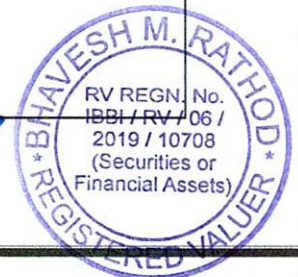


**Recommendation of Fair Exchange Ratio  
Of  
Non-Convertible Debentures for the Proposed  
Scheme of Amalgamation of  
Edelweiss Retail Finance Limited ('ERFL')  
With  
ECL Finance Limited ('ECLF')  
And  
their respective shareholders**

**Valuation Date: 31<sup>st</sup> March 2024  
Report Date: 30<sup>th</sup> May 2024**

Bhavesh M Rathod  
Chartered Accountants, Registered Valuer – SFA  
Office Add: Office No. 515, 5th Floor, Dimple Arcade,  
Behind Sai Dham Temple, Thakur Complex,  
Kandivali East, Mumbai, Maharashtra - 400101  
Registered Add: 12D, White Spring, A wing, Rivali Park Complex,  
Western Express Highway, Borivali East, Mumbai 400066  
Email: [bhavesh@cabr.in](mailto:bhavesh@cabr.in)  
Mobile: +91 9769 11 34 90

IBBI Registration No.: IBBI/RV/06/2019/10708



**Kind Attn:**

To,  
**The Board of Directors,**  
**Edelweiss Retail Finance Limited ('ERFL')**  
Ground Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirol Road,  
Kurla(W) Mumbai, Maharashtra - 400 070.

To,  
**The Board of Directors,**  
**ECL Finance Limited ('ECLF')**  
5<sup>th</sup> Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla(W)  
Mumbai, Maharashtra - 400 070.

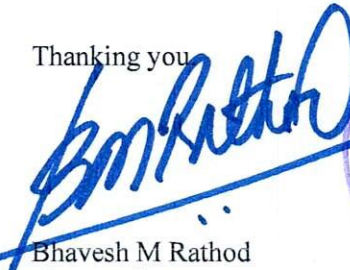
**Report on fair exchange ratio of Non-Convertible Debentures ("NCDs") for the proposed Scheme of amalgamation of Edelweiss Retail Finance Limited ('ERFL') ("Transferor Company") with ECL Finance Limited ('ECLF') ("Transferee Company"), ("Proposed Transaction" / "Amalgamation").**

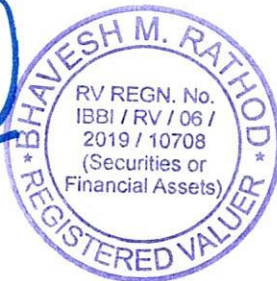
Dear Sir(s)/Madam(s),

We understand that the board of directors of ECLF and ERFL are considering a scheme of amalgamation between ECLF and ERFL and their respective shareholders under the provisions of Sections 230 to 232 read with section 66 and other relevant provisions of the Companies Act, 2013 ("Act"), as may be applicable, and also read with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961, as may be applicable, for such amalgamation on a going concern basis ("Scheme") with Appointed Date as of 01<sup>st</sup> October 2024.

I, Bhavesh M Rathod, registered valuer (Securities or Financial Assets) with IBBI Registration No. IBBI/RV/06/2019/10708 ("Valuer"), has been appointed by the managements of ERFL and ECLF (hereinafter collectively referred to as "Companies"), to recommend the fair NCD entitlement for the Proposed Transaction.

Thanking you

  
Bhavesh M Rathod  
Chartered Accountants  
M No: 119158  
Registered Valuer - Securities or Financial Assets  
(Reg No: IBBI/RV/06/2019/10708)  
Place: Mumbai  
Date: 30<sup>th</sup> May 2024



ICAI UDIN: 24119158 BKAEYK6734

## Contents

Background and Overview .....	4
Source of Information .....	7
Salient features of the proposed Scheme relating to transfer of NCDs.....	8
Limiting Conditions .....	10



This valuation report (“**Report**”) is structured under the following broad heads:

- Background
- Information sources
- Salient features of the proposed Scheme relating to transfer of NCDs
- Limiting Conditions

### **Background and Overview**

#### **ECL Finance Limited (‘ECLF’)**

ECLF was incorporated on 18<sup>th</sup> July, 2005 with CIN U65990MH2005PLC154854 under the Companies Act, 1956. ECLF has its registered office at 5<sup>th</sup> Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirod Road, Kurla(W) Mumbai, Maharashtra – 400 070.

ECLF business Comprises following segments:

- **Micro, small and medium enterprise (‘MSME’) Finance:** Under this segment the Company provides loans to MSMEs. Management plans to increase the size of the loan book in this segment in the long run.
- **Mortgage Finance:** Under this segment the Company provides loan against property and loan against shares. Management plans to reduce the size of the loan book in this segment to zero by the [year ended 31<sup>st</sup> March 2026], as part of the change in long term strategy of the Company. We understand that the Management is in the process of implementing a change in the long-term strategy of the Company, whereby the Wholesale Finance and Mortgage Finance business is expected to be significantly reduced over the next [2-3] years and the Management expects to increase the MSME Finance business multi-folds in the long run. The Management has envisaged various measures and plans to enable this strategy change in the medium and long-term, which are at different stages of implementation. As part of the long-term strategy, it is also envisaged that the loan portfolio of Edelweiss Retail Finance Limited (‘ERFL’) will be moved to ECL, which will run a combined book including ERFL loan portfolio.



The shareholding pattern of ECLF as of 24<sup>th</sup> May 2024 is as under:

Sr.no.	Particulars	Number of shares held	% shareholding
1	Edel Finance Company Ltd	2,138,216,650	99.99%
2	Retail Shareholders	50,000	Negligible
3	Ecap Equities Limited	1,000	Negligible
	<b>Total</b>	<b>2,138,267,650</b>	<b>100.00%</b>
	CCD Diluted	561,890,162	
	<b>Total diluted Shares</b>	<b>2,700,157,812</b>	



*(This space is left blank intentionally)*

**Edelweiss Retail Finance Limited ('ERFL')**

- ERFL was incorporated on 18<sup>th</sup> February 1997, bearing CIN U67120MH1997PLC285490 and having its registered office at Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kiro Road, Kurla(W) Mumbai, Maharashtra – 400 070.
- Edelweiss Retail Finance Limited ('ERFL'), is a NBFC engaged in advancing loans to the wholesale and the retail customers. The wholesale segment includes term loans provided to real estate developers and structured finance provided to companies in diversified industries. The retail segment includes loans to MSME and mortgage finance.
- The shareholding pattern of ERFL as of 24<sup>th</sup> May 2024 is as under:

Sr. No.	Name of Shareholders	No of Shares	% of Shareholding
1.	Edelcap Securities Ltd	3,02,58,333	70.45%
2.	Ecap Equities Ltd	96,91,667	22.57%
3.	Edel Finance Company Limited	30,00,000	6.98%
<b>Total equity shares</b>		<b>4,29,50,000</b>	<b>100.00%</b>

*(This space is left blank intentionally)*



## Source of Information

For the purpose of the valuation exercise, we have relied upon the following sources of information provided by the management.

- Terms of NCDs
- Audited financial statements of ECLF for the year ended on 31<sup>st</sup> March 2024
- Audited financial statements of ERFL for the year ended on 31<sup>st</sup> March 2024
- Draft Scheme
- Latest shareholding details of ERFL and ECLF as on 24<sup>th</sup> May 2024
- Such other information and explanation as we required, and which have been provided by the management of the Companies. We have relied on the representations made to us by the management, including financial information, significant transactions and events occurring subsequent to the balance sheet date. We have assumed such representations to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects.



*(This space is left blank intentionally)*

### **Salient features of the proposed Scheme relating to transfer of NCDs**

We refer to Clause 5.10 of the draft Scheme as provided to us by the management of the Companies. The features of transfer of the said NCDs are as follows:

“Without prejudice to the foregoing provisions of this clause, upon the coming into effect of the Scheme, all non-convertible debentures (“NCDs”) (including Listed NCDs), , external commercial borrowings, bonds or other debt securities and other instruments of like nature (“Debt Securities”) taken by the Transferor Company shall pursuant to the provisions of Sections 230-232 and other relevant provisions of the Act, without any further act, instrument or deed, become the Debt Securities of the Transferee Company on the same terms and conditions (including same rights, interests and benefits) as applicable to the Transferor Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in and shall be exercised by or against the Transferee Company as if it was the issuer of such Debt Securities, so transferred and vested. Subject to the requirements, if any, imposed or concessions, if any, by the Stock Exchanges, and other terms and conditions agreed with the Stock Exchanges, the Listed NCDs shall be vested in the Transferee Company, shall continue to be listed and/or admitted to trading on the relevant Stock Exchanges, where the NCDs, are currently listed, subject to applicable regulations and prior approval requirements. The Board of Directors of the Companies shall be authorized to take such steps and do all acts, deeds and things in relation to the foregoing. For the sake of completeness, it is clarified that all terms thereof will remain the same for the holders and there will be no transfer, reissue or swap of the security/ instrument from the perspective of the holders thereof.”

As per the Scheme, holders of NCDs of ERFL will hold NCDs of ECLF, with the same terms (including the coupon rate, tenure, redemption price and quantum, nature of security, etc.). Therefore, we understand that all NCD holders in ERFL would become NCD holders in ECLF, and that the Proposed Transaction would not alter the number and / or terms of the NCDs held by such holders, and the rights, security coverage, payment terms, interest rates, etc. would be the same as when such NCDs were held in ERFL. Further, upon the Scheme becoming effective, the beneficial economic interest of the NCD holders of ERFL in the NCDs of ECLF would be same and therefore the Proposed Transaction shall be value-neutral to the NCD holders of ERFL.





In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the fair NCD exchange ratio as below:

*‘For every 1 (One) NCD of ERFL, 1 (One) NCD of ECLF of equivalent face and paid-up value, coupon rate, tenure, redemption price and quantum and nature of security offered, etc.*

Valuation approach	ECL Finance Limited		Edelweiss Retail Finance Limited	
	Value per equity share (INR)	Weight (%)	Value per equity share (INR)	Weight (%)
Asset approach - NAV method	NA	0.00%	NA	0.00%
Income approach - DCF method	NA	0.00%	NA	0.00%
Market approach - CCM method	NA	0.00%	NA	0.00%



*(This space is left blank intentionally)*

### Limiting Conditions

- Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date.
- We owe responsibility only to the management of ECLF that has retained us and to nobody else. We do not accept any liability to any third party in relation to the issue of the Report. Our Report cannot be used for any other purpose. This Report has been prepared for the management of ECLF solely for the purpose of the Proposed Transaction envisaged in the Scheme and for submission to any regulatory / statutory authority as may be required under any law. This Report should not be used for any other purpose.
- Our analysis is based on the market conditions and the regulatory environment that currently exists. However, changes to the same in the future could impact the company and the industry it operates in, which may impact our valuation analysis.
- Neither we nor any of our affiliates are responsible for updating this Report because of events or transactions occurring subsequent to the date of this Report.
- We have considered and relied on the information provided to us by the management of the Companies, including financial information, significant transactions and events occurring subsequent to the balance sheet date. We understand that the information provided to us and the representations made to us (whether verbal or written) are reliable and adequate. We have derived our conclusions and recommendation from the information so provided and we are thus reliant on the given information to be complete and accurate in every significant aspect. We are made to believe that the management of the Companies have informed us about all material transactions, events or any other relevant factors which are likely to have an impact on our valuation recommendation.
- In the ultimate analysis, valuation will have to capture the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors which are not evident from the face of the financial statements, but which will strongly influence the worth of a share. Examples of such factors include quality and integrity of the management, capital adequacy, asset quality, earnings, liquidity, size, present and prospective competition, yield on comparable securities and market sentiment, etc. This concept is also recognized in judicial decisions
- This Report does not look into the business / commercial reasons behind the Proposed Transaction. We have no present or planned future interest in either of the Companies and the fee for this certificate is not contingent upon the values reported therein. Our valuation analysis should not be construed as an investment advice. We do not express any opinion on the suitability of or otherwise of entering into any transaction with the Companies.

