

COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT

AMONG

**BEE FINANCE LIMITED,
(the Transferor Company)**

AND

**KKR CAPITAL MARKETS INDIA PRIVATE LIMITED,
(the Transferee Company)**

AND

**INCRED FINANCIAL SERVICES LIMITED,
(the Demerged Company)**

AND

**KKR INDIA FINANCIAL SERVICES LIMITED,
(the Resulting Company)**

AND

THEIR RESPECTIVE SHAREHOLDERS

**UNDER SECTIONS 230 TO 232 READ WITH SECTIONS 66 AND 234 AND OTHER
APPLICABLE PROVISIONS OF THE (INDIAN) COMPANIES ACT, 2013**

(A) PREAMBLE

This Scheme (*as defined hereinafter*) provides:

- (a) for the merger of Bee Finance Limited (Registration Number: 134696) with KKR Capital Markets India Private Limited (Corporate Identification Number: U67190MH2011PTC211738); and thereafter;
- (b) the Demerger (*as defined hereinafter*) of the InCred Demerged Undertaking (*as defined hereinafter*) of InCred Financial Services Limited (Corporate Identification Number: U74899MH1991PLC340312) into KKR India Financial Services Limited (Corporate Identification Number: U67190MH1995PLC360817).

(B) DESCRIPTION OF PARTIES

1. **Bee Finance Limited** is a private company incorporated under the laws of Mauritius (Registration Number 134696), holding a Category 1 Global Business Licence and having its principal place of business at 4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius (hereinafter referred to as the “**Transferor Company**”). The Transferor Company primarily is undertaking investment holding activities.
2. **KKR Capital Markets India Private Limited** is a company incorporated under the Companies Act, 1956 having its registered office at 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpat Rao Kadam Road, Lower Parel, Mumbai, Maharashtra – 400013 (hereinafter referred to as the “**Transferee Company**”). The Transferee Company is registered with SEBI as a Category I Merchant Banker and is engaged in the business of providing investment advisory, investment management and finance arrangement services.
3. **InCred Financial Services Limited** is a company incorporated under the Companies Act, 1956 having its registered office at Unit No. 1203, 12th floor, B Wing, The Capital Plot No. C - 70, G Block, BKC Mumbai, Maharashtra - 400051 (hereinafter referred to as the “**Demerged Company**”). The Demerged Company is a Systemically Important Non-Deposit Taking Non-Banking Financial Company and has its debt securities listed on BSE Limited.
4. **KKR India Financial Services Limited** is a company incorporated under the Companies Act, 1956 having its registered office at 2nd Floor, Piramal Tower, Peninsula Corporate Park, Ganpat Rao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra, India (hereinafter referred to as the “**Resulting Company**”). The Resulting Company is a Systemically Important Non-Deposit Taking Non-Banking Financial Company.

(C) RATIONALE FOR THE SCHEME

The key objectives for the Scheme are:

Demerger of the InCred Demerged Undertaking into the Resulting Company

- To consolidate the non-banking financing business related to retail and SME lending and ancillary financing activities undertaken by the Demerged Company with the non-banking financing business of the Resulting Company to achieve greater economies of scale, operational rationalization and organizational efficiency, wider market reach and customer base, pooling of knowledge and expertise, and to reduce redundant costs.

- To aid in future growth of the InCred Demerged Undertaking by leveraging on the strength and capabilities of the Resulting Company.
- To allow the Demerged Company to focus on the Remaining Business and grow these businesses independently.
- To aim towards creation of a single unified entity with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively.
- To enable access to business relationships and other intangible benefits that the Transferee Company and the Resulting Company have built over decades.
- The InCred Demerged Undertaking and the non-banking financing business of the Resulting Company have significant complementarities and the consolidation of the businesses carried on by them is strategic in nature and will generate significant business synergies thereby enhancing stakeholders' value.
- To allow the shareholders of the Demerged Company to own and participate in the merchant banking and investment advisory, investment management as well as finance arrangement services business of Transferee Company and to grow this business in future.

Merger of the Transferor Company with the Transferee Company

- The merger of the Transferor Company, a major shareholder in the Demerged Company, with the Transferee Company is proposed to streamline the post Scheme shareholding structure of the Transferee Company by reducing the number of layers of shareholding, and thereby optimising value to the shareholders.

The Scheme is in the interest of the shareholders, creditors and all other stakeholders of the Parties and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

(D) OPERATION OF THE SCHEME

This Scheme provides for:

- (i) the merger of the Transferor Company with the Transferee Company, in the manner set out in Part II of this Scheme. As consideration for the merger, the Transferee Company shall issue shares (*as described under Clause 8 below*) to the shareholders of the Transferor Company; and
- (ii) immediately after the merger of the Transferor Company with the Transferee Company, the InCred Demerged Undertaking (*as defined hereinafter*) of the Demerged Company shall demerge into the Resulting Company, in the manner set out in Part III of this Scheme. As consideration for the Demerger, the Transferee Company, which is the holding company of the Resulting Company, shall issue shares (*as described under Clause 16 below*) to the shareholders (excluding the Transferee Company) of the Demerged Company.

- (iii) The merger of the Transferor Company with the Transferee Company, and the Demerger of the InCred Demerged Undertaking of the Demerged Company into the Resulting Company, pursuant to and in accordance with this Scheme, shall take place sequentially with effect from the Appointed Date (*as defined hereinafter*) and in accordance with the provisions of Sections 230 to 232 read with Section 234 of the Act (*as defined hereinafter*), applicable provisions of the IT Act (*as defined hereinafter*), and other applicable provisions of Applicable Law (*as defined hereinafter*).

(E) PARTS OF THE SCHEME:

This Scheme is divided into the following parts:

PART I deals with the definitions, interpretations, share capital of the Transferor Company, the Transferee Company, the Demerged Company and the Resulting Company and operation of the Scheme;

PART II deals with the merger of the Transferor Company with the Transferee Company and other related matters;

PART III deals with the Demerger of the InCred Demerged Undertaking of the Demerged Company into the Resulting Company and other related matters; and

PART IV deals with the general terms and conditions that would be applicable to this Scheme.

PART I

DEFINITIONS, INTERPRETATIONS, SHARE CAPITAL AND OPERATION OF SCHEME

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context thereof (i) terms defined in Para B (*Description of Parties*) above shall have the same meanings throughout this Scheme; (ii) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; and (iii) the following expressions, wherever used (including in Para B (*Description of Parties*) above) shall have the meanings ascribed hereunder:

“**Accounting Standards**” shall mean the generally accepted accounting standards and principles which are recommended by the Institute of Chartered Accountants of India and required to be used or adopted by a company in the preparation of its financial statements from time to time and consistently applied and shall also include such other accounting standards and principles as may be made applicable from time to time, including Indian Accounting Standards;

“**Act**” shall mean the (Indian) Companies Act, 2013, as amended from time to time;

“**Applicable Law(s)**” shall mean applicable provisions of all (a) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any Governmental Authority, (b) any Governmental Approvals, (c) orders, decisions, directions, injunctions, judgments, awards and decrees of or agreements with any Governmental Authority, (d) rules of any stock exchange, (e) international treaties, conventions and protocols, and (f) Accounting Standards or any other generally accepted accounting principles;

“**Appointed Date**” shall mean 1 April 2022, or such other date as may be agreed by the Boards of the respective Parties;

“**BFPL**” shall mean Booth Fintech Private Limited, a company incorporated under the laws of India (CIN U67190MH2015PTC355907), and having its registered office at Unit No. 1203, 12th Floor, B-Wing, The Capital, Bandra Kurla Complex Mumbai, Maharashtra - 400051;

“**Board**” in relation to the Parties, shall mean the Board of Directors of such Party, and shall include a committee of directors or any person authorized by such Board of Directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto;

“**Calculation Date**” shall mean 31 March 2022;

“**CCPS**” shall mean fully and compulsorily convertible preference shares of face value of INR 10 (Indian Rupees Ten only) each, to be issued and allotted by the Transferee Company, to the shareholders of the Transferor Company and the Demerged Company in consideration for the merger of the Transferor Company with the Transferee Company and the Demerger of the InCred Demerged Undertaking of the Demerged Company into the Resulting Company (as the case may be), convertible into such number of equity shares of the Transferee Company determined basis the CCPS Conversion Ratio contemplated under **Schedule I**, and carrying such terms and conditions as set out in **Schedule I**;

“**Claims**” shall mean in relation to a Person, any action, demand, legal action, claim, proceeding, suit, litigation, prosecution, mediation or arbitration whether civil, criminal, administrative or investigative and whether formal or informal, made or brought by or against the Person;

“**Consent**” shall mean any notice, consent, approval, authorization, waiver, permit, grant, concession, clearance, license, certificate, exemption, order, registration, declaration, filing, report or notice, of, with or to, as the case may be, by any Person (including any Governmental Authority);

“**Demerger**” shall mean (a) the transfer and vesting of the InCred Demerged Undertaking on a going concern basis from the Demerged Company to the Resulting Company in accordance with the terms and conditions set out in this Scheme; and (b) the consequent issue of shares (*as described under Clause 16 below*) by the Transferee Company to the shareholders (excluding the Transferee Company) of the Demerged Company as set out in this Scheme, and as approved by the Tribunal;

“**Effective Date**” shall mean the Appointed Date or the last of the dates on which the conditions specified in Clause 27 of this Scheme are complied with, whichever is later. References in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme being effective” shall mean the Effective Date;

“**Encumbrance**” shall mean (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, (b) any voting agreement, interest, option, right of first offer, right of first refusal or transfer restriction, including any non-disposal of undertaking or lock-in, in favour of any Person, and (c) any adverse Claim as to title, possession or use and the term “**Encumber**” shall be construed accordingly;

“**Execution Date**” shall mean 16 August 2021;

“**Fair Value of Business of KCM**” shall mean the fair value of business of the Transferee Company determined pursuant to and in accordance with such method of computation as mutually agreed between the Parties;

“**Fair Value of Business of KIFS**” shall mean the fair value of business of the Resulting Company determined pursuant to and in accordance with such method of computation as mutually agreed between the Parties;

“**Fair Value of InCred Demerged Undertaking**” shall mean the fair value of the InCred Demerged Undertaking determined pursuant to and in accordance with such method of computation as mutually agreed between the Parties;

“**Governmental Approval**” shall mean any Consent, grant, franchise, concession, agreement, license, certificate, exemption, order, registration, declaration, of, with or to, as the case may be, any Governmental Authority;

“Governmental Authority(ies)” shall mean any government (local, provincial, state, national or supranational (including the European Union and its successor entities)), any department, agency, instrumentality, officer or minister of any government, quasi-governmental or private body exercising any regulatory or governmental authority, judicial authority, quasi-judicial authority, arbitrator or such other law, rule or regulation making entity having jurisdiction including any Tax authority, court, tribunal and any securities exchange or body or authority regulating such securities exchange;

“Identified Demerged Company Agreements” shall mean all agreements/ documents (including subscription agreements and shareholders’ agreement) governing the Demerged Company, executed in relation to investments made into the Demerged Company (whether by way of subscription or purchase) and/ or governing the relationship *inter se* its respective security-holders, and each document executed in terms thereof;

“IMTSPL” shall mean InCred Management and Technology Services Private Limited having its corporate identification number U72900MH2016PTC273211 and registered office at Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C – 70, G Block, BKC, Mumbai 400051 India;

“Incred.AI” shall mean Incred.AI Limited having its corporate identification number U74999MH2021PLC358271 and registered office at Unit No. 1203, 12th floor, B Wing, The Capital, Plot No. C – 70, G Block, Behind ICICI Bank, BKC, Mumbai, Maharashtra 400 051, India;

“InCred Demerged Undertaking” shall mean the undertaking of the Demerged Company comprising the businesses of retail lending, SME lending, housing finance business and ancillary activities undertaken by the Demerged Company, as a going concern, comprising of all relevant business activities and services, assets, liabilities, operations, intangibles, employees (**“Retail NBFC Business”**), and including but not limited to the following, as on the Appointed Date:

- (a) all assets, wherever situated, whether movable or immovable, leasehold or freehold, tangible or intangible, including all capital work-in-progress, equipment, intellectual property rights (including all registered/unregistered brands owned by the Demerged Company in relation to the Retail NBFC Business) other movable properties, in possession or reversion, present of whatsoever nature belonging to the Demerged Company in relation to the Retail NBFC Business, powers, authorities, allotments, approvals, Consents, letters of intent, registrations, contracts, engagements, arrangements, requests for proposals, bids, responses to expression of interest, memorandum of understanding, settlements, rights, credits, titles, interests, benefits, advantages, other intangibles, other Consents, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses (but excluding the Demerged Company’s registration as a non-banking financial institution with the RBI), privileges concerning the Retail NBFC Business

and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Retail NBFC Business as on the Appointed Date;

- (b) any and all Consents, quotas, rights, entitlements, allotments, concessions, subsidies, grants, allotments, recommendations, clearances, tenancies, offices, deferred tax asset, benefits and credits (including, but not limited to benefits of tax relief, unutilized deposits or credits, benefits under the VAT/sales tax law/GST/ service tax/local municipal tax, VAT/sales tax/ GST/service tax/local municipal tax set off, unutilized deposits or credits, benefits of any unutilized MODVAT/CENVAT/service tax credits/GST input tax credit/ GST tax deducted at source, etc. (including the income tax refund, provision for income tax, benefits and credits under the IT Act such as credit for advance tax, taxes deducted at source and self-assessment tax up to the Appointed Date) in addition to turnover tax, central goods and service tax, state goods and service tax of respective states, integrated goods and service tax, union territory goods and service tax of respective union territory, compensation cess, local municipal tax, customs duty, sales tax, value added tax service tax and CENVAT credit), income tax benefits (including carry forward of tax losses and unabsorbed depreciation), exemptions (including the right to claim tax holiday under the IT Act), as may be applicable, liberties, advantages, no-objection certificates, certifications, registrations, easements, licences, tenancies, offices, privileges and benefits, including employee state insurance, provident fund credits, gratuity fund credits, insurance policies, privileges, rights and benefits of all lease rights, licences, powers and facilities of every kind and description whatsoever relating to the Retail NBFC Business and similar rights, whether statutory or otherwise, and any waiver of the foregoing, issued by any legislative, executive or judicial unit of any governmental or semi-governmental entity or any department, commission, board, agency, bureau, official or other regulatory, administrative or judicial authority used or held for use by the Demerged Company in relation to the Retail NBFC Business;
- (c) all identified receivables, loans and advances, including accrued interest thereon, all advance payments, earnest monies and/or security deposits, if any, or other entitlements of the Demerged Company in relation to the Retail NBFC Business on the Appointed Date;
- (d) all identified debts, obligations and liabilities of the Demerged Company comprising of only those debts, duties, obligations and liabilities that are outstanding as on the Appointed Date which arise out of the activities or operations of the Demerged Company appertaining to or relatable to the Retail NBFC Business including: (i) all liabilities which arise out of the activities or operations of the Retail NBFC Business; (ii) the specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the Retail NBFC Business; and (iii) in cases, other than those referred to in (i) or (ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of the assets forming part of the Retail NBFC Business bears to the total value of the assets of the Demerged Company immediately before the Demerger;

- (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;
- (f) all necessary records, files, papers, technical and process information, all product and service pricing, costing, commercial and business related information, computer programs, drawings & designs, manuals, data, catalogues, quotations, sales and advertising materials, lists and all details of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form in connection with or relating to the Retail NBFC Business;
- (g) all legal, regulatory, quasi-judicial, administrative proceedings, suits, appeals, applications or other proceedings of whatsoever nature initiated by or against Demerged Company in connection with the Retail NBFC Business; and
- (h) all investments, rights and entitlements held by the Demerged Company in (i) IMTSPL; (ii) Incred.AI; and (iii) BFPL; as on the Appointed Date;

provided that the Identified Demerged Company Agreements shall not form part of the InCred Demerged Undertaking.

Explanation: Any question that may arise as to whether any particular asset or liability and/ or employee pertains or does not pertain to the InCred Demerged Undertaking shall be decided by mutual agreement between the Boards of the Demerged Company and the Resulting Company;

“**InCred ESOP Scheme**” shall mean InCred Financial Services Limited Employee Incentive Plan 2018 adopted by the Demerged Company;

“**InCred Loan Asset Value**” shall mean the aggregate of Portfolio Outstanding for all categories of loan products as mutually agreed between the Parties;

“**Indebtedness**” shall mean with respect to any Person, whether recourse is to all, none or a portion of the assets of such Person, and whether or not contingent: (a) any obligation of such Person for borrowed money or with respect to deposits or advances of any kind; (b) any obligation of such Person for borrowed monies evidenced by bonds, debentures, notes, guarantees or other similar instruments; (c) any reimbursement obligation of such Person with respect to letters of credit, bankers acceptances issued for the account of such Person; (d) all obligations of such Person under conditional sale, deferred purchase price of property acquired by such Person, if applicable; (e) any fixed rental obligations under a lease of or other agreement conveying the right to use assets that is required to be classified and accounted for as a financing or capital lease on financial statements prepared in accordance with the Accounting Standards; or (f) any guarantee obligations of such Person having the economic effect of guaranteeing an obligation of another Person;

“**INR**” shall mean Indian Rupee, the lawful currency of the Republic of India;

“**IT Act**” shall mean the Indian Income-Tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force;

“**KCM ESOP Plan**” shall mean the employee stock option plan to be adopted by the Transferee Company on the Effective Date and which shall be in a manner agreed between the Transferee Company and the Demerged Company;

“**Mauritius RoC**” shall mean the Registrar of Companies, Mauritius;

“**Parties**” shall mean collectively the Transferor Company, the Transferee Company, the Demerged Company and the Resulting Company and “**Party**” shall mean each of them, individually;

“**Permitted BFL Interim Funding**” shall mean the issuance of any Securities by the Transferor Company, in one or more tranches at any time between the Execution Date and the earlier of the Record Date or the Calculation Date, the proceeds of which are mandatorily utilized solely for the purposes of the Transferor Company subscribing to Securities issued by the Demerged Company pursuant to the Permitted IFSL Interim Funding;

“**Permitted IFSL Interim Funding**” shall mean the issuance of Securities by the Demerged Company, in one or more tranches, at any time between the Execution Date and the earlier of the Record Date or the Calculation Date, *provided that*: (a) the aggregate subscription consideration in respect of all such Securities issued by the Demerged Company shall not exceed an aggregate amount of INR 3,000,000,000 (Indian Rupees three billion); and (b) no such Securities shall be issued by the Demerged Company until the InCred Loan Asset Value is equal to an amount in excess of INR 32,500,000,000 (Indian Rupees thirty two billion and five hundred million);

“**Permitted KCM Interim Funding**” shall mean the issuance of any Securities by the Transferee Company, in one or more tranches, at any time between the Execution Date and the earlier of the Record Date or the Calculation Date, the proceeds of which are mandatorily utilized solely for the purposes of the Transferee Company subscribing to Securities issued by the Resulting Company pursuant to the Permitted KIFS Interim Funding;

“**Permitted KIFS Interim Funding**” shall mean the issuance of Securities by the Resulting Company to the Transferee Company, in one or more tranches, at any time between the Execution Date and the earlier of the Record Date or the Calculation Date *provided that* such issuance of Securities shall not result in the sum of: (a) Fair Value of Business of KIFS; and (b) Fair Value of Business of KCM exceeding an amount of INR 12,000,000,000 (Indian Rupees twelve billion);

“**Person**” shall mean any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, a Governmental Authority or trust or any other entity or organization (whether registered or not and whether or not having separate legal personality);

“**Portfolio Outstanding**” shall mean all outstanding (including overdue principal) amounts in respect of any category of loan products extended by the Demerged Company to its borrowers. For the purpose of this definition, all loan products of a similar product, customer type or other defined characteristic (for example, source of origination), as determined in accordance with the InCred Demerged Undertaking management definitions of such loan products, shall be grouped in the same category. By way of illustration, if a product is characterised by the management of the InCred Demerged Undertaking as a personal loan, then all other loans with

similar characteristics shall also be characterised as part of the personal loan portfolio, as has been consistently applied to such portfolios and loan products in the past;

“**RBI**” shall mean the Reserve Bank of India;

“**Record Date**” shall mean date mutually agreed between the Transferee Company, the Transferor Company and the Demerged Company, for the purpose of determining names of shareholders of the Transferor Company and the Demerged Company, as the case may be, who shall be entitled to receive CCPS of the Transferee Company upon this Scheme coming into effect;

“**Remaining Business**” means all the undertakings, businesses, units, activities, investments, operations and their respective assets and liabilities including employees of the Demerged Company other than the InCred Demerged Undertaking, being the lending activities towards: (a) the wealth business of the Demerged Company, constituting (i) margin funding; and (ii) loans against securities (LAS) business; (b) two-wheeler loans; and (c) unsecured business loans. All inter-corporate deposits granted by Incred Capital Financial Services Private Limited for conducting the Remaining Business shall form part of the Remaining Business and shall not be included within the scope of the InCred Demerged Undertaking;

“**RoC**” shall mean the relevant Registrar of Companies having jurisdiction over the respective Party;

“**Scheme**” or “**the Scheme**” or “**this Scheme**” shall mean this composite scheme of amalgamation and arrangement among Bee Finance Limited, KKR Capital Markets India Private Limited, InCred Financial Services Limited, KKR India Financial Services Limited and their respective shareholders under Sections 230 to 232, 66, 234 and other applicable provisions of the Act in its present form or with such modification(s), if any made, as per provisions of the Scheme from time to time, and wherever required with the appropriate approvals and sanction of the Tribunal and Governmental Authority, as may be required under the Act, and/or under Applicable Law;

“**SEBI**” shall mean the Securities and Exchange Board of India;

“**Securities**” shall mean all classes of equity shares, convertible preference shares, convertible debentures, bonds, options, warrants and any other securities of a company or body corporate, in each case convertible into, exercisable or exchangeable for equity shares issued or issuable by such company/ body corporate from time to time, together with all rights, obligations, title, interest and claim in such securities and shall be deemed to include all equity shares or other securities issued pursuant to a corporate action by the company/ body corporate;

“**Taxation**” or “**Tax**” or “**Taxes**” shall mean any and all forms of taxation, including, direct and indirect tax, duty, cess, rates, governmental fee, taxes or levy of any nature (whether central, state or local) or any other like assessment or charge of any kind whatsoever (including any minimum alternate tax, alternative or add-on minimum tax, sales, use, ad valorem, value added, transfer, profits, license, withholding tax on amounts paid or payable, severance, stamp, excise, capital stock, occupation, property, goods and service tax, service tax, surcharge, dividend distribution tax, buy-back distribution tax or similar type tax, premium, custom, tariffs, duty or any other tax), together with any interest, penalty, fines or addition to tax, compounding amount, settlement amount, or additional amount due, imposed by any Governmental Authority

responsible for the imposition of any such tax in relation thereto, including any tax levied on a Person in its capacity as a representative assessee of any other Person;

“**Tax Laws**” shall mean all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, customs duty or any other levy of similar nature; and

“**Tribunal**” shall mean the relevant Bench of the National Company Law Tribunal having jurisdiction over the Transferor Company, the Transferee Company, the Demerged Company and the Resulting Company.

All terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the IT Act or other Applicable Laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.

1.1 **Interpretation**

In this Scheme, unless the context otherwise requires:

- 1.1.1 words denoting singular shall include plural and *vice versa*;
- 1.1.2 headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for information and convenience only and shall not form part of the operative provisions of this Scheme and shall be ignored in construing the same;
- 1.1.3 references to the word “include” or “including” shall be construed without limitation;
- 1.1.4 references to days, months and years are to calendar days, calendar months and calendar years, respectively;
- 1.1.5 a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- 1.1.6 reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- 1.1.7 word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them;
- 1.1.8 reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision;
- 1.1.9 a reference to a balance sheet or profit and loss account shall include a reference to any note forming part of it;
- 1.1.10 if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;

1.1.11 one gender includes all genders and references to any gender includes a reference to other genders; references to “it” shall be deemed to include references to “him or her as the case may be”; and

1.1.12 an asset, contract, proceeding, resource or other matter that is agreed between the Parties in writing to be or not to be primarily relatable to or used in the InCred Demerged Undertaking shall be deemed for the purposes of this Scheme to be or not be (respectively) primarily relatable to or used in the InCred Demerged Undertaking.

2. SHARE CAPITAL

2.1 The issued, subscribed and paid-up share capital of the Transferor Company as on August 31, 2021 is as under:

Share Capital	USD
Issued, Subscribed and Paid-up Share Capital	
58,678 class A equity shares of par value of USD 1 each	58,678
9,866 class B equity shares of par value of USD 1 each	9,866
31,456 class C equity shares of par value of USD 1 each	31,456
Total	100,000

2.2 The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on August 31, 2021 is as under:

Share Capital	INR
Authorised Share Capital	
20,00,00,000 equity shares of INR 10	2,00,00,00,000
Total	2,00,00,00,000
Issued, Subscribed and Paid-up Share Capital	
19,25,24,809 equity shares of INR 10	1,92,52,48,090
Total	1,92,52,48,090

The Transferee Company has outstanding employee stock option/(s) under its existing stock option scheme/(s), the exercise of which may result in an increase in the issued and paid-up share capital of the Transferee Company.

2.3 The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on August 31, 2021 is as under:

Share Capital	INR
Authorised Share Capital	
2,01,10,00,000 equity shares of INR 10	20,11,00,00,000
9,50,00,000 preference shares of INR 10	95,00,00,000
Total	21,06,00,00,000
Issued, Subscribed and Paid-up Share Capital	
30,77,66,298 equity shares of INR 10	3,07,76,62,980
7,85,16,289 preference shares of INR 10	78,51,62,890
Total	3,86,29,25,870

The Demerged Company has outstanding employee stock option/(s) under its existing stock option scheme/(s), the exercise of which may result in an increase in the issued and paid-up share capital of the Demerged Company.

- 2.4 The authorised, issued, subscribed and paid-up share capital of the Resulting Company as on August 31, 2021 is as under:

Share Capital	INR
Authorised Share Capital	
50,00,00,000 equity shares of INR 10	5,000,000,000
Total	5,000,000,000
Issued, Subscribed and Paid-up Share Capital	
46,02,26,538 equity shares of INR 10	4,602,265,380
Total	4,602,265,380

The Resulting Company is a wholly owned subsidiary of the Transferee Company.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal or made as per Clause 28 of the Scheme, shall become effective from the Appointed Date, but shall be operative from the Effective Date.

PART II

MERGER OF THE TRANSFEROR COMPANY WITH THE TRANSFEEE COMPANY AND OTHER RELATED MATTERS

4. TRANSFER AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY

- 4.1 With effect from the Appointed Date and pursuant to Sections 230 to 232 read with Section 234 and other applicable provisions of the Act and Applicable Law, and subject to the provisions of this Scheme, the Transferor Company shall stand merged with the Transferee Company as a going concern and all assets and liabilities of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the assets and liabilities of the Transferee Company by virtue of operation of law, and in the manner provided in this Scheme. For the purposes of the Applicable Laws of the Republic of Mauritius, all references in this Scheme to the Scheme shall be deemed to refer to the merger of the Transferor Company with and into the Transferee Company, with the Transferee Company being the surviving entity in such merger.
- 4.2 In respect of such assets and properties of the Transferor Company, which are movable in nature (including but not limited to all intangible assets), or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Transferor Company to the Transferee Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the same.
- 4.3 With respect to the assets of the Transferor Company other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, Claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Governmental Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Transferee Company, with effect from the Appointed Date by operation of law as transmission in favour of the Transferee Company. With regard to the licenses/ leases of the properties, the Transferee Company will be entitled to enter into novation agreements, if it is so required.
- 4.4 All the brands and trademarks owned by the Transferor Company including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature shall stand transferred to the Transferee Company by operation of law. The Transferee Company shall take such actions as may be necessary and permissible to get the same transferred and/ or registered in the name of the Transferee Company.
- 4.5 Upon effectiveness of the Scheme, all debts/ liabilities incurred, debentures, loans/ moneys borrowed, obligations and duties of the Transferor Company as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed as debts incurred or

moneys borrowed by the Transferee Company to the extent that they are outstanding as on the Appointed Date and the Transferee Company shall meet, discharge and satisfy the same.

- 4.6 Unless otherwise agreed between the Transferor Company and the Transferee Company, the transfer of all the assets of the Transferor Company, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of the Transferor Company or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements, if any, (to which the Transferor Company is a party) related to any assets of the Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Transferee Company. Similarly, the Transferee Company shall not be required to create any additional security over assets transferred under this Scheme for any loans, debentures, deposits or other financial assistance already availed of / to be availed of by it, and the Encumbrances in respect of such Indebtedness of the Transferee Company shall not extend or be deemed to extend or apply to the assets so transferred.
- 4.7 On and from the Effective Date and till such time that the name(s) of the bank accounts of the Transferor Company have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.
- 4.8 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 4 and upon the effectiveness of this Scheme, the Transferor Company and the Transferee Company may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Governmental Authority or Person to give effect to the Scheme.
- 4.9 Benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise under Applicable Laws, read with the applicable rules and regulations made thereunder, shall automatically be to the benefit of the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company.
- 4.10 With effect from the Appointed Date, all the Consents held or availed of by, and all rights and benefits that have accrued to, the Transferor Company, pursuant to the provisions of Section 232 read with Section 234 of the Act and under Applicable Laws, shall without any further act, instrument or deed, be transferred to, or be deemed to have been transferred to, and be available to, the Transferee Company so as to become as and from the Appointed Date, the Consents, estates, assets, rights, title, interests and authorities of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under Applicable Laws to ensure continuation of operations of the Transferor Company in the Transferee Company without any hindrance and the Consents shall be appropriately mutated

by the Governmental Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.

- 4.11 All contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents for the purpose of carrying on the business of the Transferor Company, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, by delivery or recordal or by operation of law pursuant to the order of the Tribunal sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents of the Transferee Company. Such properties and rights described hereinabove shall stand transferred to the Transferee Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Transferee Company. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Transferee Company and shall be the legal and enforceable rights and interests of the Transferee Company, which can be enforced and acted upon as fully and effectually as if it were the Transferor Company. Upon the effectiveness of the Scheme, the rights, benefits, privileges, duties, liabilities/ debt incurred and moneys borrowed, obligations and interest whatsoever, arising from or pertaining to contracts and properties relating to the Transferor Company, shall be deemed to have been entered into and stand assigned, transferred and novated to the Transferee Company by operation of law and the Transferee Company shall be deemed to be the Transferor Company's substituted party or beneficiary or obligor thereto, it being always understood that the Transferee Company shall be the successor in the interest of the Transferor Company in relation to the properties or rights mentioned hereinabove. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company (and not by any of its successors), shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company.
- 4.12 Without prejudice to the other provisions of this Scheme, the Transferee Company may, at any time after the effectiveness of the Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings, arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above, on the part of the Transferor Company.
- 4.13 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to enforce all pending contracts and transactions and issue credit notes on behalf of the Transferor Company, in the name of the Transferee Company in so far as may be necessary until the

transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme have been given effect to under such contracts and transactions.

- 4.14 This Scheme, has been drawn up to comply with the conditions relating to ‘Amalgamation’ as specified under the Tax Laws, specifically Section 2(1B) of the IT Act, which include the following:
- 4.14.1 all the property of the Transferor Company immediately before the amalgamation becomes the property of the Transferee Company by virtue of the amalgamation;
 - 4.14.2 all the liabilities of the Transferor Company immediately before the amalgamation become the liabilities of the Transferee Company by virtue of the amalgamation; and
 - 4.14.3 shareholders holding not less than three-fourths in value of the shares in the Transferor Company (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the Transferee Company or its subsidiary) become shareholders of the Transferee Company by virtue of the amalgamation, otherwise than as a result of the acquisition of the property of one company by the other company pursuant to the purchase of such property by the other company or as a result of the distribution of such property to the other company after the winding up of the first mentioned company.
- 4.15 This Scheme has been drawn up to comply with the conditions relating to ‘Amalgamation’ as specified under the IT Act, specifically Section 2(1B) of the IT Act. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the section 2(1B) of the IT Act at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act. Such modifications will however not affect the other parts of the Scheme.

5. EMPLOYEES

- 5.1 Without prejudice to the foregoing, upon the effectiveness of this Scheme and with effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, all employees of the Transferor Company on terms and conditions no less favourable than those on which they are engaged by the Transferor Company as on the Effective Date. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company with any of the aforesaid employees. The Transferee Company agrees that the services of all such employees with the Transferor Company prior to the transfer shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.
- 5.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by the Transferee Company and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to

be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by the Transferee Company.

- 5.3 The Transferee Company shall assume all rights, obligations and liabilities of the Transferor Company, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.

6. LEGAL PROCEEDINGS

- 6.1 Without prejudice to the foregoing, if any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the “**Proceedings of the Transferor Company**”) by or against the Transferor Company is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the merger or of anything contained in this Scheme, but the Proceedings of the Transferor Company may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate or defend any legal proceeding for and on behalf of the Transferor Company.
- 6.2 From the Appointed Date and until the Effective Date, the Transferor Company shall defend all legal proceedings, other than in the ordinary course of business, with the advice and instructions of the Transferee Company or its successor(s).

7. TAXES/ DUTIES/ CESS

Without prejudice to the foregoing, upon the effectiveness of the Scheme, by operation of law pursuant to the order of the Tribunal:

- 7.1 all Taxes (including but not limited to disputed Tax demands, advance Tax, Tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, value added tax, sales tax, service tax or Taxes etc. withheld/paid in a foreign country) payable by or refundable to the Transferor Company, including all or any refunds or disputed Tax demands, if confirmed, or Claims shall be treated as the Tax liability or refunds/Claims, as the case may be, of the Transferee Company, and any incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, subsidies, grants, special status, other benefits, as would have been available to the Transferor Company, shall, be available to the Transferee Company. If the Transferor Company is entitled to any unutilized credits, benefits under the state or central fiscal / investment incentive schemes and policies or concessions under any Tax law or Applicable Law, the Transferee Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits under Applicable Laws of the Transferor Company, the same shall be transferred to the Transferee Company in accordance with the Applicable Law.
- 7.2 taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternate tax, if any, paid by the Transferor Company shall be treated as paid by the Transferee Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.

- 7.3 if the Transferor Company is entitled to any benefits under incentive schemes and policies under Tax Laws, all such benefits under all such incentive schemes and policies shall be and stand applicable to the benefit of the Transferee Company.
- 7.4 the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, sales tax / value added tax / goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme.
- 7.5 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Company, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 read with Section 234 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company, to recover or realise the same, stands transferred to the Transferee Company.

8. CONSIDERATION

- 8.1 Upon the Scheme becoming effective and in consideration of the merger of the Transferor Company with the Transferee Company, the Transferee Company shall, without further application or deed, issue and allot CCPS credited as fully paid-up to the extent indicated below, 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.***
- 8.2 The CCPS to be issued to the shareholders of the Transferor Company in the Transferee Company pursuant to Clause 8.1 above shall be subject to the memorandum and articles of association of the Transferee Company and in compliance with the Applicable Laws and regulations.
- 8.3 The issue and allotment of the CCPS by the Transferee Company, as provided in this Scheme, is an integral part of the Scheme, and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Sections 42, 62 and 55 of the Act and any other applicable provisions of the Act were duly complied with.
- 8.4 In the event the CCPS are required to be issued and allotted to such shareholders of the Transferor Company, being non-residents, the issue of such shares shall be in accordance with the provisions of the Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder (for the time being in force, including, any statutory modifications, re-enactments or amendments made thereto from time to time).

8.5 If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Transferor Company or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Transferor Company and the Board of the Transferee Company, and on or before the Effective Date, the CCPS Conversion Ratio shall be subject to equitable adjustments determined by the Boards of the Transferor Company and the Transferee Company.

9. SAVING OF CONCLUDED TRANSACTIONS

9.1 The transfer of the assets and liabilities of the Transferor Company under Clause 4 above, the effectiveness of contracts and deeds under Clause 4.11, Clause 4.12 and Clause 4.13 above and the continuance of proceedings under Clause 6 above, shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

10. VALIDITY OF EXISTING CORPORATE AUTHORISATIONS, ETC.

10.1 Upon this Scheme coming into effect, the resolutions/ power of attorneys executed by the Transferor Company, as are considered necessary by the Board of the Transferee Company, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company, and if any such resolutions have any monetary limits approved under the provisions of the Applicable Law, then such limits as are considered necessary by the Board of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/power of attorneys for the purpose of the Transferee Company.

11. ACCOUNTING TREATMENT

Upon effectiveness of the Scheme and with effect from the Appointed Date, the Transferee Company shall account for the merger of the Transferor Company into the Transferee Company as under:

11.1 The Transferee Company shall recognise the CCPS issued by the Transferee Company to the shareholders of Transferor Company at fair value in accordance with applicable Accounting Standards.

11.2 The Transferee Company shall allocate the consideration paid in Clause 8.1 above to identifiable assets and liabilities of the Transferor Company based on their relative fair values as on the date of acquisition.

Notwithstanding anything to the contrary herein, upon the Scheme becoming effective, the Transferee Company and Transferor Company shall give effect to the accounting treatment in their books of accounts in accordance with and pursuant to Accounting Standards as specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 applicable, as on the Appointed Date.

12. DIVIDENDS

- 12.1 The Transferor Company shall not declare and pay dividends to their respective shareholders in the ordinary course of business, whether interim or final, during the pendency of the Scheme.

13. PROVISIONS IN MAURITIUS RELATING TO TRANSFEROR COMPANY

- 13.1 The Board and shareholders of the Transferor Company shall pass such resolutions and the Transferor Company shall execute and file all such documents with the Mauritius RoC and other Governmental Authorities and do all such acts and deeds as may be necessary to give effect to the merger of the Transferor Company with the Transferee Company (including but not limited to undertaking the conversion of the Transferor Company to an authorised company).
- 13.2 The Board and shareholders of the Transferee Company shall pass such resolutions and the Resulting Company shall execute and file all such documents with the Mauritius RoC and other Governmental Authorities and do all such acts and deeds as may be necessary to give effect to the merger of the Transferor Company with the Transferee Company including filing of the following with the Mauritius RoC:
- 13.2.1 an agreement that a service of process may be effected on the Transferee Company in the Republic of Mauritius in respect of proceedings for the enforcement of any Claim, debt, liability or obligation, if any, of the Transferor Company or in respect of proceedings for the enforcement of the rights of a dissenting member of the Transferor Company against the Transferee Company;
- 13.2.2 an irrevocable appointment of the Transferor Company's registered agent in the Republic of Mauritius as the agent of the Transferee Company to accept service of process in proceedings referred to in the above Sub-Clause 13.2.1;
- 13.2.3 an agreement that the Transferee Company shall promptly pay to the dissenting members, if any, of the Transferor Company, the amount, if any, to which they are entitled under the Mauritius Companies Act 2001 (as amended), with respect to the rights of dissenting members; and
- 13.2.4 A certificate of merger issued by the Tribunal/ Governmental Authority in the Republic of India (i.e. an order passed by the Tribunal approving the Scheme).

14. REMOVAL OF THE TRANSFEROR COMPANY FROM THE REGISTERS OF THE MAURITIUS ROC

Upon the receipt of the order of the Tribunal approving the Scheme, the Transferor Company shall file (a) the certificate of merger (i.e. order of Tribunal approving the Scheme); (b) the relevant board and shareholder resolutions passed by the Transferor Company taking on record the Scheme and the approval of the Tribunal; and (c) the copy of the Transferor Company's Authorized Company License with the Financial Services Commissions, Mauritius and the Mauritius RoC, and the Mauritius RoC shall remove the Transferor Company from its registers.

PART III

DEMERGER OF THE INCRED DEMERGED UNDERTAKING INTO THE RESULTING COMPANY AND OTHER RELATED MATTERS

15. TRANSFER AND VESTING OF THE INCRED DEMERGED UNDERTAKING FROM THE DEMERGED COMPANY INTO THE RESULTING COMPANY

- 15.1 With effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions of the Act, and subject to the provisions of this Scheme, the InCred Demerged Undertaking along with all its estate, assets, properties, rights, Claims, title and interest shall, without any further act, deed, matter or thing, stand transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on a going concern basis.
- 15.2 In respect of such assets and properties comprised in the InCred Demerged Undertaking, which are movable in nature (including but not limited to all intangible assets), or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same.
- 15.3 With respect to the assets forming part of the InCred Demerged Undertaking other than those referred to in Clause 15.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, Claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Governmental Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company in relation to the InCred Demerged Undertaking, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of the Resulting Company. With regard to the licenses/ leases of the properties, the Resulting Company will be entitled to enter into novation agreements, if it is so required.
- 15.4 Upon effectiveness of the Scheme, all debts/ liabilities incurred, debentures, loans/ moneys borrowed, obligations and duties of the Demerged Company in relation to the InCred Demerged Undertaking as on the Appointed Date shall, without any further act or deed, be and stand transferred to and be deemed as debts incurred or moneys borrowed by the Resulting Company to the extent that they are outstanding as on the Appointed Date and the Resulting Company shall meet, discharge and satisfy the same.
- 15.5 Unless otherwise agreed between the Demerged Company and the Resulting Company, the transfer of all the assets comprising in the InCred Demerged Undertaking, as aforesaid, shall be subject to the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of the InCred Demerged Undertaking or part thereof on or over which they are subsisting on and no such Encumbrances shall extend over or apply to any other asset(s) of the Resulting Company. Any reference in any security documents or arrangements, if any, (to which Demerged Company is a party) related to any assets of the InCred Demerged Undertaking shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to

any of the other asset(s) of the Resulting Company. Similarly, the Resulting Company shall not be required to create any additional security over assets transferred under this Scheme for any loans, debentures, deposits or other financial assistance already availed of / to be availed of by it, and the Encumbrances in respect of such Indebtedness of the Resulting Company shall not extend or be deemed to extend or apply to the assets so transferred.

- 15.6 On and from the Effective Date and till such time that the name(s) of the bank accounts of the InCred Demerged Undertaking have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts pertaining to the InCred Demerged Undertaking in the name of the Demerged Company and for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company and which pertain to the InCred Demerged Undertaking after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 15.7 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 15 and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all the acts, deeds and things as may be required, including filing of necessary particulars and/ or modification(s) of charge, necessary applications, notices, intimations or letters with any Governmental Authority or Person to give effect to the Scheme.
- 15.8 Benefits of any and all corporate approvals as may have already been taken by the Demerged Company in relation to the InCred Demerged Undertaking, whether being in the nature of compliances or otherwise under Applicable Laws, read with the applicable rules and regulations made thereunder, shall automatically be to the benefit of the Resulting Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Resulting Company.
- 15.9 With effect from the Appointed Date, all the Consents (but excluding the Demerged Company's registration as a non-banking financial institution with the RBI) held or availed of by, and all rights and benefits that have accrued to the Demerged Company in relation to the InCred Demerged Undertaking, pursuant to the provisions of Section 232 of the Act and under Applicable Laws, shall without any further act, instrument or deed, be transferred to, or be deemed to have been transferred to, and be available to, the Resulting Company so as to become as and from the Appointed Date, the Consents, estates, assets, rights, title, interests and authorities of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under Applicable Laws to ensure continuation of operations of the InCred Demerged Undertaking in the Resulting Company without any hindrance and the Consents shall be appropriately mutated by the Governmental Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company.
- 15.10 All contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents for the purpose of carrying on the business of the InCred Demerged Undertaking (but excluding the Demerged Company's registration as a non-banking financial institution with the

RBI), and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the InCred Demerged Undertaking, or to the benefit of which the InCred Demerged Undertaking may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, by delivery or recordal or by operation of law pursuant to the order of the Tribunal sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements and Consents (including licenses granted by any Governmental Authority) of the Resulting Company. Such properties and rights described hereinabove shall stand transferred to the Resulting Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Resulting Company. Such contracts and properties described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Resulting Company and shall be the legal and enforceable rights and interests of the Resulting Company, which can be enforced and acted upon as fully and effectually as if it were the Demerged Company. Upon the effectiveness of the Scheme, the rights, benefits, privileges, duties, liabilities/ debt incurred and moneys borrowed, obligations and interest whatsoever, arising from or pertaining to contracts and properties of the Demerged Company relating to the InCred Demerged Undertaking, shall be deemed to have been entered into and stand assigned, transferred and novated to the Resulting Company by operation of law and the Resulting Company shall be deemed to be the Demerged Company's substituted party or beneficiary or obligor thereto, it being always understood that the Resulting Company shall be the successor in the interest of the InCred Demerged Undertaking in relation to the properties or rights mentioned hereinabove. In relation to the same, any procedural requirements required to be fulfilled solely by the Demerged Company (and not by any of its successors), shall be fulfilled by the Resulting Company as if it were the duly constituted attorney of the Demerged Company.

- 15.11 Without prejudice to the other provisions of this Scheme, the Resulting Company may, at any time after the effectiveness of the Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings, arrangements with any party to any contract or arrangement in relation to the InCred Demerged Undertaking to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above, on the part of the Demerged Company to the extent they relate to the InCred Demerged Undertaking.
- 15.12 On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to enforce all pending contracts and transactions and issue credit notes, in so far as they relate to the InCred Demerged Undertaking, on behalf of the Demerged Company, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations, in relation to the InCred Demerged Undertaking, of the Demerged Company to the Resulting Company under this Scheme have been given effect to under such contracts and transactions.

16. CONSIDERATION FOR DEMERGER

16.1 Upon the Scheme becoming effective and in consideration of transfer and vesting of the InCred Demerged Undertaking of the Demerged Company in the Resulting Company in terms of this Scheme, the Transferee Company (which is the holding company of the Resulting Company) shall, without further application or deed, issue and allot CCPS credited as fully paid-up to the extent indicated below, to the shareholders (excluding the Transferee Company itself) of the Demerged Company holding fully paid-up equity shares and preference shares, as the case may be, and whose name appear in the register of members of the Demerged Company as on the Record Date in the following ratio:

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.

16.2 The CCPS to be issued to the shareholders of the Demerged Company in the Transferee Company pursuant to Clause 16.1 above shall be subject to the memorandum and articles of association of the Transferee Company and in compliance with the Applicable Laws.

16.3 The issuance and allotment of the CCPS by the Transferee Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Sections 42, 62 and 55 of the Act and any other applicable provisions of the Act were duly complied with.

16.4 Employee stock options:

16.4.1 Upon the Scheme becoming effective, the Transferee Company shall approve and adopt the KCM ESOP Plan;

16.4.2 Upon the Scheme becoming effective, in respect of the employee stock options granted by the Demerged Company on or prior to the Effective Date, under the InCred ESOP Scheme to the employees who are part of the InCred Demerged Undertaking or its subsidiaries (who become employees of the Resulting Company) ("**Eligible InCred Employees**") which have been considered as unvested for computation of Fair Value of InCred Demerged Undertaking, the Transferee Company shall grant employee stock options under the KCM ESOP Plan at no less favourable terms than employee stock options granted by the Demerged Company under the InCred ESOP Scheme. For every 1 (one) employee stock option of the Demerged Company (each being exercisable for 1 equity share of the Demerged Company), the Transferee Company shall issue 1 (one) employee stock option of the Transferee Company.

It is clarified that the existing employee stock options held by such Eligible InCred Employees under the InCred ESOP Scheme shall stand cancelled upon issuance of the aforementioned employee stock options by the Transferee Company.

It is clarified that each employee stock option of the Transferee Company issued under this Clause shall be exercisable for 1 (one) equity share of the Transferee Company.

- 16.4.3 Upon the Scheme becoming effective, in respect of the employee stock options granted by the Demerged Company on or prior to the Effective Date, to the Eligible InCred Employees and which have been considered vested for computation of Fair Value of InCred Demerged Undertaking, the Transferee Company shall grant employee stock options under the KCM ESOP Plan at no less favourable terms than employee stock options granted by the Demerged Company under the InCred ESOP Scheme. For every 1 employee stock option of the Demerged Company (each being exercisable for 1 equity share of the Demerged Company), the Transferee Company shall issue employee stock options of the Transferee Company in the following ratio:

$$\frac{\text{Number of the Transferee Company equity shares to be issued upon conversion of all CCPS}}{\text{Total number of equity shares issued by the Demerged Company as on 31 March 2022}}$$

It is clarified that the existing employee stock options held by such Eligible InCred Employees under the InCred ESOP Scheme shall stand cancelled upon issuance of the aforementioned employee stock options by the Transferee Company.

It is clarified that each employee stock option of the Transferee Company issued under this Clause shall be exercisable for 1 equity share of the Transferee Company.

- 16.4.4 Upon the Scheme becoming effective, all restricted stock units which have not been granted by the Transferee Company as on 31 March 2022, shall lapse automatically without any further act, instrument or deed by the Transferee Company and without the approval or acknowledgment of any other Person. It is hereby clarified that any restricted stock units granted by the Transferee Company after 31 March 2022 shall also lapse automatically in a similar manner as contemplated above.
- 16.4.5 Upon the Scheme becoming effective, the restricted stock units granted by the Transferee Company under the existing employee stock option plan to its employees or employees of the Resulting Company (“**Eligible KKR Employees**”) shall continue to be held by such Eligible KKR Employees under the KCM ESOP Plan and shall be exercisable as per the KCM ESOP Plan.
- 16.4.6 Upon the Scheme becoming effective, the KCM ESOP Plan shall include provisions that would enable the continuance of the employee stock options in the hands of the Eligible InCred Employees who become employees of the Resulting Company.
- 16.4.7 In relation to the employee stock options to be granted by the Transferee Company under the KCM ESOP Plan to the Eligible InCred Employees, the period during which the employee stock options (granted by the Demerged Company under the InCred ESOP Scheme) were held by or deemed to have been held by the Eligible InCred Employees shall be taken into account for determining the minimum vesting period required under the Applicable Laws, the KCM ESOP Plan, and the InCred ESOP Scheme.
- 16.4.8 The grant of employee stock options to the Eligible InCred Employees by the Transferee Company, as provided in this Scheme, shall be effected as an integral part of this Scheme and the Consent of the shareholders of the Demerged Company and the Transferee Company to this Scheme shall be deemed to be their Consent in relation to

all matters pertaining to the KCM ESOP Plan and the InCred ESOP Scheme and all related matters. No further approval of the shareholders of the Demerged Company or the Transferee Company or any resolution, action or compliance would be required in this connection under any applicable provisions of the Act and/ or other Applicable Laws.

16.4.9 The Boards of the Demerged Company and the Transferee Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of Clause 16.4 of the Scheme.

16.4.10 It is clarified that any question that may arise on the treatment of employee stock options/ restricted stock units or employee stock conversion ratio or the exercise price or vesting period or such other related matters (a) concerning the Eligible InCred Employees or the InCred ESOP Scheme shall be decided by the Board of the Demerged Company; and (b) concerning the Eligible KKR Employees or the KCM ESOP Plan shall be decided by the Board of the Transferee Company.

16.5 The authorised share capital of the Transferee Company is INR 2,000,000,000 (Indian Rupees two billion only) divided into 200,000,000 (two hundred million) equity shares of INR 10 (Indian Rupees ten only) each. The authorised share capital of the Demerged Company is INR 21,060,000,000 (Indian Rupees twenty-one billion and sixty million only) divided into 2,011,000,000 (two billion eleven million) equity shares of INR 10 (Indian Rupees ten only) each and 95,000,000 (ninety-five million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each. Upon the Scheme becoming effective, as an integral part of the Scheme, INR 17,150,000,000 (Indian Rupees seventeen billion and one hundred fifty million only) comprising of 1,700,000,000 (one billion and seven hundred million) equity shares of INR 10 (Indian Rupees ten only) each and 15,000,000 (fifteen million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each, being the authorised share capital of the Demerged Company relating to the InCred Demerged Undertaking, shall stand carried forward and merged with the authorised share capital of the Transferee Company. The Consent of the shareholders of the Demerged Company and the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of the Demerged Company and the Transferee Company, and no further resolution under Sections 4, 13, 61 and 64 of the Act or any other applicable provisions of the Act would be required to be separately passed nor shall the Transferee Company be required to pay any additional registration fees, stamp duty etc. The Transferee Company shall file requisite forms with the RoC. Consequently, the authorised share capital of the Demerged Company and the Transferee Company shall be as follows:

16.5.1 The authorised share capital of the Demerged Company shall be INR 3,910,000,000 (Indian Rupees three billion and nine hundred ten million only) divided into 311,000,000 (three hundred eleven million) equity shares of INR 10 (Indian Rupees ten only) each and 80,000,000 (eighty million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each; and

16.5.2 The authorised share capital of the Transferee Company shall be INR 19,150,000,000 (Indian Rupees nineteen billion and one hundred fifty million only) divided into 1,900,000,000 (one billion and nine hundred million) equity shares of

INR 10 (Indian Rupees ten only) each and 15,000,000 (fifteen million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each.

- 16.6 Clause V of the Memorandum of Association of the Demerged Company shall, upon the effectiveness of Part III of this Scheme and without any further act or deed, be replaced by the following Clause:

“The Authorised Share Capital of the Company is INR 3,910,000,000 (Indian Rupees three billion and nine hundred ten million only) divided into 311,000,000 (three hundred eleven million) equity shares of INR 10 (Indian Rupees ten only) each and 80,000,000 (eighty million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association and the legislative provisions for the time being in force.”

- 16.7 Clause V of the Memorandum of Association of the Transferee Company shall, upon the effectiveness of Part III of this Scheme and without any further act or deed, be replaced by the following Clause:

“The Authorised Share Capital of the Company is INR 19,150,000,000 (Indian Rupees nineteen billion and one hundred fifty million only) divided into 1,900,000,000 (One billion and nine hundred million) equity shares of INR 10 (Indian Rupees ten only) each and 15,000,000 (fifteen million) cumulative compulsory convertible preference shares of INR 10 (Indian Rupees ten only) each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association and the legislative provisions for the time being in force.”

- 16.8 For the avoidance of doubt, it is clarified that, in case, the authorised share capital of the Demerged Company and, or, the Transferee Company, as the case may be, undergoes any change, either as a consequence of any corporate actions or otherwise, then Clauses 16.6 and 16.7 shall automatically stand modified / adjusted automatically accordingly to take into account the effect of such change.

- 16.9 The Transferee Company shall issue and allot the CCPS to the non-resident shareholders of the Demerged Company (if any) in accordance with and subject to the Foreign Exchange Management Act, 1999 including all rules, regulations, notifications and circulars issued thereunder.

- 16.10 If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Demerged Company or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of the Demerged Company and the Board of Transferee Company, and on or before the Effective Date, the CCPS

Conversion Ratio shall be subject to equitable adjustments determined by the Boards of the Demerged Company and the Transferee Company.

17. ACCOUNTING TREATMENT

In the books of the Resulting Company

17.1 Upon effectiveness of the Scheme and with effect from the Appointed Date, the Resulting Company will account for the demerger of the InCred Demerged Undertaking of the Demerged Company in its books of accounts using the principles laid down in Indian Accounting Standard 103 Business Combinations and other applicable accounting requirements as under:

17.1.1 The Resulting Company shall record the assets and liabilities transferred to and vested in it pertaining to the InCred Demerged Undertaking of the Demerged Company pursuant to this Scheme at the same book values as appearing in the books of the InCred Demerged Undertaking of the Demerged Company (prepared under Accounting Standards) as on the Appointed Date.

17.1.2 The Resulting Company shall recognise its assets and liabilities at fair values as on the Appointed Date. The difference between the fair value of the net assets of the Resulting Company and the consideration, calculated as per Indian Accounting Standard 103 will be recognised as goodwill/ capital reserve.

17.1.3 Further, acquisition related costs will also be accounted in accordance with the requirements of Accounting Standards.

17.1.4 The consideration paid by the Transferee Company on account of demerger shall be recognised in equity as “Capital contribution from Parent” at the fair value of the CCPS issued by the Transferee Company.

In the books of the Transferee Company

17.2 The consideration paid by the Transferee Company on account of demerger shall be recognised at fair value in accordance with the applicable Accounting Standards, with a corresponding debit to “Investment in Subsidiary”.

In the books of the Demerged Company

17.3 With effect from the Appointed Date, the Demerged Company shall account for the InCred Demerged Undertaking in accordance with Appendix A of Indian Accounting Standard 10 'Distribution of Non Cash Assets to Owners' prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, in the books of accounts of the Demerged Company in the following manner:

17.3.1 The Demerged Company shall measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the InCred Demerged Undertaking with a corresponding debit to the ‘retained earnings’, solely to meet the requirements of Accounting Standards notified under Section 133 of the Act. The liability is subject to review at each reporting date and at the date of settlement, with any changes in the carrying amount of the liability recognised in ‘retained earnings’ as adjustment to the amount of distribution.

- 17.3.2 Reduce from its books of accounts, the carrying amount of assets and liabilities pertaining to the InCred Demerged Undertaking, being transferred to the Resulting Company.
- 17.3.3 Balance in statutory reserve outstanding in the books of Demerged Company recognised pursuant to Section 45-IC of the Reserve Bank of India Act, shall be transferred to the Resulting Company to the extent it relates to the InCred Demerged Undertaking.
- 17.3.4 The Demerged company shall recognise the difference, if any, between carrying amount of the liability as per Clause 17.3.1 above and the carrying value of assets and liabilities as per Clause 17.3.2 above (including the balance in statutory reserve as per Clause 17.3.3 above) in the statement of profit and loss account solely to meet the requirements of Accounting Standards notified under Section 133 of the Act.
- 17.3.5 For accounting purpose, the Scheme will be given effect on later of Appointed Date or the date when all substantial conditions for the transfer of InCred Demerged Undertaking are completed.

18. REDUCTION OF SHARE CAPITAL AND OTHER RESERVES OF THE DEMERGED COMPANY

- 18.1 Subject to Clause 17.3 above given effect to by the Demerged Company, the issued, subscribed and paid up equity share capital and preference share capital and other reserves of the Demerged Company as identified below shall be adjusted/ reduced against the debit balance of the retained earnings as per Clause 17.3.1 above, in the following sequential manner:
- 18.1.1 Issued, subscribed and paid up portion of the equity share capital and preference share capital aggregating to INR 3,71,24,42,250 in their *inter-se* ratio by way of reduction in face value per share (i.e. equity/ preference share);
- 18.1.2 Credit balance in securities premium account;
- 18.1.3 Credit balance in share based payment reserve account;
- 18.1.4 Credit balance in retained earnings account, if any; and
- 18.1.5 Balance, if any shall be debited to the profit and loss account.
- 18.2 The adjustments set out under Clause 18.1 above shall be effected as an integral part of the Scheme on the Effective Date and the order of the Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 and other applicable provisions of the Act, *inter alia* confirming the reduction in share capital of the Demerged Company, and no separate sanction under Section 66 and other applicable provisions of the Act will be necessary.
- 18.3 Any fraction in the face value per share arising on account of reduction of share capital shall be rounded off to the nearest higher integer. It is hereby clarified that to give effect to this Clause, appropriate adjustment shall be made in the amount of share capital set out in Clause 18.1.1 above. For the purposes of giving effect to this Clause 18, the Board of the Demerged Company shall be authorised to carry out necessary amendments to Clause V of the Memorandum of Association of the Demerged Company so as to reflect the new face value of

shares (i.e. equity/ preference share) pursuant to reduction of share capital and to give such directions as may be required including to settle any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

- 18.4 It is hereby clarified that the reduction would not involve a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital, and the procedure prescribed under Section 66 of the Act shall not be required to be undertaken.
- 18.5 Notwithstanding the reduction of the issued, subscribed and paid-up share capital of the Demerged Company, the Demerged Company shall not be required to add the words "And Reduced" as suffix to its name.

19. EMPLOYEES

- 19.1 Without prejudice to the foregoing, upon the effectiveness of this Scheme and with effect from the Effective Date, the Resulting Company undertakes to engage, without any interruption in service, all employees of the Demerged Company pertaining to or relatable to the InCred Demerged Undertaking on terms and conditions no less favourable than those on which they are engaged by the Demerged Company as on the Effective Date. The Resulting Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the Demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.
- 19.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called, of which they are beneficiaries, will be transferred respectively to such provident fund, gratuity fund and superannuation funds or any equivalent funds established under Applicable Laws by whatever name called nominated by the Resulting Company and/ or such new provident fund, gratuity fund and superannuation fund or any equivalent funds established under Applicable Laws by whatever name called to be established in accordance with Applicable Law and caused to be recognized by the Governmental Authorities, by the Resulting Company.
- 19.3 The Resulting Company shall assume all rights, obligations and liabilities of the InCred Demerged Undertaking, in relation to and in connection with any immigration matters, including any programmes, filings, sponsorships, etc.
- 19.4 The Boards of the Demerged Company and the Resulting Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 19.

20. LEGAL PROCEEDINGS

- 20.1 Without prejudice to the foregoing, if any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature in relation to the InCred Demerged Undertaking excluding those in relation to the Remaining Business (*hereinafter referred to as "Transferring Proceedings" for the purpose of this Clause*) by or against the

Demerged Company is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the merger or of anything contained in this Scheme, but the Transferring Proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made. On and from the Effective Date, the Resulting Company may initiate or defend any legal proceeding for and on behalf of the Demerged Company in relation to the InCred Demerged Undertaking.

- 20.2 From the Appointed Date and until the Effective Date, the Demerged Company shall defend all legal proceedings, in relation to the InCred Demerged Undertaking (including the Transferring Proceedings), with the advice and instructions of the Resulting Company or its successor(s).
- 20.3 From the Effective Date, the Resulting Company (a) shall be replaced / added (as may be required) as party to Transferring Proceedings; and (b) shall, subject to any agreement between the Parties and subject to any liabilities that would remain with the Demerged Company by operation of Applicable Law, prosecute or defend or enforce such proceedings as the case may be to the exclusion of the Demerged Company. Each of the Parties shall be entitled to make relevant applications in that behalf, as may be required.

21. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 15 of this Part III of the Scheme and the continuance of proceedings by or against Resulting Company under Clause 20 of this Part III of the Scheme shall not affect any transaction or proceeding already concluded in the Demerged Company, in relation to the InCred Demerged Undertaking, on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company, in relation to the InCred Demerged Undertaking, in respect thereto as done and executed on its behalf.

22. REMAINING BUSINESS OF THE DEMERGED COMPANY

- 22.1 It is clarified that the Remaining Business and all the assets, liabilities and obligations of the Demerged Company, other than those transferred pursuant to this Scheme, shall continue to belong to and be managed by the Demerged Company. Save as expressly provided herein, nothing contained in this Scheme shall be applicable to or restrict conduct of the Remaining Business by the Demerged Company.
- 22.2 All legal and other proceedings by or against the Demerged Company under any statute including any refund entitlement in relation to the proceedings, pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date, relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company. It is hereby clarified that all direct or indirect tax proceedings in relation to matters related to Remaining Business prior to the Appointed Date or pertaining to a period prior to the Appointed Date shall continue against the Demerged Company. Similarly, any direct or indirect tax refunds in relation to the above-mentioned tax proceedings shall belong to the Demerged Company. Further, with effect from the period from the Appointed Date, direct or indirect tax proceedings (including any refund entitlement)

relating to the Remaining Business of the Demerged Company shall be continued and enforced by or against the Demerged Company.

23. TREATMENT OF TAXES

Without prejudice to the foregoing, upon the effectiveness of the Scheme, by operation of law pursuant to the order of the Tribunal:

- 23.1 all Taxes (including but not limited to disputed Tax demands, advance Tax, Tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, value added tax, service tax or Taxes etc. withheld/paid in a foreign country) payable by or refundable to the Demerged Company in relation to the InCred Demerged Undertaking, including all or any refunds or disputed Tax demands, if confirmed, or Claims shall be treated as the Tax liability or refunds/Claims, as the case may be, of the Resulting Company, and any incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, subsidies, grants, special status, other benefits, as would have been available to the Demerged Company, shall, be available to the Resulting Company. If the Demerged Company is entitled to any unutilized credits, benefits under the state or central fiscal / investment incentive schemes and policies or concessions under any Tax law or Applicable Law, the Resulting Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits under Applicable Laws of the Demerged Company, the same shall be transferred to the Resulting Company in accordance with the Applicable Law.
- 23.2 taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternate tax, if any, paid by the Demerged Company shall be treated as paid by the Resulting Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.
- 23.3 if the Demerged Company is entitled to any benefits under incentive schemes and policies under Tax Laws, all such benefits under all such incentive schemes and policies shall be and stand applicable to the benefit of the Resulting Company.
- 23.4 the Resulting Company and the Demerged Company are expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted/ collected at source returns, service tax returns, sales tax / value added tax / goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme.
- 23.5 it is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Demerged Company, shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company, to recover or realise the same, stands transferred to the Resulting Company.

24. TREATMENT OF THE DEMERGER FOR THE PURPOSES OF IT ACT

The Demerger of the InCred Demerged Undertaking of the Demerged Company into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date for Demerger and shall be in accordance with the provisions of Section 2(19AA) of the IT Act read with Section 2(41A) of the IT Act. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modifications will however not affect the other parts of the Scheme.

PART IV

GENERAL TERMS AND CONDITIONS

25. BUSINESS UNTIL EFFECTIVE DATE:

- 25.1 With effect from the Appointed Date and until Part II of the Scheme becoming effective,
- 25.1.1 the Transferor Company shall be deemed to have been carrying on, and to be carrying on, all business and activities of the Transferor Company for and on account of and in trust for the Transferee Company;
- 25.1.2 All profits or income arising accruing to the Transferor Company and all tax paid thereon or losses including Tax losses, arising or incurred by the Transferor Company for the period commencing from the Appointed Date to the date the Scheme is effective shall, for all purposes, be treated as the profits or income, taxes or losses, as the case may be, of the Transferee Company; and
- 25.1.3 All assets howsoever acquired by the Transferor Company for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Transferee Company.
- 25.2 With effect from the Appointed Date and until Part III of the Scheme becoming effective:
- 25.2.1 the Demerged Company shall be deemed to have been carrying on, and to be carrying on and shall carry on, all business and activities of the InCred Demerged Undertaking for and on account of and in trust for the Resulting Company;
- 25.2.2 All profits or income arising or accruing to the Demerged Company with respect to the InCred Demerged Undertaking and all tax paid thereon or losses including Tax losses, arising or incurred by the InCred Demerged Undertaking for the period commencing from the Appointed Date to the date the Scheme is effective shall, for all purposes, be treated as the profits or income, taxes or losses, as the case may be, of the Resulting Company; and
- 25.2.3 All assets howsoever acquired by the Demerged Company for carrying on its business, operations or activities and the liabilities relating to the InCred Demerged Undertaking shall be deemed to have been acquired and are also contracted for and on behalf of the Resulting Company.
- 25.2.4 The Demerged Company shall be entitled to undertake: (a) Permitted IFSL Interim Funding in accordance with the terms agreed between the Parties; and (b) such other issuances of Securities of the Demerged Company as may be mutually agreed in writing between the Parties.
- 25.2.5 The Transferor Company shall be entitled to undertake: (a) Permitted BFL Interim Funding in accordance with the terms agreed between the Parties; and (b) such other issuances of Securities of the Transferor Company as may be mutually agreed in writing between the Parties.
- 25.2.6 The Transferee Company and the Resulting Company shall be entitled to undertake: (a) Permitted KCM Interim Funding or Permitted KIFS Interim Funding, as the case

may be, in accordance with the terms agreed between the Parties; and (b) such other issuances of Securities of the Transferee Company or the Resulting Company as may be mutually agreed in writing between the Parties.

26. APPLICATION TO TRIBUNAL:

- 26.1 The Parties shall make all necessary applications and/ or petitions under the Sections 230 to 232 and 234 of the Act and/or other applicable provisions of the Applicable Law to the Tribunal or Governmental Authority to seek approval for this Scheme and all matters ancillary or incidental thereto.
- 26.2 A Party shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any Applicable Law for such Consents which a Party may require to own the assets and/or liabilities of the Transferor Company and the Demerged Company, as the case may be, and to carry on the business of the Transferor Company and the Demerged Company, as the case may be.

27. CONDITIONS PRECEDENT TO THE SCHEME

- 27.1 Unless otherwise decided and agreed by and between the Board of each of the Parties, this Scheme shall be conditional upon and subject to:
- 27.1.1 the Scheme being approved by the requisite majorities in number and value of such classes of Persons including the shareholders and/or creditors of the Parties as may be required under the Applicable Law and/or directed by the Tribunal/Governmental Authority;
- 27.1.2 the Scheme being sanctioned by the Tribunal as required under Applicable Law;
- 27.1.3 the Scheme being approved by the SEBI and RBI as required under Applicable Law, in each case, in a form agreed between the Parties in writing;
- 27.1.4 satisfaction (or waiver in writing) of such other conditions precedent as mutually agreed between the Parties in writing;
- 27.1.5 the certified copy/(ies) of the order of the Tribunal/Governmental Authority sanctioning the Scheme being filed with the RoC/ Governmental Authority (including the Mauritius RoC and the Financial Services Commissions, Mauritius) by each of the Parties, as may be applicable;
- 27.1.6 all other relevant Consents, as may be required in respect of this Scheme, being obtained from the Governmental Authority and / or Person;
- 27.1.7 Completion of conversion of the Transferor Company from a global business license company to an authorised company; and
- 27.1.8 compliance by the Parties of the Fourteenth Schedule, Part 11, Paragraph 4 of the Mauritius Companies Act 2001 (as amended) in relation to the Scheme.

28. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 28.1 The Boards of the Parties may jointly make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. Provided that no modification or amendment will be made to the Scheme without specific and written approval of the authorized signatory of each of the Parties. The Boards of the Parties may Consent to any conditions or limitations that the Tribunal or any other Governmental Authority may impose.
- 28.2 For the purposes of giving effect to this Scheme or any modification hereof, the Boards of the Parties may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.

29. CHANGE OF NAME OF THE DEMERGED COMPANY, TRANSFEREE COMPANY AND RESULTING COMPANY

29.1 Change of name of the Demerged Company

29.1.1 Upon the Scheme becoming effective, unless otherwise decided by the Board of the Demerged Company, the name of the Demerged Company shall stand changed to 'InCred Prime Finance Limited' or such other name as may be determined by the Demerged Company, in each case subject to approval by the RoC and the Demerged Company filing all necessary forms and applications with the Ministry of Corporate Affairs in this regard. Consequently, the existing name of the Demerged Company wherever it occurs in the memorandum of association and articles of association of the Demerged Company shall be substituted by the new name.

29.1.2 Consequently, Clause I of the Memorandum of Association of the Demerged Company shall, upon the effectiveness of this Scheme and without any further act or deed, be and stand altered, modified and amended pursuant to Sections 4, 5, 13, and 14 of the Act and be replaced by the following Clause:

“The name of the Company is InCred Prime Finance Limited”

29.1.3 It is clarified that the change in name of the Demerged Company is an integral part of the Scheme and the approval of the shareholders of the Demerged Company to this Scheme shall be deemed to be their Consent also to effect the change in name of the Demerged Company and the consequential alteration of the memorandum of association and articles of association of the Demerged Company and the Demerged Company shall not be required to seek separate Consent of its shareholders for such alteration of the memorandum of association and articles of association, as required under Sections 4, 5, 13, and 14 of the Act and other applicable provisions of the Act.

29.2 Change of name of the Transferee Company

29.2.1 Upon the Scheme becoming effective, unless otherwise decided by the Board of the Transferee Company, the name of the Transferee Company shall stand changed to 'InCred Holdings Private Limited' or such other name as may be agreed in writing between the Transferee Company and the Demerged Company, in each case subject to approval by the RoC and the Transferee Company filing all necessary forms and

applications with the Ministry of Corporate Affairs in this regard. Consequently, the existing name of the Transferee Company wherever it occurs in the memorandum of association and articles of association of the Transferee Company shall be substituted by the new name.

29.2.2 Consequently, Clause I of the Memorandum of Association of the Transferee Company shall, upon the effectiveness of this Scheme and without any further act or deed, be and stand altered, modified and amended pursuant to Sections 4, 5, 13, and 14 of the Act and be replaced by the following Clause:

“The name of the Company is InCred Holdings Private Limited”

29.2.3 It is clarified that the change in name of the Transferee Company is an integral part of the Scheme and the approval of the shareholders of the Transferee Company to this Scheme shall be deemed to be their Consent also to effect the change in name of the Transferee Company and the consequential alteration of the memorandum of association and articles of association of the Transferee Company and the Transferee Company shall not be required to seek separate Consent of its shareholders for such alteration of the memorandum of association and articles of association, as required under Sections 4, 5, 13, and 14 of the Act and other applicable provisions of the Act.

29.3 Change of name of the Resulting Company

29.3.1 Upon the Scheme becoming effective, unless otherwise decided by the Board of the Resulting Company, the name of the Resulting Company shall stand changed to ‘Incred Financial Services Limited’ or such other name as may be agreed in writing between the Transferee Company and the Demerged Company, in each case subject to approval by the RoC and the Resulting Company filing all necessary forms and applications with the Ministry of Corporate Affairs in this regard. Consequently, the existing name of the Resulting Company wherever it occurs in the memorandum of association and articles of association of the Resulting Company shall be substituted by the new name.

29.3.2 Consequently, Clause I of the Memorandum of Association of the Resulting Company shall, upon the effectiveness of this Scheme and without any further act or deed, be and stand altered, modified and amended pursuant to Sections 4, 5, 13, and 14 of the Act and be replaced by the following Clause:

“The name of the Company is Incred Financial Services Limited”

29.3.3 It is clarified that the change in name of the Resulting Company is an integral part of the Scheme and the approval of the shareholders of the Resulting Company to this Scheme shall be deemed to be their Consent also to effect the change in name of the Resulting Company and the consequential alteration of the memorandum of association and articles of association of the Resulting Company and the Resulting Company shall not be required to seek separate Consent of its shareholders for such alteration of the memorandum of association and articles of association, as required under Sections 4, 5, 13, and 14 of the Act and other applicable provisions of the Act.

30. ORDER OF IMPLEMENTATION OF THE SCHEME

30.1 The Scheme shall be made effective in the order as contemplated below:

30.1.1 Part II of the Scheme shall be made effective in priority to Part III; and thereafter,

30.1.2 Part III of the Scheme shall be made effective immediately after the implementation of Part II of the Scheme.

30.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Governmental Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Parties may have under or pursuant to all Applicable Law.

30.3 On the approval of this Scheme by the shareholders of the Parties and such other classes of persons relating to the Parties, if any, such shareholders and classes of persons shall also be deemed to have resolved and accorded all relevant Consents under the Act or otherwise to the same extent applicable to all the matters related or arising pursuant to the Scheme.

30.4 It is hereby clarified that the effectiveness and implementation of Part II, and Part III of the Scheme are interdependent on each other and the Scheme shall not take effect unless each of Part II and Part III take effect simultaneously and in the sequence set out in Clause 30.1 above.

31. NON-RECEIPT OF APPROVALS AND WITHDRAWAL OF THIS SCHEME

31.1 Any Party shall be at liberty to withdraw from this Scheme at any time as may be mutually agreed in writing between the Parties.

31.2 In the event the Scheme not being sanctioned by the Tribunal, and/or the order or orders not being passed as aforesaid on or before such date as may be agreed to by the Parties, this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/or in connection with this Scheme unless otherwise mutually agreed.

31.3 In the event of withdrawal of the Scheme under Clause 31.1 or Clause 31.2 above, except as otherwise agreed between the parties no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

32. COSTS, CHARGES & EXPENSES

32.1 All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, (including stamp duty) shall be borne solely by the Transferee Company.

33. NO SEVERABILITY

33.1 If any part or provision of this Scheme hereof becomes invalid, ruled illegal by the Tribunal, or unenforceable under present or future Applicable Laws, then it is the intention of the Parties

that the Scheme shall stand revoked, cancelled, and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated under the Scheme or as to any rights, and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

SCHEDULE I

TERMS OF THE CCPS

1. Definitions

“**% Equity Interest of CCPS Holders**” shall mean X, expressed as a percentage, determined as per formula below:

$$X = A - B$$

A = % Equity Interest of Incred Group

B = % Equity Interest of Incred Vested ESOPs

“**% Equity Interest of Incred Group**” shall mean X, expressed as a percentage, determined as per formula below:

$$X = A / (A + B + C)$$

A = Fair Value of InCred Demerged Undertaking

B = Fair Value of Business of KIFS

C = Fair Value of Business of KCM

“**% Equity Interest of Incred Vested ESOPs**” shall mean X, expressed as a percentage, determined as per formula below:

$$X = A * B$$

A = % Equity Interest of Incred Group

B = Existing % Interest of Incred Vested ESOPs

“**% Equity Interest of KKR Group Equity Shareholders**” shall mean X, expressed as a percentage, determined as per formula below:

$$X = 100\% - A - B$$

A = % Equity Interest of Incred Group

B = % Equity Interest of KKR RSUs

“**% Equity Interest of KKR RSUs**” shall mean X, expressed as a percentage, determined as per formula below:

$$X = (100\% - A) * B$$

A = % Equity Interest of Incred Group

B = Existing % Interest of KKR RSUs

“**Existing % Interest of Incred Vested ESOPs**” shall mean the % equity interest on a Fully Diluted Basis in the Demerged Company, towards Incred Vested ESOPs on the Calculation Date.

“**Existing % Interest of KKR RSUs**” shall mean the % equity interest on a Fully Diluted Basis in the Transferee Company, towards KKR RSUs on the Calculation Date.

“**Fully Diluted Basis**” shall mean, in reference to any calculation, that the calculation should be made in relation to the equity share capital of any Person, assuming that all outstanding

convertible preference shares or debentures, options (and in the case of employee stock options, only options that have vested but not any unvested options), warrants and other Securities convertible into or exercisable or exchangeable for equity shares of that Person (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of equity shares possible under the terms thereof;

“**Incred Group**” shall mean collectively the Demerged Company, BFPL, Incred.AI and IMTS;

“**Incred Vested ESOPs**” shall mean number of employee stock options issued to employees of Incred Group which are already vested as on Calculation Date;

“**KKR Group**” shall mean collectively the Transferee Company and the Resulting Company;

“**KKR RSUs**” shall mean restricted stock units issued to employees of KKR Group on or before Calculation Date;

“**Total Outstanding CCPS**” shall mean total number of CCPS issued and outstanding on CCPS conversion date;

“**Total Outstanding Equity Shares Before Conversion**” shall mean all equity shares of the Transferee Company issued as on the Calculation Date.

2. **Instrument**

The CCPS are fully and compulsorily convertible preference shares of face value of INR 10 each, issued and allotted by the Transferee Company.

3. **Conversion**

3.1 The CCPS shall be converted into equity shares of the Transferee Company (such equity shares being the “**CCPS Conversion Shares**”) on the CCPS Conversion Date (*as defined hereinafter*) in accordance with paragraph 4 below, based on the conversion ratio determined in accordance with paragraph 3.2 below (“**CCPS Conversion Ratio**”). The CCPS Conversion Ratio shall be subject to the adjustments set out in this **Schedule I**, provided that each CCPS shall be convertible into a maximum of 1 equity shares of the Transferee Company.

3.2 CCPS Conversion Ratio

(a) Upon determination of the Fair Value of InCred Demerged Undertaking, Fair Value of Business of KIFS and Fair Value of Business of KCM, pursuant to and in accordance with such method of computation as mutually agreed between the Parties, each CCPS shall convert into the lower of:

- (i) 1 equity share of the Transferee Company; and
- (ii) such number of equity shares of the Transferee Company as represented by X in the following formula:

$$X = ((A/C)*B)/D$$

A = Total Outstanding Equity Shares Before Conversion

B = % Equity Interest of CCPS Holders
C = % Equity Interest of KKR Group Equity Shareholders
D = Total Outstanding CCPS

3.3 The CCPS Conversion Shares issued upon conversion of the CCPS will, in all respects, rank *pari passu* with all other equity shares issued by the Transferee Company.

3.4 CCPS Conversion Date

All CCPS shall be mandatorily and compulsorily converted into equity shares of the Transferee Company on a date that is determined as follows (“**CCPS Conversion Date**”):

(a) On a date within 30 days of determination of the Fair Value of InCred Demerged Undertaking, Fair Value of Business of KIFS and Fair Value of Business of KCM/CCPS Conversion Ratio determined by the Transferee Company and notified in writing to the holders of the CCPS. All CCPS shall be converted into equity shares of the Transferee Company at the CCPS Conversion Ratio determined under Clause 3.2(a)(i) above.

3.5 No fractional equity shares shall be issued to a CCPS holder upon the conversion of the aggregate CCPS held by such CCPS holder, and the total number of equity shares of the Transferee Company to be issued to such CCPS holder shall be rounded to the nearest whole equity share.

3.6 If, whilst any CCPS remain capable of being converted into equity shares, the Transferee Company splits, sub-divides (stock split) or consolidates (reverse stock split) the equity shares into a different number of securities of the same class, the CCPS Conversion Ratio shall be proportionately adjusted in the case of a split, or sub-division (stock split), or consolidation (reverse stock split).

3.7 If the Transferee Company makes any bonus issue to the holders of equity shares other than as agreed in writing between the Parties, the number of equity shares to be issued on any subsequent conversion of the CCPS shall be increased proportionately and the CCPS Conversion Ratio will be adjusted accordingly.

4. **Procedure for Conversion**

4.1 On the CCPS Conversion Date, the Transferee Company shall:

- (a) convene a meeting of its Board to approve:
 - (i) the issue and allotment of the relevant CCPS Conversion Shares to the holder(s) of CCPS, free and clear of all Encumbrances;
 - (ii) recording the issue and allotment of the relevant CCPS Conversion Shares to each holder of CCPS in the statutory registers of the Transferee Company and registering such holder of CCPS as the legal and beneficial owner of the relevant CCPS Conversion Shares;
 - (iii) the issue of duly executed and stamped share certificates in respect of the CCPS Conversion Shares issued and allotted;

- (b) deliver to each holder of CCPS a certified true copy of the board resolution referred above, together with a certified true copy of an extract of the register of members of the Transferee Company showing each holder of CCPS as the holder of the relevant CCPS Conversion Shares; and
- (c) make all necessary filings required to be made with any governmental authority and take such additional steps and actions as may be required in accordance with Applicable Law and its charter documents, to give effect to the provisions of this **Schedule 1**.

5. **Reservation of Shares Issuable Upon Conversion**

If at any time the number of authorized but unissued equity shares shall not be sufficient to effect the conversion of all then outstanding CCPS, the Transferee Company shall immediately (and in any event prior to the CCPS Conversion Date) take such corporate action as may be necessary to increase its authorized but unissued equity shares to such number of shares as shall be sufficient for such purposes without any delay.

6. **Voting Rights**

The CCPS shall carry voting rights on an as if converted basis, provided that for the purposes of exercise of voting rights, until determination of the CCPS Conversion Ratio, the CCPS shall, in aggregate, be deemed to be convertible into such number of equity shares of the Transferee Company as represents 65% of the share capital of the Transferee Company on a Fully Diluted Basis.

7. **Dividends**

The CCPS shall carry a fixed cumulative preferential dividend of 0.0001% (zero point zero zero zero one percent) per annum on the face value thereof. For the avoidance of doubt, it is hereby clarified that this fixed cumulative preferential dividend of 0.0001% (zero point zero zero zero one percent) per annum in relation to the CCPS shall be paid prior to payment of any dividend in respect of the equity shares of the Transferee Company. After payment of such preferential dividend, the holders of CCPS shall be entitled to receive any dividends as may be declared by the Transferee Company pro-rata to their shareholding in the Transferee Company on a Fully Diluted Basis (i.e. on an as converted basis, assuming that the CCPS are, in aggregate, convertible into such number of equity shares of the Transferee Company as represents 65% of the share capital of the Transferee Company on a Fully Diluted Basis), at the same rate as the holders of equity shares of the Transferee Company.

8. **Transfer**

The CCPS shall be subject to the transfer provisions as mutually agreed in writing between the Parties which shall *mutatis mutandis* be deemed to be incorporated herein.

9. **Liquidation Event**

On the occurrence of any Liquidation Event, the CCPS shall be mandatorily and automatically converted into equity shares, in accordance with the terms of this **Schedule I**, on the date which is immediately prior to the date on which such Liquidation Event occurs provided that where such conversion occurs prior to determination of the CCPS Conversion Ratio, the CCPS shall,

in aggregate, be converted into such number of equity shares of Transferee Company as represents 65% (sixty five) of the share capital of Transferee Company on a Fully Diluted Basis.

For the purpose of this **Schedule I, “Liquidation Event”** means occurrence of any of the following events, with respect to the Transferee Company and / or any of its subsidiaries, other than occurrence of events mutually agreed between the Parties:

- (a) commencement of any proceeding for the liquidation, dissolution, winding up, composition with creditors, bankruptcy or other analogous insolvency proceedings, whether voluntary or involuntary;
- (b) any merger, amalgamation, consolidation, reconstitution, restructuring or similar transaction with or into another Person, following which the shareholders of the Transferee Company immediately prior to such transaction (or series of related transactions), directly and indirectly, or the Transferee Company itself (as the case may be), holds less than 50% of the outstanding voting power of the Transferee Company or any of its subsidiaries (as the case may be); or
- (c) a substantial sale, transfer or other disposition of assets and properties (including tangible assets).