

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF KKR CAPITAL MARKETS INDIA PRIVATE LIMITED AT THEIR MEETING HELD ON SEPTEMBER 9, 2021 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL**

**1. Background**

- 1.1 The proposed composite scheme of amalgamation and arrangement among Bee Finance Limited (“**Transferor Company**”), KKR Capital Markets India Private Limited (“**Company**” or “**Transferee Company**”), InCred Financial Services Limited (“**Demerged Company**”) and KKR India Financial Services Limited (“**Resulting Company**”) and their respective shareholders under Section 230 to 232 read with 234 and other applicable provisions of the Companies Act, 2013 (“**Scheme**”) was approved by the Board of Directors of the Company (“**Board**”) vide resolution dated September 9, 2021.
- 1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 (“**Act**”) requires the directors to adopt a report explaining: (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share exchange ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon’ble National Company Law of Tribunal, Mumbai bench (“**NCLT**”). Capitalised terms used herein but not defined shall have the meaning ascribed to it in the Scheme.
- 1.3 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.4 The following documents were placed before the Board:
- 1.4.1 Draft Scheme; and
- 1.4.2 Valuation report issued by Vikrant Jain, registered valuer (Registration No. IBBI/RV/05/2018/10204) on the share entitlement ratio and share exchange ratio for the Scheme (“**Valuation Report**”).

**2. Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders) and key managerial personnel of the Company:**

- 2.1 Equity Shareholders (promoter and non-promoter shareholders): No shares are proposed to be issued to the shareholders of the Company under the Scheme. Pursuant to the Scheme, the Transferor Company shall stand merged with the Company as a going concern. Upon the effectiveness of the Scheme, the Company shall, in terms of Clause 8, allot CCPS each to the shareholders of the Transferor Company holding shares and whose name appear in the register of members of the Transferor Company as on the Record Date in the following proportion:

*4,500 (Four thousand and five hundred) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 1 (One) share of Transferor Company of USD 1 (One US Dollar) each fully paid up.*



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Further, in relation to the demerger of the InCred Demerged Undertaking from Demerged Company to the Resulting Company (wholly owned subsidiary of Company), the Company, shall issue and allot CCPS to the shareholders of the Demerged Company holding fully paid-up equity shares and whose name appear in the register of members of the Demerged Company as on the Record Date in the following ratio as per Clause 16:

***194 (One hundred and ninety four) fully paid-up CCPS of Transferee Company of INR 10 (Ten) each for every 100 (One hundred) fully paid-up equity shares of INR 10 (Ten) each and for every 100 (One hundred) fully paid-up preference shares (which is convertible into equity shares in the ratio of 1:1 as per existing terms) of INR 10 (Ten) each of Demerged Company.***

The said share exchange ratio and share entitlement ratios are based on the Valuation Report which has been duly considered by the Board of Directors of the Company and the Board has come to the conclusion that said share exchange ratio and share entitlement ratios are fair and reasonable.

2.2 **Key managerial personnel:** Under Clause 5 of the Scheme, upon the Scheme becoming effective, all the employees of the Transferor Company shall become the employees of the Company, on terms and conditions no less favourable than those on which they are engaged as on the Effective Date. Additionally, for employees who would be transferred as part of the InCred Demerged Undertaking (i.e. all permanent and contract employees, staff and workmen of the Demerged Company engaged in its Retail NBFC Business as identified by the Board of Directors of the Demerged Company) from Demerged Company to the Resulting Company, such employees would also be given employee stock options in the Company under the KCM ESOP Plan (in the manner as set out under the Scheme), at no less favourable terms than employee stock options granted by the Demerged Company under the InCred ESOP Scheme. On and from the Effective Date, the key managerial personnel of the Company shall be appointed and replaced from time to time in the manner agreed in writing *inter alios* the Company, Resulting Company, Demerged Company and Transferor Company.

2.3 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

By Order of the Board

For KKR Capital Markets India Private Limited

  
Anil Nagu  
Director  
DIN 00110529



Date and Place: Thursday 9 September, 2021 at Mumbai