

Report  
On  
Share Entitlement

**Reliance Commercial Finance Limited ("RCFL")  
("Demerged Company")**

**And**

**Authum Investment & Infrastructure Limited ("AIIL")  
("Resulting Company")**

Bhavesh Rathod & Co.  
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To,  
The Board of Directors,  
Reliance Commercial Finance Limited ("RCFL"),  
The Ruby, 11th Floor, North-West Wing, Plot  
No. 29, Senapati Bapat Marg, Dadar (West),  
Mumba Shivaji Park (Mumbai) MH 400028 IN

To,  
The Board of Directors,  
Authum Investment & Infrastructure Limited  
("AII")  
707, Raheja Centre, Free Press Journal Marg,  
Nariman Point NA Mumbai City MH 400021 IN

**Re: Report on share entitlement for proposed demerger of Lending Business of Reliance Commercial Finance Limited ("RCFL") into Authum Investment & Infrastructure Limited ("AII").**

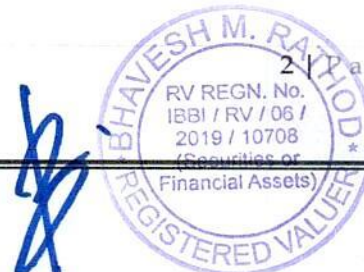
**Dear Sir(s)/Madam(s),**

We have been appointed by the management of Reliance Commercial Finance Limited ("RCFL") (hereinafter referred to as "RCFL" or "the Demerged Company") and Authum Investment & Infrastructure Limited ("AII") (hereinafter referred to as "AII" or "the Resulting Company") (hereinafter collectively referred to as "Companies"), to recommend fair share entitlement for the proposed demerger of "Lending Business " or "the Demerged Undertaking" of RCFL into AII ("Transaction").

The report is structured as under:

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## 1 Purpose of Valuation

The Transaction is proposed under the Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act 2013, including rules and regulations made there under (hereinafter referred to as "Scheme"). Subject to necessary approvals, Demerged Undertaking of RCFL would be demerged into AIL with effect from the Appointed Date of October 1, 2023. In consideration, AIL shall not issue any consideration, since RCFL is wholly owned subsidiary of AIL.

## 2 Background of the Companies

- 2.1 RCFL was incorporated on 17 August, 2000 under the provisions of the Companies Act, 2013, and is a public limited company within the meaning of the Act, having CIN - U66010MH2000PLC128301. Its registered office is at The Ruby, 11th Floor, North-West Wing, Plot No. 29, Senapati Bapat marg, Dadar (west) Mumbai 400028 Maharashtra. It has the following business:
- 2.1.1 RCFL is a wholly owned subsidiary of AIL. RCFL is registered as a Non- Deposit taking Non -Banking Financial Company, as defined under Section 45-IA of the Reserve Bank of India Act, 1934.
- 2.1.2 RCFL is principally engaged in lending activities and provides loans to small and medium enterprises for working capital and growth, loans to commercial vehicles and two wheelers, loans against property, personal loans and financing of various micro enterprises, housing finance business, rental business. Debt securities of RCFL are listed on Bombay Stock Exchange.
- 2.2 The authorized, issued, subscribed and paid up share capital of RCFL as on 14 July, 2023 is as under

Share Capital	Amount (In Rs.)
<u>Authorized Share Capital</u>	
60,00,00,000 Equity Shares of Rs. 10/- each	6,00,00,00,000
40,00,00,000 Preference Shares of Rs. 10/- each	4,00,00,00,000
20,00,00,000 Preference Shares of Rs. 1/- each	20,00,000
<b>TOTAL</b>	<b>10,00,20,00,000</b>
<u>Issued Share Capital</u>	
13,53,25,700 Equity Shares of Rs. 10/- each	1,35,32,57,000
40,00,00,000 Preference Shares of Rs. 10/- each	4,00,00,00,000
<b>TOTAL</b>	<b>5,35,32,57,000</b>
<u>Subscribed and Paid-up Share Capital</u>	
13,53,25,700 Equity Shares of Rs. 10/- each	1,35,32,57,000
40,00,00,000 Preference Shares of Rs. 10/- each	4,00,00,00,000
<b>TOTAL</b>	<b>5,35,32,57,000</b>





2.3 AIL was incorporated on 17 July, 1982 under the provisions of the Companies Act, 1956, and is a public limited company within the meaning of the Act, having CIN - L51109MH1982PLC319008. Its registered office is at 707, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai - 400021, Maharashtra. AIL is listed on Bombay Stock Exchange & The Calcutta Stock Exchange. AIL is a non-deposit taking Systemically Important Non-Banking Financial Company registered with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in the business of providing loans and making investments in shares and securities.

2.4 The authorized, issued, subscribed and paid up share capital of AIL as on 31 March, 2023 is as under:

Share Capital	Amount (In Rs.)
<u>Authorized Share Capital</u>	
58,00,00,000 Equity Shares of Rs. 1/- each	58,00,00,000
4,20,00,000 Preference Shares of Rs. 10/- each	42,00,00,000
<b>TOTAL</b>	<b>1,00,00,00,000</b>
<u>Issued Share Capital:</u>	
16,98,45,100 Equity Shares of Rs. 1/- each	16,98,45,100
4,04,00,000 Redeemable Preference Shares of Rs. 10/- each	40,40,00,000
<b>TOTAL</b>	<b>57,38,45,100</b>
<u>Subscribed and Paid-up Share Capital</u>	
16,98,45,100 Equity Shares of Rs. 1/- each	16,98,45,100
4,04,00,000 Redeemable Preference Shares of Rs. 10/- each	40,40,00,000
<b>TOTAL</b>	<b>57,38,45,100</b>

### 3 Sources of Information

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

3.1.1 Audited Financial Statements of RCFL and Unaudited provisional financial statements of AIL as on March 31, 2023;

3.1.2 Shareholding pattern of RCFL as on July 14, 2023 and AIL as on March 31, 2023;

3.1.3 Draft Scheme of Arrangement;

3.1.4 Other relevant details regarding the Companies, such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain;

3.1.5 Such other information and explanations 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.

#### 4 Salient features of the proposed Scheme

- 4.1 The Scheme envisages demerger of RCFL's Lending Business into AIL.
- 4.2 The Management of the Companies believe that the proposed demerger would result in the following benefits:
- 4.2.1 Entire NBFC business activities (existing AIL business & RCFL business) to be consolidated into single entity.
  - 4.2.2 Lending Business of RCFL shall be consolidated with AIL for efficient business management which will lead to business synergies to grow business of AIL.
  - 4.2.3 The proposed demerger will facilitate pursuit of scale, operational synergies, administrative synergies.
- 4.3 The appointed date of the Scheme shall be October 1, 2023 or such other date as the National Company Law Tribunal, Mumbai Bench (the NCLT) may direct /fix.

#### 5 Approach & Methodology

- 5.1 For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various alternatives. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which seller is willing to sell and buyer is willing to buy. Accordingly, a fair and proper approach for valuing the shares of the company is to use a combination of these methods.

For the purpose of valuation for demerger, generally the following approaches are adopted:

- i. Income based approach
- ii. Asset based approach
- iii. Market based approach

- 5.2 As informed to us, RCFL is Wholly Owned Subsidiary of AIL and are part of same group and upon the proposed restructuring none of the stake holders would be adversely affected. Accordingly, the Board of Directors of RCFL and AIL have proposed share entitlement for the Scheme having regard to the following factors:

- 5.2.1 Desired capital structure, and
- 5.2.2 Serviceability of capital

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Fair Value Report





- 5.3 In the instant case, the Demerged undertaking of wholly owned Subsidiary Company, RCFL (Demerged company) is getting transferred to its Parent Company, AILL (Resulting company). Upon Demerger, the Resulting Company has to issue shares to shareholders of Demerged Company. In the current case, since entire shares of Demerged Company is held by Resulting Company, no consideration shall be issued by Resulting Company.
- 5.4 Hence valuation of equity and preference shares of RCFL and AILL for the determination of share entitlement would not have any economic impact on the ultimate value of the shareholders of RCFL/ AILL and the proposed demerger will be neutral for the shareholders.

Computation of Share Exchange Ratio				
Valuation Approach	RCFL		AILL	
	(Demerged Company)		(Resulting Company)	
	Value Per Share (INR)	Weight	Value Per Share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Fair Value Per Share	NA		NA	
Exchange Ratio			NA	

- 5.5 We believe that the above share entitlement is fair and reasonable considering that Resulting Company holds entire share capital of Demerged Company. No new shares shall be issued, or payment made in cash or kind whatsoever by the Resulting company.

## 6 Share Entitlement and Conclusion

Based on the aforesaid, and the exclusions and limitations below, the following proposed share entitlement is fair and reasonable to the shareholders in relation to the demerger-

- Resulting Company holds entire share capital of Demerged Company and pursuant to Demerger, No new shares shall be issued, or payment made in cash or kind whatsoever by the Resulting company as consideration for Demerger.

## 7 Exclusions and Limitations

- 7.1 Our report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 7.2 We have relied upon the information, data, explanation and representations given 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.

- 7.3 We have not carried out a due diligence or audit of Transaction or Undertaking or RCFL for the purpose of opining on the share entitlement nor have we independently investigated or otherwise verified the data provided. Our work was not designed to verify the accuracy or reliability of the information provided to us and nothing in this report should be taken to imply that we have conducted procedures, audits or investigations in an attempt to verify or confirm any of the information supplied to us.
- 7.4 This share entitlement is essentially based on the information provided by the Management for which RCFL accepts full responsibility. Our review and analysis have been limited to the above-mentioned procedures and our analysis is subject to this limitation. Our reliance and use of this information provided by RCFL should not be constructed as expression of our opinion on it and we do not and will not accept any responsibility or liability for any inaccuracy in it.
- 7.5 The exercise of valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable share entitlement. While we have provided our opinion of the share entitlement ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the same.
- 7.6 The decision to proceed on the demerger as well as acceptance of the final share entitlement depends on RCFL, which will be responsible for decisions associated with determination of the share entitlement and the factors other than our work will need to be taken into account in determining the same; these will include your own assessment and may include the input of other professional advisors.
- 7.7 We further assume that the Management of the Companies has brought to our attention all material transactions, events or any other factors having an impact on the valuations and hence the share entitlement.

This report has been prepared for the Management of RCFL and AILL solely for the purpose of the proposed restructuring envisaging the demerger of Lending Business into AILL. This report should not be used for any other purpose.

Yours faithfully,

  
Bhavesh M Rathod

Chartered Accountants

M No: 119158

Registered Valuer - Securities or Financial Assets

(Reg No: IBBI/RV/06/2019/10708)



Place: Mumbai

Date: 14-07-2023

UDIN: **23119158BGVZNC9500**

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Fair Value Report

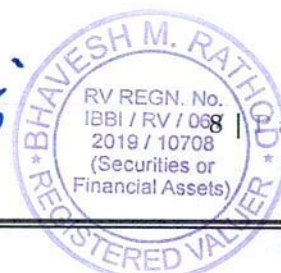
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## Annexure 1

In light of the above a fair valuation of equity and preference share of RCFL and AIL has not been carried out.

Valuation approach	RCFL		AIL	
	Value Per Share	Weight	Value Per Share	Weight
Asset Approach	N.A.	N.A.	N.A.	N.A.
Income Approach	N.A.	N.A.	N.A.	N.A.
Market Approach	N.A.	N.A.	N.A.	N.A.
Relative value per share	N.A.		N.A.	
Entitlement Ratio			N.A.	





Report  
On  
Non-Convertible Debenture  
Entitlement

**Reliance Commercial Finance Limited ("RCFL")  
("Demerged Company")**

**And**

**Authum Investment & Infrastructure Limited ("AILL")  
("Resulting Company")**

Bhavesh Rathod & Co.  
Chartered Accountants, Registered Valuer - SFA  
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To,  
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("AII")  
707, Raheja Centre, Free Press Journal Marg,  
Nariman Point NA Mumbai City MH 400021 IN

**Re: Report on Non-Convertible Debenture entitlement for proposed demerger of Lending Business of Reliance Commercial Finance Limited ("RCFL") into Authum Investment & Infrastructure Limited ("AII").**

**Dear Sir(s)/Madam(s),**

We have been appointed by the management of Reliance Commercial Finance Limited ("RCFL") (hereinafter referred to as "RCFL" or "the Demerged Company") and Authum Investment & Infrastructure Limited ("AII") (hereinafter referred to as "AII" or "the Resulting Company") (hereinafter collectively referred to as "Companies"), to recommend fair Non-Convertible Debenture ("NCD") entitlement for the proposed demerger of "Lending Business" or "the Demerged Undertaking" of RCFL into AII ("Transaction").

The report is structured as under:

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2.1.2 RCFL is principally engaged in lending activities and provides loans to small and medium enterprises for working capital and growth, loans to commercial vehicles and two wheelers, loans against property, personal loans and financing of various micro enterprises, housing finance business, rental business. Debt securities of RCFL are listed on Bombay Stock Exchange.

2.2 The authorized, issued, subscribed and paid up share capital of RCFL as on 14th July , 2023 is as under

Share Capital	Amount (In Rs.)
<b>Authorized Share Capital</b>	
60,00,00,000 Equity Shares of Rs. 10/- each	6,00,00,00,000
40,00,00,000 Preference Shares of Rs. 10/- each	4,00,00,00,000
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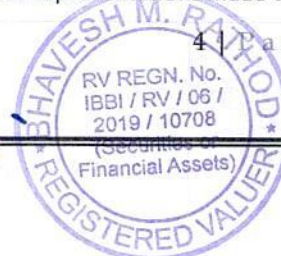
2.4 The authorized, issued, subscribed and paid up share capital of AIL as on 31 March, 2023 is as under:

Share Capital	Amount (In Rs.)
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<b>TOTAL</b>	<b>1,00,00,00,000</b>
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4,04,00,000 Redeemable Preference Shares of Rs. 10/- each	40,40,00,000
<b>TOTAL</b>	<b>57,38,45,100</b>

### 3 Sources of Information

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

- 3.1.1 Audited Financial Statements of RCFL and Unaudited provisional financial statements of AIL as on March 31, 2023;
- 3.1.2 Shareholding pattern of RCFL as of 14<sup>th</sup> July 2023 and AIL as on March 31, 2023;
- 3.1.3 Draft Scheme of Arrangement;
- 3.1.4 Other relevant details regarding the Companies, such as their history, their promoters, past and present activities, other relevant information and data including information in the public domain;
- 3.1.5 Such other information and explanations 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.

#### 4 Salient features of the proposed Scheme

- 4.1 The Scheme envisages demerger of RCFL's Lending Business into AIL.
- 4.2 The Management of the Companies believe that the proposed demerger would result in the following benefits:
- 4.2.1 Entire NBFC business activities (existing AIL business & RCFL business) to be consolidated into single entity.
  - 4.2.2 Lending Business of RCFL shall be consolidated with AIL for efficient business management which will lead to business synergies to grow business of AIL.
  - 4.2.3 The proposed demerger will facilitate pursuit of scale, operational synergies, administrative synergies.
- 4.3 The appointed date of the Scheme shall be October 1, 2023 or such other date as the National Company Law Tribunal, Mumbai Bench (the NCLT) may direct /fix.

#### 5 Approach & Methodology

- 5.1 For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various alternatives. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which seller is willing to sell and buyer is willing to buy. Accordingly, a fair and proper approach for valuing the NCDs of the company is to use a combination of these methods.

For the purpose of valuation for demerger, generally the following approaches are adopted:

- i. Income based approach
- ii. Asset based approach
- iii. Market based approach

- 5.2 As informed to us, RCFL is Wholly Owned Subsidiary of AIL and are part of same group and upon the proposed restructuring none of the stake holders would be adversely affected. Accordingly, the Board of Directors of RCFL and AIL have proposed NCDs entitlement for the Scheme having regard to the following factors:

5.2.1 Desired capital structure, and

5.2.2 Serviceability of capital

5.3 AILL holds Non-Convertible Debentures of RCFL, upon scheme becoming effective, NCDs held by AILL, shall be transferred as part of Demerged Undertaking and shall stand cancelled and extinguished as an integral part of the Scheme without any further application, act or deed. No new NCD shall be issued, or no payment shall be made in cash or in kind whatsoever by the Resulting company. While the residual NCD holder will remain with the Demerged Company, and the Resulting Company shall have no right, claim or obligation in relation to the Remaining Business Undertaking of the Demerged Company and nothing in this Scheme shall operate to transfer any of the Remaining Business Undertaking to the Resulting Company or to make the Resulting Company liable for any of the Demerged Company's Liabilities.

5.4 We believe that the above NCD entitlement is fair and reasonable considering that NCDs held by Resulting Company in the Demerged Company shall stand cancelled and extinguished as an integral part of the Scheme without any further application, act or deed And Residual NCD's shall continue with Demerged Company which shall have adequate cash and assets to repay interest/ principal.

## 6 Non-Convertible Debenture Entitlement and Conclusion

Based on the aforesaid, and the exclusions and limitations below, the following proposed Non-Convertible Debenture entitlement is fair and reasonable to the shareholders in relation to the demerger-

**6.1 NCDs held by AILL, shall stand cancelled and extinguished as an integral part of the Scheme without any further application, act or deed. No new NCD shall be issued, or no payment shall be made in cash or in kind whatsoever by the Resulting company. While the residual NCD holder will remain with the Demerged Company which shall have adequate cash and assets to repay interest/ principal.**

## 7 Exclusions and Limitations

7.1 Our report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

7.2 We have relied upon the information, data, explanation and representations given 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.

7.3 We have not carried out a due diligence or audit of Transaction or Undertaking or RCFL for the purpose of opining on the Non-Convertible Debenture entitlement nor have we independently investigated or otherwise verified the data provided. Our work was not designed to verify the accuracy or reliability of the information provided to us and nothing in this report should be taken

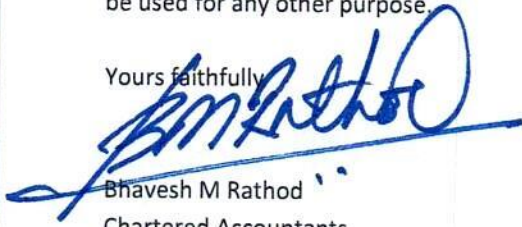


to imply that we have conducted procedures, audits or investigations in an attempt to verify or confirm any of the information supplied to us.

- 7.4 This Non-Convertible Debenture entitlement is essentially based on the information provided by the Management for which RCFL accepts full responsibility. Our review and analysis have been limited to the above-mentioned procedures and our analysis is subject to this limitation. Our reliance and use of this information provided by RCFL should not be constructed as expression of our opinion on it and we do not and will not accept any responsibility or liability for any inaccuracy in it.
- 7.5 The exercise of valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable Non-Convertible Debenture entitlement. While we have provided our opinion of the Non-Convertible Debenture entitlement ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the same.
- 7.6 The decision to proceed on the demerger as well as acceptance of the final Non-Convertible Debenture entitlement depends on RCFL, which will be responsible for decisions associated with determination of the Non-Convertible Debenture entitlement and the factors other than our work will need to be taken into account in determining the same; these will include your own assessment and may include the input of other professional advisors.
- 7.7 We further assume that the Management of the Companies has brought to our attention all material transactions, events or any other factors having an impact on the valuations and hence the Non-Convertible Debenture entitlement.

This report has been prepared for the Management of RCFL and AIL solely for the purpose of the proposed restructuring envisaging the demerger of Lending Business into AIL. This report should not be used for any other purpose.

Yours faithfully



Bhavesh M Rathod

Chartered Accountants

M No: 119158

Registered Valuer - Securities or Financial Assets

(Reg No: IBBI/RV/06/2019/10708)



Place: Mumbai

Date: 14-07-2023

UDIN: 2311915886VZND4958

## Annexure 1

In light of the above a fair valuation of NCD of RCFL and AIL has not been carried out.

Valuation approach	RCFL		AIL	
	Value Per NCD	Weight	Value Per NCD	Weight
Asset Approach	N.A.	N.A.	N.A.	N.A.
Income Approach	N.A.	N.A.	N.A.	N.A.
Market Approach	N.A.	N.A.	N.A.	N.A.
Relative value per NCD	N.A.		N.A.	
Entitlement Ratio			N.A.	