



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

Dear Sirs,

**Investor Presentation – Merger of Bharat Financial Inclusion Limited and IndusInd Bank**

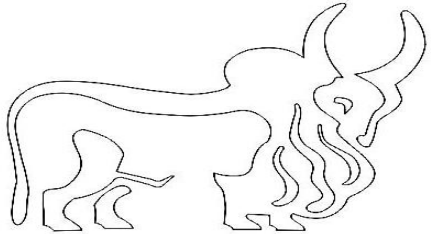
This has reference to our letter dated October 14, 2017 enclosing therewith a copy each of the Press Release and Investor Presentation on the captioned subject.

We are enclosing herewith a copy of revised Investor Presentation. You are requested to kindly take the aforesaid on your record for the information of all stakeholders.

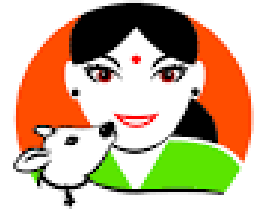
Thanking you,

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

**Rajendra Patil**  
Executive Vice President – Legal & Company Secretary



**IndusInd Bank**



**BHARAT**  
Financial Inclusion Ltd

# IndusInd Bank and Bharat Financial Inclusion Merger

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*Building Sustainable Platform for Financing Livelihoods*

October 14, 2017

# Agenda

1

**Transaction Structure**

2

**Merger Rationale & Synergies**

3

**Key Financials**

4

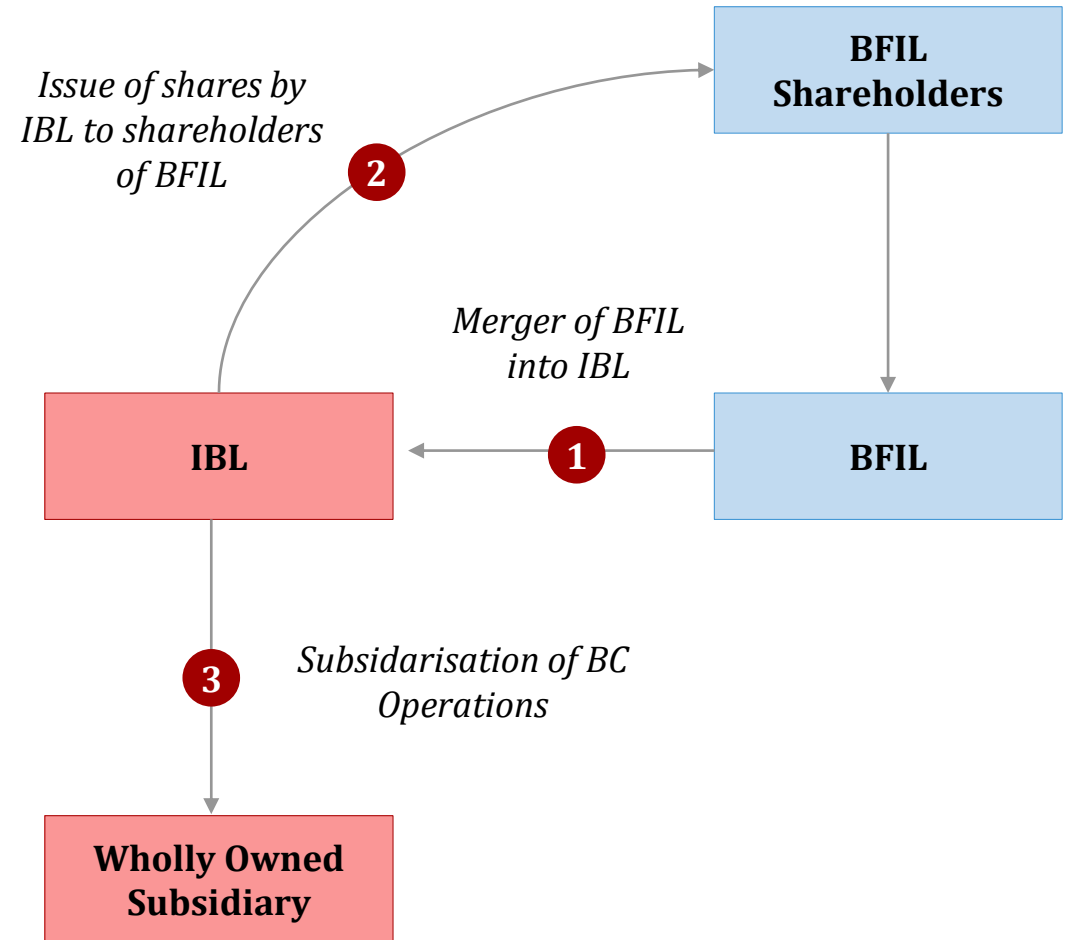
**Indicative Timelines**

# 1. Transaction Structure

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# 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's 2 week VWAP

## Board

- No change in the Board of IndusInd Bank
- MFI Advisory Committee to be set up for the Wholly Owned Subsidiary

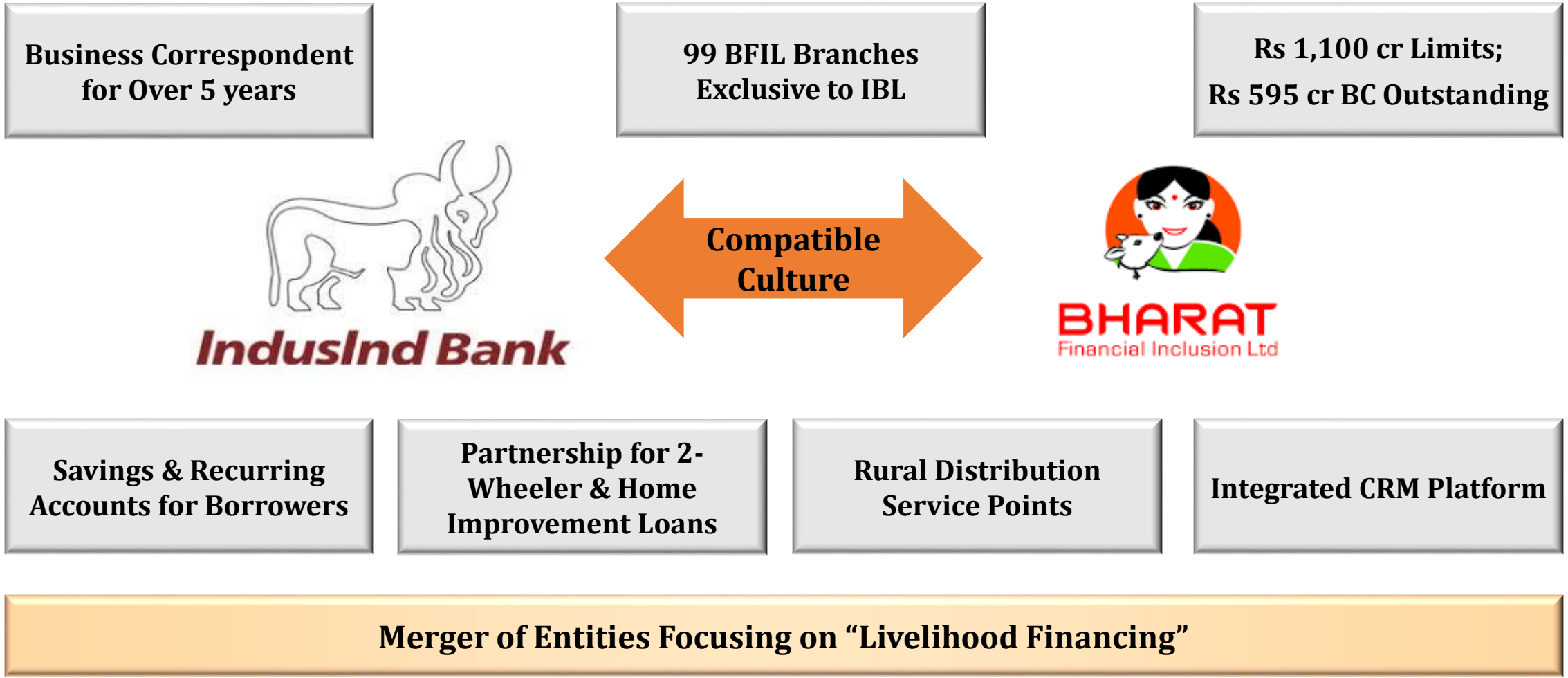
## Employees

Continuity of all BFIL Management and Employees in current assignments

## 2. Merger Rationale and Synergies

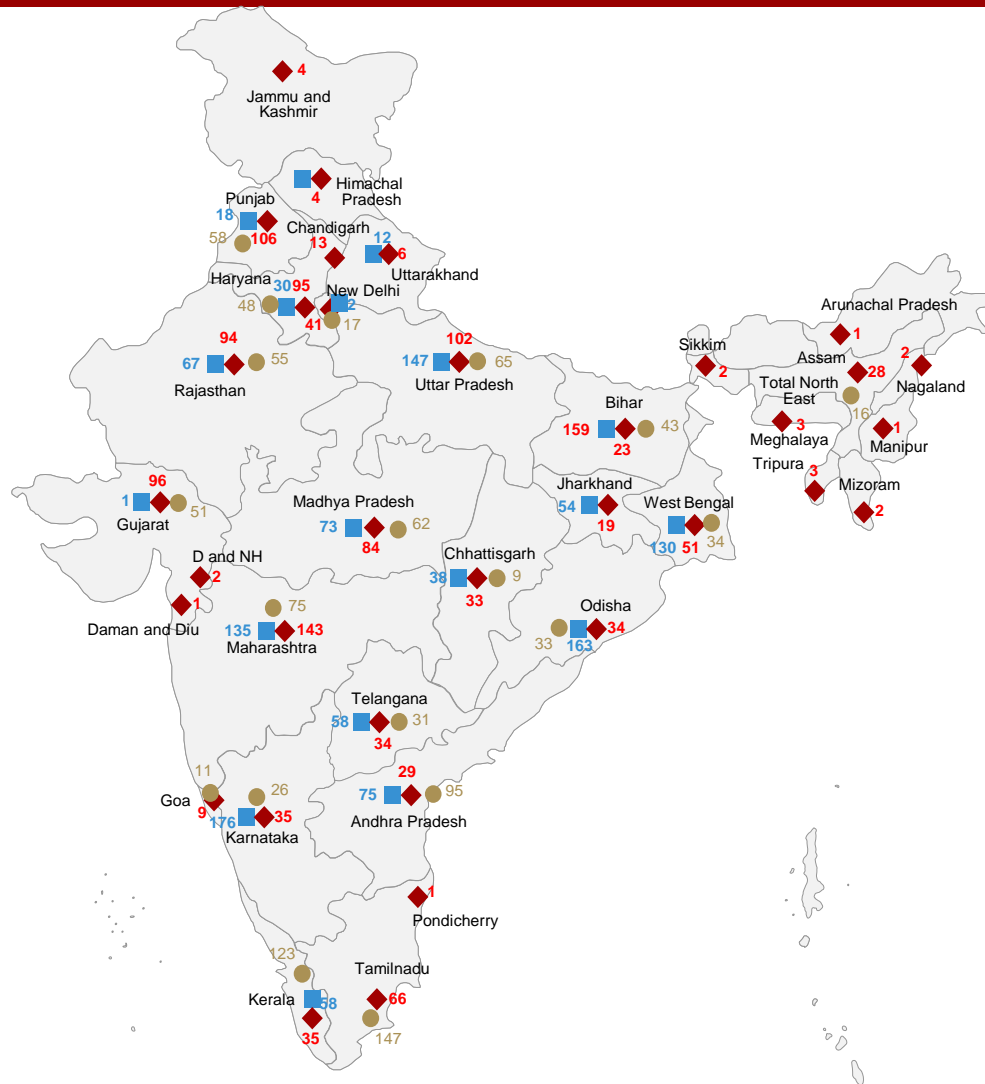
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# Culmination of Existing Long Standing Relationship





# Creates Large and Complementary Network



## Geographic Reach as of 30<sup>th</sup> 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

# BFIL Provides Large CASA & Deposit Opportunity



6.8 Million Members  
spread across ~100,000  
villages

**Strong Liability Franchise**

Savings Bank Accounts

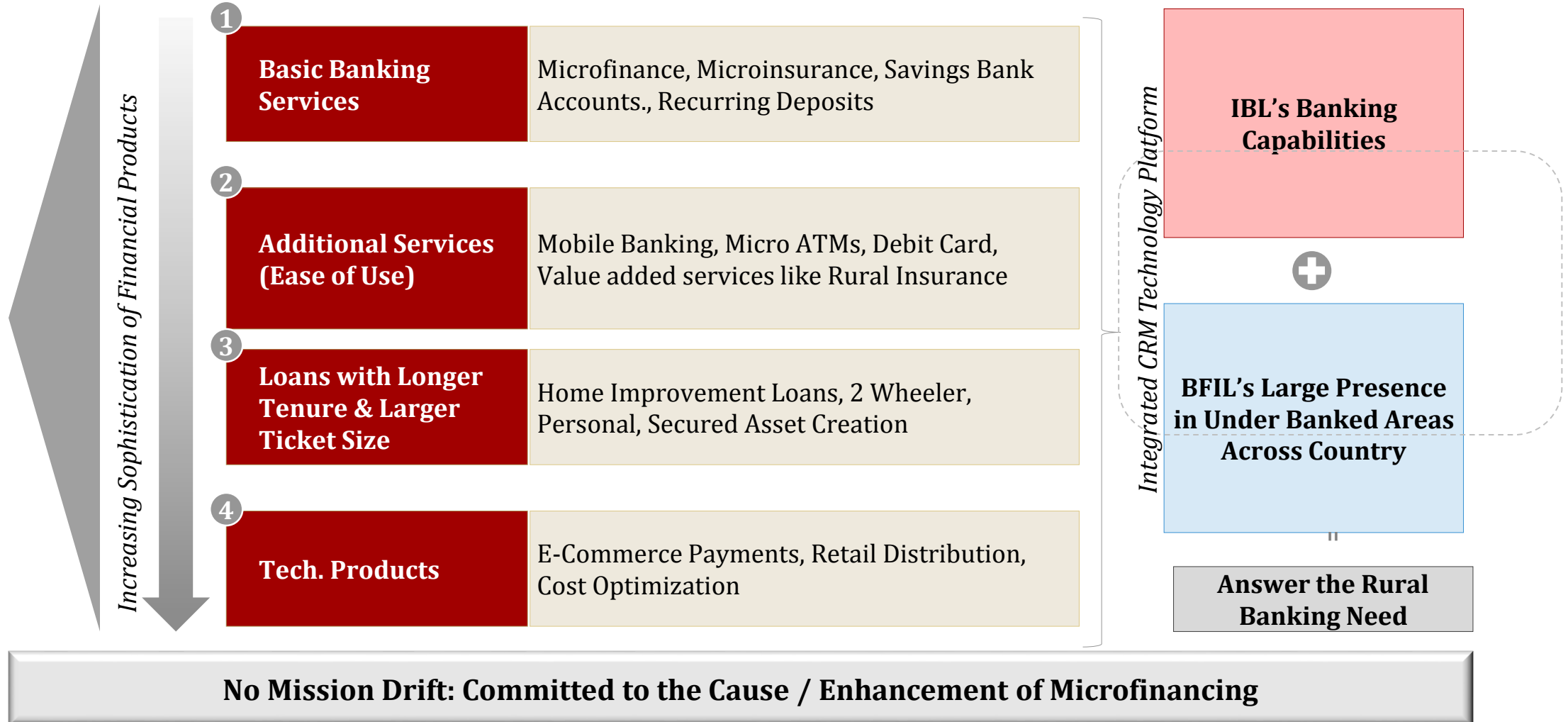
Current Accounts

Fixed Deposits

Recurring Deposits

*Stronger CASA Base resulting  
in lower cost of funding*

# IBL & BFIL together bridging the Financial Inclusion gap



# Key Synergy Estimates

<b>Lower Cost of Funds</b>	Reduction of 3%
<b>Priority Sector Loans</b>	100% Eligible as PSL Fee income of 1%-1.5% on excess
<b>Capital Release</b>	75% Risk Weight in Bank
<b>Liabilities</b>	Potential to penetrate >50% Customer Base
<b>Ancillary Products</b>	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 Mn 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

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# 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

## 4. Indicative Timelines

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# Process and Indicative Timelines

Date of Announcement  
14<sup>th</sup> Oct' 2017

2-3 months

4-6 months

1 month

**Board Approval**

**Regulatory Filings  
& Approvals**

**NCLT Filings &  
Approval**

**ROC Filings &  
Share Issuance**

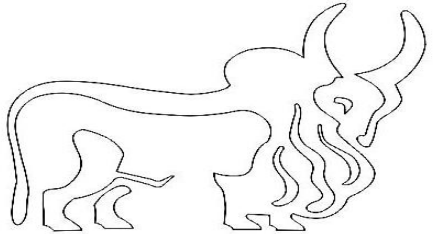
- Valuation / Swap Ratio
- Approval of 'Scheme', matters therein and other legal documents

- 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**

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# 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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