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REPORT ADOPTED BY THE BOARD OF DIRECTORS ("BOARD") OF ECL FINANCE LIMITED AT ITS MEETING HELD ON 30 MAY 2024, EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION BETWEEN EDELWEISS RETAIL FINANCE LIMITED ("ERFL" OR "TRANSFEROR COMPANY") AND ECL FINANCE LIMITED ("ECLF" OR "TRANSFEREE COMPANY" or "COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS, ON EACH CLASS OF SHAREHOLDERS (PROMOTERS AND NON-PROMOTER SHAREHOLDERS), KEY MANAGERIAL PERSONNEL, DEBENTURE HOLDERS, CREDITORS, EMPLOYEES AND DIRECTORS

I. BACKGROUND

1. The Board of ECLF at its meeting held on 30 May 2024, approved the Scheme of Amalgamation between ERFL and ECLF and their respective shareholders ("Proposed Transaction") under the provisions of Sections 230 to 232 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 ("Scheme") with appointed date as of October 01, 2024. ERFL and ECLF are collectively referred as "Companies".

2. Certain commercial papers (''CPs'') are listed on BSE Limited and all non-convertible debentures ("NCDs") of ECLF are listed on the BSE Limited and/ or National Stock Exchange of India Limited. All the NCDs of ERFL are listed on the BSE Limited and / or National Stock Exchange of India Limited

3. Pursuant to the SEBI's Master Circular SEBI/HO/DDHS/PoD1/P/CIR/2023/108 dated July 29, 2022 (Updated on June 30,, 2023) ("SEBI Circular") and as per Section 232(2)(c) of the Act, a report from the Board of the Company explaining the effect of the Scheme on each class of shareholders (promoters and non- promoter shareholders), key managerial personnel ("KMPs"), debenture holders, creditors, employees and directors of the Company, setting out, among other things, the share exchange ratio, specifying any special valuation difficulties, is required to be adopted by the Board. Such report is then required to be appended with the notice of the meeting of shareholders and creditors if ordered by the jurisdictional National Company Law Tribunal.

   Further, pursuant to the requirements of the SEBI Circular, the Board is required to also comment on impact of the scheme on the holder of Non-Convertible Debentures ("NCDs"), safeguards for the protection of the holders of NCDs and exit offer to the dissenting shareholders of NCDs, if any.

   Accordingly, this report of the Board is prepared to comply with the aforesaid requirements.

4. Under the Scheme, it is proposed to amalgamate ERFL with ECLF.

II. DOCUMENTS PLACED BEFORE THE BOARD

The following documents, inter alia, were placed before the Board:

(a) Draft Scheme;

(b) Equity Valuation report dated May 30, 2024, issued by Bhavesh M Rathod (IBBI Registration No.: IBBI/RV/06/2019/10708), being registered valuer appointed for the purpose of the Scheme with respect to the equity share entitlement ratio;

(c) Debt Valuation report dated May 30, 2024, issued by Bhavesh M Rathod (IBBI Registration No.: IBBI/RV/06/2019/10708), being registered valuer appointed for the purpose of the Scheme with respect to the Non-Convertible Debentures;

(d) Fairness Opinion Report dated May 30, 2024, issued by Navigant Corporate Advisors Limited, Category I SEBI Registered Independent Merchant Banker (Reg. No. INM000012243) providing the fairness opinion with respect to the Non-Convertible Debentures;

(e) Draft Certificate dated May 30, 2024 obtained from the Joint Statutory Auditors of ECLF i.e. V. C. Shah & Co, Chartered Accountants and Chetan T. Shah & Co, Chartered Accountants to the effect that the Scheme is in compliance with applicable Indian Accounting Standards specified by the Central Government in Section 133 of the Act and certifying the payment / repayment capability;

(f) Copy of Audit Committee Report, dated May 30, 2024; and

(g) Other presentations, reports, documents and information pertaining to the draft Scheme made available or circulated to the Board.

The aforesaid valuation reports and fairness opinion have been duly considered by the Board and have come to the conclusion that equity share entitlement ratio is fair and reasonable.

III. EQUITY SHARE ENTITLEMENT RATIO REPORT / ISSUE OF SHARES ON MERGER

The above-mentioned registered valuer has recommended the following equity share entitlement ratio for the issue of shares in terms of the Scheme:

"1,124 (One Thousand One Hundred and Twenty-four) fully paid up equity shares having face value of INR 1/- (Indian Rupee One only) of the Transferee Company shall be issued and allotted for every 100 (Hundred) equity shares having face value of INR 10/- (Indian Rupees Ten only) each held in the Transferor Company."

As per the Scheme, the equity shareholders of ERFL will be issued equity shares at INR 1/- (Indian Rupee One) each of ECLF as consideration for the Proposed Transaction. The said shares of the Company to be issued and allotted as above shall rank pari passu in all respects with the existing equity shares of the Company, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached thereto.

No special valuation difficulties were reported.

Further, in relation to the NCDs, the holders of NCDs of Transferor Company will become holders of NCDs of Transferee Company at exactly the same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security, ISIN, respectively

IV. EFFECT OF THE SCHEME ON NCD HOLDERS OF THE COMPANY AND OF ERFL

There will not be any impact on the NCD holders of the Company pursuant to the Scheme as the current NCD holders will continue to be served by the Transferee Company. Therefore, the Scheme will not have any adverse impact on the holders of the NCDs and thus adequately safeguards interests of the holders of the NCDs, however, should any of the NCD holder of ECLF wishes to exit and surrender its holding, the NCDs of the Company will continue to be freely tradable and listed on the Stock Exchange, thereby providing liquidity to holders of NCDs of the Company.

The Scheme envisages that the holders of NCDs of ERFL will become holders of NCDs of ECLF at exactly the same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security, ISIN, respectively. Therefore, the Scheme will not have any adverse impact on the holders of the NCDs and thus adequately safeguards interests of the holders of the NCDs, however, should any of the NCD holder of ERFL wishes to exit and surrender its holding, the NCDs of ERFL will continue to be freely tradable and listed on the Stock Exchange, thereby providing liquidity to holders of NCDs.

V. EFFECT OF THE SCHEME ON THE STAKEHOLDERS

1. While deliberating the Scheme, the Board has considered its impact on each of the shareholders, (promoters and non-promoter shareholders), key managerial personnel, directors, debenture holders, creditors and employees. The Scheme is in the best interest of the shareholders (promoters and non-promoter shareholders), key managerial personnel,

directors, debenture holders, creditors and employees of ERFL and ECLF and there shall be no prejudice caused to them in any manner by the Scheme.

2. The provisions of the Scheme have been drawn up to comply with the conditions relating to "Amalgamation" as defined under Section 2(1B) of the Income Tax Act, 1961 and therefore, it may not have any tax implications.

3. The Company has issued only one class of shares, i.e. equity shares. The Company will issue its equity shares to the shareholders of the Transferor Company as mentioned in para III above.

4. No change in KMPs of the Transferee Company is expected pursuant to the Scheme.

5. Further, none of the KMPs have any interest in the Scheme except to the extent of the equity shares held by them, if any, in the Company. The effect of the Scheme on such interest is the same as in the case of other shareholders.

6. Pursuant to the Scheme, there will be no change in terms and conditions of the NCDs of the Company.

7. Under the Scheme, there is no arrangement with the creditors (secured or unsecured) of the Company. No compromise is offered under the Scheme to any of the creditors of the Company. The liability of the creditors of the Company, under the Scheme, is neither being reduced nor being extinguished.

8. Under the Scheme, no rights of the staff and employees of the Company are being affected. The services of the staff and employees of the Company shall continue on the same terms and conditions prior to the proposed Scheme in case of transfer of employees as part of the Scheme.

VI. ADOPTION OF THE REPORTS BY THE DIRECTORS

1. The report of the Board, Valuation Report(s) and the Fairness Opinion have been taken on record by the Board and the Board has concluded that:

   (a) The equity share entitlement ratio specified in the Scheme is fair and reasonable to shareholders of ECLF; and

   (b) The Scheme is fair and not detrimental to the holders of NCDs of ECLF.

2. The Board or any duly authorised committee / person by the Board is entitled to make relevant modifications to this report, if required and such modifications or amendments shall have deemed to form a part of this report.

Certified True Copy
For ECL Finance Limited

K. J. Mathew

Kashmira Mathew
Executive Director
(DIN: 02341875)

Place: Mumbai
Date: May 30, 2024