



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

March 6, 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
National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051

Dear Sirs,

Sub: Conference call with analysts & investors on March 06, 2017 at 16:30 hrs (IST)

This has reference to our letter dated March 6, 2017 informing that the Company will hold a conference call with analysts and investors on Monday, March 06, 2017 at 16:30 hrs (IST) to provide an "update on the operations of the Company".

In continuation of the aforesaid, we are enclosing herewith a copy of presentation that we proposed to circulate for the information of analysts and investors. The said presentation shall also be placed on the Company's website www.bfil.co.in.

We request you to kindly take the above information on your record.

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

BFIL UPDATE

Sab se Sastha loan



BFIL's lowest interest rate benefits 55 lakh women in 1 lakh villages

MAR 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.

CORE STRENGTH

STRENGTHS OF OUR UNIQUE OPERATING MODEL AND DIVERSIFIED PRESENCE IS HELPING US TO NAVIGATE THROUGH THE CURRENT CHALLENGES RELATED TO DEMONETISATION

Strengths of our Operating Model*

- 100% **Joint Liability Group** lending (Disbursements to individuals but collections from Groups)
 - All transactions at **centre meetings** (public place)
 - Small **Weekly Installments**
 - 99% Loans for **Income generating** activities and most of our customers undertake economic activities, which cater to **non-discretionary** spending in the local milieu (Livestock (Eg:Milk) -34%, Grocery -10%, Eateries -4% etc.)
 - **Lowest outstanding per borrower** among top 5 MFIs of Rs. 16,449
-

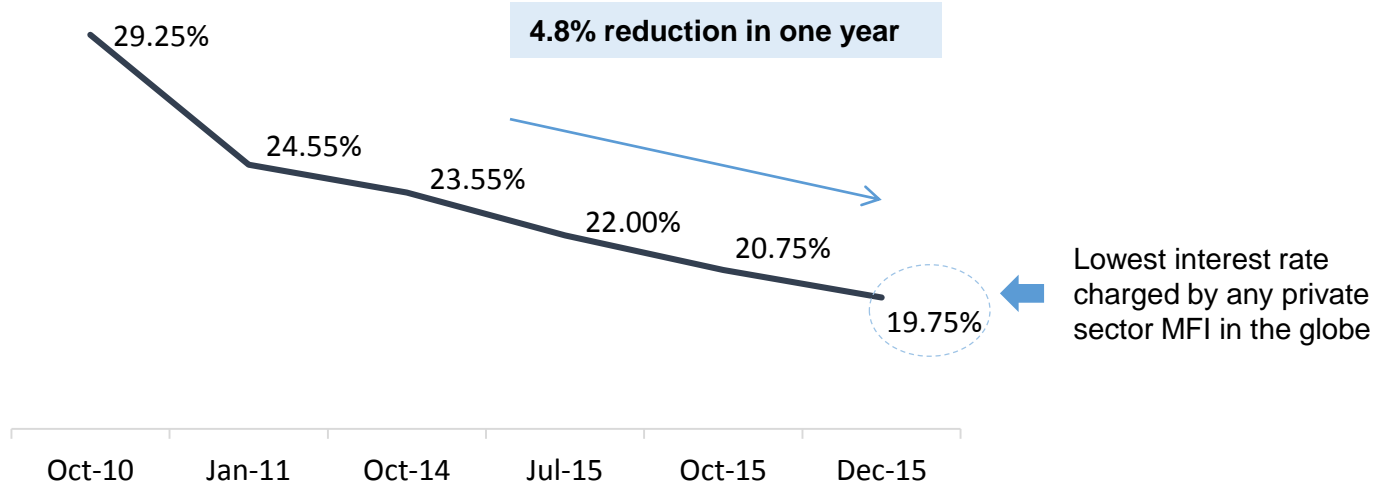
Diversified Presence*

- Present in **321 Districts** (Highest in Industry)
- **2,25,888 Centers** in Non-A.P

* Data for Q3FY17 except outstanding per borrower data for Q2FY17

BFIL's INTEREST RATE IS THE LOWEST IN THE SECTOR AND OUR LOAN OFF-TAKE AND OUSTANDING PER BORROWER CONTINUE TO BE LOWER AMONG TOP 5 MFIs

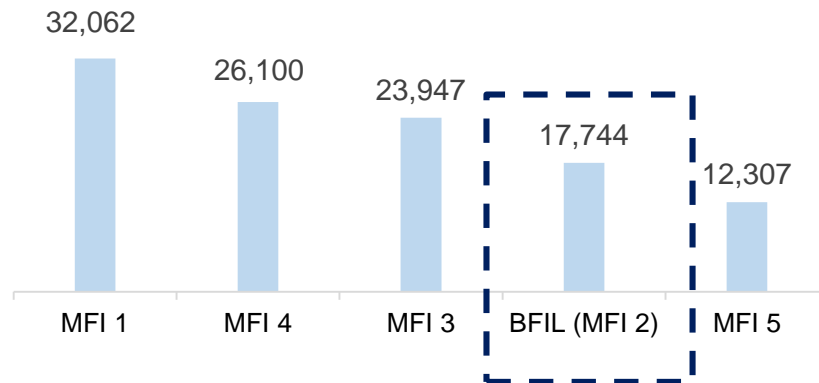
Interest rate reduction



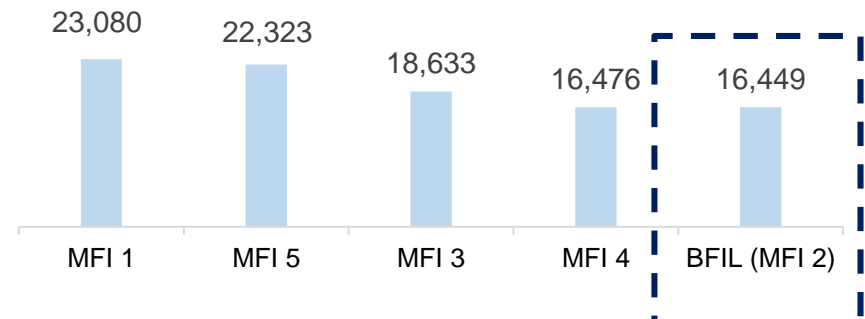
Interest rate on income generation loans

INR Figures for Q2FY17

Loan Off-Take



Average Loan Outstanding Per Borrower



MFI 1 – 5 are ranked in the order of Gross Loan Portfolio
Source: Q2FY17 Micrometer

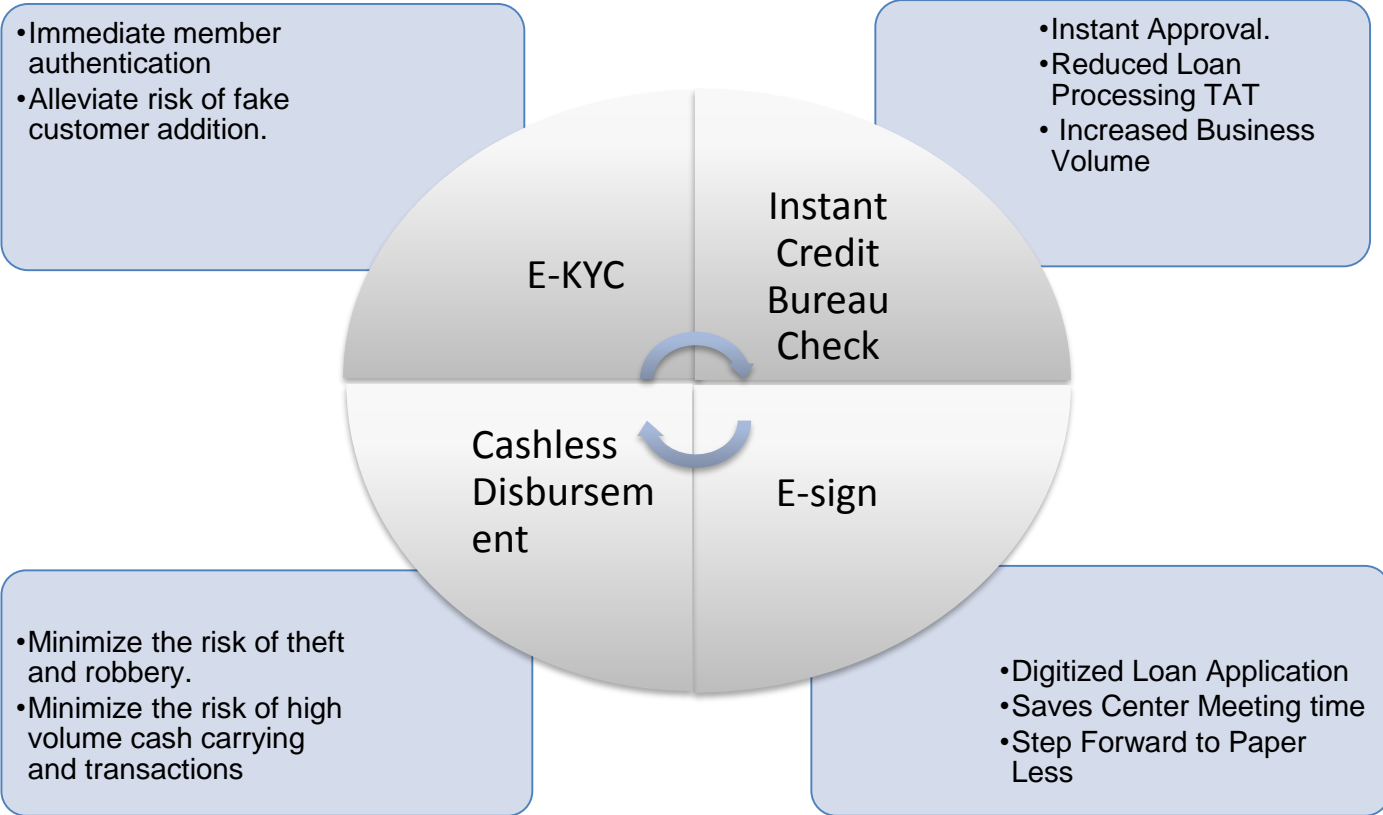
UPDATE ON CASHLESS AND E-KYC

E-KYC, E-SIGN AND INSTANT CREDIT BUREAU AUTHENTICATION PILOT COMPLETED SUCCESSFULLY

Status

- Pilot completed successfully, PAN India launch initiated
- Dedicated training and handholding by Information Technology and process team for the pilot branch staff
- e-KYC, e-sign and instant Credit Bureau Authentication were tested successfully and working smoothly in the pilot branches
- PAN India rollout to be completed by 30th June, 2017.

Benefits



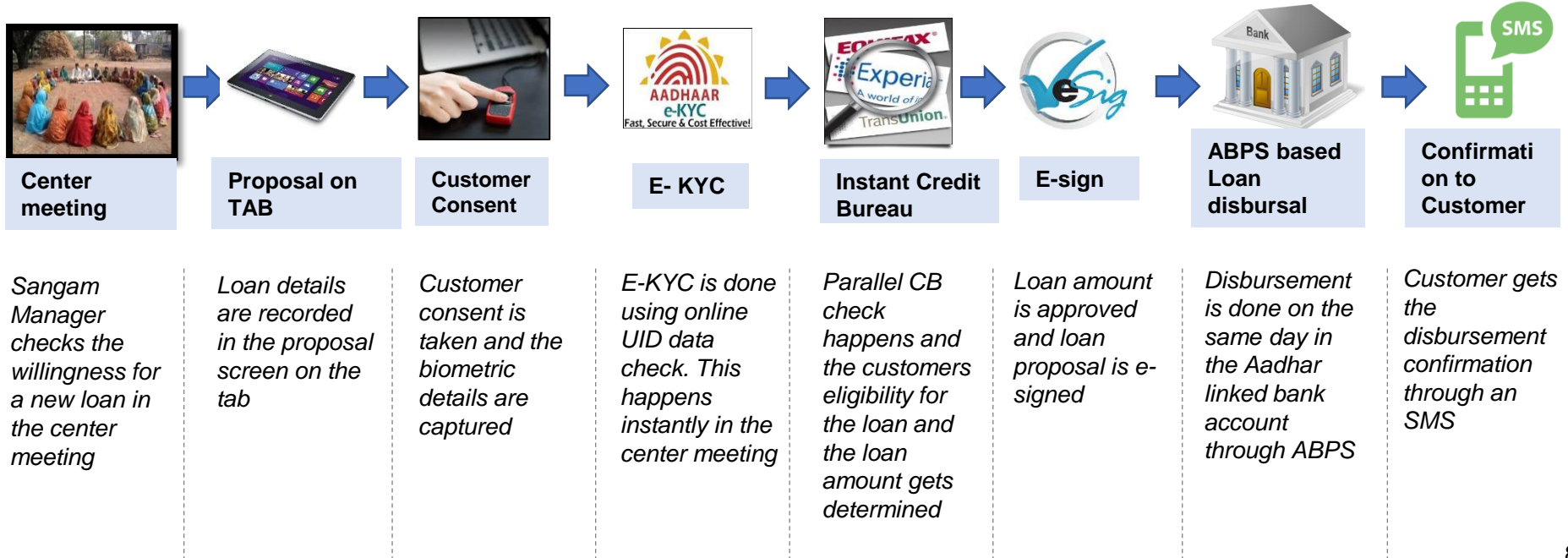
CASHLESS DISBURSEMENT ACTIVATED ACROSS THE COUNTRY

Status

- 12% loans disbursed through cashless mode from 11th Jan'17 to 28th Feb'17
- 23.48 lakh bank accounts sourced through UID
- 11.41 lakh additional NEFT accounts sourced
- Training completed in all branches

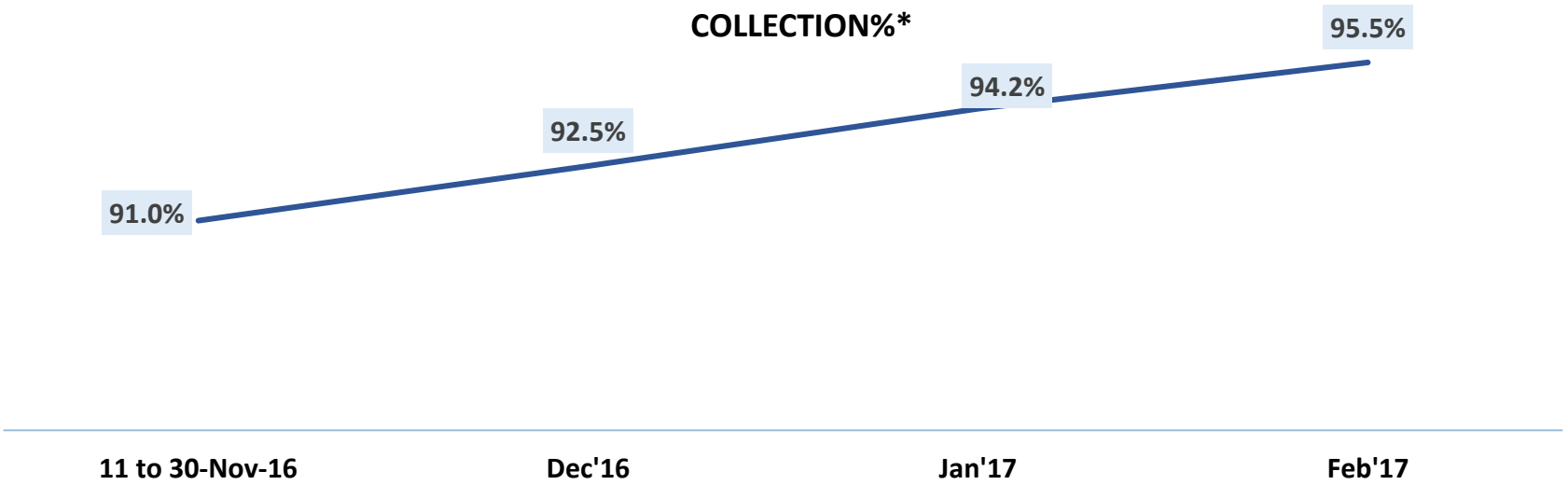
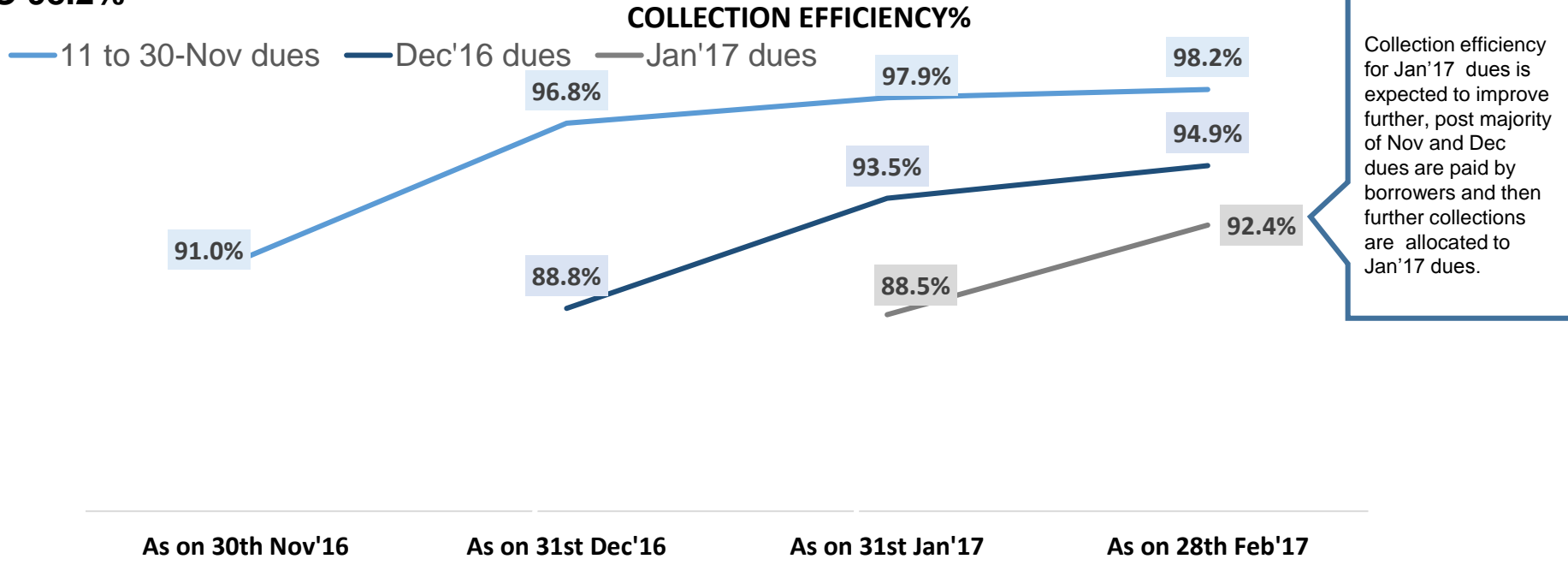
CASHLESS PROCESS

CASHLESS DISBURSEMENT PROCESS



UPDATE ON DEMONETISATION

WITH CUSTOMERS REPAYING WITH LAG AND COLLECTIONS GETTING ALLOCATED ON FIFO BASIS, THE COLLECTION EFFICIENCY FOR DUES BETWEEN 11-30TH NOV'16 HAS IMPROVED TO 98.2%



* Collections for the Period/Dues for the Period Note: Cumulative Collection Efficiency for the period 11th Nov to 28th Feb is 93.4% 10

ON BALANCE SHEET PORTFOLIO AGEING ANALYSIS

INR Crs

Date	On Balance Sheet Portfolio Ageing					Total Overdue Portfolio (B+C+D)
	Total Portfolio (A+B+C+D)	Current (A)	> 0 to 4 weeks (B)	> 4 to 8 weeks (C)	>8 weeks (D)	
31-Dec-16	6,891	5,822	716	341	13	1,069
31-Jan-17	6,352	5,434	397	266	255	918
28-Feb-17 (E)	6,879	6,075	258	163	383	804
Portfolio of customers who repaid atleast once in last two weeks (F)	-	6,075	241	119	76	-
Net (E-F)	-	-	17	44	306	367
Net % of Feb'17 Portfolio (Rs. 6,879 Crs)	-	-	0.2%	0.6%	4.5%	5.3%

We expect collections to improve in next 2-3 months

OFF BALANCE SHEET PORTFOLIO AGEING ANALYSIS

Securitisation

INR Crs

	Jan'17	Feb'17	Mar'17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Due (A)*	130	112	98	226	176	123	67	10	-	-	-
Collections (B)*	122	105	-	-	-	-	-	-	-	-	-
Shortfall (A-B)	8	7	-	-	-	-	-	-	-	-	-
Collections %^ (A/B)	93.7%	94.3%	-	-	-	-	-	-	-	-	-

Managed Loans

	Jan'17	Feb'17	Mar'17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Due (A)**	108	94	101	233	149	99	62	31	11	4	1
Collections (B)*	91	83	-	-	-	-	-	-	-	-	-
Shortfall (A-B)	17	11	-	-	-	-	-	-	-	-	-
Collections %^ (A/B)	84.7%	88.6%	-	-	-	-	-	-	-	-	-

*Includes both interest and principal

^Collections for the period/Dues for the period

#Managed Loans instalments overdue of Rs. 75 Crs as on 28th Feb,2017.

Note 1: Credit enhancement for securitisation portfolio is upto 15% of portfolio securitised and

Note 2 :Maximum credit guarantee for managed loans is 10% of disbursement tranche and at overall program level 10% of total managed loan portfolio outstanding

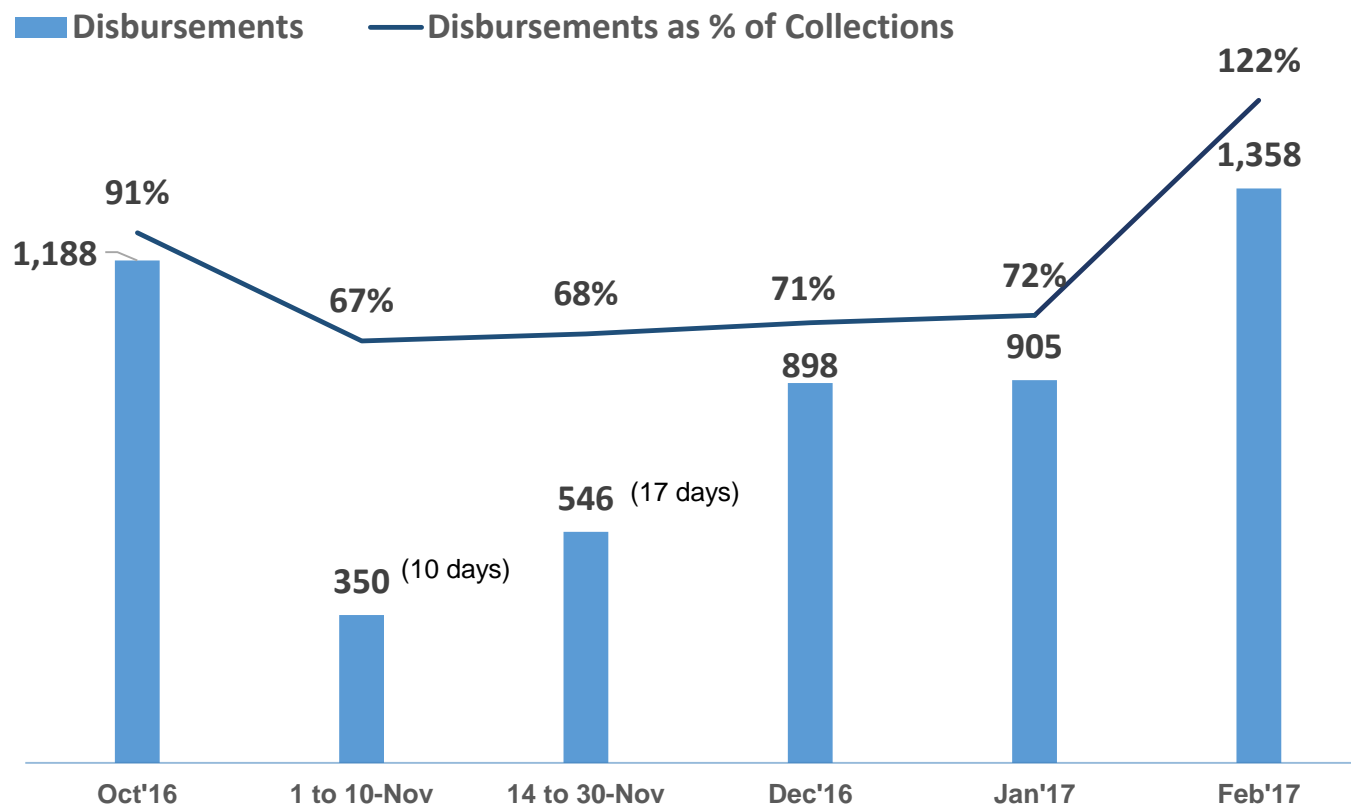
OUR PROVISIONING POLICY

		RBI norms for NBFC-MFIs	BFIL compliance
Asset Classification	Standard Assets	0-90 days	>0 to 8 weeks
	Sub-Standard Assets	91-180 days	>8 to 25 weeks
	Loss Assets	>180 days	>25 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		-	1% of outstanding portfolio as per company provisioning policy, net-off losses, if any.

- The aggregate loan provision will be maintained at higher of 1% of overall portfolio or sum of provisioning for sub-standard and loss assets.
- **RBI dispensation on account of demonetization:**
 - Additional 90 days for asset downgrade from standard to substandard for loans < 1 crore
 - A) In respect of dues during Nov & Dec-16
 - B) All standard assets as of 1st Nov that slipped for any reason up to Dec-16

DISBURSEMENTS BACK TO PRE-DEMONETISATION LEVELS

INR Crores



Note :

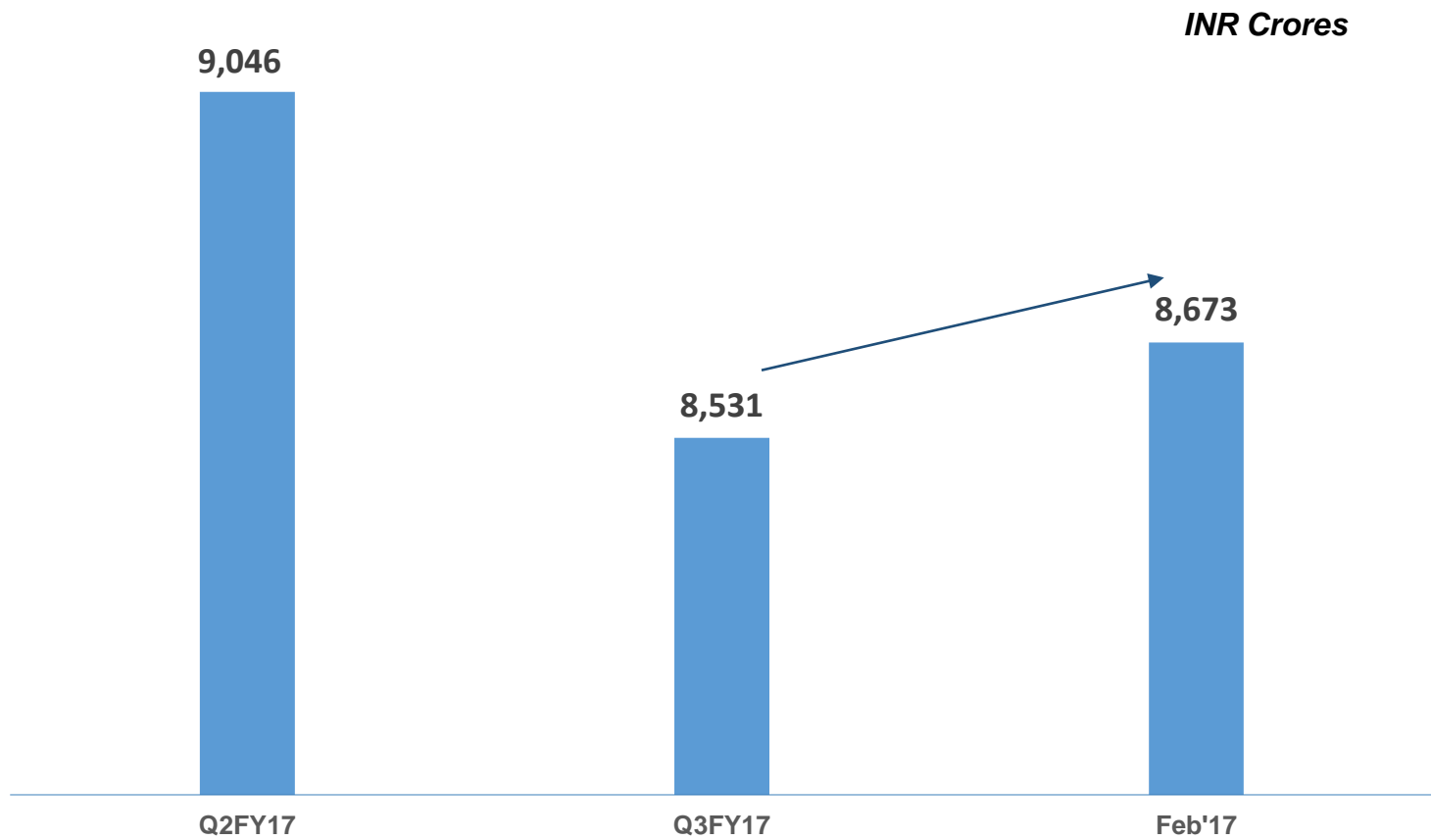
Condition for disbursement in Partial Collection Centers– effective from 12th Jan

- Min 2 groups in the centers have paid 100% of their dues*.
- No disbursements to arrear groups.

*For partial collection centers, Max Ticket size limit of Rs.21,184

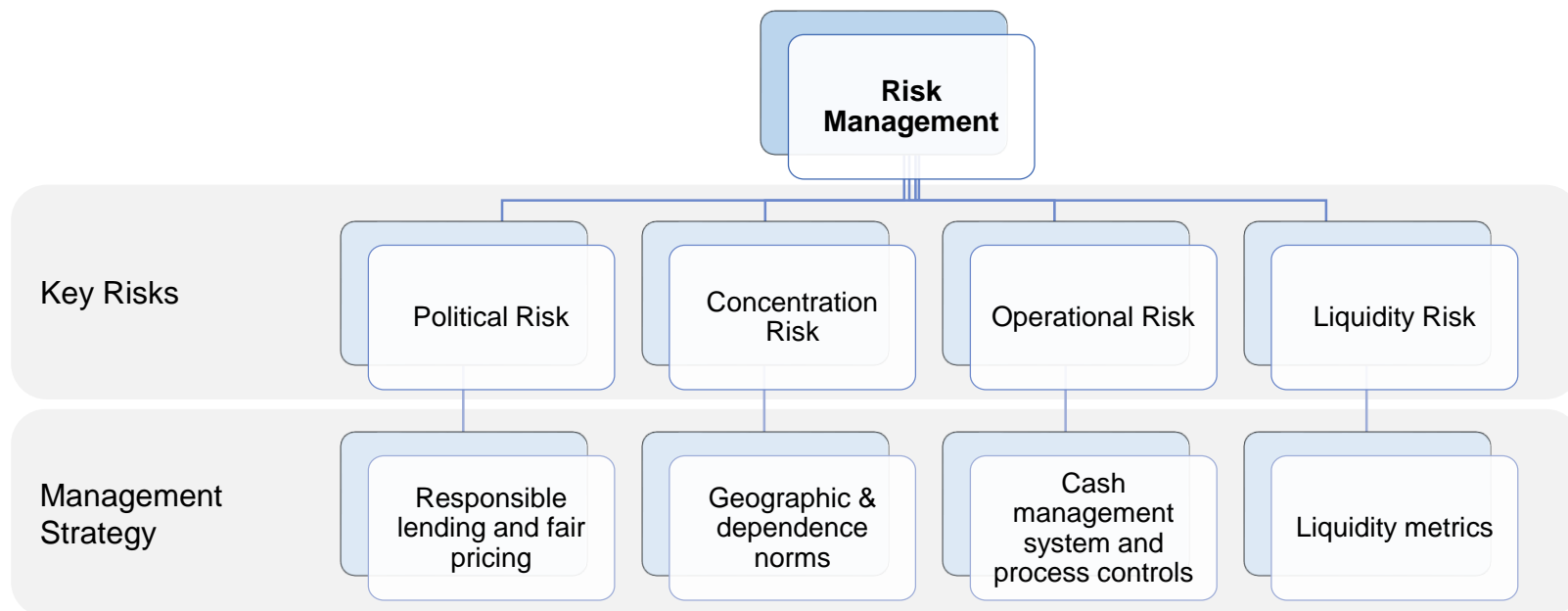
Collections includes both principal and interest

EXCEEDED PORTFOLIO GUIDANCE OF MAR'17



RISK MANAGEMENT

KEY RISKS AND MANAGEMENT STRATEGIES



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

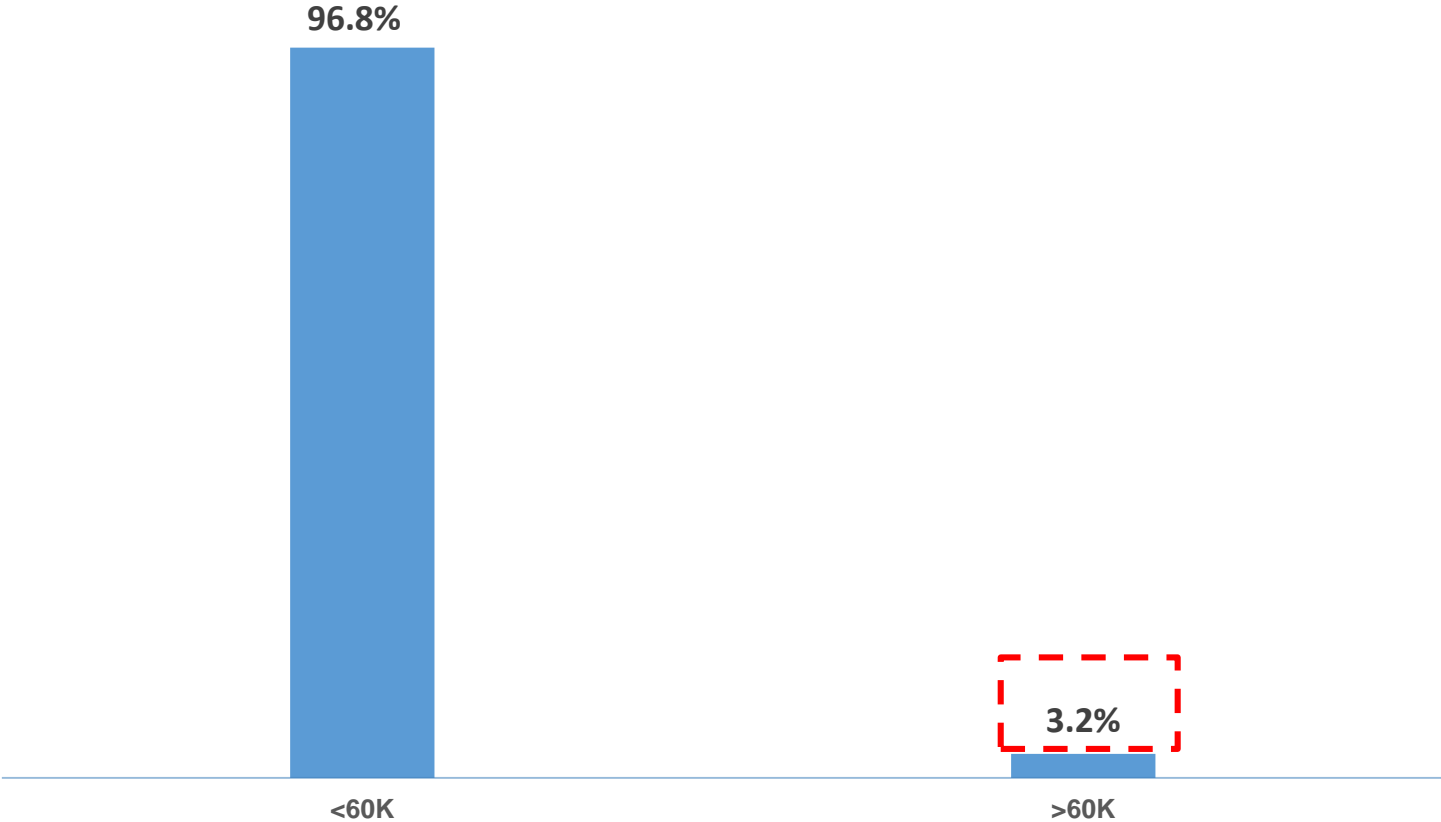
- Geographic concentration norms
 - *Disbursement Related Caps*
 - *Portfolio Outstanding Related Caps*
- *Borrowing dependence norms*
 - *Cap on borrowing from any single credit granter (15% of funding requirement)*

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

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

ONLY 3.2% OF BFIL CUSTOMERS HAVE MORE THAN Rs. 60K EXPOSURE

OUTSTANDING PER BFIL BORROWER (BASED ON CREDIT BUREAU REPORT)



Note :Data is based on 45 lac clients Credit bureau enquiries done over period of 4 months (Nov'16 to Feb'17)

COMPLIANCE WITH RBI NBFC-MFI REGULATIONS

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 : <=Rs.100,000
- Non-Rural : <=Rs. 1,60,000



Ticket Size

- <= 60,000 – 1st cycle
- <= Rs.100,000 – Subsequent cycle



Indebtedness

- <= Rs. 100,000



<= Rs. 60,000

Tenure

- If loan amt. > Rs.30,000, then >= 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 for the quarter – 10% above cost of borrowings for the preceding quarter*
- B. Avg. base rate of top 5 commercial banks X 2.75
- Lower of the A and B.



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

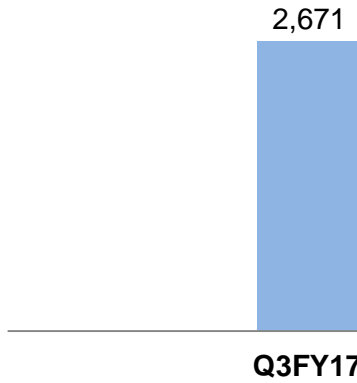
*As per Feb 02, 2017 RBI guidelines.

STRONG SOLVENCY AND SUFFICIENT LIQUIDITY

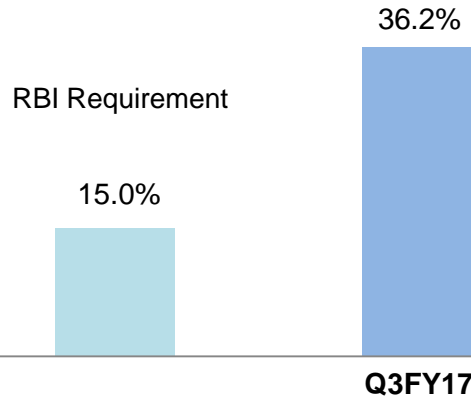
STRONG SOLVENCY AND SUFFICIENT LIQUIDITY

INR Crs.

Networth



Capital Adequacy



Cash and Cash Equivalent[^]



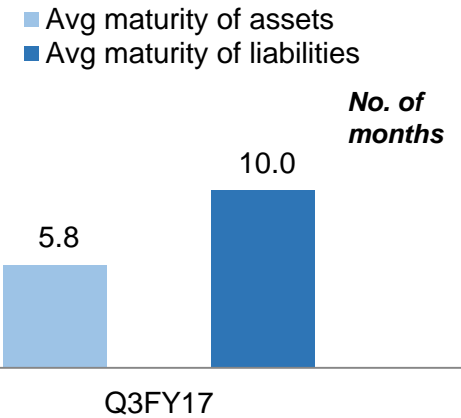
Drawdowns (Post Demonetisation)



Sanctions in Hand*



Positive ALM



[^] Excluding security deposit

11-Nov-16 to 28-Feb-17

28-Feb-17

Q3FY17

*Excluding undrawn cash credit limit of Rs. 119 Crs



THANK YOU