

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF RELIANCE COMMERCIAL FINANCE LIMITED ('COMPANY') IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 AT ITS MEETING HELD ON JULY 14, 2023**

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1. The Board of Directors of the Company ("**Board**") considered the proposal involving the demerger of the Demerged Undertaking (*as defined in the Scheme*) of the Reliance Commercial Finance Limited ("**RCFL**" or "**Demerged Company**") to Authum Investment & Infrastructure Limited ("**AIIIL**" or "**Resulting Company**") and various other matters consequential or integrally connected therewith, pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**the Act**") (including the rules thereunder) in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961 ("**the IT Act**"), including Section 2(19AA), or any other applicable law or rules and any amendments thereto or re-enactments thereof ("**Scheme**") and various other matters consequential to or otherwise integrally connected with the above.
2. Words and expressions, used in capitalized form but not defined in this report, shall have the meaning ascribed to them in the Scheme.
3. AIIIL is listed company and RCFL is a wholly owned subsidiary of AIIIL. Debt securities (NCDs) of RCFL are listed on BSE Limited.
4. AIIIL and RCFL have their registered office in Mumbai. Accordingly, the Scheme is proposed to be filed with the Mumbai bench of the National Company Law Tribunal.
5. A draft of the Scheme was duly approved by the Audit Committee of the Company and the Board at the meetings held on July 14, 2023.
6. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Board of Directors explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio, specifying any special valuation difficulties ("**Report**").

Having regard to the applicability of the aforesaid provision, this Report has been prepared for adoption by the Board.

**Reliance Commercial Finance Limited**

**Registered Office:** The Ruby, 11th Floor, North-West Wing, Plot No. 29, Senapati Bapat Marg, Dadar (West), Mumbai 400 028  
**T** +91 22 6838 8100/ **F** +91 22 6838 8360; **E-mail:** rcfl.secretarial@relianceada.com; **Website:** www.reliancemoney.co.in

**Customer Service:** T +91 22 4741 5800; **Email:** customercare@reliancecommercialfinance.com

7. The following documents/draft documents were placed before/circulated to the Board at its Meeting held on July 14, 2023:
- (i) Scheme;
  - (ii) Report of the Audit Committee of the Company recommending the draft Scheme;
  - (iii) Valuation reports issued by an independent registered valuer viz Mr. Bhavesh Rathod:
    - (a) The valuation report dated July 14, 2023, in respect of the equity shares and non-convertible redeemable preference shares of RCFL;
    - (b) The valuation report dated July 14, 2023 in respect of the listed Debt Securities (NCDs) of RCFL;
  - (iv) Fairness opinions issued by SEBI registered independent merchant banker viz. Navigant Corporate Advisors Limited:
    - (a) The fairness opinion dated July 14, 2023, in respect of the equity shares and non-convertible redeemable preference shares of RCFL;
    - (b) The fairness opinion dated July 14, 2023, in respect of the listed Debt Securities (NCDs) of RCFL;
  - (v) A certificate issued by O P Bagla & Co. LLP, the Company's statutory auditor, as required under Section 232(3)(j) of the Act, to the effect that the accounting treatment contained in the Scheme is in compliance with all the accounting standards prescribed under Section 133 of the Act and as required under SEBI Scheme Circular – Debt;
  - (vi) Other presentations, reports, documents and information pertaining to the draft Scheme made available to/ circulated to the Board.

**8. Rationale of the Scheme:**

RBI vide letter dated October 01, 2022 had provided No Objection Certificate for transfer of control through change of shareholding and management of RCFL and acquisition of 100% equity stake of RCFL by AAIL. RBI had specified few conditions to be complied by AAIL which includes surrender the Certificate of Registration of RCFL by AAIL. Accordingly, proposed demerger will transfer the Lending Business (*as defined in the Scheme*) of RCFL to comply with RBI condition.

Further, following benefits shall accrue on demerger of Lending Business

- a. Entire NBFC business activities (existing AAIL business & RCFL business) to be consolidated into single entity.
- b. Lending Business of RCFL shall be consolidated with AAIL for efficient business management which will lead to business synergies to grow business of AAIL.



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- c. The proposed demerger will facilitate pursuit of scale, operational synergies, administrative synergies.

**9. Effect of the Scheme on stakeholders**

Sr. No.	Category of stakeholder	Effect of the scheme on the stakeholders
1.	Shareholders (Promoter and Non Promoter Shareholders)	RCFL is a wholly owned subsidiary of AAIL. Upon the Scheme becoming effective, no shares of the Resulting Company shall be allotted in lieu or exchange of the holding of equity shares and preference shares in the Demerged Company. Considering the above, there will be no adverse effect on the shareholders of AAIL.
2.	Key Managerial Personnel (“KMPs”)	The Scheme will not have any adverse effect on the KMPs of AAIL.
3.	Impact of the scheme on the holders of NCDs	Taking into consideration (i) the report submitted by the Audit Committee recommending the draft Scheme, (ii) the Valuation Reports issued by the independent registered valuer viz Mr. Bhavesh Rathod (“Registered Valuer”); and (iii) the Fairness Opinions issued by SEBI registered independent merchant banker viz. Navigant Corporate Advisors Limited (“Merchant Banker”), NCDs other than NCDs held by Resulting Company would be continued in RCFL on the same terms and conditions.  Therefore, the Scheme will not have any adverse impact on the holders of the NCDs and thus adequately safeguards
4.	Safeguards for the protection of holders of NCDs	

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		interests of the holders of the NCDs by adequate assets in the RCFL.
5.	Exit offer to the dissenting holders of NCDs, if any	Since NCDs shall continue with RCFL on same terms and RCFL shall have adequate assets to safeguards interests of the holders of the NCDs no exit offer is required.

#### 10. Share Exchange Ratio:

The entire issued, subscribed and paid up equity share capital and preference share capital of the Demerged Company is held by the Resulting Company and its nominee(s). Upon the Scheme becoming effective, no shares of the Resulting Company shall be allotted in lieu or exchange of the holding of equity shares and preference shares in the Demerged Company. Therefore, there will be no impact of the demerger on the equity shareholders and preference shareholders of the Company.

#### 11. Adoption of the Report by the Directors:

The Board has adopted this Report after noting and considering the information set forth in the Report. The Board or any duly authorised committee/person by the Board is entitled to make relevant modifications to the Report, if required and such modifications or amendments shall be deemed to form part of the Report.

For and on behalf of the Board of Directors  
of the Company



Mr. Amit Dangi

Chairman of the Board meeting



Date: July 14, 2023

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SUBSIDIARY OF AUTHUM INVESTMENT & INFRASTRUCTURE LIMITED