



BHARAT
Financial Inclusion Ltd

Prayaas se pragati

(Formerly known as 'SKS Microfinance Limited')

Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192, Kundanbagh Begumpet, Hyderabad - 500 016, Telangana, India T: +91 40 4452 6000

F: +91 40 4452 6001; info@bfil.co.in | www.bfil.co.in

Corporate Identity Number: L65999MH2003PLC250504

Registered Office: Unit No. 410, Madhava, Bandra-Kurla Complex Bandra (East), Mumbai - 400 051, Maharashtra, India T: +91 22 2659 2375

October 14, 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 Madam /Sir,

Sub: Outcome of Board Meeting held on October 14, 2017 – Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular No. CIR/CF/CMD/4/2015 dated September 9, 2015

We had *vide* letter dated September 11, 2017 informed you that Bharat Financial Inclusion Limited (“**the Company**”) has entered into an Exclusivity Agreement with IndusInd Bank Limited (“**the Bank**”) for agreeing to have an exclusive discussion with the Bank about the proposed potential strategic combination by way of amalgamation through a scheme of arrangement, or any other suitable structure.

In this regard, the Board of Directors of the Company (“**Board**”), at its meeting held today (*viz.* October 14, 2017-commenced at 11.00 a. m and concluded at 2.00 p. m) in Mumbai, after considering the report of the Audit Committee of the Company, have considered and approved a Composite Scheme of Arrangement (“**Composite Scheme**”) between and amongst the Company, Bank and a wholly owned subsidiary of the Bank (*to be incorporated for the purposes of the scheme*) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**2013 Act**”).

The Composite Scheme is subject to the receipt of approval from the Reserve Bank of India (“**RBI**”) under the RBI (Amalgamation of Private Sector Banks) Directions, 2016 and the RBI (Financial Services Provided by Banks) Directions, 2016 and other statutory and regulatory approvals, including the approvals of the Competition Commission of India, the Stock Exchanges, SEBI, the National Company Law Tribunal, and the respective shareholders and creditors of BFIL and the Bank.

The Composite Scheme will be filed with the designated Stock Exchange as per the applicable provisions of Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) following receipt of the RBI approval.

At its aforesaid meeting, the Board also approved the execution of an Implementation Agreement between the Company and the Bank (“**Implementation Agreement**”). The Implementation Agreement sets out in detail the terms and conditions on which the proposed transactions contemplated under the Composite Scheme would be undertaken, the representations and warranties being given by each party and other continuing obligations of the parties, etc. The Implementation Agreement contemplates the completion of the proposed transactions under the Composite Scheme within a period of 15 months from the date of the Implementation Agreement.





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The information required to be furnished pursuant to Regulation 30 of the Listing Regulations read with the SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015 is set out hereinbelow:

(a)	Name of the entities forming part of the amalgamation/ merger, details in brief such as, size, turnover etc.	(1) IndusInd Bank Limited (Bank) having Total Assets of INR 1,90,650 crores and Net Worth of INR 21,128 crores as on June 30, 2017. It is listed on BSE and NSE. (2) Bharat Financial Inclusion Limited (BFIL) having Total Assets of INR 10,170 crores and Net Worth of INR 2,420 crores as on June 30, 2017. It is listed on BSE and NSE. (3) The wholly owned subsidiary of the Bank ("Wholly Owned Subsidiary") is to be incorporated by the Bank pursuant to RBI approval.
(b)	Details of the Composite Scheme of Arrangement	The Composite Scheme contemplates the following: (1) the amalgamation of BFIL with the Bank and the dissolution without winding up of BFIL pursuant thereto; (2) the allotment of warrants by the Bank to its Promoters, on a preferential basis, as an integral part of the Composite Scheme; and (3) the transfer, pursuant to the amalgamation, of the undertaking of the business correspondent business, as a going concern, from the Bank to the Wholly Owned Subsidiary by way of slump exchange, in consideration for which, the wholly owned subsidiary would issue shares to the Bank ("Slump Exchange"). The Appointed Date for the Composite Scheme shall be January 1, 2018.
(c)	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms' length"	Since BFIL and the Bank are not related parties, the amalgamation of BFIL with the Bank would not fall within related party transactions. Whilst the Composite Scheme also contemplates the Slump Exchange between the Bank and its wholly owned subsidiary, since the Composite Scheme is being undertaken in terms of Sections 230 to 232 of the 2013 Act, the provisions of Section 188 and related disclosures/approvals required thereunder, would not be attracted as per the MCA General Circular 30/2014 dated July 17, 2014. In any event, the transactions contemplated in the Composite Scheme (<i>including the preferential allotment of warrants by the Bank to its Promoters in accordance with the applicable SEBI guidelines</i>) are being undertaken at arms' length.



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(d)	Area of business of the entities	(1) The Bank is <i>inter alia</i> engaged primarily in the banking business. (2) BFIL is engaged primarily in the business of providing small value loans and certain other basic financial services to women in rural areas in India, for use in small businesses or for other income-generating activities, and certain non-financial, non-lending activities which comprise origination, servicing and collection of loans as a business correspondent for the Bank as well as provision of other products and services. (3) The Wholly Owned Subsidiary will, upon incorporation and pursuant to the Composite Scheme, be <i>inter alia</i> engaged primarily in providing business correspondent services to the Bank.
(e)	Rationale for amalgamation/ merger	(1) Combined business to create meaningful value for stakeholders through increased scale, wider product diversification, lower funding cost, stronger balance sheet and ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies. (2) Material realizable synergies for the benefit of a large common shareholder base and stable market perception. (3) Access to a growing customer base and outlets to increase opportunities of various main-stream banking products to financially underserved customers in rural India. (4) Deeper reach in low income segment and increased access for the combined customer base to the Bank's wide array of products and services. (5) Alignment of the mission objectives of both entities on increased financial inclusion. (6) Bolstering capital base and balance sheet and providing future growth capital through the Preferential Allotment. (7) Access to business correspondent services to deepen the reach and widen the delivery mechanism of banking services while simultaneously ensuring compliance with RBI's regulatory framework.
(f)	In case of cash consideration – amount or otherwise share exchange ratio	The share exchange ratio for the amalgamation of BFIL with the Bank shall be 639 (six hundred thirty nine) equity shares of the Bank for every 1,000 (one thousand) equity shares of BFIL. Under the Slump Exchange, the Wholly Owned Subsidiary shall issue such number of equity shares at face value, to the Bank, as equivalent to the value of the undertaking being transferred to the Wholly Owned Subsidiary. The preferential allotment of warrants by the Bank to its Promoters shall be at such price as determined in accordance with the applicable SEBI guidelines.





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(g)	Brief details of change in shareholding pattern (if any) of the listed entity	Upon the Composite Scheme becoming effective, the Bank will issue equity shares as mentioned in (f) above.
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The above is for your information and record.

Yours faithfully,

For Bharat Financial Inclusion Limited

(formerly known as SKS Microfinance Limited)

Rajendra Patil

EVP-Legal & Company Secretary



Encl. : a/a