FAIRNESS OPINION

ON

RECOMMENDATION OF FAIR EXCHANGE RATIO OF NON-CONVERTIBLE DEBENTURES (NCDS)

FOR THE

PROPOSED AMALGAMATION ("PROPOSED TRANSACTION" / "MERGER")

OF

EDELWEISS RETAIL FINANCE LIMITED ("ERFL" / 'TRANSFEROR COMPANY")

WITH

ECL FINANCE LIMITED ("ECLF" / "TRANSFEREE COMPANY")

AND

THEIR RESPECTIVE SHAREHOLDERS

By

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30th May 2024

SEBI Registered Category I Merchant Banker

SEBI Registration No. INM000012243

Notice to Reader

Navigant Corporate Advisors Limited is a SEBI registered 'Category I' Merchant banker in India and was engaged by board of directors of ECLF (*as defined below*) to prepare an Opinion (as defined below) with respect to providing an independent opinion and assessment as to fairness of valuation Opinion and swap ratio determined by the Valuer (*as defined below*), an Independent Valuer for the purpose of Proposed Transaction (*as defined below*).

The Fairness Opinion ('Opinion') has been prepared on the basis of the review of information provided to Navigant and specifically the NCD Opinion. The Report does not give any valuation or suggest any NCDs entitlement; however, this Report is limited to provide its fairness opinion on the NCD Report.

The information contained in this Opinion is selective and is subject to updates, expansions, revisions and amendments. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

This Opinion is based on data and explanations provided by the management and certain other data culled out from various websites believed to be reliable. Navigant has not independently verified any of the information contained herein. Neither ECLF nor Navigant, nor affiliated bodies corporate, nor the directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Opinion. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained in, or errors in or omissions from, this Opinion or based on or relating to the recipients' use of this Opinion.

NAVIGANT CORPORATE ADVISORS LTD. MUMBAI

Date: 30.05.2024

To,
The Board of Directors,
ECL Finance Limited
5th Floor, Tower 3, Wing B, Kohinoor City Mall,
Kohinoor City, Kirol Road, Kurla (W),
Mumbai, Maharashtra – 400 070

To,
The Board of Directors,
Edelweiss Retail Finance Limited
Tower 3, Wing B, Kohinoor City Mall, Kohinoor City,
Kirol Road, Kurla (W),
Mumbai, Maharashtra – 400 070

Dear Members of the board of directors,

Engagement Background

We understand that the board of directors of ECL Finance Limited ("**ECLF**" or the "**Transferee Company**") and Edelweiss Retail Finance Limited ("**ERFL**" or the "**Transferor Company**") are considering a scheme of amalgamation between ECFL and ERFL and their respective shareholders ("**Proposed Transaction**" / "**Merger**") 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 01st October 2024 ECLF and ERFL are collectively referred as "**Companies**".

In connection with the Proposed Transaction, the NCDs of ERFL will be transferred and vested with ECLF. Pursuant to the Merger, NCD holders of ERFL would hold NCDs of ECLF.

We understand that the non-convertible Debentures ("**NCDs**") entitlement is based on the NCD report dated 30.05.2024 issued by Bhavesh Rathod, Registered Valuer (Securities or Financial Assets) with IBBI Registration No. IBBI/RV/06/2019/10708 ("**Valuer**") ("**NCD Report**").

We, Navigant Corporate Advisors Limited ("**Navigant**" / "**NCAL**" or "**Authors of the Opinion**), a Securities and Exchange Board of India ("**SEBI**") registered Category-| Merchant Banker, have been engaged by ECLF to give a fairness opinion ("**Opinion**") on the NCD Report.

Background of the Companies

ECL Finance Limited:

- ECLF was incorporated on 18th July, 2005 with CIN U65990MH2005PLC154854 under the Companies Act, 1956. ECLF has its registered office at 5th Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla (W), Mumbai, Maharashtra – 400070.
- ECLF is engaged in the business of advancing loans and financing. ECLF focuses on credit business, a mix of diversified and scalable verticals like retail credit, corporate credit and distressed credit and transaction in securities.
- The shareholding pattern of ECLF as of 24th May 2024 is as under:

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

Edelweiss Retail Finance Limited

- ERFL, is a public limited company which was incorporated under the Act on 18th February, 1997, bearing CIN: U67120MH1997PLC285490 and having its registered office at Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla (W), Mumbai, Maharashtra - 400070, India (hereinafter referred to as 'Transferor Company').
- The Transferor Company is engaged in the business of providing loans against property, business loans, loans to real estate developers and rural finance loans and transaction in securities.
- The shareholding pattern of ERFL as of 24th May 2024 is as under:

Particulars	**Total number of shares held**	**% shareholding**
Edelcap Securities Limited	3,02,58,333	70.45%
ECAP Equities Limited	96,91,667	22.57%
Edel Finance Company Limited	30,00,000	6.98%
Total	**4,29,50,000**	**100.00%**

Transaction Overview and Rational

The management of the Transferor Company and the Transferee Company believe that the business existing in the Transferor Company should be consolidated with the Transferee Company.

A. The Proposed Transaction will result in organizational efficiencies, reduction in overheads, administrative, operational costs and other expenses along with optimal utilization of various resources, prevention of cost duplication, creation of synergy thereby increasing operational efficiency and integrating business functions.

B. The board of directors of the Transferor Company and the Transferee Company are of the view that the Scheme is not prejudicial, since it does not affect the rights and interests of the customers, shareholders, creditors and all other stakeholders.

C. Accordingly, to achieve the above objectives, the Board of Directors of the Transferor Company and Transferee Company have decided to make requisite joint applications and/or petitions before the National Company Law Tribunal under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions for the sanction of this Scheme.

Information relied upon:

We have prepared the Opinion on the basis of the information provided to us and *inter alia* the following:

- NCD Report; and
- Other information and explanations as provided by the management.

Further, we have had discussions on such matters which we believe are necessary or appropriate for the purpose of issuing the NCD Opinion.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge ECLF to carry out the independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

We have been informed that all information relevant for the purpose of issuing the Opinion has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.

Valuation Summary:

We refer to Clause 5.10 of the draft Scheme as provided to us by the management. 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.**

Conclusion ratio:

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, the fair NCD exchange ratio recommended is as follows:

'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.'

Exclusions and Limitations

Our opinion and analysis are limited to the extent of review of the NCD Opinion and the draft Scheme. In connection with the opinion, we have

A) Reviewed the draft Scheme.
B) Review NCD Report.
C) Reviewed audited financials for ECLF and ERFL for the year ended on March 31, 2024.
D) Held discussions with the Valuer, in relation to the approach taken to valuation and the details of various methodologies utilized by them in preparing the NCD Report and recommendations.
E) Sought various clarifications with the respective senior management teams of ECLF and ERFL.
F) Reviewed such other information and explanations as we have required and which have been provided by the management of ECLF and ERFL.

This Opinion is intended only for the sole use and information of ECLF and ERFL in connection with the Scheme, including for the purpose of obtaining judicial and regulatory approvals for the Scheme or the purpose of complying with the SEBI regulations and requirement of stock exchanges on which the NCD of ERFL is listed, and for no other purpose. We are not responsible in any way to any person/party/statutory authority for any decision of such person or party or authority based on this Opinion. Any person/party intending to provide finance or invest in the business of either ERFL and/or ECLF or their subsidiaries /joint ventures/associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this assignment, Navigant has relied on the NCD Report for the proposed Scheme of ERFL and ECLF and their respective shareholders and creditors and information and explanation provided to it, the accuracy whereof has not been evaluated by Navigant. Navigant's work does not constitute certification or due diligence of any past working results and Navigant has relied upon the information provided to it as set out in working results of the aforesaid reports.

Navigant has not carried out any physical verification of the assets and liabilities of the Companies and takes no responsibility for the identification and availability of such assets and liabilities.

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We hereby give our consent to present and disclose the Opinion in the general meetings of the shareholders of ERFL and ECLF and to the stock exchanges and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this Opinion is selective and is subject to updates, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The Report has been prepared solely for the purpose of giving a fairness opinion on NCD Report issued for the proposed Scheme between ERFL and ECLF and their respective shareholders and creditors, and may not be applicable or referred to or quoted in any other context.

Our opinion is dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes to the information used for any reason, which may occur subsequent to this date.

We have assumed that there will not be any material changes to the draft Scheme shared with us.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme on ERFL, ECLF and their respective shareholders and creditors, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which ERFL, ECLF and/or their associates/ subsidiaries, are or may be party.

The Companies have been provided with an opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our final Opinion.

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Our Fairness Opinion:

Based upon valuation carried out by the Valuer, we are of the opinion that the purpose of the Proposed Transaction is fair from a financial point of view.

The fairness of the Proposed Transaction is tested by:

(1) Considering qualitative factors such as economies of scale of operations, synergy benefits that may result from the Proposed Transaction.

The rationale as explained above, as assumed by the Valuer is justified.

On the basis of and subject to the foregoing, to the best of our knowledge and belief and based on the information and explanation provided to us, in our opinion, the NCD exchange ratio for the proposed amalgamation of ERFL with ECLF '*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.*' recommended by the Valuer is fair and reasonable.

This being of our best of professional understanding, we hereby sign the Opinion on NCD Report.

For Navigant Corporate Advisors Limited

Sarthak Vijlani
Managing Director

Date: 30th May 2024
Place: Mumbai