

IndusInd Bank

October 14, 2017

**The Asst. Vice President
Listing Department
National Stock Exchange of India Ltd.**
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai – 400 051

**The Deputy General Manager
Corporate Relationship Dept.
BSE Ltd.**
1st Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort
Mumbai – 400 001

NSE Symbol: INDUSINDBK

BSE Scrip Code: 532187


Madam / Dear Sir,

Sub: IndusInd Bank and Bharat Financial Inclusion announce Merger

This is to inform you that IndusInd Bank and Bharat Financial Inclusion have announced their merger today.

In this connection, our Bank will issue a Press Release today. A copy of the same is enclosed for your kind perusal and record.

Yours faithfully,
For IndusInd Bank Limited



**Haresh K. Gajwani
Company Secretary**

Encl. : a/a



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CIN: L65191PN1994PLC076333



Press Release

IndusInd Bank and Bharat Financial Inclusion Announce Merger

- Companies with steadfast belief in Microfinance
- Complimentary network, customers and products
- Compelling Revenue synergies from Day 1
- Share exchange ratio of 639 IndusInd Bank shares for 1,000 Bharat Financial Inclusion Limited shares

Mumbai, October 14, 2017: The Board of Directors of IndusInd Bank Ltd. ("**IndusInd**") and the Board of Directors of Bharat Financial Inclusion Limited at their respective meetings held today, have approved a merger of the two entities to create a stronger and more sustainable platform for Financial Inclusion.

The merger will be effected through an all-stock transaction of Bharat Financial Inclusion Limited into IndusInd through a Composite Scheme of Arrangement ("**Scheme**"). The Scheme contemplates merger of Bharat Financial with IndusInd and simultaneous transfer of Bharat Financial Inclusion Limited's Business Correspondent operations into a Wholly Owned Subsidiary of IndusInd, which shall be incorporated after receipt of requisite regulatory approvals ("**BC-WOS**"). All the assets and liabilities originated by the BC-WOS will be booked in the Balance Sheet of IndusInd. As an integral part of the Scheme, there shall be a preferential allotment of warrants to the Promoters of IndusInd in accordance with the applicable RBI and SEBI guidelines as an anti-dilutive measure.

The Scheme is subject to the approval of the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India / Stock Exchange(s), shareholders and creditors of IndusInd and Bharat Financial Inclusion Limited, National Company Law Tribunal and such other regulatory approvals as may be required.

Upon the Scheme becoming effective, Bharat Financial Inclusion Limited will stand merged into IndusInd and shareholders of Bharat Financial will receive shares of IndusInd in exchange for shares held by them in Bharat Financial as per the approved Fair Equity Share Exchange Ratio ("**Swap Ratio**").

All the employees of Bharat Financial Inclusion Limited will become part of the IndusInd family.

Merger terms

Deloitte Haskins & Sells and S.R. Batliboi and Co. LLP, the independent valuers appointed by IndusInd and Bharat Financial respectively, have recommended a Swap Ratio, which has been accepted by the respective Boards.

Morgan Stanley India Company Private Limited has provided a Fairness Opinion to IndusInd and Credit Suisse Securities (India) Private Limited has provided a Fairness Opinion to Bharat Financial Inclusion Limited.





(Formerly "SKS Microfinance Limited")

IndusInd Bank

Accordingly, Bharat Financial Inclusion Limited's shareholders will receive 639 shares of IndusInd for every 1,000 shares of Bharat Financial Inclusion Limited. This implies a premium of 12.6% to Bharat Financial Inclusion Limited over two-week volume weighted price (VWAP).

Strategic Rationale and benefits

Bharat Financial Inclusion Limited fits with the Rural Banking and Microfinance theme of IndusInd's Planning Cycle-4 strategy, and will provide IndusInd access to best in class micro-lending capabilities and domain expertise in microfinance. Bharat Financial Inclusion Limited has 1,408 branches across 347 districts which complements IndusInd Bank's branch network of 1,210 bank branches (including ~250 rural branches) and 999 Vehicle Finance outlets. Post-merger IndusInd will have 3,600+ banking points (excluding ATMs). IndusInd Bank's 10 million strong customer base will stand enhanced through the addition of Bharat Financial Inclusion Limited's 6.8 million borrowers.

The Merger is expected to be value accretive from inception given IndusInd Bank's lower cost of funds, ability to monetize excess PSL qualifying assets, efficient capital utilization and optimal resource utilization. Bharat Financial Inclusion Limited's distribution network also offers large untapped deposit potential from rural and underserved customers as also for their emerging banking needs.

Mr. R. Seshasayee, Chairman, IndusInd Bank, commenting on the announcement said, "The Board of the Bank believes that the composite scheme of arrangement relating to the merger of these two illustrious institutions will add value to all stakeholders and the Bank."

Mr. P.H. Ravikumar, Chairman, Bharat Financial Inclusion Limited, commenting on the announcement said, "It is a matter of immense pleasure that Bharat Financial Inclusion Limited has taken today its first steps to be a part of a larger banking family. The transaction will bring immense benefits to Bharat Financial Inclusion's vast customer base, staff and shareholders. I am particularly thankful to the staff and shareholders who have stood by the company through its turbulent days. I believe the merged entity will harness the immense potential that this underserved customer segment offers."

Commenting on the announcement, Mr. Romesh Sobti, MD and CEO of IndusInd Bank, said, "This Merger is a natural progression of a long-standing relationship and mutual admiration between the two institutions. The combination brings together entities with significant complementary strengths and huge synergistic advantages, making it a win-win proposition for all stakeholders from inception."

Mr. M.R. Rao, MD and CEO, Bharat Financial Inclusion Limited, said, "Access to savings, deposits and other financial products for all our 6.8 million customers completes our financial inclusion offering. With IndusInd we will have the advantage of deriving the benefit of a large universal bank from day 1. Our network, client base and last-mile customer access to 100,000 villages are unique. We are excited with the possibilities the merger will bring."





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IndusInd Bank

Transaction Advisors

Morgan Stanley and Arpwood Capital Pvt. Ltd. acted as financial advisors to IndusInd Bank and Credit Suisse Securities (India) Private Limited acted as exclusive Financial Advisor to Bharat Financial Inclusion Limited.

Cyril Amarchand Mangaldas acted as legal advisors to IndusInd Bank and AZB & Partners acted as legal advisors to Bharat Financial Inclusion Limited.

KPMG acted as Due Diligence Advisors to IndusInd Bank and EY acted as Due Diligence Advisors to Bharat Financial Inclusion Limited.

EY acted as Tax Advisor to IndusInd Bank.

About IndusInd Bank Ltd.

IndusInd Bank, which commenced operations in 1994, caters to the needs of both consumer and corporate customers. Its technology platform supports multi-channel delivery capabilities. As on September 30, 2017, IndusInd Bank has 1250 branches, and 2146 ATMs spread across 690 geographical locations of the country. The Bank also has representative offices in London, Dubai and Abu Dhabi. The Bank believes in driving its business through technology. It enjoys clearing bank status for both major stock exchanges - BSE and NSE - and major commodity exchanges in the country, including MCX, NCDEX, and NMCE. IndusInd Bank on April 1, 2013 was included in the NIFTY 50 benchmark index. In the recently released Kantar Millward Brown's BRANDZ Top 50 most valuable Indian Brands 2017 report, IndusInd Bank has retained its 12th position and has been ranked No.6 amongst banks as per the Top 50 Indian Brands.

Ratings:

- CRISIL AA + for Infra Bonds program
- CRISIL AA for Additional Tier I Bonds program
- CRISIL A1+ for certificate of deposit program
- IND AA+ for Senior bonds program by India Ratings and Research
- IND AA for Additional Tier I Bonds program by India Ratings and Research
- IND A1+ for Short Term Debt Instruments by India Ratings and Research

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About Bharat Financial Inclusion Ltd.

Bharat Financial Inclusion Limited is among the largest microfinance companies in India with presence across 16 states covering 1,00,000 villages. The states include: Karnataka, Maharashtra, Odisha, Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Uttaranchal, Haryana, West Bengal, Jharkhand, Chhattisgarh, Kerala, Punjab, Himachal Pradesh and Delhi. The Company's mission is to provide financial services to the economically weaker sections.





BHARAT
Financial Inclusion Ltd
Prayaas se pragati

(Formerly "SKS Microfinance Limited")

IndusInd Bank

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