Date: Wednesday, May 06, 2024

To,
The Board of Directors
Ontic Finserve Limited
UL/8, Ankur Complex, B/H Town Hall, Opp. X-Ray House, Ellisbridge, Ahmedabad-380006, Gujarat
Dear Members of the Board,

Sub.: Fairness Opinion on the proposed Scheme for Reduction of Capital of Ontic Finserve Limited

We understand that Board of Directors of Ontic Finserve Limited (hereinafter referred as "OFL") is considering a Scheme of Arrangement whereby there will be Reduction of Capital of the Company (hereinafter referred to as "Proposed Scheme") under section 66 of the Companies Act, 2013 and Other applicable provisions of the Companies Act, 2013 (hereinafter referred to as "Act").

The Proposed Scheme of arrangement for Reduction of Capital Provides for –
The Scheme provides for the reduction of the paid-up share capital of the Company under the provisions of Section 66 and other applicable provisions of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for Reduction of share capital of the Company) Rules, 2016 to undertake financial restructuring and reconstruction of the Company whereby the Company would be writing off the carried forward accumulated losses of past years to the extent of Rs. 7,20,02,400/- (Rupees Seven Crores Twenty Lakhs Two Thousand Four Hundred Only) by reducing 80% of its paid-up equity shares capital, so as to give a true and realistic view of the value of the shares and present leaner balance sheet of the Company. This has given rise to the need to re-adjust the relation between the capital and assets and reflect the liabilities and assets of the Company accurately and fairly in its books of accounts and also to operate with a leaner base balance sheet.

1. **BACKGROUND OF THE COMPANY**
Profile of the Company

a. Ontic Finserve Limited (hereinafter called 'the Company' or OFL) is incorporated on May 16, 1995 under the provisions of the Companies Act, 1956 vide its Corporate Identification Number (CIN) L65910GJ1995PLC025904 and presently having its registered office at UL/8, Ankur Complex, B/H Town Hall, Opp. X-Ray House, Ellisbridge, Ahmedabad-380006, Gujarat. The Equity Shares of the Company are listed on BSE Limited.

b. The Main object of the Company is to

- To carry on and undertake the business of finance, bills discounting, trading, hire purchase, leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of plants and machineries and equipment that the Company may think fit and to assist in financing of all and every kind and description of hire purchase or deferred payment or similar transactions and to subsidies, finance, or assist in subsiding or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise deal in all forms of immovable and movable properties including land and buildings, plants and machineries, equipments, ships, aircrafts, automobiles, computers and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased by new and/or used.

- To carry on business of commodity trading by way of (including commodity derivatives) broking, trading and hedging and to act as brokers and traders in all commodities and commodity derivatives, and to act as market makers, finance brokers, underwriters, sub-underwriters, providers of service for commodity related activities buy, sell, take hold deal in, convert, modify, add value, transfer or otherwise dispose of commodities and commodity derivatives, and to carry on the business of commodity warehousing, processing and consumption.

- The Capital Structure of the Company as per the Audited Financial Statements as on March 31, 2024 is as under:

Particulars	Amount in Rs.
Authorized Share Capital 10,00,00,000 Equity Shares of Rs. 1/- each	10,00,00,000
Total	**10,00,00,000**
Issued & Subscribed Capital 9,00,03,000 Equity Shares of Rs. 1/- each	9,00,03,000
Total	**9,00,03,000**
Paid-up Share Capital 9,00,03,000 Equity Shares of Rs. 1/- each	9,00,03,000
Total	**9,00,03,000**

(Source: Company)

2. SCOPE AND PURPOSE OF THE REPORT

2.1 Due to continuous losses in the Company in the last few years, the capital of the Company has been eroded. The value represented by the share capital of the Company has been substantially wiped off. The total Accumulated Losses in the Company is at Rs. 7,20,02,400 (Rupees Seven Crore Twenty Lakh Two Thousand Four Hundred) as on March 31, 2024.

2.2 In order to re-align the relation between capital and assets; and to accurately and fairly reflect the assets and liabilities of the Company in its books of accounts; and for better presentation of the financial position of the Company , the Board of Directors have decided to write off the accumulated losses against Share Capital of the Company in accordance with the provisions of Sections 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for reduction of share capital of Company) Rules, 2016 and other applicable provisions.

2.3 This report is subject to the Scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts and in conjunction with the relevant documents referred to in this Report. This report has been issued only for the purpose of the facilitating the Scheme and Should not be used for any other purpose.

3. SOURECE OF INFORMATION

- Draft Scheme for Reduction of Capital between Ontic Finserve Limited and its Shareholders.
- Report from the Audit Committee recommending the Draft Scheme.
- Audited Financial Statement for Period ended March 31, 2024.
- Other relevant details regarding the Company such as the Shareholding pattern and other relevant information and data, including information in the public domain.

4. KEY FEATURES OF THE SCHEME

- As per the Audited Financial Statements for the Period ended as on 31st March, 2024, there is an accumulated loss of INR 7,20,02,400 (Rupees Seven Crore Twenty Lakh Two Thousand Four Hundred).

- As the Company has huge accumulated losses, and in order to give true and fair view of the Financial of the Company and to reflect Financial Position of the Company with available assets, the Board of Directors of the Company has felt the need to cancel any paid-up share Capital which is lost or is unrepresented by available assets.

- The Benefits arising out of the Scheme of Reduction of Capital will enable the Company to –

  - get fresh infusion of funds for the revival of Business operations, which otherwise due to presence of continuous losses is not possible, the Directors of the petitioner company has proposed a restructuring in a manner that the accumulated losses gets cleaned up to extent possible;
  - have a rational structure which is commensurate with its remaining business and assets;
  - attract new source of revenue.
  - Overcome its financial difficulties and improve its working in the future and in turn enhancement of its shareholders value, Creditors and all concerned as a whole.
  - Reflect better its operational efficiency, improvements in the future years and reflect the true share value.

- **Effect of the Scheme**

The Pre and Post Reduction Shareholding Pattern of the Company will be as follows:

Particulars	**Holding of share as on March 31st, 2024 (Prior to the implementation of the Scheme)**		**Holding of Share (Post implementation of the Scheme)**	
	No. of equity Share	**Percentage (%) of total equity share**	**No. of equity shares**	**Percentage (%) of total equity share**
Promoter and Promoter Group	NIL	NIL	NIL	NIL
Institution/Mutual Fund	NIL	NIL	NIL	NIL
Public	9,00,03,000	100%	1,80,00,600	100%
Total	9,00,03,000	100%	1,80,00,600	100%

- **IMPACT OF THE SCHEME ON EMPLOYEES/ WORKERS AS MENTIONED IN THE SCHEME FOR REDUCTION OF CAPITAL**

The Scheme shall not have any adverse impact on the employee and workers of the Company.

- **IMPACT OF THE SCHEME ON CREDITORS/ BANK AS MENTIONED IN THE SCHEME FOR REDUCTION OF CAPITAL**

The Scheme will not have any adverse impact on any of the Company's Creditors / Bank / Financial Institutions and lenders. They would in fact generally benefited as the scheme would help improving the financial position of the Company. The Scheme will help the revival of the Company which will be in the interest of the Company's Creditors / banks / financial institutions and lenders.

- **IMPACT OF THE SCHEME ON LEGAL PRECEEDINGS AS MENTIONED IN THE SCHEME FOR REDUCTION OF CAPITAL**

The Scheme would not affect any legal or other proceeding by or against the Company.

- **CONDITIONS PRECEDENT AS MENTIONED IN THE SCHEME FOR REDUCTION OF CAPITAL**

The Scheme is conditional upon and subject to:

1) The Company obtaining the observation letter from the designated stock exchange for the implementation of the Scheme.
2) The Scheme being agreed to by the respective requisite majorities of members of the Company as required under the Act.
3) The requisite sanctions and approvals under the applicable law including but not limited to approvals, sanctions required under the SEBI Circular (CFD/DII3/CIR/2017/21) Dated March 10, 2017 issued by the SEBI read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as may be required by law in respect of this scheme being obtained.
4) The Scheme being approved by the National Company Law Tribunal under Section 66 of the Companies Act, 2013 read with all other applicable provisions if any, of the Act or of such other authority having jurisdiction under applicable law, being obtained.
5) The Certified copy of the above order of the NCLT sanctioning this Scheme being filed with the Registrar of Companies, Ahmedabad.

5. Basis of Our opinion

Rationale of the Proposed Scheme (as per proposed Scheme for Reduction of Capital)

Upon the Scheme becomes effective and after obtaining the necessary approvals, consents and the permissions, the Subscribed, Issued and Paid -up Equity Share capital of the Company shall stand reduced from Rs. 9,00,03,000(Rupees Nine Crore Three Thousand Only) divided into 9,00,03,000 (Nine Crores Three Thousand) equity shares of Rs. 1/each, (Rupees One Only) each Rs. 1,80,00,600 (Rupee One Crore Eighty Lakh Six Hundred) divided into 1,80,00,600 (One Crore Eighty Lakh Six Hundred) Equity Shares of Rs. 1/- (Rupee One Only) each.

The Scheme is merely a Reduction in the Paid-up Share Capital Account of the Company prepared in terms of Section 66 of the Companies Act, 2013 and does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity. The Scheme also does not involve any conveyance or transfer of any property of the Company.

6. OPINION AND CONCLUSION

Subject to the caveats as detailed hereinafter, based on our review, as above and the information and explanation furnished to us, and also the fact that the requirement for valuation report as mentioned in Para 4 of Annexure – I to the SEBI circular No. CFD/DIL3/CIR/ 2017/21 dated March 10, 2017 is not applicable to the Proposed Scheme of Reduction of Capital of the Company Since:

1) There Shall not be any change in the proportion of Shareholding of any of the pre-scheme Shareholders of the Company post the proposed reduction of Capital.
2) There Shall be allotment of any new equity shares upon reduction of Capital. There is only reduction of the Paid-up Share Capital of the Company by 80% which shall be given effect.
3) All the pre-scheme shareholders shall remain the shareholders of the Company after post scheme in the same proportion.

We are on the opinion that the Proposed Scheme of Reduction of Capital to be fair.

Thanking you,

Yours faithfully,

For Swaraj Shares and Securities Private Limited

Tanmoy Banerjee

(Director)

Swaraj Shares and Securities Private Limited

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CIN: U51101WB2000PTC092621 | GSTIN: 27AAGCS8286D1Z0

Annexure – 1 : Caveats

1. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Management of Ontic Finserve Limited and the Draft Scheme for Reduction of Share Capital. We have relied on accuracy and completeness of all the information and explanations provided by the Management. We have not carried out any due diligence or Independent Verification or validation to establish its accuracy or sufficiency.

2. The Scope of our work has been limited both in terms of the areas of the Business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Reports, which might be relevant in the context of the transaction and which a wider scope might uncover.

3. Our work does not constitute an audit, due diligence or verification of historical financials or including the working results of the Company or the business referred to in this report. Accordingly, we do not express any opinion on the fairness or accuracy of any financial information referred to in this report.

4. We have no present or planned future interest in Ontic Finserve Limited and the fee payable for this opinion is not contingent upon the opinion reported herein. The Company has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omission are avoided in our opinion.

5. Our fairness opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Draft Scheme or any matter related thereto.

6. The opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this report. This opinion is issued on the understanding that the Management has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.

7. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us 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 the Company.

8. Our engagement is limited to preparing the report to be submitted to the client. We shall not represent in front of any person for answering any specific queries raised by them pertaining to this report and we shall not be liable to provide any evidence for any matters stated in the Report nor shall we be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report.

9. Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither ourselves, nor any of our Directors, Officers or Employees shall in any way be liable or 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 third party in relation to the issue of this report.

10. Our report should not be constructed as an opinion or certifying the compliance of the Draft Scheme for Reduction of Capital with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising from the proposed Draft Scheme for Reduction of Capital.

SWARAJ SHARES AND SECURITIES PRIVATE LIMITED