August 16, 2018

IndusInd Bank

To,
Manager - Listing Compliance
National Stock Exchange of India Limited
'Exchange Plaza'. C-1, Block G, Bandra Kurla Complex,
Bandra (E),Mumbai - 400 051.

Ref: **(1) Scheme of arrangement amongst IndusInd Bank Limited ("IBL"), Bharat Financial Inclusion Limited (formerly known as 'SKS Microfinance Limited') ("BFIL"), the wholly owned subsidiary of IndusInd Bank Limited ("WOS") and their respective shareholders and creditors ("Scheme");**

(2) Clarifications/ documents sought by the National Stock Exchange of India Limited ("NSE") on April 16, 2018; and the response submitted by IBL to NSE; and

(3) No-objection issued by the NSE dated June 1, 2018, bearing reference number NSE/LIST/15840.

Subject: **(1) Details in relation to the WOS incorporated for the purposes of the Scheme; and**

(2) Book value of the Transferred Undertaking (as defined in the Scheme) as on the appointed date of the Scheme i.e. January 1, 2018.

Dear Sir/ Madam,

1. We refer to the application dated March 28, 2018, submitted with the NSE in relation to the Scheme, in accordance with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular dated March 10, 2017 bearing reference no. CFD/DIL3/CIR/2017/21 ("**SEBI Regulations**"). An application was also made by IBL to the BSE Limited ("**BSE**") on March 28, 2018, in accordance with the SEBI Regulations.

2. IBL received 'no-objection' in relation to the draft Scheme from the NSE on June 1, 2018, and from the BSE on June 4, 2018 (together, "**Stock Exchange NoCs**"). Paragraph (a) of the Stock Exchange NoCs required IBL to finalise/decide the capital structure of the WOS prior to filing of the Scheme with the National Company Law Tribunal ("**NCLT**").

Incorporation of the WOS for the purposes of the Scheme

3. In this regard, please note that pursuant to the approval received from the RBI on June 8, 2018, IBL has incorporated the WOS with the name of IndusInd Financial Inclusion Limited ("**IFIL**"). A copy of the certificate of incorporation of IFIL dated August 6, 2018 issued by the Registrar of Companies, Mumbai, is enclosed as **Annexure 1**.

4. IFIL has been incorporated as an unlisted public company. The authorised share capital of IFIL is Rs. 50,00,00,000 (Rupees Fifty Crore), divided into 5,00,00,000 (Five Crore) equity shares of face value of Rs. 10 (Rupees Ten) each. IBL, together with its nominees hold 7 equity shares in IFIL. As such, currently, the issued and paid up capital of IFIL is Rs. 70.

5. The issued and paid up capital of IFIL will undergo a change post the effectiveness of the Scheme, and issuance of equity shares by IFIL to IBL, as consideration for the Slump Exchange (as defined in

the Scheme) of the Transferred Undertaking from IBL to IFIL. Further, the authorised share capital of IFIL shall stand increased to Rs. 60,00,00,000 (Rupees Sixty Crore), divided into 6,00,00,000 (Six Crore) equity shares of face value of Rs. 10 (Rupees Ten) each.

6. Following the effectiveness of the Scheme, IFIL shall remain an unlisted wholly owned subsidiary of IBL.

7. Further, IBL and BFIL have agreed that, as a part of the Scheme and upon its effectiveness, the name of IFIL shall be changed to "Bharat Financial Inclusion Limited", subject to applicable laws. IFIL shall take all necessary steps to give effect to such change of name. From the date of effectiveness of the Scheme, till the time necessary formalities relating to the change of name are completed, IFIL shall be eligible to use its present name to ensure continuity of its operations.

8. The above details have been duly incorporated in the Scheme, enclosed as **Annexure 2**, in paragraphs A(3), 11(iii), 62, 65, 66, and 67.

9. The Board of IFIL has, *vide* its meeting on August 14, 2018, approved the Scheme. A certified true copy of the Board resolution of IFIL approving the Scheme is enclosed as **Annexure 3**.

Book value of the Transferred Undertaking as on the appointed date of the Scheme

10. In terms of the response submitted to the NSE pursuant to its correspondence dated April 16, 2018, IBL had provided an undertaking that the book value of the Transferred Undertaking as on the appointed date (i.e. January 1, 2018) shall be specified in the Scheme, prior to filing the same with the NCLT.

11. In this regard, MSKA & Associates, Chartered Accountants, have issued a valuation report dated August 13, 2018 to IFIL, specifying the book value of the Transferred Undertaking as on the appointed date. The valuation report is enclosed as **Annexure 4**. As specified in the Scheme, IFIL shall issue equity shares to IBL at their face value, credited as fully paid up, which shall be equivalent to the value of the Transferred Undertaking

12. The book value of the Transferred Undertaking has been included in paragraph 56 of the Scheme.

We request you to take the above on record.

IBL shall proceed with filing of the Scheme with the NCLT on the basis of the Stock Exchange NoCs.

Thanking you.

For **IndusInd Bank Limited**

Haresh Gajwani
Company Secretary

Encl:

Annexure 1: Copy of Certificate of incorporation of IFIL
Annexure 2: Certified copy of the updated Scheme
Annexure 3: Certified true copy of the Board resolution passed by IFIL approving the Scheme
Annexure 4: Valuation Report dated August 13, 2018 issued by MSKA & Associates, specifying the Book value of the Transferred Undertaking as on the appointed date

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GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

Central Registration Centre

Certificate of Incorporation

[Pursuant to sub-section (2) of section 7 of the Companies Act, 2013 (18 of 2013) and rule 18 of the Companies (Incorporation) Rules, 2014]

I hereby certify that INDUSIND FINANCIAL INCLUSION LIMITED is incorporated on this Sixth day of August Two thousand eighteen under the Companies Act, 2013 (18 of 2013) and that the company is limited by shares.

The Corporate Identity Number of the company is U65999MH2018PLC312539.

The Permanent Account Number (PAN) of the company is **AAECI9566Q***

The Tax Deduction and Collection Account Number (TAN) of the company is **MUMI14383F***

Given under my hand at Manesar this Ninth day of August Two thousand eighteen .

DS MINISTRY OF CORPORATE AFFAIRS 27

Digital Signature Certificate
Mr MUKESH KUMAR SONI
Deputy Registrar Of Companies
For and on behalf of the Jurisdictional Registrar of Companies
Registrar of Companies
Central Registration Centre

Disclaimer: This certificate only evidences incorporation of the company on the basis of documents and declarations of the applicant(s). This certificate is neither a license nor permission to conduct business or solicit deposits or funds from public. Permission of sector regulator is necessary wherever required. Registration status and other details of the company can be verified on www.mca.gov.in

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Mailing Address as per record available in Registrar of Companies office:

INDUSIND FINANCIAL INCLUSION LIMITED
One Indiabulls Centre, Tower 1, Floor 8, 841 Senapati Bapat Marg,
Elphinstone, MUMBAI, Mumbai City, Maharashtra, India, 400013

* as issued by the Income Tax Department

COMPOSITE SCHEME OF ARRANGEMENT

Under Sections 230 to 232 of the Companies Act, 2013

AMONG

BHARAT FINANCIAL INCLUSION LIMITED	...	**AMALGAMATING COMPANY**
INDUSIND BANK LIMITED	...	**AMALGAMATED COMPANY**
INDUSIND FINANCIAL INCLUSION LIMITED	...	**TRANSFEREE COMPANY**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PART I - GENERAL

A. *Description of Parties*

1. Bharat Financial Inclusion Limited (formerly known as SKS Microfinance Limited) is public company, limited by shares, incorporated under the 1956 Act (as defined hereunder), under corporate identification number L65999MH2003PLC250504) and having its registered office at Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 (hereinafter referred to as "**BFIL**" or the "**Amalgamating Company**"). BFIL is registered with the RBI (as defined hereunder) as a non-deposit taking non-banking financial company – micro finance institution. The equity shares of BFIL are listed on the BSE Limited and the National Stock Exchange of India Limited (together the "**Stock Exchanges**"). BFIL is engaged primarily in the businesses of providing small value loans and certain other basic financial services to women in rural areas in India, for use in small businesses or for other income-generating activities and certain non-financial, non-lending activities which comprise origination, servicing and collection of loans

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For IndusInd Financial Inclusion Limited
Director

as a business correspondent for IBL (as defined hereunder) as well as provision of other products and services;

2. IndusInd Bank Limited is a public company, limited by shares, incorporated under the 1956 Act, under corporate identification number L65191PN1994PLC076333 and having its registered office at 2401, General Thimmayya Road, East Street, Pune – 411 001 (hereinafter referred to as "**IBL**" or the "**Amalgamated Company**") and is licensed as a banking company under the provisions of the Banking Regulation Act, 1949. The equity shares of the Amalgamated Company are listed on the Stock Exchanges and its global depository receipts are listed on the Luxembourg Stock Exchange. IBL is primarily engaged in the business of providing banking services in India. IBL is engaged in the business of, inter alia, banking and financial services including retail, commercial, corporate and investment banking and wealth management services catering to both consumer and corporate customers.

3. IndusInd Financial Inclusion Limited is a company incorporated under the Act (as defined hereunder) under the Act (as defined hereunder), under corporate identification number U65999MH2018PLC312539 and having its registered office at One Indiabulls Centre, Tower 1, 8th Floor, 841 Senapati Bapat Marg, Elphinstone, Mumbai, Maharashtra – 400013 (the "**Transferee Company**"). The Transferee Company is a wholly owned subsidiary of IBL. The main objects of the Transferee Company include, *inter alia*, to carry on the business of business correspondent/ business facilitator or authorized agent/sub-agent to customers, for various clients from time to time including banks, financial institutions, central government, state governments, quasi-government agencies or any person (whether incorporated or not) in India or elsewhere and to provide various services in connection with the same.

B. ***Description of the Scheme***

4. BFIL and IBL have entered into an Implementation Agreement dated October 14, 2017, (the "**Implementation Agreement**"), pursuant to which the parties thereto have agreed, *inter alia*, to the amalgamation of BFIL into IBL in accordance with the RBI Amalgamation Directions (defined hereunder) and the Act, the issuance and allotment of the Warrants (as defined hereunder) to the IBL Promoters (as defined hereunder), and the subsequent transfer of the Transferred Undertaking (as defined hereunder) from the Amalgamated Company to, and vesting thereof in the Transferee Company, as a 'going concern' on a slump sale basis, by way of a composite scheme of arrangement under Sections 230 to 232 of the Act.

5. In furtherance of the Implementation Agreement and the understanding between the parties thereto, this Scheme (as defined hereunder) provides, *inter alia*, for:

(i) the amalgamation of the Amalgamating Company with the Amalgamated Company, by way of merger by absorption and dissolution of the Amalgamating Company without winding up and the consequent issuance of IBL Shares (as defined hereunder) by the Amalgamated Company to the shareholders of the Amalgamating Company in accordance with the Share Exchange Ratio (as defined hereunder) ("**Amalgamation**");

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For IndusInd Financial Inclusion Limited
Director

(ii) the Preferential Allotment (as defined hereunder) by the Amalgamated Company of the Warrants to the IBL Promoters;

(iii) pursuant to the Amalgamation, the transfer of the Transferred Undertaking, as a going concern, on a slump sale basis, from the Amalgamated Company to the Transferee Company in exchange for the Slump Exchange Shares (as defined hereunder) to be issued by the Transferee Company to the Amalgamated Company ("**Slump Exchange**");

(iv) the grant of Special Incentive IBL Options (as defined hereunder) to specified BFIL Employees (as defined hereunder) transferred to the Amalgamated Company or the Transferee Company pursuant to the Scheme; and

(v) various other matters incidental, consequential or otherwise integrally connected therewith, including the reorganization of the share capital by the Amalgamated Company,

pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the IT Act (as defined hereunder). The Amalgamation shall precede the Preferential Allotment and the Slump Exchange.

6. The Amalgamation of the Amalgamating Company into the Amalgamated Company shall be in full compliance with the provisions of Section 2(1B) of the IT Act such that:

(i) all the properties of the Amalgamating Company, immediately before the Amalgamation, shall become the properties of the Amalgamated Company, by virtue of the Amalgamation;

(ii) all the liabilities of the Amalgamating Company, immediately before the Amalgamation, shall become the liabilities of the Amalgamated Company, by virtue of the Amalgamation; and

(iii) all shareholders holding shares in the Amalgamating Company, will become shareholders of the Amalgamated Company by virtue of the Amalgamation.

7. The Transferred Undertaking constitutes an 'undertaking' as defined under Section 2(19AA) of the IT Act.

C. ***Rationale for the Scheme***

8. The Amalgamation and the Slump Exchange pursuant to this Scheme would, *inter alia,* have the following benefits:

(i) the Amalgamation would create meaningful value to various stakeholders including respective shareholders, customers, employees, as the combined business would benefit from increased scale, wider product diversification, stronger balance sheet and the ability

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For Indostar Financial Inclusion Limited
Director

to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others;

(ii) the Amalgamation will result in material realizable synergies for the benefit of both sets of shareholders, a large common shareholder base and stable market perception in relation to the Amalgamation;

(iii) the Amalgamating Company has a commercially established model in the microfinance segment. The Amalgamation pursuant to the Scheme shall provide the Amalgamated Company access to the Amalgamating Company's growing customer base and outlets which would help in building a strong liability book which will help in reducing cost of funds and increase cross-sell opportunities of various main-stream banking products to financially underserved customers in rural India;

(iv) the Amalgamation would offer the Amalgamated Company a deeper reach in the low income segment, and also increase the access of the Amalgamating Company's customer base to the Amalgamated Company's wide array of products and services;

(v) the Amalgamated Company can, pursuant to the Amalgamation, leverage the Amalgamating Company's loan book in furtherance of its focus on financial inclusion and priority sector lending and for alignment of the mission objectives of both the Amalgamating Company and the Amalgamated Company;

(vi) the Preferential Allotment shall result in bolstering the capital base and balance sheet of the Amalgamated Company and shall provide growth capital for the future growth of the Amalgamated Company; and

(vii) the Slump Exchange of the Transferred Undertaking pursuant to the Scheme would provide the Amalgamated Company with access to dedicated business correspondent services through the Transferee Company which will help deepen the reach and widen the delivery mechanism of banking services by improving last-mile connectivity, and help the Amalgamated Company in fulfilling its commitment towards financial inclusion in a commercially viable manner. At the same time, this would enable the Amalgamated Company, after the Amalgamation, to comply with the RBI's circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014, which, inter alia, prohibit a banking company from carrying on the business correspondent business directly.

9. This Scheme is divided into the following parts:

(i) Part I, which deals with the introduction and definitions, and sets out the share capital of the Amalgamating Company, Amalgamated Company and the Transferee Company;

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For IndusInd Financial Inclusion Limited
Director

(ii) Part II, which deals with the Amalgamation;

(iii) Part III, which deals with the Preferential Allotment;

(iv) Part IV, which deals with the Slump Exchange;

(v) Part V, which deals with the grant of the Special Incentive IBL Options; and

(vi) Part VI, which deals with the general terms and conditions applicable to the Scheme.

10. **Definitions**

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

(A) **"1956 Act"** means the Companies Act, 1956, as amended from time to time;

(B) **"Act"** means the Companies Act, 2013 and the rules framed there under, to the extent notified, or any modifications or re-enactments or amendments thereof from time to time;

(C) **"Amalgamated Company"** means have the meaning ascribed to it in Clause 2 of this Scheme;

(D) **"Amalgamated Company Options"** shall have the meaning ascribed to it in Clause 18(iii) below;

(E) **"Amalgamating Company"** shall have the meaning ascribed to it in Clause 1 above;

(F) **"Amalgamating Undertaking"** means all the undertakings and entire business of the Amalgamating Company (including the BC Business), as a going concern, and shall include (without limitation):

(i) all assets and properties (whether movable or immovable, tangible or intangible, present or future, in possession or reversion, of whatsoever nature and wherever situate) of the Amalgamating Company, including investments of all kinds including but not limited to securities (marketable or not), securitised assets, receivables and security receipts, mutual fund investments, all cash and bank balances (including cash and bank balances deposited with any banks or entities), money at call and short notice, loans, advances, contingent rights or benefits, reserves, provisions, funds, benefits of all agreements, bonds, debentures, debenture stock, units or pass through certificates, lands, buildings, structures and premises, whether leasehold or freehold (including offices, marketing offices, liaison offices, branches), work-in-progress, current assets (including sundry

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For Indiabulls Financial Inclusion Limited
Director

debtors, bills of exchange, loans and advances), fixed assets, vehicles, furniture, fixtures, share of any joint assets, and other facilities;

(ii) all permits, registrations, rights, entitlements, licenses, permissions, approvals, subsidies, authorities, consents, deposits, privileges, exemptions including tax exemptions available to the Amalgamating Company, including payments of direct tax or indirect tax, advance tax paid by or any tax deducted in respect of any income received, any tax advances, any MAT credit entitlement, receivables, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, email, internet, leased line connections and installations, electricity and other services, provisions and benefits of all engagements, agreements, contracts, letters of intent, memoranda of understanding, cheques and other negotiable instruments (including post-dated cheques), benefit of assets or properties or other interest held in trust, benefit of any security arrangements, expressions of interest whether under agreement or otherwise, and arrangements and all other interests of every kind, nature and description whatsoever enjoyed or conferred upon or held or availed of by and all rights and benefits;

(iii) all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, service agreements, or other instruments (including all tenancies, leases, and other assurances in favour of the Amalgamating Company or powers or authorities granted by or to it) of whatsoever nature along with any contractual rights and obligations, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible, and which are subsisting or having effect immediately before the Effective Date;

(iv) all intellectual property rights including patents, copyrights, trade and service names and service marks, trademarks and other intellectual property of any nature whatsoever, goodwill, receivables, belonging to or utilized for the business and activities of the Amalgamating Company;

(v) all records, files, papers, computer programs, software licenses, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers, suppliers and employees, customer credit information, customer pricing information, and other records whether in physical or electronic form belonging to or held by the Amalgamating Company;

(vi) all present, and contingent future liabilities of the Amalgamating Company including all debts, loans (whether denominated in rupees or a foreign currency), term deposits, time and demand liabilities, borrowings, bills payable, interest accrued and all other duties, liabilities, undertakings and obligations (including any

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For Indusind Financial Inclusion Limited
Director

postdated cheques or guarantees, letters of credit, letters of comfort or other instruments which may give rise to a contingent liability in whatever form); and

(vii) the BFIL Employees and the Employee Benefit Funds of the Amalgamating Company.

(G) **"Amalgamation"** shall have the meaning ascribed to it in Clause 5(i) above;

(H) **"Appointed Date"** shall mean the opening of business on January 01, 2018;

(I) **"Approved BFIL ESOP Pool"** shall mean a pool of stock options of BFIL, that BFIL is entitled to grant under and in accordance with the BFIL ESOP Plans and the SEBI SBEB Regulations at any time during the period from the Exclusivity Agreement Date upto the Effective Date, which shall comprise of:

(i) 35, 14, 276 (thirty five lakhs fourteen thousand two hundred and seventy six) stock options; and

(ii) Such further number of stock options, which become available for grant, pursuant to the termination, forfeiture or lapse of the stock options previously granted, in accordance with the applicable BFIL ESOP Plans and the SEBI SBEB Regulations.

(J) **"BC Business"** means the non-financial, non-lending activities carried on by BFIL which comprise origination, servicing and collection of loans as a business correspondent for IBL as well as provision of certain other products and services;

(K) **"BC Business Employees"** shall mean all BFIL Employees;

(L) **"BFIL Employees"** shall mean all the employees of BFIL as on the Effective Date;

(M) **"BFIL ESOP Plans"** shall mean, collectively, ESOP 1, ESOP 2, ESOP 3, and ESOP 4;

(N) **"BFIL Options"** shall mean the stock options held by BFIL Employees under the BFIL ESOP Plans;

(O) **"Board"** in relation to any company, means the board of directors of such company and shall include a duly authorised committee of the Board;

(P) **"CCI"** means the Competition Commission of India, as established under the Competition Act, 2002;

(Q) **"Effective Date"** means the last of the dates on which the conditions and matters referred to in Clause 72 hereof occur or have been fulfilled or waived;

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For Indusind Financial Inclusion Limited
Director

References in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** shall mean the Effective Date;

(R) **"Eligible Employees"** shall mean the BFIL Employees holding any BFIL Options on the Effective Date;

(S) **"Employee Benefit Funds"** shall mean existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created for employees;

(T) **"Encumbrance"** or **"Encumber"** means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance or interest 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; (ii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person; and (iii) any adverse claim as to title, possession or use;

(U) **ESOP 1"** shall mean the BFIL Employee Stock Option Plan 2008, as approved by the Board and shareholders of the Amalgamating Company;

(V) **ESOP 2"** shall mean the BFIL Employees Stock Option Plan 2009, as approved by the Board and shareholders of the Amalgamating Company;

(W) **ESOP 3"** shall mean the BFIL Employee Stock Option Plan 2010, as approved by the Board and shareholders of the Amalgamating Company;

(X) **ESOP 4"** shall mean the BFIL Employee Stock Option Plan 2011, as approved by Board and shareholders of the Amalgamating Company;

(Y) **"Exclusivity Agreement Date"** shall mean September 11, 2017 i.e. the date of execution of the confidentiality, exclusivity and standstill agreement between IBL and BFIL.

(Z) **"Existing IBL ESOP Scheme"** shall mean the IBL Employees Stock Option Scheme 2007, as approved by the Board and shareholders of the IBL;

(AA) **"Implementation Agreement"** shall have the meaning ascribed to it in Clause 4 above;

(BB) **"Implementation Agreement Execution Date"** shall mean October 14, 2017;

(CC) **"IBL"** shall have the meaning ascribed to it in Clause 2 above;

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For Indusind Financial Inclusion Limited
Director

(DD) "**IBL Promoters**" shall mean IIHL and IL;

(EE) "**IBL Shares**" means fully paid up equity shares of IBL, each having a face value of INR 10 (Rupees Ten only) and one vote per equity share;

(FF) "**IIHL**" means IndusInd International Holdings Limited, a company incorporated under the laws of Mauritius and having its registered office at 19 Church Street, Port Louis, Mauritius;

(GG) "**IL**" means IndusInd Limited, a company incorporated under the laws of Mauritius and having its registered office at 19 Church Street, Port Louis, Mauritius;

(HH) "**IT Act**" shall mean the Income Tax Act, 1961 or any modifications or re-enactments or amendments thereof from time to time;

(II) "**NCLT**" shall mean the bench of the National Company Law Tribunal at Mumbai, Maharashtra and shall include, if applicable, such other forum or authority as may be vested with the powers of a National Company Law Tribunal under the Act;

(JJ) "**New IBL ESOP Scheme**" shall have the meaning ascribed to it in Clause 18(iii) below;

(KK) "**Preferential Allotment**" shall have the meaning ascribed to it in Clause 42 hereof;

(LL) "**RBI**" means the Reserve Bank of India;

(MM) "**RBI Amalgamation Directions**" means the RBI (Amalgamation of Private Sector Banks) Directions, 2016 dated April 21, 2016 or any modifications or re-enactments or amendments thereof from time to time;

(NN) "**Record Date**" shall mean the date fixed by the respective Board of the Amalgamating Company and Amalgamated Company for the purpose of determining the shareholders of the Amalgamating Company to whom equity shares of the Amalgamated Company shall be allotted pursuant to the Amalgamation under this Scheme;

(OO) "**Regulatory Authority**" means any applicable regulatory, competition or supervisory body or, banking authority, quasi- regulatory agency or body, tax authorities or tribunal, including but not limited to the CCI, the RBI, the Stock Exchanges and the SEBI along with the authorities before which appeals against the decisions made by any of the foregoing may be brought;

(PP) "**Remaining Business**" means all the undertakings, businesses, activities, operations, assets and liabilities (including investments in listed and unlisted shares and securities and identified assets and bank balances) of the Amalgamated Company, other than the Transferred Undertaking.

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For IndusInd Financial Inclusion Limited
Director

(QQ) "**Schedules**" shall mean schedules to this Scheme;

(RR) "**Scheme**" means this composite scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;

(SS) "**SEBI**" means the Securities and Exchange Board of India;

(TT) "**SEBI ICDR Regulations**" means the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any act, regulations, rules, guidelines etc., that may replace such regulations;

(UU) "**SEBI Listing Regulations**" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any act, regulations, rules, guidelines etc., that may replace such regulations;

(VV) "**SEBI Preferential Allotment Circular**" means the SEBI Circular dated March 23, 2017, bearing reference number CFD/DIL3/CIR/2017/26, as amended or replaced from time to time;

(WW) "**SEBI SBEB Regulations**" shall mean the SEBI (Share Based Employee Benefits) Regulations, 2014 read with the SEBI Circular dated June 16, 2015 bearing reference number CIR/CFD/POLICY CELL/2/2015, and shall include any statutory modification, amendment, and re-enactment thereof for the time being in force or any act, regulations, rules, guidelines etc., that may replace such regulations/circular;

(XX) "**SEBI Scheme Circular**" means the SEBI Circular dated March 10, 2017, bearing reference number CFD/DIL3/CIR/2017/21, as amended or replaced from time to time;

(YY) "**Share Exchange Ratio**" shall have the meaning ascribed to it in Clause 27 hereof;

(ZZ) "**Slump Exchange**" shall have the meaning ascribed to it in Clause 5(iii) above;

(AAA) "**Slump Exchange Shares**" shall have the mean ascribed to it in Clause 56 of this Scheme, and the term "**Slump Exchange Share**" shall be construed accordingly;

(BBB) "**Special Incentive Eligible Employees**" shall have the meaning ascribed to it in Clause 68(i) hereof;

(CCC) "**Special Incentive IBL Option Grant Date**" shall have the meaning ascribed to it in Clause 68(iii) hereof;

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For Indusind Financial Inclusion Limited
Director

(DDD) **"Special Incentive IBL Options"** shall have the meaning ascribed to it in Clause 68(i) hereof;

(EEE) **"Special Incentive IBL Options – Tranche 1"** shall have the meaning ascribed to it in Clause 68(iv) hereof;

(FFF) **"Special Incentive IBL Options – Tranche 2"** shall have the meaning ascribed to it in Clause 68(iv) hereof;

(GGG) **"Statutory Vesting Period"** shall, in relation to the stock options granted by any listed company, mean a period of 1 (one) year from the date of grant of such stock options;

(HHH) **"Stock Exchanges"** shall have the meaning ascribed to it in Clause 1 above;

(III) **"TCS"** shall have the meaning ascribed to it in Clause 61 below;

(JJJ) **"TDS"** shall have the meaning ascribed to it in Clause 61 below;

(KKK) **"Transferee Company"** shall have the meaning ascribed to it in Clause 3 above;

(LLL) **"Transferred Undertaking"** shall mean the undertaking of the Amalgamated Company in relation to the BC Business pursuant to the Amalgamation and includes (without limitation), *inter alia*:

(i) all assets and properties (whether movable or immovable, tangible or intangible, present or future, in possession or reversion, of whatsoever nature and wherever situate) of the BC Business, including investments of all kinds including but not limited to securities (marketable or not), securitised assets, receivables, security receipts, mutual fund investments, all cash and bank balances (including cash and bank balances deposited with any banks or entities), money at call and short notice, loans, advances, contingent rights or benefits, reserves, provisions, funds, benefits of all agreements, bonds, debentures, debenture stock, units or pass through certificates, lands, buildings, structures and premises, whether leasehold or freehold (including offices, marketing offices, liaison offices, branches and centers), work-in-progress, current assets (including sundry debtors, bills of exchange, loans and advances), fixed assets, vehicles, furniture, fixtures, share of any joint assets, and other facilities in connection with or relating to the BC Business;

(ii) all permits, registrations, rights, entitlements, licenses, claims, permissions, approvals, authorities, consents, deposits, privileges, exemptions including tax exemptions, any tax deducted in respect of any income received, receivables, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities,

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email, internet, leased line connections and installations, electricity and other services, provisions and benefits of all engagements, agreements, contracts, letters of intent, memoranda of understanding, cheques and other negotiable instruments (including post-dated cheques), benefit of assets or properties or other interest held in trust, benefit of any security arrangements, expressions of interest whether under agreement or otherwise, and arrangements and all other interests of every kind, nature and description whatsoever enjoyed or conferred upon or held or availed of by and all rights and benefits in connection with or relating to the BC Business;

(iii) all intellectual property rights including patents, copyrights, trade and service names and service marks, trademarks and other intellectual property of any nature whatsoever, goodwill, receivables, belonging to or utilized by BFIL;

(iv) all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, service agreements, or other instruments (including all tenancies, leases, and other assurances in favour of the Amalgamated Company or powers or authorities granted by or to it) of whatsoever nature along with the contractual rights and obligations exclusively relating to the BC Business, to which the Amalgamated Company is a party or to the benefit of which the Amalgamated Company may be eligible, and which are subsisting or having effect immediately before the Effective Date;

(v) all records, files, papers, computer programs, software licenses, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers, suppliers and employees, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the BC Business;

(vi) all present, contingent and future liabilities appertaining or relatable to the BC Business including all debts, loans (whether denominated in rupees or a foreign currency), term deposits, time and demand liabilities, borrowings, bills payable, interest accrues and all other duties, liabilities, undertakings and obligations (including any post-dated cheques or guarantees or other instruments which may give rise to a contingent liability in whatever form) relatable to the BC Business; and

(vii) the BFIL Employees and the Employee Benefit Funds in relation thereto;

(MMM) **"Transferred Undertaking Value"** shall have the meaning ascribed to it in Clause 56 hereof;

(NNN) **"Trustee"** shall have the meaning ascribed to it in Clause 28 hereof;

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(OOO) **"Unallocated BFIL Options"** shall mean such stock options of BFIL forming part of the Approved BFIL ESOP Pool that have not been granted to the eligible BFIL Employees on the Effective Date;

(PPP) **"Warrant Price"** shall have the meaning ascribed to it in Clause 42 hereof;

(QQQ) **"Warrant Subscription Price"** shall have the meaning ascribed to it in Clause 43 hereof;

(RRR) **"Warrants"** shall have the meaning ascribed to it in Clause 42 hereof;

11. **Share Capital**

(i) The share capital structure of the Amalgamating Company as on October 14, 2017 was as follows:

Particulars	**Amount in Crores (in INR)**
Authorised	
15,70,00,000 equity shares of INR 10/- each	INR 157,00,00,000/- (Rupees One Hundred and Fifty Seven Crores Only)
13,00,00,000 preference shares of INR 10/- each	INR 130,00,00,000/- (Rupees One Hundred and Thirty Crores Only)
Issued	
13,84,91,979 equity shares of INR 10/- each	INR 138,49,19,790/- (Rupees One Hundred Thirty Eight Crore Forty Nine Lakhs Nineteen Thousand Seven Hundred Ninety Only)
Subscribed and Paid-up	
13,84,91,979equity shares of INR 10/- each	INR 138,49,19,790/-

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	(Rupees One Hundred Thirty Eight Crore Forty Nine Lakhs Nineteen Thousand Seven Hundred Ninety Only)

The equity shares of the Amalgamating Company are listed on Stock Exchanges.

The Amalgamating Company has outstanding employee stock options under the BFIL ESOP Plans, the exercise of which may result in an increase in the issued and paid-up share capital of the Amalgamating Company.

(ii) The share capital structure of the Amalgamated Company as on October 14, 2017 was as follows:

Particulars	Amount in Crores (in INR)
Authorised 70,00,00,000 equity shares of INR 10/- each	INR 700,00,00,000/- (Rupees Seven Hundred Crores Only)
Issued 59,89,72,493 equity shares of INR 10/- each	INR Rs.598,97,24,930/- (Rupees Five Hundred and Ninety Eight Crores Ninety Seven Lakhs Twenty Four Thousand Nine Hundred and Thirty Only)
Subscribed and Paid-up 59,89,72,493 equity shares of INR 10/- each.	INR Rs.598,97,24,930/- (Rupees Five Hundred and Ninety Eight Crores Ninety Seven Lakhs

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	Twenty Four Thousand Nine Hundred and Thirty Only)

The equity shares of the Amalgamated Company are listed on Stock Exchanges. The issued and paid-up share capital includes 6,46,81,564 (Six Crore Forty Six Lakhs Eighty One Thousand Five Hundred and Sixty Four) equity shares represented by 6,46,81,564 (Six Crore Forty Six Lakhs Eighty One Thousand Five Hundred and Sixty Four) global depository receipts as on October 14, 2017. The global depository receipts are listed on the Luxembourg Stock Exchange.

The Amalgamated Company has outstanding employee stock options under Existing IBL ESOP Scheme, the exercise of which may result in an increase in the issued and paid-up share capital of the Amalgamated Company.

(iii) The share capital structure of the Transferee Company as on August 6, 2018 was as follows:

Particulars	Amount in Crores (in INR)
Authorised 5,00,00,000 equity shares of INR 10/- each	INR 50,00,00,000/- (Rupees Fifty Crore Only)
Issued 7 equity shares of INR 10/- each	INR 70/- (Rupees Seventy Only)
Subscribed and Paid-up 7 equity shares of INR 10/- each.	INR 70/- (Rupees Seventy Only)

The equity shares of the Transferee Company are not listed on any stock exchange in India.

PART II

AMALGAMATION OF THE AMALGAMATING COMPANY INTO THE AMALGAMATED COMPANY

SECTION 1 - TRANSFER AND VESTING OF THE AMALGAMATING UNDERTAKING

12. *Transfer*

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Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Amalgamating Undertaking shall, pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in the Amalgamated Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, the undertaking of the Amalgamated Company by virtue of and in the manner provided in the Scheme.

13. *Transfer of Assets*

(i) Without prejudice to the generality of Clause 12 above, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, properties, rights, claims, title, interest and authorities including accretions and appurtenances of the Amalgamating Undertaking, of whatsoever nature and wherever situate, whether or not included in the books of the Amalgamating Company shall, subject to the provisions of this Clause 13 in relation to the mode of vesting and pursuant to Sections 230 to 232 of the Act and without any further act, deed, matter or thing, be and stand transferred to and vested in or shall be deemed to have been transferred to and vested in the Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest authorities of the Amalgamated Company, subject to the provisions of this Scheme in relation to Encumbrances thereon in favour of banks and/or financial institutions.

(ii) In respect of such of the assets of the Amalgamating Company as are movable in nature or are otherwise capable of transfer by delivery of possession, payment or by endorsement and delivery, the same may be so transferred by the Amalgamating Company, and shall become the property of the Amalgamated Company with effect from the Appointed Date pursuant to the provisions of Section 230 to 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same.

(iii) In respect of such of the assets belonging to the Amalgamating Company other than those referred to in sub-clause (ii) above, the same shall, as more particularly provided in sub-clause (i) above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

(iv) All assets, rights, titles or interests acquired by the Amalgamating Company after the Appointed Date but prior to the Effective Date shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Amalgamated Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

14. *Contracts, Deeds, Licenses etc.*

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(i) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible or for the obligations of which the Amalgamating Company may be liable, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Amalgamated Company and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee thereto.

(ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Amalgamating Undertaking occurs by virtue of this Scheme itself, the Amalgamated Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Amalgamating Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Amalgamated Company shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the Amalgamating Company to be carried out or performed.

(iii) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and subject to applicable law, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Amalgamating Company shall stand transferred to the Amalgamated Company as if the same were originally given by, issued to or executed in favour of the Amalgamated Company, and the Amalgamated 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 Amalgamated Company. The Amalgamated Company shall make applications to any Regulatory Authority as may be necessary in this behalf.

(iv) Without prejudice to the provisions of Clauses 13 to 16, upon effectiveness of the Scheme and with effect from the Appointed Date, all transactions between the Amalgamating Company and the Amalgamated Company, that have not been completed, shall stand cancelled.

15. *Transfer of Liabilities*

(i) Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, duties and obligations of the Amalgamating Company, whether or not recorded in its books

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and records shall, under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in and be deemed to be transferred to and vested in the Amalgamated Company to the extent that they are outstanding on the Effective Date so as to become as and from the Appointed Date (or in case of any liability incurred on a date after the Appointed Date, with effect from such date) the debts, liabilities, loans, obligations and duties of the Amalgamated Company on the same terms and conditions as were applicable to the Amalgamating Company and the Amalgamated Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts or liabilities have arisen in order to give effect to the provisions of this Clause.

(ii) Where any of the loans raised and used, debts, liabilities, duties and obligations of the Amalgamating Company as on the Appointed Date deemed to be transferred to the Amalgamated Company have been discharged by the Amalgamating Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Amalgamated Company.

(iii) Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred or created by the Amalgamating Company from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Amalgamated Company, and shall, to the extent they are outstanding on the Effective Date, without any further act or deed be and stand transferred to and be deemed to be transferred to the Amalgamated Company and shall become the loans, debts, liabilities, duties and obligations of the Amalgamated Company.

(iv) Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a liability including a contingent liability in whatever form), if any, due on the Effective Date between the Amalgamating Company and the Amalgamated Company shall automatically stand discharged and come to an end and there shall be no liability in that behalf on either the Amalgamating Company and the Amalgamated Company and the appropriate effect shall be given in the books of account and records of the Amalgamated Company.

(v) All Encumbrances, if any, existing prior to the Effective Date over the assets of the Amalgamating Company shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Provided that if any of the assets of the Amalgamating Company which are being transferred to the Amalgamated Company pursuant to this Scheme have not been Encumbered as aforesaid, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment or approval

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which may be required by a lender or trustee or third party shall not affect the operation of the above.

(vi) The existing Encumbrances over the other assets and properties of the Amalgamated Company or any part thereof which relate to the liabilities and obligations of the Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the Amalgamating Company transferred to and vested in the Amalgamated Company by virtue of the Scheme.

(vii) Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Amalgamated Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.

(viii) It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Amalgamated Company as part of the Scheme is modified by virtue of this Scheme.

(ix) Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

16. *Legal, taxation and other proceedings*

(i) Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Amalgamating Company, under any statute, pending on the Effective Date, shall be continued and enforced by or against the Amalgamated Company as effectually and in the same manner and to the same extent as if the same had been instituted by or against, as the case may be, the Amalgamated Company.

(ii) The Amalgamated Company shall have all legal, taxation or other proceedings initiated by or against the Amalgamating Company referred to in Clause 16(i) above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Amalgamated Company.

17 *Employees*

(i) Upon the coming into effect of this Scheme, all BFIL Employees shall become the employees of the Amalgamated Company, subject to the provisions hereof without any

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break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged by the Amalgamating Company and without any interruption of service as a result of the Amalgamation. For the purpose of payment of any compensation, gratuity and other terminal benefits, the uninterrupted past services of such BFIL Employees with the Amalgamating Company shall also be taken into account, and paid (as and when payable) by the Amalgamated Company.

(ii) In so far as the Employee Benefit Funds created by the Amalgamating Company or in respect of which the Amalgamating Company makes contributions, for the BFIL Employees, all amounts standing to the credit of the BFIL Employees in such Employee Benefit Funds and investments made by such Employee Benefit Funds shall be transferred to such Employee Benefit Funds nominated by the Amalgamated Company and/or such new Employee Benefit Funds to be established and caused to be recognized by appropriate governmental authorities, by the Amalgamated Company, or to the government provident fund in case of BFIL Employees who are not eligible to become members of the provident fund maintained by the Amalgamated Company.

(iii) In relation to those BFIL Employees who are not covered under the provident fund trust of the Amalgamating Company or who do not enjoy the benefit of any other provident fund trust, and for whom the Amalgamating Company is making contributions to the government provident fund, the Amalgamated Company shall stand substituted for the Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees, such that all the rights, duties, powers and obligations of the Amalgamating Company in relation to such provident fund trust shall become those of the Amalgamated Company.

(iv) Pending the transfer as aforesaid, the Employee Benefit Fund dues of the BFIL Employees would be continued to be deposited in the existing Employee Benefit Funds of the Amalgamating Company. It is clarified that upon transfer of the aforesaid funds to the respective funds of the Amalgamated Company, the existing trusts created for such funds by the Amalgamating Company shall stand dissolved.

Notwithstanding the aforesaid, the Board of the Amalgamated Company, if it deems fit and subject to applicable law, shall be entitled to:

(a) retain separate trusts or funds within the Amalgamated Company for the erstwhile fund(s) of the Amalgamating Company; or

(b) merge the pre-existing funds of the Amalgamating Company with other similar funds of the Amalgamated Company.

18. *Treatment of existing BFIL Options*

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(i) The Eligible Employees holding BFIL Options which have vested as of the Implementation Agreement Execution Date shall be entitled to exercise such BFIL Options as per the terms of grant under the BFIL ESOP Plans until the Effective Date. To the extent such Eligible Employees have not exercised their vested BFIL Options until the Effective Date, the Amalgamated Company shall issue equivalent stock options to such Eligible Employees on the Effective Date on the basis of the Share Exchange Ratio.

(ii) Upon the effectiveness of the Scheme, the Amalgamated Company shall grant to the Eligible Employees, on the basis of the Share Exchange Ratio, 639 (Six Hundred and Thirty Nine) stock options of the Amalgamated Company in lieu of every 1,000 (One Thousand) BFIL Options held by them, which shall vest as follows:

(a) In case of Eligible Employees holding BFIL Options which have already vested or are to vest within a period of 12 (twelve) months from the Effective Date, the Amalgamated Company shall, subject to completion of the Statutory Vesting Period in relation to such BFIL Options, grant to such Eligible Employees stock options which shall vest immediately, on the Effective Date.

It is hereby clarified that the exercise date for the stock options granted by the Amalgamated Company pursuant to this clause shall continue to be as per the exercise date, determined with reference to the vesting date of the corresponding BFIL Options as originally stipulated under the relevant BFIL ESOP Plan.

(b) In case of:

(A) Eligible Employees holding BFIL Options which are to vest within a period of 12 (twelve) months from the Effective Date but where the Statutory Vesting Period has not elapsed; and

(B) Eligible Employees holding BFIL Options which are to vest after a period of 12 (twelve) months from the Effective Date,

the Amalgamated Company shall issue stock options to such Eligible Employees on the Effective Date which shall vest after the expiry of the residual vesting period of the corresponding BFIL Options. Provided that the grant of the stock options by the Amalgamated Company shall not be treated as a fresh grant and the period during which the corresponding BFIL Options were held by such Eligible Employees shall be adjusted against the Statutory Vesting Period.

(iii) The stock options issued by the Amalgamated Company to the Eligible Employees in terms of sub-clause (i) above are hereinafter referred to as the "**Amalgamated Company Options**" and shall be granted by the Amalgamated Company either under (a) the Existing IBL ESOP Scheme; or (b) a new employee stock option scheme to be created by it for the purpose of granting stock options to the Eligible Employees pursuant to the Scheme ("New

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IBL ESOP Scheme"). The terms and conditions applicable to the Amalgamated Company Options shall be no less favourable than those provided under the BFIL ESOP Plans.

(iv) For the purposes of the grant of the Amalgamated Company Options, fractional entitlements, if any, arising pursuant to the application of the Share Exchange Ratio as above shall be rounded off to the nearest higher integer.

(v) The exercise price payable for each IBL Share issued pursuant to the exercise of the Amalgamated Company Options by the Eligible Employees shall be equal to the quotient of the exercise price payable for each Amalgamating Company share under the respective BFIL ESOP Plans divided by the Share Exchange Ratio (rounded up to the nearest integer).

(vi) The grant of the Amalgamated Company Options to the Eligible Employees pursuant to the provisions this Clause 18, shall be effected as an integral part of the Scheme and consent of the shareholders of the Amalgamating Company and the Amalgamated Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the BFIL ESOP Schemes and the grant of the Amalgamated Company Options, including without limitation, for the purposes of creating the New IBL ESOP Scheme, modifying the Existing IBL ESOP Scheme, modifying the exercise price and vesting period of the BFIL Options and all related matters. No further approval of the shareholders of the Amalgamated Company would be required under Section 62 of the Act or the Companies (Share Capital and Debentures) Rules, 2014 and/or any other applicable law.

(vii) Subject to applicable law, the entitlement of the Eligible Employees to the Amalgamated Company Options and the adjustments to be made in the exercise price of the Amalgamated Company Options shall be appropriately reflected in the accounts of the Amalgamated Company.

(viii) The Board and the relevant committees of the Board of the Amalgamating Company and/or the Amalgamated 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 18, in view of this Scheme and in accordance with the provisions of applicable laws including SEBI SBEB Regulations.

Section 2 – Taxation Matters

19. Upon the Scheme coming into effect, all taxes/cess/duties paid, payable, received or receivable by or on behalf of the Amalgamating Company, including all or any refunds, claims or entitlements as to minimum alternate tax credits, taxes paid in advance, and/or taxes deducted at source, including refunds or claims pending with the revenue authorities, if any, shall, for all purposes, be treated as the taxes/cess/duties, liabilities or refunds, minimum alternate tax paid by the Amalgamated Company, and the resulting entitlements for set-off and credits thereof as being of the Amalgamated Company.

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20. All compliances with respect to taxes or any other applicable laws between the Appointed Date and Effective Date, undertaken by the Amalgamating Company, shall, upon the effectiveness of this Scheme, be deemed to have been complied with, by the Amalgamated Company. Any taxes deducted by the Amalgamated Company from payments made to the Amalgamating Company shall be deemed to be advance tax paid by the Amalgamated Company, subject to provisions of Clause 60 of this Scheme.

Section 3 - Conduct of Business until the Effective Date

21. With effect from the Appointed Date and up to and including the Effective Date:

(i) the Amalgamating Company shall and shall be deemed to have been carrying on all business and activities and shall hold and stand possessed and shall be deemed to have held and stood possessed of all the estates, assets, rights, title, interest, authorities, contracts and investments for and on account of, and in trust for, the Amalgamated Company;

(ii) all profits and income accruing to the Amalgamating Company, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), for the period from the Appointed Date based on the accounts of the Amalgamating Company shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Amalgamated Company; and

(iii) any of the rights, powers, authorities, privileges exercised by the Amalgamating Company shall be deemed to have been exercised by the Amalgamating Company for and on behalf of, and in trust for and as an agent of the Amalgamated Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Amalgamated Company; and

(iv) all assets acquired and all liabilities incurred by the Amalgamating Company after the Appointed Date but prior to the Effective Date shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Amalgamated Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions and trustees for the debenture holders.

22. During the period between the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company and the Effective Date, the business of the Amalgamating Company and the Amalgamated Company shall be carried out with diligence and business prudence in the ordinary course consistent with past practice in good faith and in accordance with applicable law.

23. The Amalgamating Company shall not, from the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company and upto and including the

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Effective Date, except in the ordinary course of business as carried on by it consistent with past practice or without the prior written consent of the Board of the Amalgamated Company:

(i) sell, transfer, alienate, charge, mortgage, or Encumber the Amalgamating Undertaking or any part thereof;

(ii) either incorporate a subsidiary or acquire an interest in an entity so as to constitute such entity as a subsidiary of the Amalgamating Company;

(iii) make any alteration to its articles of association or any other document or agreement establishing, evidencing or relating to its constitution or operation, other than as may be required by law;

(iv) declare any dividend, announce any buy back of securities or make any changes to its capital structure in any manner, determined on a fully diluted basis, whether by any increase (including by way of issue of equity and/or preference shares, bonus shares and/or convertible shares/debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner, other than:

(a) except as may be expressly required or permitted under this Scheme; or

(b) the granting of stock options from the Approved BFIL ESOP Pool; or

(c) the issuance of equity shares of BFIL pursuant to the exercise of any BFIL Options already granted under the BFIL ESOP Plans.

(v) make any material change to major internal policies, including material change in its financial, accounting and/ or tax policies, except to the extent required by any change in applicable law or accounting standards;

(vi) initiate any steps to liquidate, wind up or dissolve itself.

24. The Amalgamated Company shall be entitled to declare and pay dividends, whether interim or final, to its shareholders in respect of the accounting period after the date of approval of the Scheme by the Board of the Amalgamated Company and the Board of the Amalgamating Company and prior to the Effective Date subject to applicable law and the Act and in accordance with the Amalgamated Company's existing dividend policy as on the date of the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company.

25. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member the Amalgamated Company to demand or to claim any dividends, which subject to the provisions of the Act, shall be entirely at the discretion of the Board of the Amalgamated Company.

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26. The Amalgamated Company shall not, from the approval of the Scheme by the Board of the Amalgamating Company and the Board of the Amalgamated Company and upto and including the Effective Date, except in the ordinary course of business as carried on by it consistent with past practice or without the prior written consent of the Board of the Amalgamating Company:

(i) sell, transfer, alienate, charge, mortgage, or Encumber its assets (in whole or in part) or any part thereof exceeding 25 % (twenty five per. cent.) of its total assets;

(ii) announce any buy-back or make any changes to its capital structure in any manner, determined on a fully diluted basis, whether by any increase (including by way of issue of equity and/or preference shares, bonus shares and /or convertible shares / debentures or otherwise), decrease, reduction, re-classification, sub-division, consolidation, re-organization, or in any other manner, other than:

(a) raising capital or issuing securities to any person (s) aggregating to up to 10 % (ten per. cent.) of the paid up share capital of as on the Exclusivity Agreement Date;

(b) grant of stock options to its employees under the Existing IBL ESOP Plan; and

(c) issuance of IBL Shares pursuant to the exercise of the stock options that have been granted under the Existing IBL ESOP Plan.

(iii) enter into or undertaken any amalgamation, merger, re-organization, or other similar or related action where IBL is not the surviving entity;

(iv) initiate any steps to liquidate, wind-up or dissolve itself; and

(v) make any alterations to its articles of association or any other document or agreement establishing, evidencing or relating to its constitution or operation, which results in a Material Adverse Effect (as defined under the Implementation Agreement).

Section 4 - Issue of Shares for Amalgamation

27. Upon the Effective Date and in consideration of the transfer and vesting of the Amalgamating Undertaking in the Amalgamated Company pursuant to Part II of this Scheme, the Amalgamated Company shall, without any further act or deed, issue and allot to the shareholders of the Amalgamating Company whose names are recorded in the register of members as a member of the Amalgamating Company on the Record Date or their legal heirs, executors or administrators or (in case of a corporate entity) its successors, 639 (Six Hundred and Thirty Nine) IBL Shares, credited as fully paid-up, for every 1,000 (One Thousand) equity shares of the face value of INR 10/- (Rupees Ten Only) each fully paid-up held by such member in the Amalgamating Company (the "**Share Exchange Ratio**").

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28. If any member becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Amalgamated Company in accordance with Clause 27 of this Scheme, the Board of the Amalgamated Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Amalgamated Company (the "Trustee"), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times within 60 (sixty) days from the date of allotment, as the Trustee may in its sole discretion decide and on such sale, pay to the Amalgamated Company, the net sale proceeds (after deduction of applicable taxes and costs incurred) thereof and any additions and accretions, whereupon the Amalgamated Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Amalgamating Company in proportion to their respective fractional entitlements.

29. Unless otherwise notified in writing on or before such date as may be determined by the Board of the Amalgamated Company or a committee thereof, the IBL Shares issued to the members of the Amalgamating Company by the Amalgamated Company shall be issued in dematerialized form by the Amalgamated Company provided that the details of the depository accounts of the members of the Amalgamating Company are made available to the Amalgamated Company by the Amalgamating Company at least 10 (Ten) working days prior to the Effective Date. In the event that such details are not available with the Amalgamated Company, it shall issue the IBL Shares to the members of the Amalgamating Company in physical form.

30. In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Amalgamating Company, the Board of the Amalgamated Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the Amalgamating Company and in relation to the shares issued by the Amalgamated Company, after the effectiveness of the Scheme. The Board of the Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Amalgamated Company on account of difficulties faced in the transaction period.

31. Where IBL Shares are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of the Amalgamating Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of the Amalgamated Company.

32. The IBL Shares issued in terms of this Scheme shall, in compliance with applicable regulations, be listed and/or admitted to trading on the Stock Exchanges where the shares of the Amalgamated Company are listed and/ or admitted to trading. The shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are given by the relevant stock exchanges.

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33. The IBL shares to be issued and allotted by the Amalgamated Company in terms of this Scheme shall be subject to the provisions of the memorandum and articles of association of the Amalgamated Company and shall rank *pari passu* in all respects and shall have the same rights attached to them the then existing equity shares of the Amalgamated Company.

34. IBL Shares to be issued by the Amalgamated Company pursuant to Clause 27 above in respect of such equity shares of the Amalgamating Company as are subject to lock-in pursuant to applicable law, shall remain locked-in as required under applicable law.

35. IBL Shares to be issued by the Amalgamated Company pursuant to Clause 27 above in respect of such equity shares of the Amalgamating Company, the allotment or transfer of which is held in abeyance under applicable law shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Amalgamated Company.

36. The IBL Shares issued pursuant to this Scheme have not been, and will not be registered under the United States Securities Act of 1933 in reliance upon the exemption from the registration requirements under the Securities Act provided by Section 3(a)(10) of the Securities Act (the **"Section 3(a)(10) Exemption"**). The sanction of the NCLT to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the IBL Shares issued pursuant to this Scheme for the Section 3(a)(10) Exemption. Further, for purposes of ensuring that the Scheme complies with the requirements of Section 3(a)(10) of the Securities Act, each of the Amalgamating Company and the Amalgamated Company undertake that:

(i) shareholders of each of the Amalgamating Company, as against their equity shares in the Amalgamating Company, shall receive the equity shares of the Amalgamated Company and shall not receive cash or other consideration; and

(ii) the Scheme shall become effective only after it has been approved by the NCLT following the hearings by the NCLT

Section 5 – Changes to the share capital of the Amalgamated Company

37. *Increase of the authorised share capital*

(i) As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorised share capital of the Amalgamated Company shall automatically stand increased, without any further act, instrument or deed on the part of the Amalgamated Company, such that upon the effectiveness of the Scheme, the authorised share capital of the Amalgamated Company shall be INR 857,00,00,000 (Rupees Eight Hundred and Fifty Seven Crores only) comprising of 85,70,00,000 equity shares of INR 10 (Rupees Ten) each, without any further act, deed, resolution, instrument or writing. The capital clause of the Memorandum of Association of the Amalgamated Company shall, upon the coming into effect of this

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Scheme and without any further act, deed, instrument, resolution or writing be altered and modified as follows:

MEMORANDUM OF ASSOCIATION

"The Authorized Share Capital of the Company is INR *857,00,00,000 (Rupees Eight Hundred and Fifty Seven Crores only) divided into 85,70,00,000 equity shares of* INR *10 (Rupees Ten) each ..."*

(ii) It is clarified that for the purposes of this Clause (ii) above, the consent of the members of the Amalgamated 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 Amalgamated Company, and no further resolution under Section 13, Section 14, Section 61 or any other applicable provisions of the Act would be required to be separately passed. In accordance with Section 232 (3)(i) of the Act, the stamp duties and fees (including registration fee) paid on the authorised share capital of the Amalgamating Company shall be utilized and applied to the increased authorised share capital of the Amalgamated Company and there would be no requirement for any further payment of stamp duty and/or fee by the Amalgamated Company for increase in the authorised share capital to that extent.

38. *Change in the issued, subscribed and paid-up share capital*

Upon the Scheme becoming effective, the issued, subscribed and paid-up share capital of the Amalgamated Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with the Scheme. It is clarified that no special resolution under Section 62 of the Companies Act, 2013 shall be required to be passed by the Amalgamated Company separately in a general meeting for issue of IBL Shares to the members of the Amalgamating Company under this Scheme and for the members of the Amalgamated Company approving this Scheme, it shall be deemed that they have given their consent to the issue of the IBL Shares to the members of the Amalgamating Company in terms of the Scheme.

Section 6 – Accounting Treatment

39. Notwithstanding anything to the contrary contained herein, upon this Scheme becoming effective, the Amalgamated Company shall give effect to the accounting treatment in its books of account in accordance with the accounting standards specified under section 133 of the Act, as applicable.

40. The goodwill or any other intangible assets if any, acquired on the Appointed Date, shall be set-off against the securities premium arising out of the business combination on the Appointed Date.

1. **SECTION 7 – DISSOLUTION**

41. Upon the coming into effect of the Scheme, the Amalgamating Company shall stand dissolved without winding up.

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PART III – PREFERENTIAL ALLOTMENT

Section 1 - Issue and allotment of Warrants by the Amalgamated Company on a preferential basis

42. Subject to the effectiveness of the Scheme and upon the allotment of the IBL Shares pursuant to the Amalgamation in accordance with Clause 27 of this Scheme, the Amalgamated Company shall, pursuant to this Scheme and as an integral part hereof, issue and allot to the IBL Promoters on a preferential basis, subject to applicable law, up to 1,57,70,985 (One Crore Fifty Seven Lakhs Seventy Thousand Nine Hundred and Eighty Five) share warrants ("**Warrants**"), each convertible into 1 (one) IBL Share, such that upon exercise of all the Warrants, and together with the IBL Shares already held by them, the IBL Promoters shall hold in the aggregate up to 15 % (fifteen per. cent.) of the total expanded issued and paid up equity share capital of the Amalgamated Company on a fully diluted basis (such allotment, the "**Preferential Allotment**"). The "relevant date" for the Preferential Allotment is October 14, 2017, which is in accordance with the SEBI Preferential Allotment Circular and the price at which the Warrants shall be issued has been determined in accordance with the SEBI ICDR Regulations and the SEBI Preferential Allotment Circular ("**Warrant Price**"), and is Rs. 1,709 (Rupees One Thousand Seven Hundred and Nine) per Warrant.

43. In accordance with the provisions of the SEBI ICDR Regulations:

(i) the IBL Promoters shall pay an amount equivalent to 25% (twenty five per. cent.) of the Warrant Price (the "**Warrant Subscription Price**") for subscription to the Warrants on the Effective Date;

(ii) the option against the Warrants shall be exercised by the IBL Promoters within 18 (eighteen) months from the date of their allotment ("**Warrant Exercise Period**"), at the option of the IBL Promoters;

(iii) The balance 75% (seventy five per. cent.) of the Warrant Price shall be paid by the IBL Promoters upon exercise of the option against the Warrants;

(iv) In the event any IBL Promoter does not exercise its option against the Warrants within the Warrant Exercise Period, the total Warrant Subscription Price paid by such IBL Promoter shall be forfeited by the Amalgamated Company and the Warrants shall lapse, to the extent that the option attached to such Warrants has not been exercised; and

(v) The IBL Shares allotted pursuant to the exercise of the option against the Warrants shall be subject to a lock-in for such period as specified under SEBI ICDR Regulations.

44. It is hereby clarified that for the purposes of Clause 42, the consent of the shareholders of the Amalgamated Company to the Scheme shall be deemed to be sufficient for the issuance and

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allotment of the Warrants of the Amalgamated Company to the IBL Promoters and no further resolutions, approvals or authorization of the shareholders of the Amalgamated Company under Sections 42 and 62(1)(c) of the Act and/or any other applicable law would be separately required subject to the provisions of the SEBI Scheme Circular.

PART IV – SLUMP EXCHANGE OF THE TRANSFERRED UNDERTAKING

Section 1 - Transfer and Vesting of the Transferred Undertaking

45. Subject to effectiveness of Part II of the Scheme and with effect from the Appointed Date, the Transferred Undertaking shall stand transferred to and vested in or shall be deemed to have been transferred to and vested in the Transferee Company as a going concern on a slump exchange basis, in accordance with this Part of the Scheme, in lieu of which the Slump Exchange Shares shall be issued by the Transferee Company to the Amalgamated Company. All references to the term 'Amalgamated Company' in this Part IV of the Scheme shall mean the Amalgamated Company after giving effect to the Amalgamation of the Amalgamating Company into the Amalgamated Company with effect from the Appointed Date.

46. *Transfer of Assets*

(i) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferred Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Transferred Undertaking) shall, subject to the provisions of this Clause 46 in relation to the mode of vesting and pursuant to Sections 230 to 232 of the Act and 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 Transferee Company so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Transferee Company subject to the provisions of this Scheme in relation to Encumbrances thereon in favour of banks and/or financial institutions.

(ii) In respect of such of the assets of the Transferred Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, payment or by endorsement and delivery, the same may be so transferred, and shall become the property of the Transferee Company as an integral part of the Transferred Undertaking with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same.

(iii) In respect of such of the assets belonging to the Transferred Undertaking other than those referred to in sub-clause (ii) above, the same shall, as more particularly provided in sub-clause (i) above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company upon the

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coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

All assets, right, title or interest acquired after the Appointed Date but prior to the Effective Date in relation to the Transferred Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

47. *Contracts, Deeds, Licenses etc.*

(i) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking, to which the Amalgamated Company is a party or to the benefit of which the Amalgamated Company may be eligible or for the obligations of which the Amalgamated Company may be liable, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if the Transferee Company had been a party or beneficiary or obligee thereto.

(ii) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferred Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Amalgamated Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of Part IV of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamated Company and to carry out or perform all such formalities or compliances referred to above on the part of the Amalgamated Company to be carried out or performed.

(iii) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in relation to the Transferred Undertaking shall stand transferred to 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. The Transferee Company shall make applications to any Regulatory Authority as may be necessary in this behalf.

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48. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Transferred Undertaking cannot be transferred to the Transferee Company for any reason whatsoever, the Amalgamated Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, insofar as it is permissible so to do, till such time as the transfer is effected.

49. *Transfer of Liabilities*

(i) Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, duties and obligations relating to the Transferred Undertaking as on the Appointed Date including (i) all liabilities which arose out of the activities or operations of the Transferred Undertaking; and (ii) any specific loans or borrowings (including debentures) raised, incurred and utilized solely for the activities or operations of the Transferred Undertaking, shall without any further act or deed, be and stand transferred to and be deemed to be transferred to the Transferee Company to the extent that they are outstanding on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Transferee Company:

(ii) Where any of the loans raised and used, debts, liabilities, duties and obligations as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Amalgamated Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

(iii) Upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred or created for the operations of the Transferred Undertaking from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and shall, to the extent they are outstanding on the Effective Date, without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the loans, debts, liabilities, duties and obligations of the Transferee Company.

(iv) In so far as the existing Encumbrances in respect of the liabilities pertaining to the Transferred Undertaking are concerned, or those, if any, created after the Appointed Date in accordance with this Scheme over the assets comprised in the Transferred Undertaking transferred to the Transferee Company by virtue of this Scheme, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over such assets comprised in the Transferred Undertaking which have been Encumbered in relation to the aforesaid liabilities. Provided that if any of the assets comprised in the Transferred Undertaking which are being transferred to the Transferee

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Company pursuant to this Scheme have not been Encumbered as aforesaid, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment or approval which may be required by a lender or trustee or third party shall not affect the operation of the above.

(v) For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrances over such assets in relation to the liabilities of the Transferred Undertaking transferred to the Transferee Company in accordance with this Scheme shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Transferred Undertaking are concerned, the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities or liabilities pertaining to the Remaining Business, shall without any further act or deed be released and discharged from such Encumbrances and shall no longer be available as security in relation to such liabilities.

(vi) Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Amalgamated Company and the Transferee Company shall execute any instrument/s and/or document/s with such other party, as may be required, and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.

(vii) It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Transferee Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

(viii) Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

50. *Legal, taxation and other proceedings*

(i) Upon the coming into effect of this Scheme, all legal, taxation or other proceedings including claims, disputes, causes of action, litigation, etc., whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Amalgamated Company and relating to the Transferred Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter,

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shall be continued and enforced by or against the Transferee Company after the Effective Date.

(ii) The Transferee Company undertakes to have all legal and other proceedings initiated by or against the Amalgamated Company referred to in sub-clause (i) above transferred to its name on and after the Effective Date, and to have the same continued, prosecuted and enforced by or against the Transferee Company as the case may be, to the exclusion of the Amalgamated Company.

(iii) Notwithstanding the above, in case the proceedings referred to in sub-clause (i) above cannot be transferred for any reason, or the transfer takes time, till such transfer the Amalgamated Company shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the Transferee Company shall reimburse, indemnify and hold harmless the Amalgamated Company against all liabilities and obligations incurred by the Amalgamated Company in respect thereof.

51. *Employees*

(i) Pursuant to completion of Part IV of this Scheme, all BC Business Employees shall become the employees of the Transferee Company, subject to the provisions hereof, without any break in their service and on the basis of continuity of service and, on terms and conditions no less favourable than those on which they are engaged prior to the date of transfer and without any interruption of service as a result of the transfer of the Transferred Undertaking. For the purpose of payment of any compensation, gratuity and other terminal benefits, the uninterrupted past services of such BC Business Employees with the Amalgamated Company shall also be taken into account, and paid (as and when payable) by the Transferee Company.

(ii) All amounts standing to the credit of the BC Business Employees in such Employee Benefit Funds and investments made by such Employee Benefit Funds which stand to the credit of the BC Business Employees shall be transferred to such Employee Benefit Funds nominated by the Transferee Company and/ or such new Employee Benefit Funds to be established and caused to be recognized by appropriate governmental authorities, by the Transferee Company, or to the government provident fund in case of BC Business Employees who are not eligible to become members of the provident fund maintained by the Transferee Company. On and from the Effective Date, with effect from the Appointed Date, and subject to getting the Scheme approved by the relevant authorities, the Transferee Company shall make the necessary contributions for such BC Business Employees in relation to the Employee Benefit Funds.

(iii) In relation to those BC Business Employees who are not covered under the provident fund trust of the Amalgamated Company or who do not enjoy the benefit of any other provident fund trust, and for whom the Amalgamated Company is making contributions to the

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government provident fund, the Transferee Company shall stand substituted for the Amalgamated Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees, such that all the rights, duties, powers and obligations of the Amalgamated Company in relation to such provident fund trust shall become those of the Transferee Company.

(iv) Pending the transfer as aforesaid, the Employee Benefit Fund dues of the BC Business Employees would be continued to be deposited in the existing Employee Benefit Funds of the Amalgamated Company.

52. *Treatment of the Amalgamated Company Options / Special Incentive IBL Options*

Upon Part IV of the Scheme becoming effective, the employees of the Amalgamated Company (irrespective of whether they continue to be employees of the Amalgamated Company or are transferred to the Transferee Company) holding any options (whether vested or unvested) under the Existing IBL ESOP Scheme or under the New IBL ESOP Scheme, shall continue to hold such options on the respective terms and conditions as has been prior to the coming into effect of Part IV of the Scheme.

Section 2 – Remaining Business

53. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Amalgamated Company subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, financial institutions and trustees for debenture-holders.

54. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Amalgamated Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Amalgamated Company in respect of the Remaining Business) shall be continued and enforced by or against the Amalgamated Company after the Effective Date, which shall keep the Transferee Company fully indemnified in that behalf.

55. With effect from the Appointed Date and up to and including the Effective Date:

(i) the Amalgamated Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;

(ii) all profits accruing to the Amalgamated Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Amalgamated Company; and

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(iii) all assets and properties acquired by the Amalgamated Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Amalgamated Company.

Section 3 - Slump Exchange

56. The Transferred Undertaking shall be transferred from the Amalgamated Company to the Transferee Company at its value appearing in the books as on the Appointed Date, i.e. Rs. 43,70,35,000 (Rupees Forty Three Crore Seventy Lakhs and Thirty Five Thousand) ("**Transferred Undertaking Value**"). Accordingly, upon this Part IV becoming effective, in consideration of the transfer and vesting of the Transferred Undertaking to the Transferee Company on the Effective Date, or on such later date as the Amalgamated Company may consent to in writing, the Amalgamated Company shall be entitled to receive, and the Transferee Company shall issue and allot to the Amalgamated Company 4,37,03,500 (Four Crore Thirty Seven Lakhs Three Thousand and Five Hundred) equity shares at their face value, credited as fully paid up, which shall be equivalent in value to the Transferred Undertaking Value ("**Slump Exchange Shares**").

57. The Slump Exchange Shares shall rank *pari passu* in all respects, with the existing equity shares in the Transferee Company. The shares issued to the Amalgamated Company by the Transferee Company pursuant to Clause 56 above, shall be issued in dematerialized form by the Transferee Company, unless otherwise notified in writing by the Amalgamated Company to the Transferee Company. The approval and consent to this Scheme by the shareholders of the Transferee Company pursuant to Sections 230 to 232 of the Act, shall be deemed to mean that such shareholders have also accorded their consent for the issuance of shares by the Transferee Company to the Amalgamated Company pursuant to this Scheme, and other provisions of the Act, as may be applicable.

Section 4 – Taxation Matters

58. Liabilities, if any, on account of income-tax in relation to the transfer of the Transferred Undertaking shall be on account of the Amalgamated Company.

59. Any liabilities on account of income-tax in relation to the Amalgamated Company in relation to the Transferred Undertaking and pertaining to the period prior to the Appointed Date, including all or any liability/ refunds/ credits/claims pertaining to the period before the Appointed Date shall be treated as liability/refunds/credits/claims of the Amalgamated Company.

60. Any tax deduction made by the Amalgamated Company from amounts paid to the Transferred Undertaking of Amalgamating Company between the Appointed Date and the Effective Date shall be deemed to have been made by the Amalgamated Company towards income of Transferee Company. All indirect tax refund, rebate, credit, payment, setoff or deductions shall be deemed to have been on account of or paid by the Transferee Company.

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61. Upon the Scheme coming into effect and with effect from the Appointed Date, the Transferee Company shall be permitted to revise its income-tax returns, Tax Deducted at Source ("**TDS**") returns and Tax Collected at Source ("**TCS**") returns and other direct and indirect tax returns and claim refunds/credits pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

Upon the Scheme coming into effect and with effect from the Appointed Date, the Amalgamated Company shall be permitted to revise its income-tax returns, TDS returns, TCS returns and other direct and indirect tax returns, and claim refunds/credits pertaining to the Remaining Business pursuant to the provisions of the Scheme.

62. *Increase in authorised capital of the Transferee Company*

(i) Upon this Scheme coming into effect and with effect from the Appointed Date, the authorized share capital of the Transferee Company shall stand increased from INR 50,00,00,000 (Rupees Fifty Crore) to INR 60,00,00,000 (Rupees Sixty Crore).

(ii) The capital clause of the Memorandum of Association of the Transferee Company shall, as a part of and, upon the coming into effect of the Scheme and without any further act, deed, instrument, resolution or writing, be replaced by the following clause:

"V. The authorised share capital of the Company is Rs. 60,00,00,000 (Rupees Sixty Crore) divided into 6,00,00,000 (Six Crore) equity shares of Rs. 10 (Rupees Ten) each ..."

(iii) It is hereby clarified that for the purpose of this Clause 62, that the consent of the shareholders of the Transferee Company shall be sufficient for the purposes of effecting the above amendment in the authorized share capital of the Transferee Company, and shall be deemed to include consent under any other provision of the Act that may be applicable, and that no further resolution under any provisions of the Act would be separately required. Notwithstanding anything contained in Clause 73 of this Scheme, the Transferee Company shall discharge the applicable filing fees and stamp duty in relation to the increase of the authorized share capital of the Transferee Company.

Section 6 – Accounting Treatment

The Slump Exchange of the Transferred Undertaking by the Amalgamated Company to the Transferee Company in exchange for Slump Exchange Shares shall be accounted as follows upon the Scheme becoming effective:

63. *In the books of the Amalgamated Company*

(i) The accounts representing the assets and liabilities pertaining to the Transferred Undertaking in the books of the Amalgamated Company shall stand closed upon the transfer of the Transferred Undertaking to the Transferee Company.

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For Indusind Financial Inclusion Limited
Director

(ii) Any difference arising on account of excess of the net assets transferred over the Transferred Undertaking Value detailed under Clause 56 or vice versa shall be recognized in the statement of profit and loss/ general reserve/ capital reserve/ investment in subsidiary as per the relevant accounting principles.

64. *In the books of the Transferee Company*

(i) The Transferee Company shall upon the Scheme coming into effect, record all assets and liabilities of the Amalgamated Company pertaining to the Transferred Undertaking vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Amalgamated Company.

(ii) The Transferee Company shall credit to its equity share capital account the aggregate face value of the Slump Exchange Shares, issued and allotted by it to the Amalgamated Company pursuant to Clause 56 of this Scheme.

(iii) The difference arising pursuant to the Scheme shall be transferred to goodwill/ capital reserve/ other equity.

Section 7 – Change of Name of the Transferee Company

65. Subject to Applicable Law, as a part of the Scheme and upon its effectiveness, the name of the Transferee Company shall be changed to "Bharat Financial Inclusion Limited", being the name of the Amalgamating Company. The Transferee Company shall take all necessary steps to give effect to such change of name.

66. From the Effective Date till the time necessary formalities relating to the change of name is completed, the Transferee Company shall be eligible to use its present name 'IndusInd Financial Inclusion Limited' to ensure continuity of its operations.

67. The above shall be effected as an integral part of the Scheme and shall be deemed to be in due compliance of the applicable provisions of the Act.

PART V – GRANT OF SPECIAL INCENTIVE OPTIONS

68. *Grant of Special Incentive IBL Options*

(i) Upon Part II of this Scheme becoming effective, the Amalgamated Company shall, in order to ensure continuity and retention of the BFIL Employees with IBL, create a New IBL ESOP Scheme in terms of which IBL shall grant to specified BFIL Employees ("**Special Incentive Eligible Employees**"), stock options of the Amalgamated Company as a special incentive (collectively referred to as "**Special Incentive IBL Options**").

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For IndusInd Financial Inclusion Limited
Director

(ii) The total number of Special Incentive IBL Options shall be such that, upon conversion, the holders thereof would be entitled to such number of IBL shares as are equivalent in value to BFIL shares that would have been held by them upon grant and conversion of an aggregate of: (a) the Unallocated BFIL Options; and (b) an additional 35,00,000 (thirty five lakh) BFIL Options on terms that are no less favourable than those of the Unallocated BFIL Options, as determined in accordance with the Share Exchange Ratio. The Special Incentive IBL Options shall vest in the manner set out in sub-clause (iv) below.

(iii) All the Special Incentive IBL Options shall be granted on a date within 30 (thirty) days of the Effective Date ("**Special Incentive IBL Option Grant Date**"). The BFIL Employees who shall constitute the Special Incentive Eligible Employees, the quantum of the Special Incentive IBL Options to be granted to each Special Incentive Eligible Employee, and other terms and conditions in relation to the Special Incentive IBL Options shall be determined by the nomination and remuneration committee of the Board of IBL, on the basis of recommendations received from the BFIL senior management (as defined in the Implementation Agreement).

(iv) The Special Incentive IBL Options shall vest in the following manner:

(a) 50 % (fifty per. cent.) of the Special Incentive IBL Options ("**Special Incentive IBL Options – Tranche 1**") shall have a staggered vesting period of 3 (three) years such that 1/3 (one third) of the Special Incentive IBL Options – Tranche 1 shall vest on each of the first anniversary, the second anniversary and the third anniversary of the Special Incentive IBL Options Grant Date;

(b) 50 % (fifty per. cent.) of the Special Incentive IBL Options ("**Special Incentive IBL Options – Tranche 2**") shall have a staggered vesting period of 4 (four) years such that 1/3 (one third) of the Special Incentive IBL Options – Tranche 2 shall vest on each of the second anniversary, the third anniversary and the fourth anniversary of the Special Incentive IBL Options Grant Date.

(v) For the purposes of the grant of the Special Incentive IBL Options, fractional entitlements, if any, arising pursuant to the application of the Share Exchange Ratio as above shall be rounded off to the nearest higher integer.

(vi) The grant of the Special Incentive IBL Options to the Special Incentive Eligible Employees pursuant to the provisions this Clause 68, shall be effected as an integral part of the Scheme and consent of the shareholders of the Amalgamated Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the grant of the Special Incentive IBL Options, including without limitation, for the purposes of creating the New IBL ESOP Scheme and all related matters. No further approval of the shareholders of the Amalgamated Company would be required under Section 62 of the Act or the Companies (Share Capital and Debentures) Rules, 2014 and/or any other applicable law.

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For Indusind Financial Inclusion Limited
Director

(vii) Subject to applicable law, the entitlement of the Special Incentive Eligible Employees to the Special Incentive IBL Options shall be appropriately reflected in the accounts of the Amalgamated Company.

(viii) The Board and the relevant committees of the Board of the Amalgamated 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 68, in view of this Scheme and in accordance with the provisions of applicable laws including the SEBI SBEB Regulations.

PART VI – GENERAL TERMS AND CONDITIONS

The provisions of this Part shall be applicable to Part II, Part III, Part IV and Part V of the Scheme.

69. The Amalgamating Company, IBL and the Transferee Company shall make necessary applications before the NCLT for the sanction of this Scheme under Sections 230 and 232 of the Act.

70. The Amalgamating Company (by its Board), IBL (by its Board) and the Transferee Company (by its Board), either by themselves or through a committee appointed by them in this behalf, may jointly and as mutually agreed in writing:

(i) in their full and absolute discretion, assent to any alteration(s) or modification(s) to this Scheme which the NCLT may deem fit to approve or impose, and/or effect any other modification or amendment which the Boards of the Amalgamating Company, IBL and the Transferee Company may jointly and mutually agree in writing, consider necessary or desirable and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

(ii) any modification to this Scheme by the NCLT shall not be binding on the Amalgamating Company, IBL or the Transferee Company except where its prior consent has been obtained.

(iii) give such directions (acting jointly) as may be mutually agreed in writing by the Amalgamating Company, IBL and the Transferee Company as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under law).

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Director

(iv) in their full and absolute discretion and by mutual agreement in writing by the Amalgamating Company, IBL and the Transferee Company modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.

(v) determine jointly by mutual agreement in writing by the Amalgamating Company, IBL and the Transferee Company any issue as to whether any asset, liability, employee, legal or other proceedings pertains to the Transferred Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose.

71. *Severability*

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement between the Amalgamating Company, IBL and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

72. The coming into effect of this Scheme is conditional upon and subject to:

(i) this Scheme being approved by the respective requisite majorities of the various classes of members (passed through postal ballot/ e-voting, as applicable) and creditors (where applicable) of the Amalgamating Company, IBL and the Transferee Company, as required under the Act, subject to any dispensation that may be granted by the NCLT.

(ii) this Scheme having been approved by a majority of the public shareholders of IBL (passed through postal ballot/ e-voting, as applicable) in accordance with the requirements set out in the SEBI Scheme Circular;

(iii) sanctions and orders under the provisions of Sections 230 to 232 of the Act being obtained from the NCLT;

(iv) the certified copies of the order of the NCLT approving this Scheme being filed with the Registrar of Companies, Maharashtra;

(v) receipt of the approvals of the RBI for the Amalgamation and the issuance of the IBL Shares to the shareholders of BFIL, the Preferential Allotment, and the Slump Exchange of the Transferred Undertaking, in terms of this Scheme;

(vi) the Stock Exchanges issuing their observation/ no-objection letters and SEBI issuing its comments on the Scheme, to the Amalgamated Company and the Amalgamating Company including comments/ approval after sanction of the Scheme by NCLT, as required under the SEBI Listing Regulations read with the SEBI Scheme Circular;

(vii) receipt of the approval from the CCI under the Competition Act, 2002 for the Amalgamation and the Slump Exchange (if necessary);

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For Indusind Financial Inclusion Limited
Director

(viii) any other approval as may be required for the Amalgamation and the issuance of the IBL Shares to the shareholders of Amalgamating Company, the Preferential Allotment, and the Slump Exchange of the Transferred Undertaking in terms of this Scheme as a result of a change in law, rule or regulation or written requirement of a Regulatory Authority on or after the Implementation Agreement Execution Date or interpretation of any existing law, rule or regulation on or after the relevant date; and

(ix) the Implementation Agreement not having been terminated in accordance with the terms thereof prior to the later of the dates on which conditions (ii) to (vii) are satisfied.

73. Each party shall bear its own costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme until the date of sanction of this Scheme by the NCLT. Provided that, all costs and expenses in relation to registration, stamping, regulatory approvals and all other costs in respect of this Scheme shall be borne in the manner agreed in the Implementation Agreement.

Certified True Copy
For Indusind Financial Inclusion Limited
Director

Certified True Copy of the Resolution passed at the First meeting of the Board Of Directors of IndusInd Financial Inclusion Limited held on Tuesday, August 14, 2018, at 2:00 p.m. in the Board Room', 8th Floor, Tower 1, One Indiabulls Centre, Jupiter Mills Compound, 841, S. B. Marg, Elphinstone Road (West), Mumbai – 400013.

22. **RESOLUTION IN RELATION TO THE COMPOSITE SCHEME OF ARRANGEMENT**

"**RESOLVED THAT** pursuant to and in accordance with the provisions of Section 230 to 232 of the Companies Act, 2013 ("**2013 Act**") and the applicable rules framed thereunder, the Reserve Bank of India ("**RBI**") (Amalgamation of Private Sector Banks) Directions, 2016 ("**Amalgamation Directions**"), the RBI (Financial Services Provided by Banks) Directions, 2016 ("**Financial Services Directions**"), RBI circular on Financial Inclusion by Extension of Banking Services – Use of Business Correspondents dated June 24, 2014 read with the RBI Master Circular on Branch Authorization dated July 1, 2014 (together, "**RBI BC Circulars**"), as applicable, the Memorandum and Articles of Association of the Company, and any other applicable provisions of any other law for the time being in force, and any directions, guidelines or regulations, if any, of the RBI, the Securities and Exchange Board of India (the "**SEBI**"), and of all other relevant authorities, from time to time, to the extent applicable and subject to such other approvals, consents, permissions and sanctions of all appropriate authorities, institutions or bodies, if required and to the extent applicable, and subject to such terms and conditions and modifications as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (the "**Board**") *(which expression shall be deemed to include any Committee(s) constituted/ to be constituted or any other person authorized/ to be authorized by the Board/ Committee to exercise its powers including the powers conferred by this Resolution)* is hereby authorized to accept, the consent and approval of the Board be and is hereby accorded to the Company to undertake the Composite Scheme of Arrangement ("**Scheme**") involving *inter alia* (i) the amalgamation of Bharat Financial Inclusion Limited (formerly 'SKS Microfinance Limited') ("**BFIL**") with IndusInd Bank Limited ("**IBL**") ("**Amalgamation**"); (ii) subsequent transfer, as a going concern, on a Slump Exchange basis of the undertaking in relation to the Business Correspondent business of the BFIL (including any other related businesses) ("**BC Undertaking**") transferred to the IBL pursuant to the Amalgamation, from IBL to the Company and the issuance of shares by the Company to IBL in the manner contemplated in the Scheme; and (iii) preferential allotment of warrants by IBL to its promoters, as an integral part and pursuant to the Scheme, such that upon exercise of the warrants, the IBL promoters shall, together with the shares of IBL already held by them, hold upto 15% of the total expanded Issued and Paid-up Equity Share Capital of IBL on a fully-diluted basis, subject to various regulatory approvals and the approvals of the respective requisite majorities of the various classes of shareholders (including public shareholders) and creditors (if applicable) of IBL, BFIL and the Company, respectively, to be sanctioned by the National Company Law Tribunal ("**NCLT**") and in accordance with the applicable law.

RESOLVED FURTHER THAT pursuant to the provisions of the 2013 Act, the Amalgamation Directions, the Financial Services Directions, the RBI BC Circulars, and other applicable laws, and subject to the shareholders' approval and other regulatory approvals, and in accordance with the matters stated in the aforesaid Resolution:

I. the Scheme, as placed before the Board, be and is hereby approved;

II. the following documents are considered and be and are hereby approved by the Board:

(i) Valuation Report prepared by MSKA & Associates, Chartered Accountants appointed by the Company, specifying the book value of the BC Undertaking to be transferred to the Company pursuant to the Scheme, and the number of equity shares to be issued by the Company to IBL pursuant to the same; and

(ii) Certificate by the Statutory Auditors of the Company certifying that the Accounting Treatment in the Scheme is in accordance with the applicable Accounting Standards.

III. the appointment of Cyril Amarchand Mangaldas as legal advisors to the Company in relation to the Scheme and related matters, and MSKA & Associates, Chartered Accountants for the purposes of determining the book value of the BC Undertaking and the number of equity shares to be issued by the Company to IBL pursuant to the Scheme, be and is hereby confirmed and ratified;

IV. Following the Amalgamation, the transfer of the BC Undertaking pursuant to the Amalgamation, as a going concern, on a Slump Exchange basis, from IBL to the Company, in exchange for shares equivalent in book value to the BC Undertaking to be issued at face value by the Company to IBL, be and is hereby approved;

V. the Board hereby empowers and authorizes the Directors of the Company and the Company Secretary severally to undertake and do all the necessary acts, deeds and things as may be required for the execution of the Scheme and other documents, and for negotiation, finalization and execution of any agreements or documents incidental or ancillary to the transaction, and to make modifications and alterations to the Scheme and any of such documents including those as may be required or suggested by the relevant authority/ authorities including (i) the RBI, (ii) the relevant stock exchanges, and (iii) the SEBI, and to do such other acts, matters, deeds and things and to take all steps and give such directions as may be necessary, expedient, incidental, ancillary or desirable in their absolute discretion may deem fit for giving effect to the Scheme or any other documents for its implementation including, preparing and making the required regulatory applications, filings and/or disclosures, as applicable, to the RBI, the stock exchanges, the SEBI and the NCLT and any other regulatory authorities (including the relevant tax authorities) and third parties, as applicable, and also to settle any questions or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit and to take all such steps which are incidental and ancillary thereto in this connection."

Certified to be true
For IndusInd Financial Inclusion Limited

Sanjay Mallik
Director
DIN: 08194530

CIN No. U65999MH2018PLC312539
IndusInd Financial Inclusion Limited
Regd. Office: One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.
Email: companysecretary@indusind.com

Report for Valuation of BC Business of Bharat Financial Inclusion Limited & Determination of Shares to be issued by IndusInd Financial Inclusion Limited

August, 2018

Prepared by:

MSKA & Associates
Chartered Accountants

MSKA & Associates,
(formerly known as 'MZSK & Associates')
Chartered Accountants,
Floor 3, Enterprise Centre,
Nehru Road, Near Domestic Airport
Vile Parle (E), Mumbai - 400 099.

MSKA
& Associates
Chartered Accountants

August 13, 2018

To,

The Board of Directors,
IndusInd Financial Inclusion Limited,
8th Floor, Tower 1, One Indiabulls Centre
841, Senapati Bapat Marg,
Elphinstone Road (W), Mumbai - 400 013

Dear Sir(s)/Madam(s),

Sub: Determination of book value of BC business and number of shares to be issued by IndusInd Financial Inclusion Limited pursuant to Composite Scheme Of Arrangement under sections 230 to 232 of the Companies Act, 2013 among Bharat Financial Inclusion Limited (Amalgamating Company), Indusind Bank Limited (Amalgamated Company) and Indusind Financial Inclusion Limited (Transferee Company) and their respective shareholders and creditors ('the Composite Scheme').

This has reference to:

Our Engagement Letter dated August 10, 2018 wherein the management of IndusInd Financial Inclusion Limited ("IFIL" or "the Client" or "Transferee Company") ("Management") has engaged MSKA & Associates, Chartered Accountants ("MSKA" or "we" or "us") to render valuation services to IFIL pursuant to the Composite Scheme.

We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. This letter should be read in conjunction with the attached report.

Thanking you,

For MSKA & Associates (formerly known as 'MZSK & Associates')
Chartered Accountants
ICAI Firm Registration No. 105047W

MSKA & ASSOCIATES Chartered Accountants

Rajesh Thakkar
Partner
M.No. 103085
Place: Mumbai

1. Background & Purpose of Valuation[1]

1.1 Bharat Financial Inclusion Limited (formerly known as SKS Microfinance Limited) is public company, limited by shares, incorporated under the Companies Act, 1956 with corporate identification number L65999MH2003PLC250504 and having its registered office at Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 (hereinafter referred to as **"BFIL"** or the **"Amalgamating Company"**).

BFIL is registered with the Reserve Bank of India (**"RBI"**) as a non-deposit taking non-banking financial company (a micro finance institution). The equity shares of BFIL are listed on the BSE Limited and the National Stock Exchange of India Limited (together the **"Stock Exchanges"**). BFIL is engaged primarily in the businesses of providing small value loans and certain other basic financial services to women in rural areas in India, for use in small businesses or for other income-generating activities and certain non-financial, non-lending activities which comprise origination, servicing and collection of loans as a business correspondent (as defined in para 1.4 below) for IndusInd Bank Limited (**"IBL"** or the **"Amalgamated Company"**) as well as provision of other products and services;

1.2 IBL is a public company, limited by shares, incorporated under the Companies Act, 1956 with corporate identification number L65191PN1994PLC076333 and having its registered office at 2401, General Thimmayya Road, East Street, Pune - 4112 001 and is licensed as a banking company under the provisions of the Banking Regulation Act, 1949.

The equity shares of the Amalgamated Company are listed on the Stock Exchanges and its global depository receipts are listed on the Luxembourg Stock Exchange. IBL is primarily engaged in the business of providing banking services in India. IBL is engaged in the business of, inter alia, banking and financial services including retail, commercial, corporate and investment banking and wealth management services catering to both consumer and corporate customers.

1.3 IFIL is a company incorporated under the Companies Act, 2013 (**"the Act"**) with corporate identification number U65999MH2018PLC312539 and having its registered office at 8th Floor, Tower 1, One Indiabulls Centre, 841, Senapati Bapat Marg, Elphinstone Road (W), Mumbai - 400 013.

IFIL is a wholly owned subsidiary of IBL. The main objects of IFIL include, inter alia, to carry on the business of business correspondent/ business facilitator or authorized agent/sub-agent to customers, for various clients from time to time including banks, financial institutions, central government, state governments, quasi-government agencies or any person (whether incorporated or not) in India or elsewhere and to provide various services in connection with the same.

1.4 "BC Business" means the non-financial, non-lending activities carried on by BFIL which comprise origination, servicing and collection of loans as a business correspondent for IBL as well as provision of certain other products and services.

1.5 BFIL and IBL have entered into an Implementation Agreement dated October 14, 2017 (the **"Implementation Agreement"**) pursuant to which the parties thereto have agreed, inter alia, to the amalgamation of BFIL into IBL in accordance with the applicable regulations and as provided in the Composite Scheme, the issuance and allotment of the Warrants to the IBL Promoters, and the subsequent transfer of the Transferred Undertaking from the Amalgamated Company to, and vesting thereof in the Transferee Company, as a 'going concern' on a slump sale basis, by way of the Composite Scheme.

[1] Terms not defined in this report shall be as per the Composite Scheme which have been reproduced in Annexure I

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1.6 As per the Composite Scheme, the Transferred Undertaking shall be transferred from the Amalgamated Company to the Transferee Company at its value appearing in the books as on the Appointed Date ("**Transferred Undertaking Value**").

1.7 Accordingly, upon the Composite Scheme for the Transferred Undertaking becoming effective, in consideration of the transfer and vesting of the Transferred Undertaking to the Transferee Company on the Effective Date, or on such later date as the Amalgamated Company may consent to in writing, the Amalgamated Company shall be entitled to receive, and the Transferee Company shall issue and allot to the Amalgamated Company equity shares at their face value, credited as fully paid up, which shall be equivalent in value to the Transferred Undertaking Value ("**Slump Exchange Shares**").

1.8 Appointed Date has been defined in the Composite Scheme as opening of business on January 01, 2018. Accordingly, we have considered the financial information of Transferred Undertaking as on the close of December 31, 2017.

1.9 In this regard, IFIL requires MSKA to determine the Transferred Undertaking Value as per the provisions of the Composite Scheme stated above and also determine the Slump Exchange Shares as on the Appointed Date.

2. Sources of Information

For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of the Client:

2.1. The Draft of the Composite Scheme as shared with us by the Management;

2.2. Independent Auditor's Report dated August 13, 2018 certifying the closing balance of assets and liabilities as of 31 December 2017 of BFIL;

2.3. Certificate of Incorporate of IFIL;

2.4. Statement of assets and liabilities of BFIL as on December 31, 2017 being transferred to IFIL as part of the Composite Scheme;

2.5. Management Representation Letter dated August 13, 2018; and

2.6. Other relevant data and information provided to us, whether in oral or physical form on in soft copy, and discussions with the representatives of the Client.

3. Exclusions and Limitations

3.1. Our report is subject to the limitations detailed hereinafter. This report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

3.2. This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of the Client for providing select information and only in connection with the purpose mentioned above which includes sharing with statutory or regulatory authorities. This report may be shared with the audit committee/ Board of IBL as well, for their information. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. In the event, the Client or its management or its representatives intends to extend the use of this report beyond the purpose mentioned earlier in the report, with or without our

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consent, we will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.

3.3. This report is subject to the laws of India.

3.4. The fee for this engagement is not contingent upon the outcome of the report.

3.5. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by us during the course of our work. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of BFIL or the BC Business and have considered them at the value as disclosed by BFIL in its regulatory filings or in submissions, oral or written, made to us.

3.6. In rendering this report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

3.7. This report is based on the information received from the sources mentioned herein and discussions with the representatives of the Client and BFIL. We have assumed that no information has been withheld that could have influenced the purpose of our report.

3.8. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of BFIL or the BC Business. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our report.

3.9. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our report or by virtue of fact that the details provided to us are incorrect or inaccurate.

3.10. Our scope is limited to expression of our view on the value of the BC business as per its books being transferred to IFIL as per the Composite Scheme.

3.11. Recommendation of the book value of BC Business is specific to the purpose as mentioned above. It may not be valid for any other purpose. Also, it may not be valid if done on behalf of any other entity.

3.12. The recommendation of the Slump Exchange Shares tendered in this report only represents our recommendation based upon information furnished by the Client and other sources and the said recommendation should be considered to be in the nature of non-binding advice. Our valuation analysis should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into any kind of transaction with or involving the Client or the BC Business.

3.13. Valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.

3.14. Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or

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responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any party in relation to the issue of this report.

3.15. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Client, as laid out in the engagement letter, for such valuation work.

4. Valuation Conclusion

4.1. The book value of assets of the Transferred Undertaking as on December 31, 2017 is INR 2,010,545,745 **(Refer Annexure II).**

4.2. The book value of liabilities of the Transferred Undertaking as on December 31, 2017 is INR 1,573,510,745 **(Refer Annexure II).**

4.3. Accordingly, the net book value of the Transferred Undertaking as on December 31, 2017 is **INR 437,035,000.**

4.4. The number of shares to be issued by IFIL (Transferee Company) at face value of INR 10 per share fully paid up to IBL (Amalgamated Company) on transfer and vesting of the Transferred Undertaking are **43,703,500.**

For MSKA & Associates (formerly known as 'MZSK & Associates')
Chartered Accountants
ICAI Firm Registration No. 105047W

MSKA & ASSOCIATES Chartered Accountants

Rajesh Thakkar
Partner
M.No. 103085
Place: Mumbai

Annexure I - Terms defined in the Composite Scheme and used in this report

- **"Effective Date"** means the last of the dates on which the conditions and matters referred to in Clause 72 of the Composite Scheme occur or have been fulfilled or waived;

  References in the Composite Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" shall mean the Effective Date.

- **"Warrants"** shall have the meaning ascribed to it in Clause 42 of the Composite Agreement;

  Clause 42 - Subject to the effectiveness of the Scheme and upon the allotment of the IBL Shares pursuant to the Amalgamation in accordance with Clause 27 of this Scheme, the Amalgamated Company shall, pursuant to this Scheme and as an integral part hereof, issue and allot to the IBL Promoters on a preferential basis, subject to applicable law, up to 1,57,70,985 (One Crore Fifty Seven Lakhs Seventy Thousand Nine Hundred and Eighty Five) share warrants ("Warrants"), each convertible into 1 (one) IBL Share, such that upon exercise of all the Warrants, and together with the IBL Shares already held by them, the IBL Promoters shall hold in the aggregate up to 15 % (fifteen per. cent.) of the total expanded issued and paid up equity share capital of the Amalgamated Company on a fully diluted basis (such allotment, the "Preferential Allotment"). The "relevant date" for the Preferential Allotment is October 14, 2017, which is in accordance with the SEBI Preferential Allotment Circular and the price at which the Warrants shall be issued has been determined in accordance with the SEBI ICDR Regulations and the SEBI Preferential Allotment Circular ("Warrant Price") and is Rs. 1,709 (Rupees One Thousand Seven Hundred and Nine) per Warrant.

- **"IBL Promoters"** shall mean IndusInd International Holdings Limited and IndusInd Limited;

- **"Transferred Undertaking"** shall mean the undertaking of the Amalgamated Company in relation to the BC Business pursuant to the Amalgamation and includes (without limitation), inter alia:

  (i) all assets and properties (whether movable or immovable, tangible or intangible, present or future, in possession or reversion, of whatsoever nature and wherever situate) of the BC Business, including investments of all kinds including but not limited to securities (marketable or not), securitised assets, receivables, security receipts, mutual fund investments, all cash and bank balances (including cash and bank balances deposited with any banks or entities), money at call and short notice, loans, advances, contingent rights or benefits, reserves, provisions, funds, benefits of all agreements, bonds, debentures, debenture stock, units or pass through certificates, lands, buildings, structures and premises, whether leasehold or freehold (including offices, marketing offices, liaison offices, branches and centers), work-in-progress, current assets (including sundry debtors, bills of exchange, loans and advances), fixed assets, vehicles, furniture, fixtures, share of any joint assets, and other facilities in connection with or relating to the BC Business;

  (ii) all permits, registrations, rights, entitlements, licenses, claims, permissions, approvals, authorities, consents, deposits, privileges, exemptions including tax exemptions, any tax deducted in respect of any income received, receivables, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, email, internet, leased line connections and installations, electricity and other services, provisions and benefits of all engagements, agreements, contracts, letters of intent, memoranda of understanding, cheques and other negotiable instruments (including post-dated cheques), benefit of assets or properties or other interest held in trust, benefit of any security arrangements, expressions of interest whether under agreement or otherwise, and arrangements and all other interests of every kind, nature and description whatsoever enjoyed or conferred upon or held or availed of by and all rights and benefits in connection with or relating to the BC Business;

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(iii) all intellectual property rights including patents, copyrights, trade and service names and service marks, trademarks and other intellectual property of any nature whatsoever, goodwill, receivables, belonging to or utilized by BFIL;

(iv) all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangements, undertakings, whether written or otherwise, deeds, service agreements, or other instruments (including all tenancies, leases, and other assurances in favour of the Amalgamated Company or powers or authorities granted by or to it) of whatsoever nature along with the contractual rights and obligations exclusively relating to the BC Business, to which the Amalgamated Company is a party or to the benefit of which the Amalgamated Company may be eligible, and which are subsisting or having effect immediately before the Effective Date;

(v) all records, files, papers, computer programs, software licenses, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers, suppliers and employees, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the BC Business;

(vi) all present, contingent and future liabilities appertaining or relatable to the BC Business including all debts, loans (whether denominated in rupees or a foreign currency), term deposits, time and demand liabilities, borrowings, bills payable, interest accrues and all other duties, liabilities, undertakings and obligations (including any post-dated cheques or guarantees or other instruments which may give rise to a contingent liability in whatever form) relatable to the BC Business; and

(vii) the BFIL Employees and the Employee Benefit Funds in relation thereto;



Annexure II - Book Value of Assets and Liabilities

A. Book Value of Assets:

Account name	Amount Rs.
Telephone/Telex/Fax Machine	9,591,087
Computers & Peripherals	378,911,171
Generators	3,834,089
Two Wheelers	42,825
Four Wheelers	3,574,689
Air Conditioner	746,162
Equipments	41,012,429
Photo Copier	189,584
Furniture	80,069,819
Lease Computers & Peripherals	22,581,051
Software	283,797,099
Client acq Cost(Un motz)	39,701,136
CWIP - intangible Assets	1,001,000
Cash in hand	187,388,468
Bank HO	600,000,396
Contribution to Gratuity Fund	148,146,090
Advance to SKS Microfinance Emp Gratuity Fund	287,055
Advance to employees HO	2,228,036
Advance to employees Branch	2,078
Advance for Medical	2,372,313
CGT Advance to Employees	2,871,620
Unsettled Advances	67,928
Prepaid Insurance	148,125,136
Prepaid Expenses	14,513,663
Rent Deposit	35,645,390
Telephone Deposit	335,616
LPG Deposit	868,735
Electricity Deposit	1,343,843
Water Deposit	144,713
Sundry Creditors Item Purchases	848,408
Sundry Creditors Others Purchases	304,116
TOTAL	**2,010,545,745**

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B. Book Value of Liabilities:

Account name	Amount Rs.
O/S Salaries Payable HO	3,246,020
O/S Salaries Payable Branch	18,983,963
O/S Incentive Payable HO	199,252,337
O/S Incentive Payable Branch	31,741,959
O/S Leave Encashment Payable HO	2,252,362
O/S Leave Encashment Payable Branch	765,846
O/S Reimbursements Payable	4,587,145
O/s Transfer Allowance Payable	216,224
O/S Office Rent Payable Branch	1,249,620
O/S Admin Expenses Payable Branch	9,599,236
Payable to Employees	15,887,446
O/s Vehicle Fuel to Staff	11,623,387
O/S Mediclaims Payable	4,811,727
Sundry Creditors Service Purchases	142,706,772
O/S Employer PF Payable	13,645,826
O/S Employee PF Payable	14,486,210
O/s ESI - Employer	6,757,672
O/S ESI Employees	2,493,345
O/S P Tax - AP	3,300
O/S P Tax- Maharashtra	271,425
O/S P Tax- Karnataka	287,200
O/S P Tax- Madhya pradesh	15,600
O/s P Tax - Orissa	34,325
O/s P Tax - West Bengal	105,410
O/S P Tax - Gujarat	650
O/S PT - Jharkhand	10,752
O/S PT - Telangana	85,750
TDS on Salaries Payable	11,449,524
TDS on Consultancy Fee Payable	1,540,598
TDS on Office Rent Payable	602,429
TDS on Contractors Payable	240,814
Provision for gratuity	319,888,538
Provision for leave encashment	100,837,615
Provision for Other Assets (Impairment provision)	2,199,949
Accu. Depreciation Telephone/Telex/Fax Machine	4,855,375
Accu. Depreciation Computers & Peripherals	285,633,534
Accu. Depreciation Generators	709,463
Accu. Depreciation Two Wheelers	39,029
Accu. Depreciation Four Wheelers	1,987,983
Accu. Depreciation Air Conditioner	411,844
Accu. Depreciation Equipments	20,801,410
Accu. Depreciation Photo Copier	138,402
Accu. Depreciation Furniture	45,322,838
Accu. Depreciation Lease Computer & Peripherals	22,581,051
Accu. Depreciation Software	229,447,705
Accu. Depreciation Client acq Cost(Un motz)	39,701,135
TOTAL	1,573,510,745

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