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 I 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: Press Release - IndusInd Bank and Bharat Financial Inclusion Announce Merger

Please find attached hereto a copy each of the Press Release and Investor Presentation on the captioned subject.

You are requested to take this on record for the information of all the stakeholders.

Thanking you,

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

Rajendra Patil
EVP-Legal & Company Secretary

Encl. : a/a

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IndusInd Bank

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.

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

Visit us at www.indusind.com
Twitter- @MyIndusIndBank
Facebook - https://www.facebook.com/OfficialIndusIndBankPage/

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.

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IndusInd Bank

For further information, please contact:

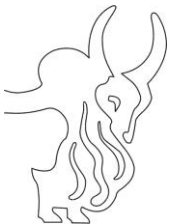
IndusInd Bank Ltd.

Anu Raj
IndusInd Bank Ltd.
mktg@indusind.com

Rasika Badshah
Adfactors PR Pvt. Ltd.
rasika.badshah@adfactorspr.com
9821631379

Bharat Financial Inclusion Ltd.

J S Sai, Chief Marketing & Communications Officer -- +91 9849199455/ sai@bfil.co.in



IndusInd Bank and Bharat Financial Inclusion Merger

Building Sustainable Platform for Financing Livelihoods

October 14, 2017

Agenda

1. Transaction Structure
2. Merger Rationale & Synergies
3. Key Financials
4. Indicative Timelines

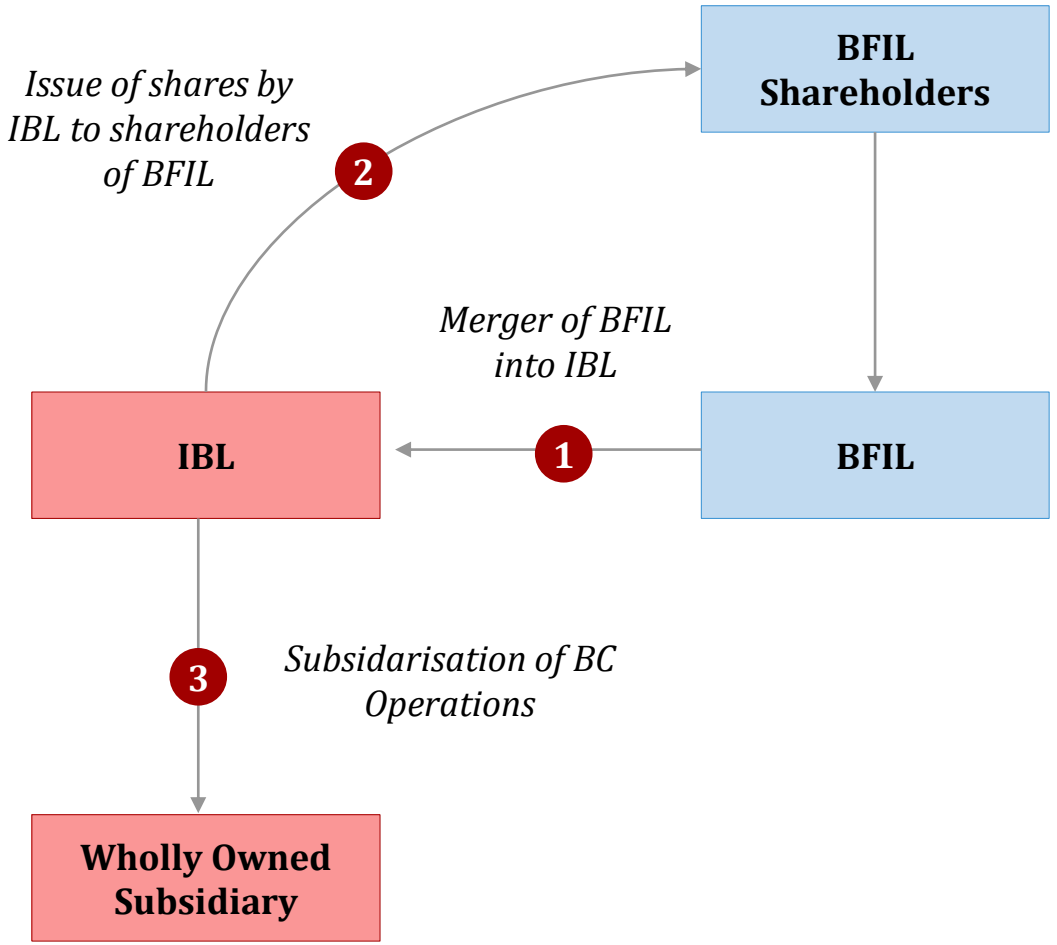
1. Transaction Structure

Transaction Structure

1. BFIL to merge into IBL under a Scheme of Arrangement

2. BFIL shareholders to receive IBL shares as consideration

3. IBL to transfer the employees and operations into a wholly owned subsidiary* making it a captive Business Correspondent



** Subsidiary to be incorporated post RBI approval*

Transaction Structure

Resultant Structure	• BFIL assets and liabilities to merge into IBL's assets and liabilities. • BFIL operations to be part of Wholly Owned Subsidiary of IBL. • Subsidiary to act as a Business Correspondent of IBL
Swap Ratio	• BFIL shareholders to receive 639 IBL shares for every 1,000 BFIL shares • This implies a premium of 12.6% to BFIL basis 2 week VWAP
Board	• No change in the Board of IndusInd Bank • MFI Advisory Committee to be set up for the Wholly Owned Subsidiary
Employees	Continuity of all BFIL Management and Employees in current assignments

2. Merger Rationale and Synergies

Culmination of Existing Long Standing Relationship

Business Correspondent for Over 5 years

99 BFIL Branches Exclusive to IBL

Rs 1,100 cr Limits;
Rs 595 cr BC Outstanding

IndusInd Bank

Compatible Culture

BHARAT Financial Inclusion Ltd

Savings & Recurring Accounts for Borrowers

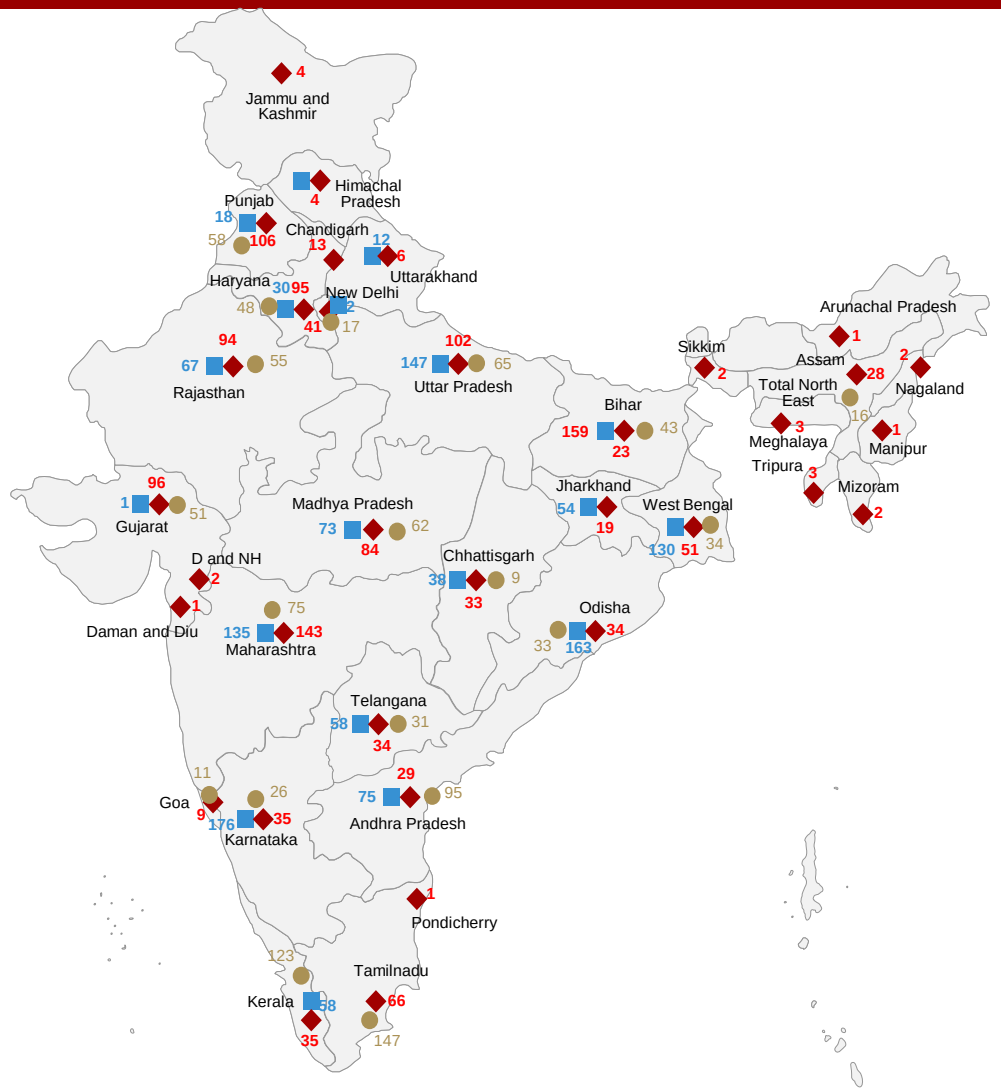
Partnership for 2-Wheeler & Home Improvement Loans

Rural Distribution Service Points

Integrated CRM Platform

Merger of Entities Focusing on "Livelihood Financing"

Creates Large and Complimentary Network



Geographic Reach as of 30th June 2017

- IBL Presence : 1,210 Branches (includes 250 rural branches)
- BFIL Presence: 1,408 strong MFI Network
- CFD Presence: 999 Outlets (excluding Dealer Points)

Merged Entity to have 3,600+ branches and outlets

IndusInd Bank

BHARAT Financial Inclusion Ltd

BFIL Provides Large CASA & Deposit Opportunity



6.8 Million Members spread across ~100,000 villages

Strong Liability Franchise

- **Savings Bank Accounts**
- **Current Accounts**
- **Fixed Deposits**
- **Recurring Deposits**

Stronger CASA Base resulting in lower cost of funding

IBL & BFIL together bridging the Financial Inclusion gap



Increasing Sophistication of Financial Products

1	**Basic Banking Services**	Microfinance, Microinsurance, Savings Bank Accounts., Recurring Deposits
2	**Additional Services (Ease of Use)**	Mobile Banking, Micro ATMs, Debit Card, Value added services like Rural Insurance
3	**Loans with Longer Tenure & Larger Ticket Size**	Home Loans, 2 Wheeler, Personal, Secured Asset Creation
4	**Tech. Products**	E-Commerce Payments, Retail Distribution, Cost Optimization

Integrated CRM Technology Platform

IBL's Banking Capabilities

BFIL's Large Presence in Under Banked Areas Across Country

Answer the Rural Banking Need

No Mission Drift: Committed to the Cause / Enhancement of Microfinancing

Key Synergy Estimates

Lower Cost of Funds	c. 3%
Priority Sector Loans	100% Eligible as PSL Fee income of 1%-1.5% on excess
Capital Release	75% Risk Weight in Bank
Effective Cash Management	50% Lower Cash Requirement in Branches
Liabilities	Potential to penetrate >50% Customer Base
Ancillary Products	2-Wheeler Financing Home Improvement Loans Fixed Usage Loans Micro Insurance

Note: Synergies are management estimates and subject to transaction receiving all approvals

Creating Domain Expertise in Microfinance

Furthering PC 4 Strategic Theme of "Rural Banking and Microfinance"

For IBL

- ✓ Creates "Scale with Profitability" - Faster growth and higher profitability vs IBL
- ✓ Provides access to best-in-class microfinance capabilities
- ✓ Huge increase in outreach with ~1,400 well-spread MFI outlets with 6.8 MM borrowers
- ✓ Ability to leverage network, clients and capital
- ✓ Transaction is key driver of "Bharat" Play (currently serving ~100,000 villages)
- ✓ Portfolio eligible for Priority Sector Loans

For BIFL

- ✓ Becomes a "Bank" overnight and provides ready platform to drive operating synergy
- ✓ Universal product suite for customers
- ✓ Reduces risks and improves competitiveness vis-à-vis recently licensed SFBs
- ✓ Continuation of the business without merger interruption through a "lift and drop" approach
- ✓ Diversification for all stakeholders
- ✓ Access to stable and low-cost of funds at a bank

Transaction Accretive to All Key Vectors on Day 1 !

3. Key Financials

Key Financial and Operational Details

Parameter	IBL	BFIL	IBL + BFIL
Customers	9.5mn	6.8mn	16.3mn
Employees	25,071	15,284	40,355
Loans (Rs cr)	1,16,407	9,631*	1,26,038
Networth (Rs cr)	21,501	2,420	23,921
Total Assets (Rs cr)	1,90,650	10,170	2,00,820
CRAR	16.18%	31.8%	-

As of June 30, 2017
** Non-AP Gross Loan Portfolio*

IndusInd Bank

BHARAT Financial Inclusion Ltd

4. Indicative Timelines

Process and Indicative Timelines

Date of Announcement
14th Oct' 2017

2-3 months → **4-6 months** → **1 month** →

Board Approval	Regulatory Filings & Approvals	NCLT Filings & Approval	ROC Filings & Share Issuance
▪ Valuation / Swap Ratio ▪ Approval of 'Scheme', matters therein and other legal documents	▪ RBI ▪ CCI ▪ SEBI and Stock Exchanges (NOC)	▪ Filing of Scheme ▪ NCLT approval: Shareholders approval, Creditors approval, other approvals	▪ ROC Filing ▪ Allotment of shares to BFIL shareholders

Transaction to take up to 6-9 months for closure

IndusInd Bank

BHARAT
Financial Inclusion Ltd

Thank You

Disclaimer

The proposed transaction is subject to approval of various regulatory and other authorities, including without limitation, the Reserve Bank of India, Competition Commission of India, Securities and Exchange Board of India (Stock Exchanges), and the National Company Law Tribunal as well as the shareholders and credits of BFIL and IndusInd Bank. Estimates, expectations, and business plans in this press release are forward-looking statements based on currently available information and the management's current views and assumptions. Such statements are naturally subject to risks and uncertainties. In addition to statements which are forward-looking by reason of context, the words "will", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Factors such as changes in applicable laws and regulations, including in regard to the life insurance sector, the development of general economic conditions, future market conditions, unusual catastrophic loss events, changes in the capital markets and other circumstances may cause the actual events or results to be materially different from those anticipated by such statements. IndusInd Bank Limited and Bharat Financial Inclusion Limited ("Parties") do not make any representation or warranty, express or implied, as to the accuracy, completeness or updated status of the statements contained in this release. Therefore, in no case whatsoever will the Parties be liable to anyone for any decision made or action taken in conjunction with the information and/or statements in this press release or for any related damages.

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