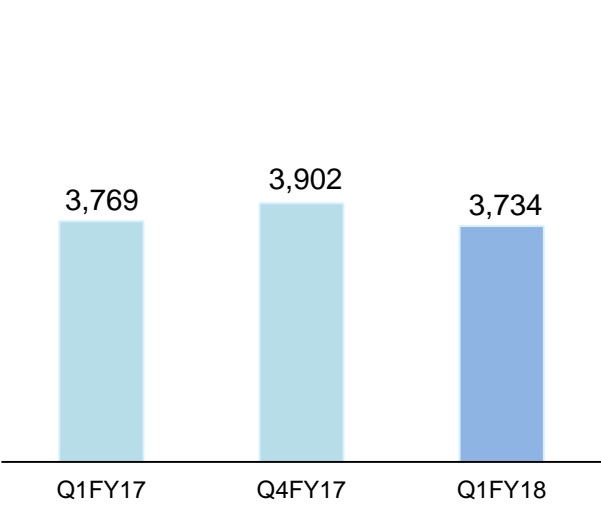
*Excluding Managed Loans – Rs. 168 Crs in Q1FY18

^ Excluding security deposit - Rs. 374 Crs in Q1FY18

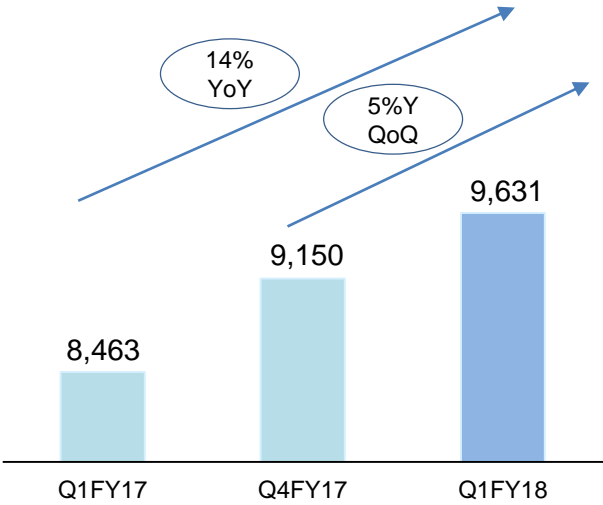
NII GREW BY 19% QOQ

INR Crs.

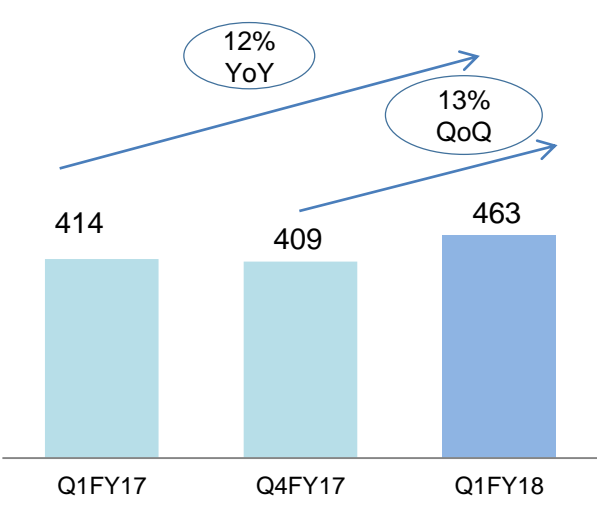
Disbursements



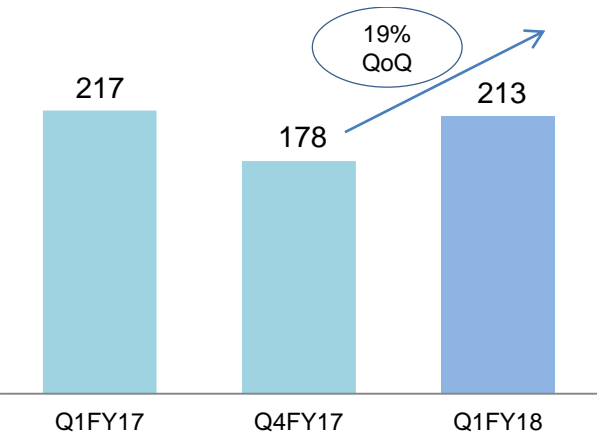
Non-AP Gross Loan Portfolio



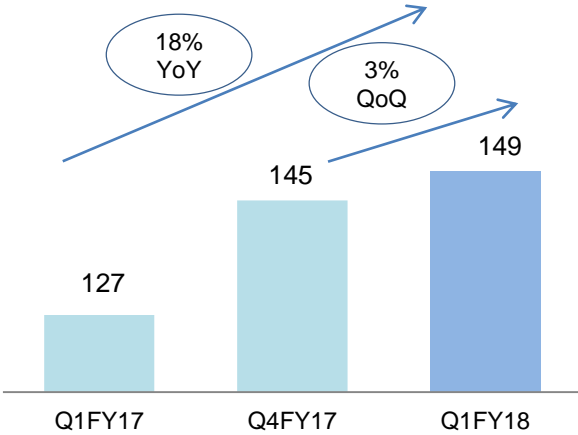
Gross Revenue



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

[^]PAT excluding MAT credit of Rs.97 Crs as on Mar 31, 2016

PRE-PROVISION PROFIT GROWS BY 39% TO RS 139 CRS. IN Q1FY18

INR Crs.

Particulars	Q1FY17	Q1FY18	YoY%	Q1FY18 As % of Total Revenue	Q4FY17	QoQ%
Income from Operations (A)						
Interest income on Portfolio loans	278	328	18%	71%	287	14%
Excess interest spread on securitization / Assignment	56	44	-22%	10%	42	5%
Loan processing fees	27	32	16%	7%	32	-1%
Other Income (B)						
Income on investments	16	29	79%	6%	30	-1%
Recovery against loans written off	2	1	-52%	-	1	6%
Facilitation fees from Cross-sell	15	13	-14%	3%	3	-
BC fees	19	16	-17%	3%	14	11%
Other miscellaneous income	0.3	0.4	25%	0.1%	0.5	-21%
Total Revenue (C) = (A+B)	414	463	12%	100%	409	13%
Financial expenses (D)	136	175	29%	38%	165	6%
Personnel expenses	95	112	18%	24%	105	6%
Operating and other expenses	30	35	17%	8%	36	-2%
Depreciation and amortization	2	3	26%	1%	4	-34%
Total Operating Cost (E)	127	149	18%	32%	145	3%
Total Expenditure (F) = (D+E)	263	324	23%	70%	310	5%
Profit before Provision & Write-offs (G)= (C-F)	151	139	-8%	30%	100	39%
Provision & Write-offs (H)	12	176	-	38%	335	-47%
Profit before Tax = (G-H)	139	(37)	-127%	-8%	(235)	-84%
Tax expense	32	13	-59%	3%	16	-17%
MAT Credit Entitlement *	(129)	(13)	-90%	-3%	(16)	-17%
Profit after Tax	236	(37)	-116%	-8%	(235)	-84%
Profit for the period	139	(37)	-127%	-8%	(235)	-84%

*Q1FY17 MAT credit entitlement comprises tax expenses of Rs. 32 Crs and Rs. 97 Crs unrecognised MAT credit as on 31st March, 2016 and Q4FY17, Q1FY18 MAT credit entitlement comprises tax expenses of Rs. 16 Crs and Rs. 13 Crs respectively.

QoQ REVENUE VARIANCE ANALYSIS (1/2)

INR Crs.

Particulars	Q4FY17 (A)	Q1FY18 (B)	Variance(B-A)	Comments
Int. on portfolio	287	328	41	<p>Below factors lead to increase in interest income on portfolio</p> <ol style="list-style-type: none"> Increase in yield (Q1FY18 =18.4%, Q4FY17 = 17.6%) (Higher interest reversals on account of NPA in Q4FY17 and four securitisation/assignment transactions in Q4FY17 vis-à-vis one assignment transaction in Q1FY18) 8% Avg. Daily On B/S portfolio increase in Q1FY18. (Q1FY18 = Rs. 7,148 Crs , Q4FY17 = Rs. 6,594 Crs) Higher number of days interest recognition in Q1FY18 91 days in Q1FY18 and 90 days in Q4FY17. <ol style="list-style-type: none"> Rs. 13 Crs = $0.8\% * Rs. 7,148 Crs * 90/365$ Rs. 27 Crs = $(Rs. 7,148 Crs - Rs. 6,594 Crs) * 90/365$ Rs. 4 Crs = $Rs. 7,148 * 19.75\% * 1/365$
Income from Securitisation	24	17	(7)	<ul style="list-style-type: none"> Primarily driven by decline in securitisation portfolio.
Income from Assignment	18	27	9	<ul style="list-style-type: none"> Incremental revenue on account of one assignment transaction in Q1FY18.
Loan Processing fees	32	32	-	
BC Fees	14	15	1	
Facilitation fees from Cross-sell	3	13	10	<ul style="list-style-type: none"> No of units facilitated in Q1FY18 is 3.7 Lacs units vs 0.9 Lacs units in Q4FY17
Income from Investments	30	29	(1)	
Recovery from write-offs	1	1	-	
Misc.	0.5	0.4	-	
Total	409	463	54	

QoQ EXPENSES VARIANCE ANALYSIS (2/2)

INR Crs.

Particulars	Q4FY17	Q1FY18	Variance	Comments
Finance costs (Excluding processing fees & other charges)	158	170	12	<p>Increase in Financial costs QoQ by 7% (Rs. 12 Crs) due to the following reasons: $1.07 = ((1+10\%)*(1-10.05\%/10.42\%)*91/90)$</p> <ol style="list-style-type: none"> Avg. daily borrowings increased QoQ by 10% in Q1FY18 i.e. Rs. 6,766 Crs vs Rs. 6,153 Crs in Q4FY17. Wt. Avg. cost of borrowings (Excl. Processing fees) has reduced by 37 bps i.e. 10.05% in Q1FY18 vs 10.42% in Q4FY17 Finance costs recognised for 91 days in Q1FY18 vs 90 days in Q4FY17
Processing fees & other charges	7	5	(2)	
Personnel expenses	105	112	7	<ul style="list-style-type: none"> Rs. 8 Crs due to salary increments to existing employees Rs 3 Crs higher gratuity expenses in Q1FY18 Rs Rs. 2 Crs due to 2% increase in Avg. Employee count QoQ. (Rs. 6 Crs)* incentive reversal.
Other Operating expenses	40	38	(2)	
Write-offs/Loss (A+B+C)	25.7	79.3	53.6	
Write-offs -(A)	0.2	-		
Loss on Securitised Portfolio- (B)	19.7	11.2		Rs. 11.2 Crs Loss on short collections against securitised portfolio
Loss on Managed Loans- (C)	5.8	68.1		Rs. 68.1 Crs shortfall settlement against managed loans
Provisions (D+E+F+G)	308.9	96.6	(212.3)	
NPA Provisions On B/S Portfolio -(D)	240.5	151.9		Refer Slide 18
Provisions on Managed Loans -(E)	57.9	(63.8)		Rs. 65.4 Crs provisions reversal on account of loss settlement and Rs. 1.5 Crs incremental provisions on new portfolio originated on or after 31 st Mar'17
Provisions on Securitised Portfolio – (F)	10.0	3.5		Rs. 3.5 Crs incremental provisions on securitised portfolio based on company's provisioning policy
Provisions on Standard assets - (G)	0.5	5.0		Rs. 5 Crs incremental provisions towards standard assets
Total Provisions/Loss/Write-offs	334.6	175.9	(158.7)	

* Net reversal

STRONG CAPITAL BASE AND ROBUST LIQUIDITY DRIVE BFIL BALANCE SHEET

INR Crs.

Particulars	Q1FY17	Q1FY18	YoY%	Q4FY17	QoQ%
Equity Share Capital	128	138	8%	138	-
Stock Options Outstanding	25	43	73%	34	26%
Reserves And Surplus	1,474	2,239	52%	2,275	-2%
Capital & Reserves	1,627	2,420	49%	2,447	-1%
Loan Funds	5,359	6,855	28%	7,125	-4%
Payable Towards Assignment/Securitisation	266	168	-37%	204	-18%
Expenses & Other Payables	46	56	23%	29	94%
Provision For Taxation	10	1	-85%	1	5%
Unamortised Loan Processing Fees	71	80	13%	76	5%
Employee Benefits Payable	18	15	-17%	31	-53%
Interest Accrued But Not Due On Borrowings	25	24	-4%	37	-37%
Provision For Leave Benefits & Gratuity	25	33	31%	28	17%
Statutory Dues Payable	11	8	-26%	5	66%
Unrealised Gain On Securitisation Transactions	91	21	-78%	41	-50%
Provision For Standard And NPA - Non-AP	84	490	-	393	25%
Provision For Standard And NPA – AP	0.1	-	-100%	-	-
Liabilities	6,006	7,750	29%	7,971	-3%
Total Liabilities	7,633	10,170	33%	10,418	-2%
Fixed Assets	17	16	-9%	17	-7%
Intangible Assets	6	7	11%	5	29%
Investment	0.2	0.2	-	0.2	-
Cash And Bank Balances (Incl. Security Deposits)	1,059	2,075	96%	2,871	-28%
Trade Receivable	15	29	98%	11	-
Interest Accrued And Due On Loans	0.1	1	-	4	-67%
Interest Accrued But Not Due On Loans	11	11	-1%	11	2%
Interest Accrued But Not Due On Deposits With Banks	12	26	-	25	4%
Interest Strip On Securitization Transactions	91	21	-78%	41	-50%
Portfolio Loans -- Non-AP	6,109	7,625	25%	7,083	8%
Portfolio Loans – AP	6	-	-100%	-	-
Loans Placed As Collateral	118	84	-29%	92	-9%
Security Deposits For Rent And Other Utilities	4	4	-5%	4	-
Advances For Loan Cover Insurance	1	1	86%	1	64%
Loans To BFIL Employee Benefit Trust	3	2	-22%	2	-
Advance Income Tax	16	23	43%	16	40%
Prepaid expenses	2	4	-	6	-23%
MAT credit entitlement	129	219	70%	206	6%
Other Advances / Other Assets	34	23	-33%	22	2%
Total Assets	7,633	10,170	33%	10,418	-2%
Note:1 Non-AP Securitized/Managed/Assigned Portfolio	2,236	1,922	-14%	1,974	-3%
2. Non-AP Gross Loan Portfolio	8,463	9,631	14%	9,150	5%

NET NPA REDUCES TO 1%, STRONG CAPITAL ADEQUACY AT 31.8%

Particulars		Q1 FY17	Q4 FY17	Q1 FY18
Spread Analysis (as % of Avg. Quarterly Gross Loan Portfolio)				
Gross Yield	(l)	20.5%	18.5%	19.7%
Portfolio Yield*	(a)	17.5%	15.5%	16.5%
Financial Cost	(b)	6.7%	7.4%	7.5%
NIM on portfolio	(a-b)	10.8%	8.1%	9.1%
Operating Cost	(c)	6.3%	6.6%	6.4%
Provision and Write-offs	(d)	0.6%	15.1%	7.5%
Taxes#	(e)	1.6%	0.7%	0.6%
Total Expense	II = (b+c+d+e)	15.2%	29.9%	21.9%
Return on Avg. Gross Loan Portfolio	(l) - (II)	5.3%	-11.3%	-2.1%
Efficiency:				
Cost to Income		45.7%	59.3%	51.8%
Asset Quality – Non-AP:				
Gross NPA		0.06%	6.0%	6.0%
Net NPA		0.03%	2.7%	1.0%
Gross NPA (INR Crs.)		3.5	428.1	463.5
Net NPA (INR Crs.)		1.6	185.3	68.9
Leverage:				
Debt : Equity		3.3	2.9	2.8
Debt : Equity (Incl. Securitised, Assigned & Managed Loans)		4.8	3.8	3.6
Capital Adequacy:				
		23.2%	33.5%	31.8%
Profitability:				
Return on Avg. Assets (Incl. Securitised, Assigned & Managed Loans) (Excl. MAT Credit)^**		4.3%	-8.5%	-1.6%
ROE (Excl. MAT Credit)^**		28.5%	-39.2%	-8.2%
Return on Avg. Assets (Incl. Securitised, Assigned & Managed Loans) (Incl. MAT Credit)^**		9.6%	-8.0%	-1.2%
ROE (Incl. MAT credit)^**		62.7%	-36.7%	-6.1%
EPS - Diluted (INR) (Not Annualized)		18.3	-17.0	-2.7
Book Value (INR)		127.5	177.3	175.3

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

Tax calculated excluding MAT credit entitlement of Rs.32 Crs for Q1FY17, Rs. 16 Crs for Q4FY17 and Rs. 13 Crs for Q1FY18.

^ Q1FY17 MAT credit entitlement comprises tax expenses of Rs. 32 Crs and Rs. 97 Crs unrecognised MAT credit as on 31st March, 2016 and Q4FY17,Q1FY18 MAT credit entitlement comprises tax expenses of Rs. 16 Crs and Rs. 13 Crs respectively.

** Calculated based on Quarterly Average

GUIDANCE FOR FY18

INR Crs.

	FY17	FY18
	Actual	Guidance
Incremental debt requirement	7,918	14,500
Non-AP Disbursement	14,667	19,500
Non-AP Gross Loan Portfolio	9,150	13,500
PBT	193	435
PAT (Incl. MAT Credit)	290*	435

* Including Rs. 97 Crs of MAT credit as on 31st March, 2016.

FINANCIAL ARCHITECTURE

FINANCIAL ARCHITECTURE

INR Crs.

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

On Balance Sheet*	Q1FY17	Q4FY17	Q1FY18
Bank of India	6%	7%	10%
Dena Bank	10%	5%	8%
State Bank Group	10%	9%	7%
SIDBI	8%	7%	7%
Kotak Mahindra Bank	3%	6%	6%
Yes Bank	12%	8%	6%
IDBI Bank	6%	7%	6%
ICICI Bank	5%	6%	6%
IDFC Bank	6%	5%	5%
Standard Chartered Bank	3%	4%	5%
RBL Bank	2%	4%	4%
Bank of Maharashtra	8%	5%	4%
HSBC Bank	3%	4%	4%
Union Bank of India	1%	4%	3%
Andhra Bank	2%	2%	3%
HDFC Bank	4%	3%	3%
Mudra	2%	3%	2%
Citi Bank	2%	2%	2%
Axis Bank	2%	2%	2%
South Indian Bank	2%	2%	1%
Barclays Bank PLC	1%	2%	1%
Bajaj Finance Limited	-	1%	1%
Others	3%	3%	4%
Total	4,640	6,017	5,907

* Includes Term loan and cash credit facilities

Diversified Source Mix

	Q1FY17 % Mix	Q4FY17 % Mix	Q1FY18	% Mix
Term Loans	4,576 58%	5,939 64%	5,869	66%
CP	320 4%	707 8%	698	8%
NCD	400 5%	400 4%	250	3%
CC	64 1%	78 1%	38	0.40%
On B/S (A)	5,360 68%	7,124 77%	6,855	77%
Assignment	220 3%	628 7%	841	10%
Managed Loans	758 10%	692 7%	584	7%
Securitisation	1,527 19%	823 9%	550	6%
Off B/S (B)	2,505 32%	2,143 23%	1,975	23%
Total (A+B)	7,864 100%	9,268 100%	8,829	100%

Investor Mix (Off B/S) Broad-based

Securitized / Assigned	Q1FY17	Q1FY18
State Bank Group	-	55%
IDBI Bank	21%	16%
Yes Bank	25%	11%
HDFC Bank	19%	6%
Bank of India	13%	5%
Kotak Mahindra Bank	9%	3%
DCB Bank	-	2%
ICICI Bank	10%	1%
RBL Bank	2%	-
Total	100%	100%

SUMMARY OF SECURITISED/ASSIGNMENT DEALS AS ON MAR'17

INR Crs

BANK	Year	Pool Securitised/Assigned	Outstanding Pool (Mar'17)	0+ DPD (Mar'17)	30+ DPD (Mar'17)
HDFC BANK	FY16	224	19	7	6
ICICI BANK	FY16	341	33	9	7
YES BANK	FY16	603	57	10	7
KOTAK MAHNDRA BANK	FY16	200	69	13	9
IDBI	FY16	498	80	14	10
YES BANK	FY16	199	4	1	1
HDFC BANK	FY17	199	102	20	14
YES BANK	FY17	488	157	30	22
DCB	FY17	100	41	9	7
IDBI	FY17	204	191	1	-
BANK OF INDIA	FY16	481	30	5	3
BANK OF INDIA	FY17	258	121	4	3
STATE BANK OF INDIA	FY17	298	213	6	3
STATE BANK OF INDIA	FY17	183	171	1	-
	TOTAL	4,275	1,290	128	91

SUB 9% MARGINAL COST OF BORROWING

Funding Cost Analysis

		Metric	FY14	FY15	FY16	FY17	Q1FY17	Q4FY17	Q1FY18
	Marginal Cost of Borrowings	on and off b/s loans (excluding processing fees)	12.2%	11.7%	10.1%	9.4%	9.9%	8.8%	8.9%
		on and off b/s loans (including processing fees)*	12.6%	11.9%	10.2%	9.4%	10.0%	8.9%	8.9%
		on b/s loans (excluding processing fees)	12.9%	12.3%	11.0%	9.8%	10.4%	9.2%	9.1%
		on b/s loans (including processing fees)*	13.6%	12.6%	11.1%	9.9%	10.5%	9.3%	9.2%
Daily Average	Wt. avg. cost of borrowing [#]	on and off b/s loans (excluding processing fees)	12.7%	12.3%	11.4%	10.2%	10.3%	10.1%	9.8%
		on and off b/s loans (including processing fees)	13.6%	13.0%	11.6%	10.4%	10.4%	10.2%	9.9%
		on b/s loans (excluding processing fees)	13.0%	12.8%	11.7%	10.7%	11.0%	10.4%	10.1%
		on b/s loans (including processing fees)	13.9%	13.5%	12.0%	10.9%	11.2%	10.6%	10.2%
Monthly Average	Wt. avg. cost of borrowing [#]	on and off b/s loans (excluding processing fees)	12.2%	11.6%	10.9%	10.0%	10.0%	9.7%	9.6%
		on and off b/s loans (including processing fees)	13.0%	12.2%	11.1%	10.1%	10.1%	9.9%	9.7%
		on b/s loans (excluding processing fees and other charges)	12.8%	12.2%	11.4%	10.5%	10.6%	10.0%	9.9%
		on b/s loans (including processing fees)	13.7%	12.8%	11.6%	10.7%	10.8%	10.2%	10.0%
	Loan Processing Fees (INR Crs.)		17.3	16.9	11.6	10.4	1.7	3.1	2.2
	Drawdowns (INR Crs.)		3,503	5,020	7,317	6,900	1,096	2,576	1,384
	Financial Cost [^]		8.3%	8.3%	8.5%	7.3%	6.7%	7.4%	7.5%

* processing fees is amortized for marginal cost calculation.

[^] Financial expenses to quarterly Avg. Gross Loan Portfolio.

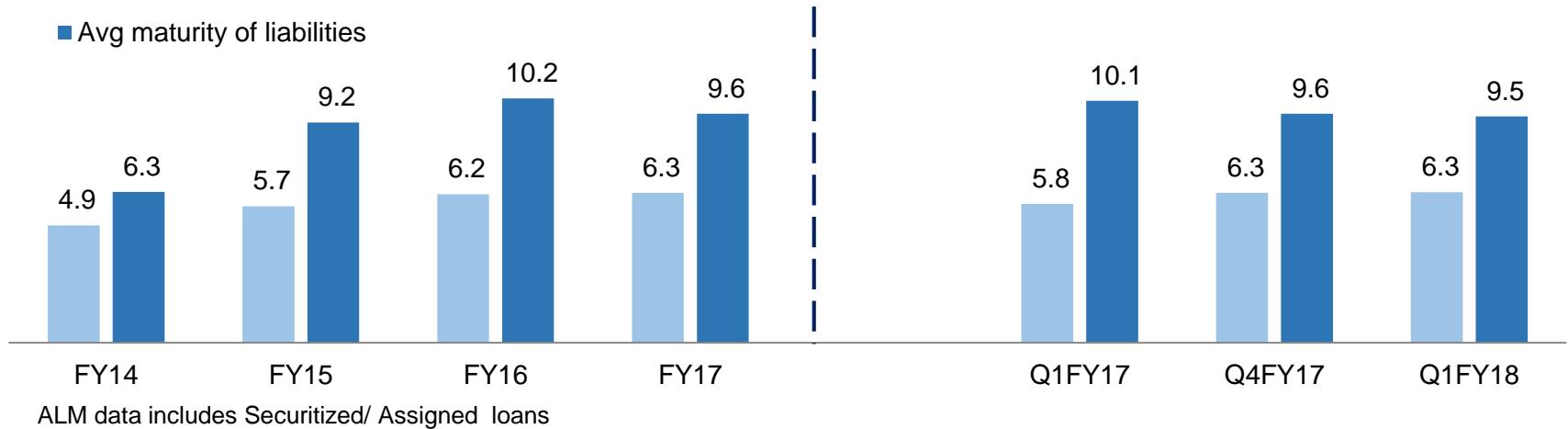
[#] Excluding Managed Loans, Expenses towards loan processing fees are recognized upfront whereas loan processing fees received from borrowers are amortized over the period of contract.

POSITIVE ALM MISMATCH BENEFIT CONTINUES

ALM

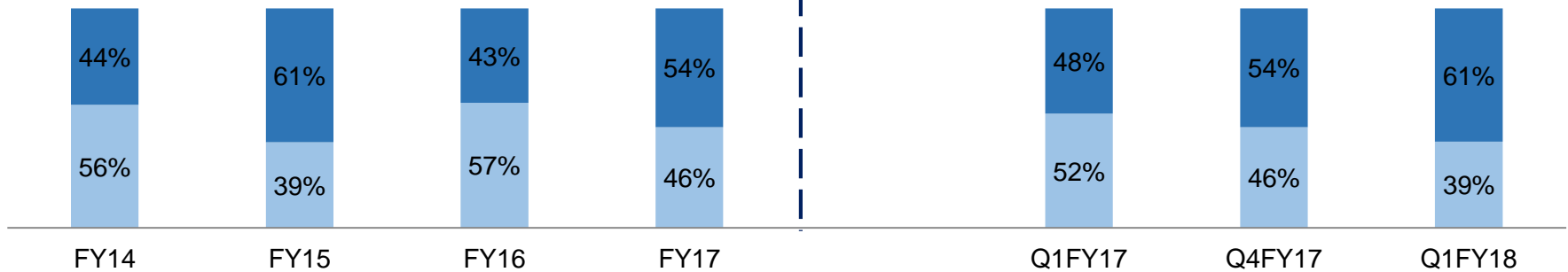
- Avg maturity of assets
- Avg maturity of liabilities

No. of months



Interest Rate Mix of Borrowings*

- Floating
- Fixed



* Excludes managed loans

EXTERNAL ASSESMENT

Rating Instrument	Rating/Grading	Rating Agency	Rating Amount Limits (Rs. Crs.)	
			Q4FY17	Q1FY18
Code of Conduct Assessment	C1	ICRA Limited	N/A	N/A
Corporate Governance Rating	CGR2	ICRA Limited	N/A	N/A
Bank Loan Rating (Long-term facilities)	CARE A+	CARE Ratings	5,500	6,000
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 AAA (SO), ^	CARE Ratings	1,979*	1,764*
	ICRA AAA (SO), AA+(SO) , AA (SO)#	ICRA Limited	1,333*	1,333*

^Subject to Long-term borrowings limit of Rs. 300 Crs

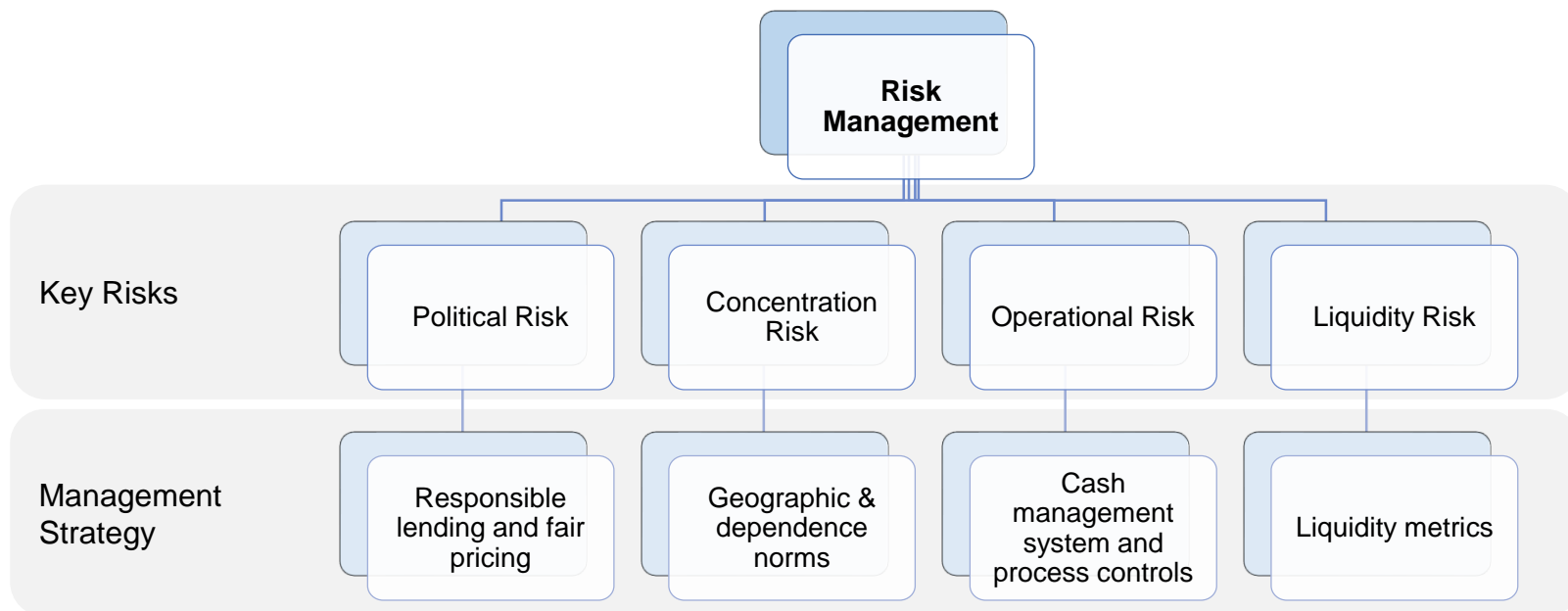
*Amount aggregates to 5 transactions rated by CARE Ratings and 4 transactions rated by ICRA

Two transactions are rated as AA(SO) and the remaining two transactions rated as AA+(SO) and AAA(SO) respectively

^^ Three transactions are rated as AA(SO) and the remaining two transactions are upgraded to AAA(SO).

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

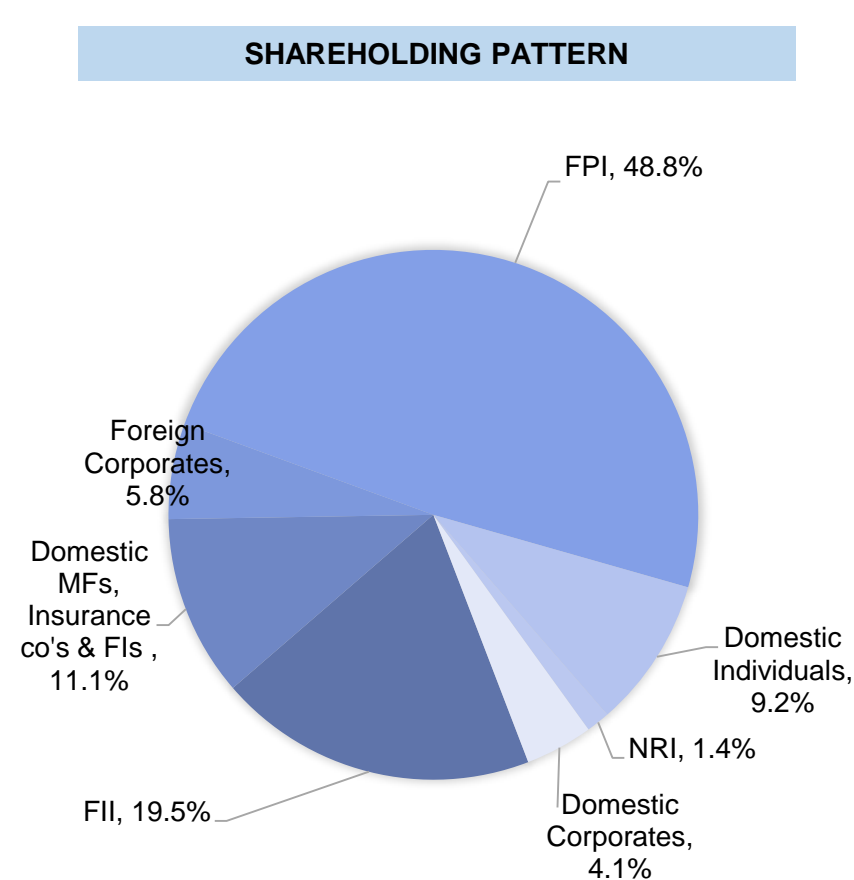
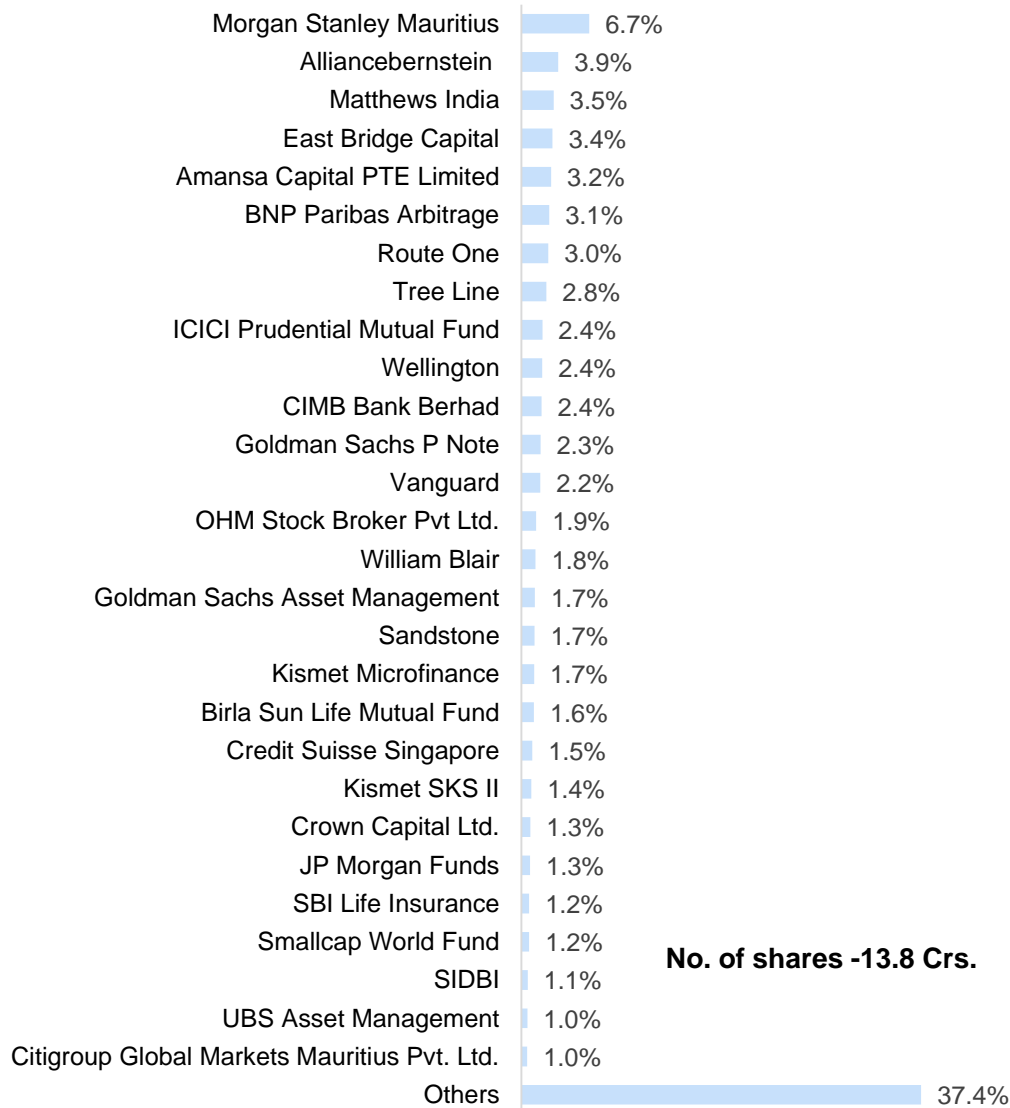
- Geographic concentration norms
 - *Disbursement Related Caps*
 - *Portfolio Outstanding Related Caps*
- *Borrowing dependence norms*
 - *Cap on borrowing from any single credit grantor (15% of funding requirement)*

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

- Well defined metrics for
 - *Cash burn*
 - *Optimal liquidity test*
 - *Liquidity cap*

CAPITAL STRUCTURE

CAPITAL STRUCTURE AS ON 30th JUNE 2017



Excludes no. of Outstanding ESOPs 0.4 Crs.

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

ADJUSTED PRICE TO BOOK COMPUTATION

INR

	Jun-17
Book value per share (A)	175
Present value of DTA per share (B)^	19
Book value per share – Including PV of DTA (A+B)	194
Adjusted Price to Book Ratio (times)	4.1

Note:

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

DTA as on June 30, 2017 is Rs. 291 Crs.

Discount rate assumed at 10% and applied over next 2 years' estimated profit.

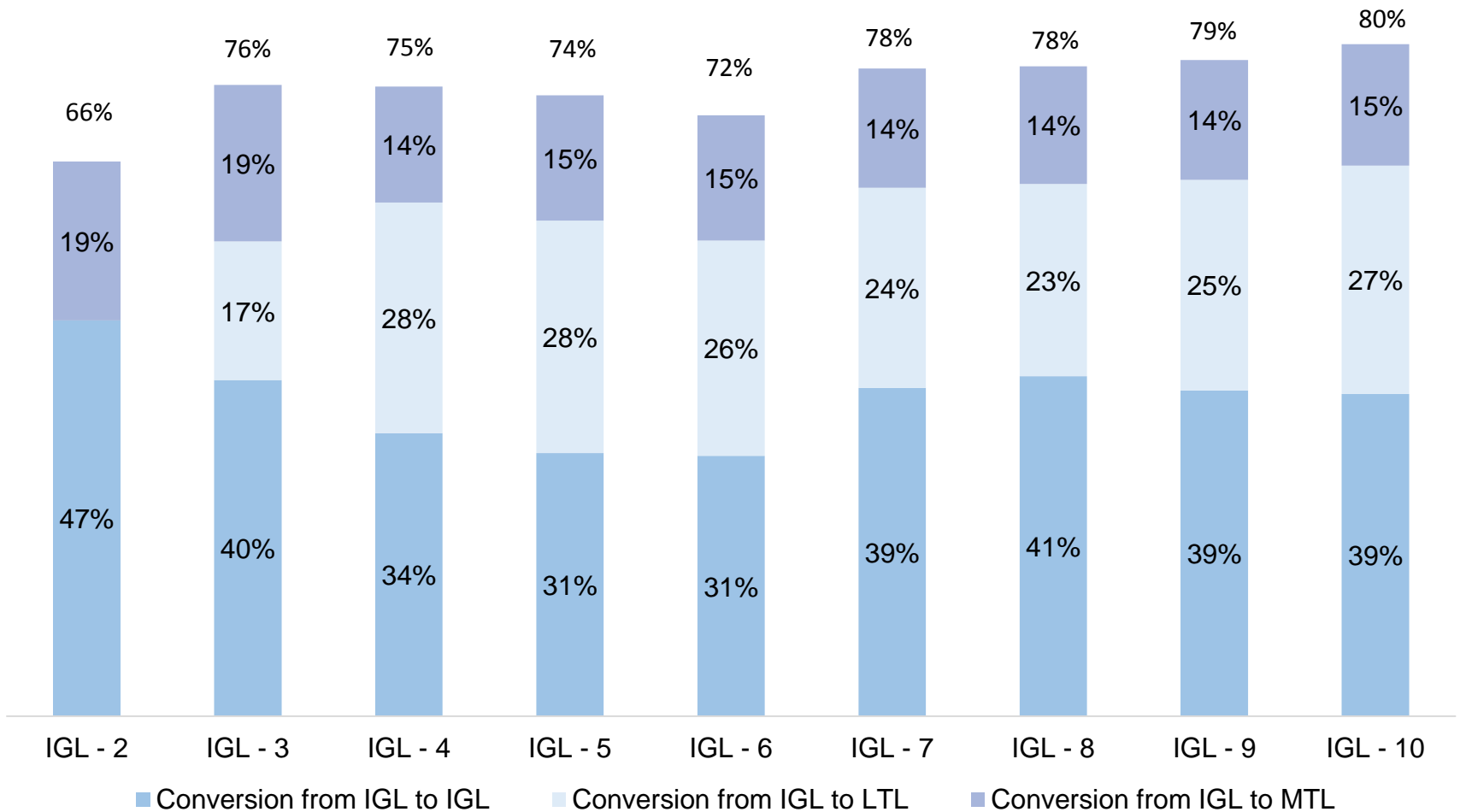
BFIL Market Price as of July 25, 2017 – Rs. 793

ANNEXURES

ANNEXURES - OPERATIONS

GROUP UNDERWRITING AT WORK

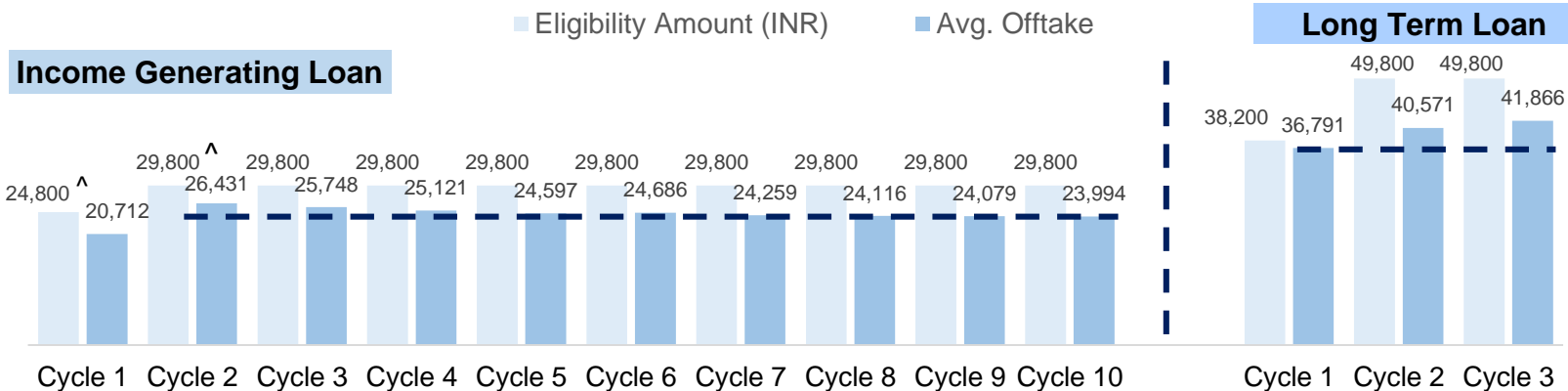
LOAN CONVERSION TO NEXT CYCLE



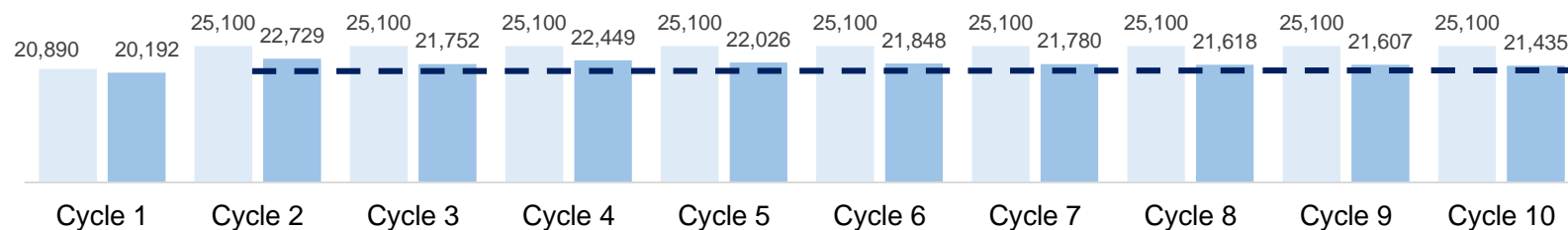
Active IGL loans disbursed during Oct'15 to Dec'15 have been considered as base and loans disbursed in subsequent cycles over the next 1.5 yrs i.e. till June'17 have been taken and cycle wise conversion has been arrived. Only the next first loan taken by customer is taken into consideration for conversion.

JLG MODEL ENSURES EFFECTIVE CONTROL ON AVERAGE INDIVIDUAL EXPOSURE, IRRESPECTIVE OF ACTUAL LOAN ELIGIBILITY

Q1FY18

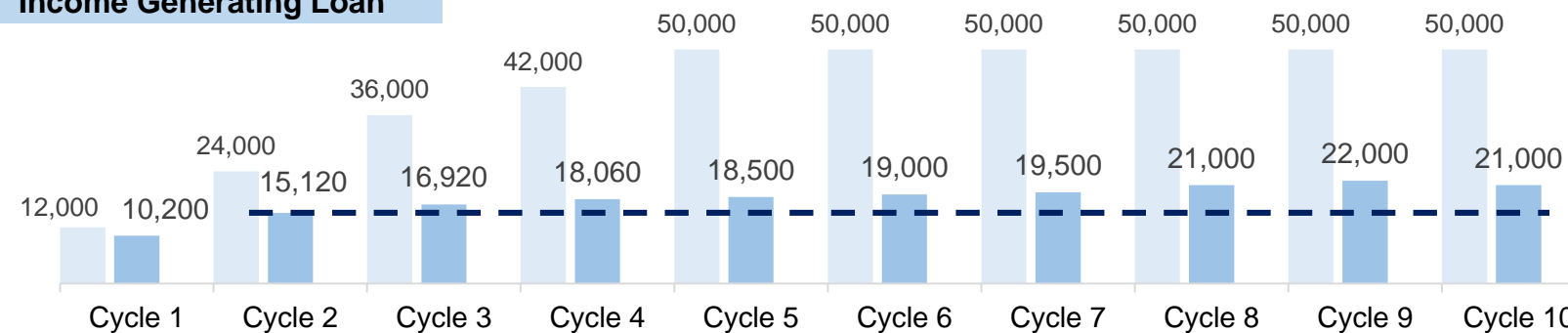


Mid Term Loan



Q2FY11 (PRE-CRISIS)

Income Generating Loan



[^] Note: Maximum Offtake eligibility for IGL (1 year Tenure) : June-11 to Dec'15 – Rs. 15,000; Dec'15 – IGL 1 Rs.20,000 , IGL 2 Rs.30,000 till Mar'17 and Post Mar'17 for – IGL 1 is Rs. 24,800 and IGL 2 is Rs. 29,800

CYCLE WISE NON-AP LOAN BORROWERS

Cycle Wise	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
IGL 1	42%	44%	45%	43%	38%	33%
IGL 2	14%	15%	15%	15%	19%	21%
IGL 3	5%	6%	6%	6%	6%	7%
IGL 4	1%	1%	1%	1%	2%	2%
IGL 5	1%	1%	1%	0.5%	1%	1%
IGL 6	3%	2%	2%	1%	1%	1%
IGL 7	2%	2%	2%	1%	1%	1%
IGL 8	1%	1%	1%	1%	1%	1%
IGL 9	0.3%	0.2%	0.3%	0.3%	0%	0.4%
Total IGL Borrowers	69%	71%	72%	70%	68%	68%
LTL 1	22%	22%	20%	20%	20%	19%
LTL 2	0.2%	0.4%	0.7%	1%	2%	3%
Total LTL Borrowers	22%	22%	21%	21%	22%	21%
MTL 1	5%	4%	4%	6%	6%	7%
MTL 2	2%	2%	2%	2%	2%	2%
MTL 3	1%	0.4%	0.4%	0.6%	0.7%	1%
MTL 4	0%	0.2%	0.2%	0.3%	0.4%	0.5%
MTL 5	0.2%	0.1%	0.1%	0.2%	0.2%	0.3%
MTL 6	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Total MTL Borrowers	8%	7%	7%	9%	10%	11%
Cross Sell	0.3%	0.3%	0.2%	0.3%	0.2%	0.2%
Total IGL + LTL + MTL + Cross Sell	100%	100%	100%	100%	100%	100%

Note:

- Customers having IGL & MTL loans, have been grouped under respective IGL loan cycle
- Customers having LTL & MTL loans, have been grouped under respective LTL loan cycle
- MTL clients represents borrowers with only MTL loans
- Cross-sell clients represents borrowers with only cross-sell loans

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

SHG Concentration:

Top 5 States	% Mix in Portfolio (Mar-17)	Portfolio O/S (Mar-17) INR Crs.
Andhra Pradesh	28%	17,406
Telangana	20%	12,053
Karnataka	13%	8,149
Tamil Nadu	10%	6,047
West Bengal	8%	4,842
Others	21%	13,084
Total	100%	61,581

PRODUCT OFFERINGS

	IGL	MTL	LTL	Other product offerings^^
Loan portfolio (INR Crs) / (% Mix)	4,223 (44%)	3,457 (36%)	1,881 (20%)	70 (0.7%)#
Ticket size range	INR 7,050 to INR 29,800	INR 7,500 to INR 25,100^	INR 30,900 to INR 49,800	INR 315 to INR 5,450
Avg. Ticket Size (INR) For Q1FY18	23,979	21,368	38,227	1,978
Eligibility*	<ul style="list-style-type: none"> ▪ Completion of CGT / GRT ▪ Age limit 18 years to 58 years ▪ Maximum limit of INR. 24,800 for IGL 1 	<ul style="list-style-type: none"> ▪ With IGL - Between 19th to 44th week ▪ With LTL – Between 19th to 94th week ▪ Maximum limit of INR. 20,890 for MTL1 	<ul style="list-style-type: none"> ▪ Minimum Two IGL Loan cycle completed ▪ Maximum limit of INR. 38,200 for LTL 1 	<ul style="list-style-type: none"> ▪ With IGL – Between 4th to 44th week ▪ With LTL – Between 4th to 94th week ▪ With MTL – Between 4th to 71st week
Tenure	50 weeks	75 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% - 19.70%
Processing fee (Incl. Service Tax)	1.18%			<ul style="list-style-type: none"> ▪ 0.7% -1.18%
* Eligibility criteria over and above the criteria prescribed by the RBI				

^^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.0.63 Crs .

^w.e.f Aug, 2016 Tenure has been changed from 50 weeks to 75 weeks and ticket sizes are changed.

PRODUCT WISE - DISBURSEMENT, PORTFOLIO OUTSTANDING AND TICKET SIZE

		IGL	LTL	MTL	Others*	Total
Q1FY17	No. of Loans Disbursed in '000	1,077	114	641	417	2,249
	<i>% Mix</i>	48%	5%	29%	19%	100%
	Amount of Loan Disbursed (In Crs.)	2,297	421	942	108	3,769
	<i>% Mix</i>	61%	11%	25%	3%	100%
	Portfolio Outstanding (In Crs.)	4,340	2,270	1,740	113	8,463
	<i>% Mix</i>	51%	27%	21%	1%	100%
	Avg. Ticket Size INR	21,336	37,028	14,698	2,586	16,758
Q4FY17	No. of Loans Disbursed in '000	824	103	742	89	1,758
	<i>% Mix</i>	47%	6%	42%	5%	100%
	Amount of Loan Disbursed (In Crs.)	1,930	397	1,556	19	3,902
	<i>% Mix</i>	49%	10%	40%	0.5%	100%
	Portfolio Outstanding (In Crs.)	4,059	1,945	3,113	32	9,150
	<i>% Mix</i>	44%	21%	34%	0.4%	100%
	Avg. Ticket Size INR	23,416	38,491	20,976	2,147	22,194
Q1FY18	No. of Loans Disbursed in '000	857	108	557	371	1,894
	<i>% Mix</i>	45%	6%	29%	20%	100%
	Amount of Loan Disbursed (In Crs.)	2,056	414	1,191	74	3,734
	<i>% Mix</i>	55%	11%	32%	2%	100%
	Portfolio Outstanding (In Crs.)	4,223	1,881	3,457	70	9,631
	<i>% Mix</i>	44%	20%	36%	1%	100%
	Avg. Ticket Size INR	23,979	38,227	21,368	1,983	19,717

*Cross sell products

LEVERAGING THE DISTRIBUTION STRENGTH

	FY15	FY16	FY17	Q1FY17	Q4FY17	Q1FY18					
	Total	Total	Total	Total	Total	Mobile phone	Solar lamp	Sewing Machine	Cycle	Others^	Total
No. of Units Facilitated (in Lacs)	8.4	15.6	11.6	4.2	0.9	0.7	3.0	-	-	-	3.7
Gross Fees (after service tax) INR Crs.	28.3	49.7	42.7	14.8	3.3	2.2	10.4	0.1	-	-	12.8
Less: Incentives INR Crs.	4.6	13.8	9.6	3.6	-	0.2	1.0	-	-	-	1.3
Net Fees INR Crs.*	23.7	28.3	26.0	8.8	2.6	1.6	7.4	0.1	-	-	9.1
Loan Portfolio INR Crs.	58.3	101.9	32.4	112.8	32.4	19.0	47.3	2.8	0.2	0.7	70.0
Net Fee Income as % of PAT**	12.6%	9.3%	13.5%	6.3%	-1.0%	-4.2%	-20.0%	-0.2%	-	-	-24.5%
Loan Portfolio Mix	1.4%	1.3%	0.4%	1.3%	0.4%	0.2%	0.5%	-	-	-	0.7%

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

Penetration Based On Total No. Of Loans

	FY14	FY15	FY16	FY17	Q1FY18	Cumulative past 4.25 years
Solar Lamp	1.1%	5.8%	7.9%	9.1%	7.9%	31.3%
Mobile Phone	1.8%	6.6%	10.6%	5.8%	2.4%	26.7%
Sewing Machine	-	0.2%	1.9%	1.1%	0.4%	3.3%
Bicycle	-	-	1.6%	1.0%	0.2%	2.7%
Bio-mass stove	-	0.2%	0.7%	0.1%	-	1.0%
Water Purifier	-	-	0.5%	0.1%	-	0.6%
Others	-	-	-	-	-	-
Total	2.9%	12.8%	23.1%	17.2%	10.9%	65.6%

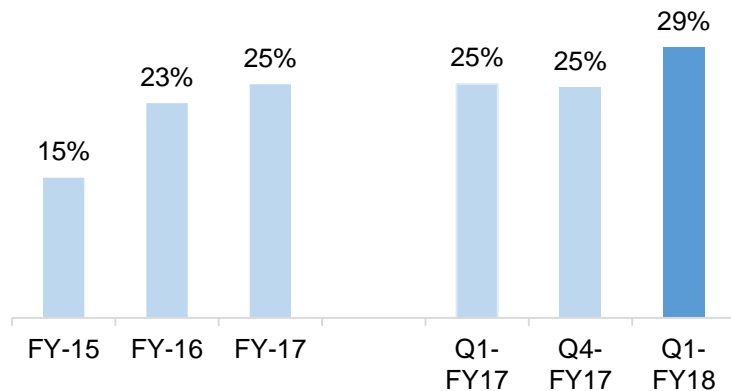
Frequency of Loans Based On Current Member Base

Frequency of Loans (for the period)	FY14	FY15	FY16	FY17	Q1FY18	Cumulative past 4.25 years
#1	2.6%	8.8%	15.9%	15.6%	5.3%	28.7%
#2	0.1%	0.8%	2.2%	0.8%	0.1%	7.3%
#3	-	0.01%	0.2%	0.02%	-	2.3%
#4	-	-	0.02%	-	-	0.7%
#5	-	-	-	-	-	0.2%
Total	2.7%	9.6%	18.3%	16.4%	5.4%	39.3%

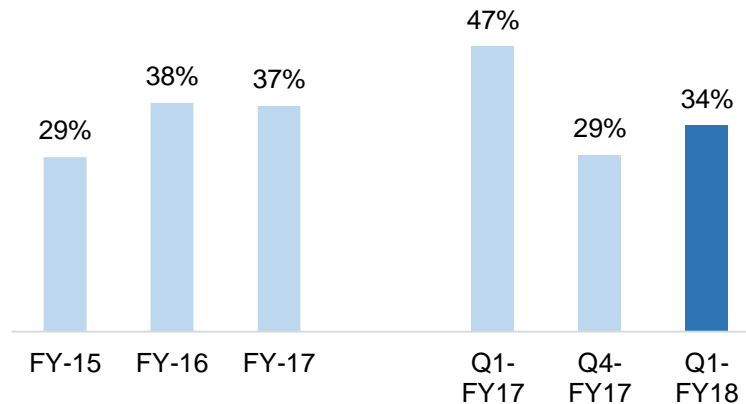
Cumulative Cross-sell Penetration % among our existing Non-AP Member base of 6.8 mn for last 4.25 years is 39%

CREDIT BUREAU DATA

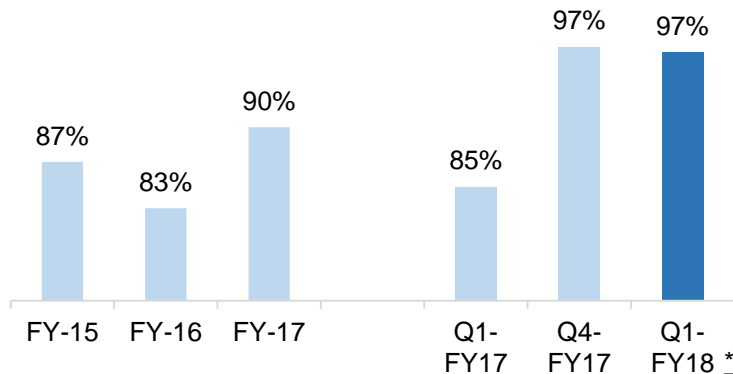
Rejection rate for All Products



Rejection rate for Long Term loans



Hit rate^ for all products



^ Hit rate = % of loan applications with matching record in credit bureau

Rejection Reasons – Q1FY18 % Mix

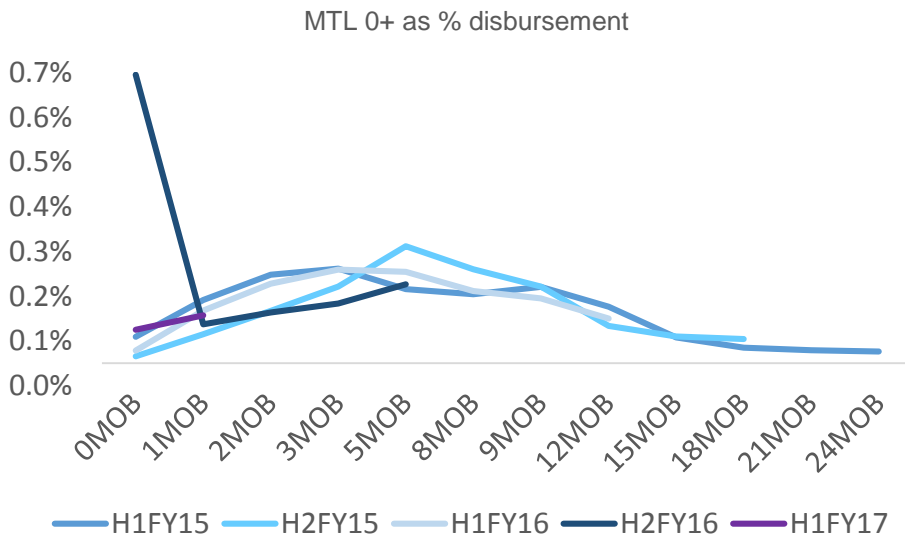
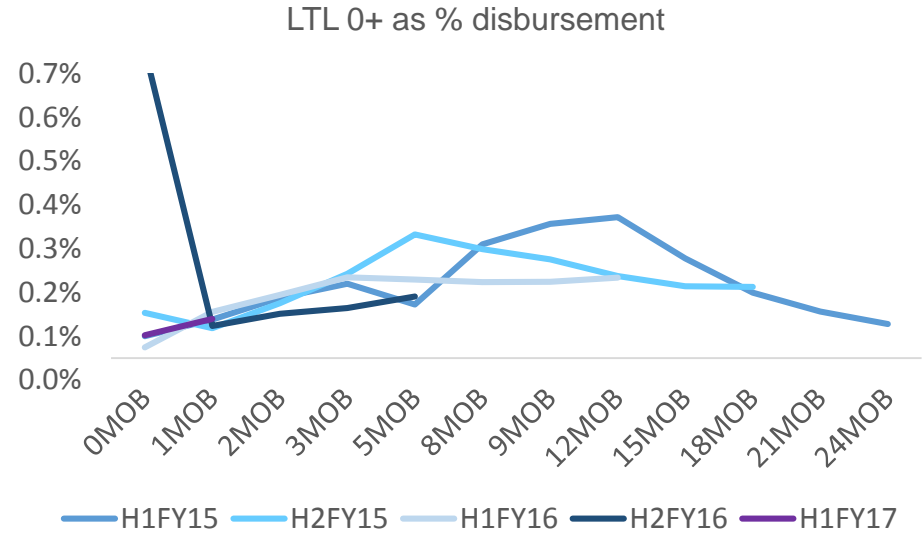
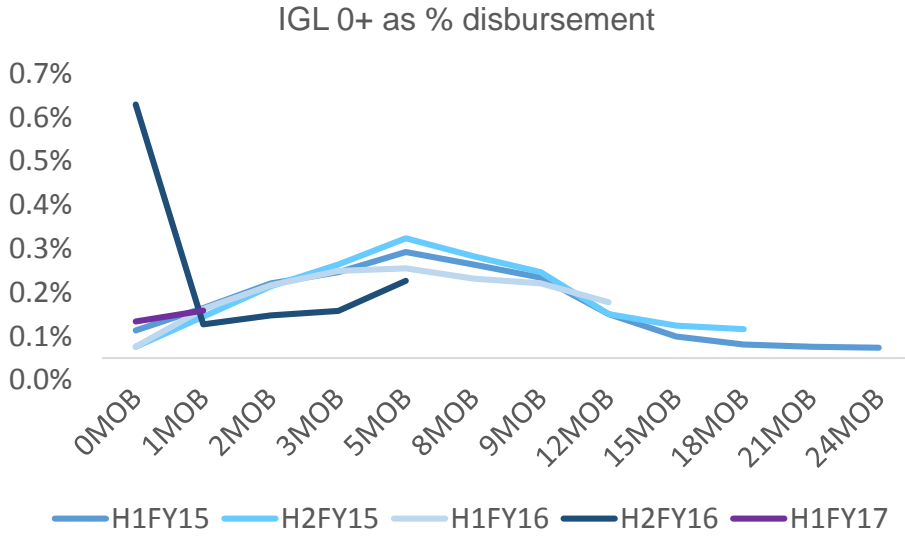
Reasons	All Products	LTL
Loans from=>2MFIs	48%	46%
=>2MFIs and Outstanding Balance >60K	13%	15%
=>2MFIs and Default History	12%	10%
Default History	10%	8%
Outstanding Balance>60K	8%	13%
Eligibility< Min Ticket Size	4%	6%
=>2MFIs, Outstanding Balance>60K and Default History	3%	2%
Default History and Outstanding Balance >60K	0.40%	0.30%
Total	100%	100%

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

Major Initiatives Impacting Credit Bureau Decision:

- 99.3% of credit enquiry with Aadhaar as primary KYC (June'17).
- Internal CAP of Rs. 60,000 for total indebtedness of the borrower for JLG loans, including loans from other MFIs.

STATIC POOL ANALYSIS OF IGL,LTL AND MTL



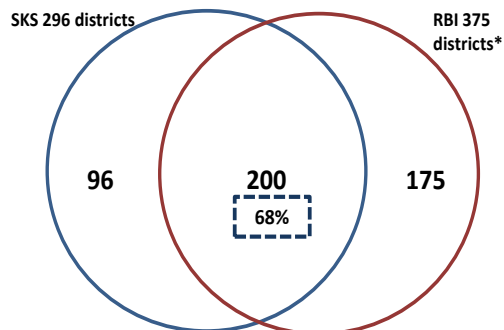
Note: The above data is Calculated as % disbursements for that particular period
 MOB: Months on Books

BFIL FINANCIAL INCLUSION COVERAGE...

Strong reach in under-banked areas

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

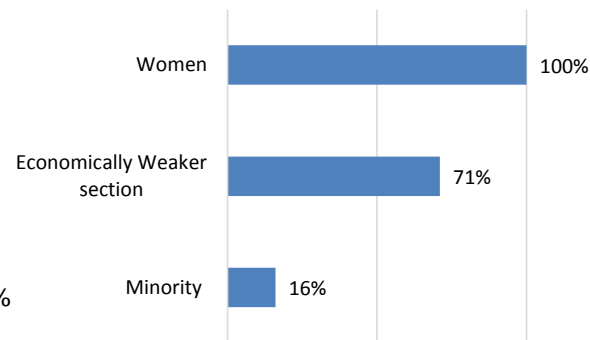
BFIL covers 68% of below average & low financial districts identified by CRISIL



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.

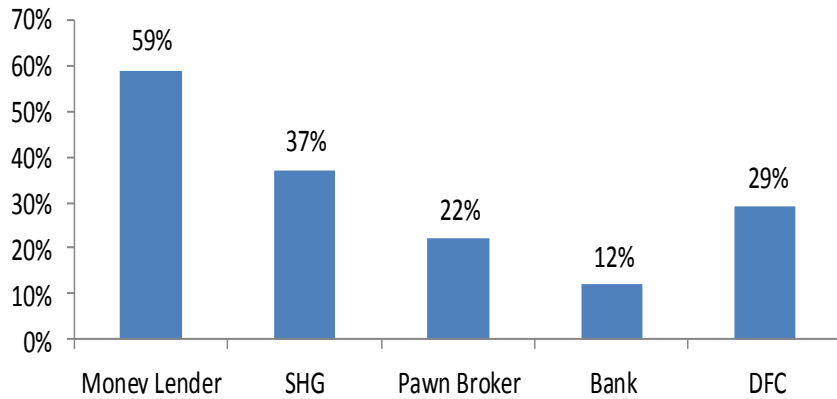
Dedicated customer service

Toll free Number
1800 300 10000
 Call Timings:
 Morning 7:30 AM to Evening 3:30 PM
 (Monday to Friday)
 You can call this number from any number FREE of cost.

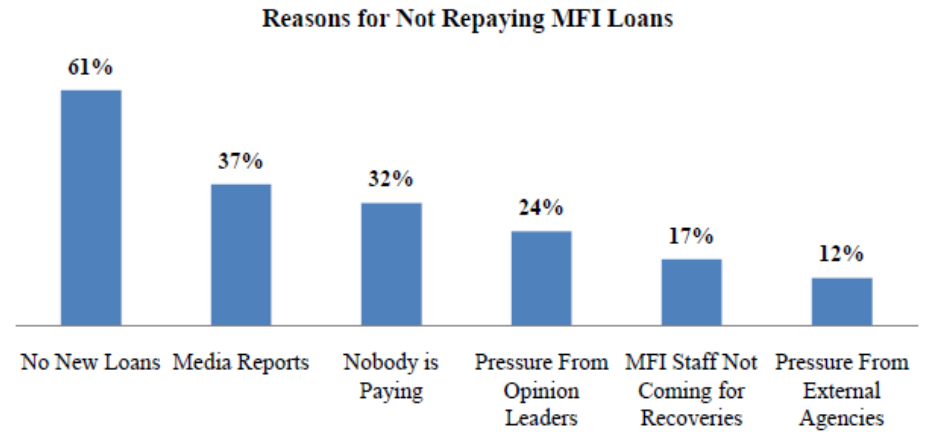
Toll-free helpline number with seven different vernacular languages

WHAT ARE CLIENTS DOING POST THE ANDHRA PRADESH MFI CRISIS?

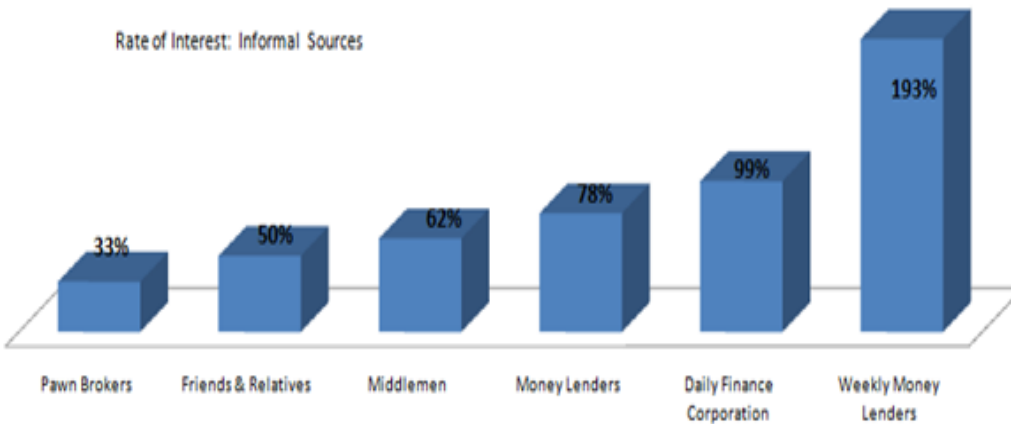
Sources of Credit (in the absence of MFI Loans)



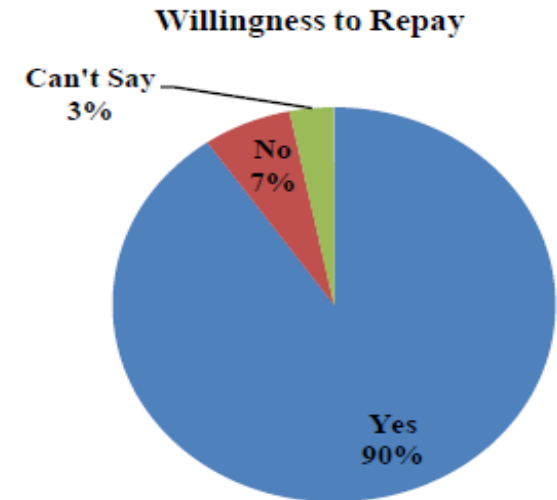
Reasons for not repaying MFI loans



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

CASH AND CASH EQUIVALENT BALANCES

INR Crs.

	FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
Interest Yielding [^]	530	568	464	1,150	1,606	1,532
Non Interest Yielding ^{^^}	205	240	280	278	335	406
Total	735	808	744	1,428	1,941	1,938

[^]fixed deposits, excluding margin money deposits.

^{^^}Includes current account and cash balances

Note: Daily Average figures

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 NEW JOINEES. EXCLUDING NEW JOINEES, THE AVG. VINTAGE IS 3.4 YEARS

Sangam Manager Attrition %	<ul style="list-style-type: none"> 26% (Annualised) for Q1FY18
Who?	<ul style="list-style-type: none"> Sangam managers who earn lesser average monthly performance incentive i.e. ~Rs. 3,600 vis-à-vis ~Rs. 7,000 for other Sangam Managers .
When?	<ul style="list-style-type: none"> ~56% of staff who leave the job, decides to leave within 6 Months from joining date.
Why?	<ul style="list-style-type: none"> Work conditions such as : <ul style="list-style-type: none"> Average distance travelled per day is ~30 kms. Work location is different from home location Branch Reporting time at 6:30 AM
Retention Strategy	<ul style="list-style-type: none"> 2nd Best paying job (~Rs.15,000 pm) in the local milieu (1st – Govt. Job) High growth career path – No lateral recruitments till 4 levels above loan officer.

Vintage of SMs Exited FY17	%Mix
< 6 Months	56%
6 Months - 1 Yr.	20%
1 -2 Yrs.	14%
2- 3 Yrs.	3%
> 3 Yrs.	7%

Member Services	Avg. Vintage (Yrs.) As on June-17
Senior Management	8.3
Middle Management	8.7
Branch Management*	7.4
Sangam Managers	2.6 (3.4 [^])

^ Avg Vintage of Sangam Managers (Excl. who joined in last one year) i.e. 69% of Sangam Managers is 3.4 Yrs.

* Includes Promoted Sangam Mangers

ANNEXURES - COMPLIANCE

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

RBI norms for NBFC-MFIs

BFIL compliance

NBFC-MFIs

- 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

- Qualifying assets - 95%
- Income generation loans 99%

Pricing Guidelines

Income of Borrower's Family

- Rural : \leq Rs.100,000
- Non-Rural : \leq Rs. 1,60,000



Ticket Size

- \leq 60,000 – 1st cycle
- \leq Rs.100,000 – Subsequent cycle



Indebtedness

- \leq Rs. 100,000



\leq Rs. 60,000

Tenure

- If loan amt. > Rs.30,000, then \geq 24 months



Collateral

- Without collateral



Repayment Model

- 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: 7.5% for Q1FY18

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

^ W.E.F April 1, 2017 - Quarterly Margin Cap will be followed- Average interest rate on loans sanctioned during a quarter shouldn't exceed the Avg borrowing cost during the preceding quarter plus margin cap.

Avg Borrowing cost of Q1FY18 is 10.1%, Hence Avg. interest rate of loans sanctioned in Q2FY18 shouldn't exceed 20.1%=10.1%+10%

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%	49%	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 17% and economically weaker sections 72% of loan portfolio.
3	Micro-enterprises	Target	7% (Mar'16)	100%	Loans to MFIs for on-lending to microenterprises.
			7.5% (Mar'17)		

Note:

* Banks are also directed to ensure overall direct lending to non-corporate farmers, which should not fall below the system wide average of last three years achievement, which is notified as 11.70% as per RBI notification dated 1st September 2016. They should also continue to maintain all efforts to reach the level of 13.5% direct lending to beneficiaries..
Refer Slide no. 51 for details on purpose wise loan portfolio outstanding.

ANNEXURES – INTERNAL AUDIT

INTERNAL AUDIT PLAYS A CRITICAL ROLE IN ASSESSING PROCESS CONTROLS

Strength

- 214 strong headcount
- ISO 9001:2008 certified process
- All branches are inspected monthly based on a 4 tier grading system
- Top 25 disbursement branches are audited twice in a month
- Grading linked to incentives/appraisals of field staff
- Head Office audit by KPMG

Scope

- Branches 1,408
- Branches per Internal Audit staff 7
- Regional Offices 28

		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