

REPORT ON

RECOMMENDATION OF

FAIR RATIO OF ENTITLEMENT

FOR THE

LISTED NCD HOLDERS

OF CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

ON PROPOSED AMALGAMATION

OF

CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

AND

SVATANTRA HOLDINGS PRIVATE LIMITED

INTO

SVATANTRA MICROFIN PRIVATE LIMITED

Bansi S. Mehta Valuers LLP
Registered valuer – Securities or Financial Assets
11/13, Botawala Building, 2nd Floor,
Horniman Circle, Fort,
Mumbai – 400 020.

Registered Valuer

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1. Glossary

Abbreviation	Definition / reference to term/entity etc.
SMPL	Svatantra Microfin Private Limited
CIFCPL	Chaitanya India Fin Credit Private Limited
BSE	BSE Ltd
ICAI	Institute of Chartered Accountants of India
IVS	ICAI Valuation Standards
Managements	Management of Svatantra Microfin Private Limited and Chaitanya India Fin Credit Private Limited
NBFC	Non-Banking Finance Company
NCD Holders	NCD Holders of CIFCPI.
CIFCPL NCDs	Debentures issued by CIFCPL as specifically defined in para 2.2.1 below.
SMPL NCDs	Debentures issued by SMPL as specifically defined in para 2.2.2 below.
NCD or NCDs	Non-Convertible Debentures
Proposed Amalgamation	Proposed Amalgamation of Chaitanya India Fin Credit Private Limited and Svatantra Holdings Private Limited into Svatantra Microfin Private Limited
RBI	Reserve Bank of India
Scheme	Scheme of amalgamation of CIFCPL with SMPL under section 230-232 of Companies Act, 2013, including rules and regulations made thereunder
SEBI	Securities and Exchange Board of India
SEBI Master Circular – Debt	SEBI Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2023/108 dated July 29, 2022 (updated as on 30th June, 2023), as amended from time to time [pursuant to Regulation 59A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]



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2. Introduction

2.1 There is a proposal before the Boards of Directors of Svatantra Microfin Private Limited and Chaitanya India Fin Credit Private Limited, collectively referred to as the “Companies”, to merge Chaitanya India Fin Credit Private Limited, being a wholly owned subsidiary of the SMPL, under a scheme of amalgamation under section 230-232 of Companies Act, 2013, including rules and regulations made thereunder. Upon the amalgamation equity shares of the CIFCPL would stand cancelled.

Further, in connection with the Proposed Amalgamation, the NCD holders of the CIFCPL will become NCD holders of the SMPL with exactly the same terms.

Considering the above, and as required pursuant to SEBI Master Circular – Debt, we have been appointed by the Managements vide engagement letter dated November 1, 2024 to recommend fair ratio of entitlement of NCDs to be vested in the SMPL for the NCD holders of the CIFCPL pursuant to the Proposed Amalgamation. This report (“**Report**”) sets out the findings of our exercise.

2.2 Brief Profile of the Companies:**2.2.1 Profile of CIFCPL**

Chaitanya India Fin Credit Private Limited is incorporated under the Companies Act, 1956 with corporate identity number: U6/190KAZ009P1C049494 and has its registered office at Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road, Delisle Road, Mumbai, Mumbai- 400013. CIFCPL is a wholly owned subsidiary of the SMPL. CIFCPL is registered with the Reserve Bank of India as a Middle Layer Non-Deposit taking Non-Banking Finance Company (NBFC-ND) and is engaged in the ‘Micro Finance’ business as an NBFC-MFI. CIFCPL is engaged in the business of providing micro finance loans and personal loans to low-income individuals and households in rural/ semi-urban areas.

The NCDs of CIFCPL are listed on BSE.

Shareholding pattern of CIFCPL

The Authorised, issued, subscribed and paid-up share capital of CIFCPL as at Report date is as follows:

Share Capital	Amt (Rs. In Lakhs)
Authorised	
253,500,000 Equity Shares of Rs. 10 each	25,350.00
1,80,00,000 Preference Shares of Rs. 10 each	1,800.00
Total	27,150.00
Issued, subscribed and paid-up	
15,76,66,666 equity shares of Rs. 10 each fully paid-up	15,766.67
Total	15,766.67



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The foregoing share capital is held as follows:

Particulars	Number of Shares Held	Percentage of Shareholding
Svantantra Microfin Private Limited	15,76,66,656	99.999994%
Ananyashree Birla (Nominee of Svantantra Microfin Private Limited)	10	0.000006 %
Total	15,76,66,666	100%

Non-Convertible Debentures (NCDs) of CIFCPL:

CIFCPL has issued both listed and unlisted Non-Convertible Debentures ('CIFCPL NCDs'). The outstanding amount of these NCDs as on September 30, 2021 is INR 48,895.26 Lakhs. Details of the CIFCPL NCDs are as under:

Particulars	NCD	ISIN	Redemption Amount (INR in crores)
Senior, Unsecured, Rated, Listed, Non-Convertible Debentures	NCD 1	INE140R08056	50.00
Listed, Unsecured, Subordinated, Rated, Taxable, Redeemable, Non-Convertible Debentures	NCD 2	INE140R08072	125.00
Rated, Unsecured, Taxable, Listed, Redeemable, Non-Convertible Debentures	NCD 3	INE140R08080	100.00
Rated, Listed, Senior, Secured, Redeemable, Transferable Non-Convertible Debentures	NCD 4	INE140R07181	25.00
Rated, Listed, Senior, Unsecured, Redeemable, Transferable Non-Convertible Debentures	NCD 5	INE140R08098	25.00
Rated, Unsecured, Taxable, Listed, Redeemable, Non-Convertible Debentures	NCD 6	INE140R08106	85.00
Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, Non-Convertible Debentures	NCD 7	INE140R07173	50.00
Senior, Unsecured, Rated, Unlisted, Non-Convertible Debentures	NCD 8	INE140R08064	75.00

Terms of Listed CIFCPL NCDs are attached at **Appendix B**.

2.2.2 Profile of SMPL

Svantantra Microfin Private Limited is incorporated under the Companies Act, 1956 with corporate identity number: U74120MH2012PTC227069 and has its registered office at 20th Floor, Sunshine Tower, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013,



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Maharashtra. SMPL is a Middle Layer non-deposit taking Micro finance institution (NBFC-MFI) registered with the RBI in terms of the certificate of registration issued by the RBI. SMPL is engaged in the business of providing micro finance loans and personal loans to low-income individuals and households in rural/ semi-urban areas.

Shareholding pattern of SMPL

The Authorised, issued, subscribed and paid-up share capital of SMPL as at Report date is as follows:

Share Capital	Amount (Rs. In Lakhs)
Authorised	
4,75,50,00,000 Equity shares of Rs. 10/- each	4,75,500.00
53,00,00,000 5% Compulsorily Convertible Non-Cumulative Preference Shares Rs. 100/- each	5,30,000.00
Total	10,05,500.00
Issued, subscribed and paid-up	
51,41,00,166 Equity Shares of Rs. 10 each	51,410.01
7,80,82,902 5% Compulsorily Convertible Non-Cumulative Preference Shares of Rs. 100/- each fully paid up	78,082.90

The foregoing share capital, on a diluted basis, after considering conversion on account of CCPS is held as follows:

Particulars	Number of Shares Held	Percentage of Shareholding
Ms. Ananyashree Birla	20,78,46,874	33.16%
Mrs. Neerja Birla	21,00,000	0.33%
IGH Holding Private Limited	21,00,001	0.34%
SHPL	13,46,11,109	21.47%
Violicina Limited	19,89,18,745	31.73%
Multiples Private Equity Fund III, IV & Gift Fund IV	8,13,09,851	12.97%
Total	62,68,86,580	100.00%

The equity share capital of SMPL, after considering a dilution on account of outstanding ESOPs is INR 629.38 Crores comprising of 62,93,80,341 equity shares of INR 10 each.

The Equity Shares and CCPS of SMPL are not listed on any recognised stock exchange.



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Non-Convertible Debentures (NCDs) of SMPL:

SMPL has issued both listed and unlisted Non-Convertible Debentures ('SMPL NCDs'). The outstanding amount of SMPL NCDs as on September 30, 2024, is INR 41,913.63 Lakhs. Details of the SMPL NCDs are as under:

Particulars	ISIN	Redemption Amount (INR in Crores)
Rated, Subordinated, Unsecured, Dematerialised, Redeemable, Non-Convertible Debentures	INE00MX08029	15.00
Rated, Subordinated, Unsecured, Dematerialised, Redeemable, Unlisted, Non-Convertible Debentures	INE00MX08052	125.00
Rated, Subordinated, Unsecured, Unlisted, Redeemable, Non-Convertible Debentures	INE00MX08060	90.00
Rated, unlisted, unsecured, taxable, redeemable non-convertible debentures.	INE00MX08078	75.00
Rated, Subordinated, Unsecured, Unlisted, Redeemable, Non-Convertible Debentures	INE00MX08086	50.00
Rated, Unsecured, Dematerialised, Redeemable, Unlisted, Non-Convertible Debentures	INE00MX08094	100.00
Rated, Listed, Unsecured, Taxable, Redeemable, Subordinated, Transferable, Nonconvertible Debentures	INE00MX08045	60.00

Terms of Listed SMPL NCDs are attached at **Appendix C**.

3. Data obtained

- 3.1 We have called for and obtained such data, information, etc. as were necessary for the purpose of this assignment, which has been, as far as possible, made available to us by the Management. **Appendix A** hereto broadly summarizes the data obtained.
- 3.2 For the purpose of this assignment, we have relied on such data summarized in the said Appendix and other related information and explanations provided to us in this regard.

4. Consideration of Factors for recommendation of fair ratio of entitlement for NCDs

For the purpose of arriving at the fair ratio of entitlement for the NCDs under the Proposed Amalgamation, we have examined, considered and placed reliance on various details, data, documents, accounts, statements furnished and explanations and information given to us and have proceeded to find out the ratio on a consideration of the following factors:

- 4.1. The Proposed Amalgamation contemplates the amalgamation of CIFCPL with SMPL.
- 4.2. Pursuant to the Scheme, the NCDs of CIFCPL shall be vested to SMPL on same terms, including the coupon rate, tenure, ISIN, redemption price, quantum, and nature of security. It may be noted that these would also be listed NCDs.



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- 4.3. Further, it is understood from the Managements that the credit ratings of existing NCDs of CIFCPL and NCDs of SMPL will be identical.
- 4.4. The Management has provided us with their outlook of operating and financial cashflows of the merged entity. Based on these cash flows as projected by the Management, including the incremental borrowings, we understand that the merged entity will meet the interest and repayment obligations of CIFCPL NCDs and SMPL NCDs.
- 4.5. In view of the above, the economic interest of the NCD holders of CIFCPL and SMPL would remain unchanged in merged SMPL.
- 4.6. It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards effective for all the valuation reports issued on or after July 1, 2018. However, as the current exercise does not entail valuation, the question of following the Valuation Standards does not arise.

5. Conclusion

In view of the above,

- the economic interest of the NCD holders of CIFCPL would remain unchanged in SMPL. Hence, based on the foregoing considerations and steps followed, in our opinion the fair ratio of entitlement for NCDs would be as follows:

“For every 1 (One) NCD of CIFCPL 1 (one) NCD of SMPL of equivalent face and paid-up value, coupon rate, tenure, redemption price and quantum and nature of security offered, etc.”

- the economic interest of SMPL Debenture holders would not be affected pursuant to the Proposed Amalgamation.

Computation of Fair Ratio of Entitlement

	SMPL		CIFCPL	
	Value per NCD	Weight	Value per NCD	Weight
Asset Approach	NA	-	NA	-
Income Approach	NA	-	NA	-
Market Approach	NA	-	NA	-
Relative Value per NCD	NA		NA	
Exchange Ratio			NA	

NA – Not applicable

As explained above, we have not applied any of the valuation methods to arrive at value per NCD, since the NCD holders of CIFCPL would hold same instruments in SMPL and there will be no change on the value of the NCD. Hence, computation of fair /relative value per NCD is not relevant.



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6. Limitations and Disclaimers

- 6.1 The Report is to be read in totality and not in parts.
- 6.2 The valuation is based on the information furnished to us being complete and accurate in all material respect. In no event, we shall be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the companies, their directors, employee or agents.
- 6.3 We have relied on the written representations from the Managements that the information contained in this report is materially accurate and complete in the manner of its portrayal and therefore forms a reliable basis for the valuation.
- 6.4 The information presented in this report does not reflect the outcome of any financial due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and, therefore, the valuation materially.
- 6.5 Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, we do not express any opinion with regard to the same.
- 6.6 The Report is meant for the specific purpose mentioned herein and should not be used for any purpose other than the purpose mentioned herein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. The report may be shared with the shareholders, NCD holders and regulatory authorities/stock exchanges, on a need basis, for the purposes of the Proposed Amalgamation.
- 6.7 No investigation of the Company's claim to the title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The report is not, nor should it be construed, as our opinion or certifying the compliance with the provisions of any law including company and taxation laws or as regards any legal, accounting or taxation implications or issues.
- 6.8 The valuation is based on the market conditions and the regulatory environment that existed at the Report Date. However, changes to the same in the future could impact the companies and the industry they operate in, which may impact our valuation. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- 6.9 We have no obligation to update this Report because of events or transactions occurring subsequent to the date of this Report.
- 6.10 This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date; (iii) audited financials for the year ended March 31, 2024 and limited reviewed financials for the period ended September 30, 2024 for



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CIFCPL and SMPL (iv) other information obtained by us from time to time (v) accuracy of information in public domain with respect to comparable companies including financial information. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between September 30, 2024 and the Report date and that no material changes have occurred in their respective operations and financial position between September 30, 2024 and the Report date.

- 6.11 The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited/ unaudited balance sheets of the Companies, if any, provided to us.
- 6.12 This Report does not look into the business/ commercial reasons/economic rationale behind the proposed Scheme of Arrangement, nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the proposed Scheme of Arrangement as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- 6.13 The valuation analysis and result are governed by concept of materiality.
- 6.14 It has been assumed that the required and relevant policies and practices have been adopted by the Companies and would be continued in the future.
- 6.15 The fee for the engagement is not contingent upon the results reported.
- 6.16 We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
- 6.17 Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their Holdco companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, 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. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.
- 6.18 We have not carried out any physical verification of the assets and liabilities of the Companies and take no responsibility for the identification of such assets and liabilities.
- 6.19 This Report is subject to the laws of India.



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- 6.20 In addition, this Report does not in any manner address the price at which securities of SMPL shall trade following announcement of the proposed Transaction and we express no opinion or recommendation as to how the shareholders of either of the Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed Arrangement. Our Report and opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.
- 6.21 Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.
- 6.22 *Disclosure Of RV Interest or Conflict, If Any And Other Affirmative Statements*

We do not have any financial interest in the Companies, nor do we have any conflict of interest in carrying out this valuation.

For **Bansi S. Mehta Valuers LLP**

Registered Valuer

IBBI Registration Number: IBBI/RV-E/06/2022/172



DRUSHTI DESAI

DRUSHTI DESAI

IBBI Registration Number: IBBI/RV/06/2019/10666

Partner

Date: November 6, 2024

UDIN: 24102062BKEVDH9341

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Appendix A: Broad Summary Of Data Obtained

From the Managements:

1. Credit rating report of existing NCDs of CIFCPL and SMPL
2. Terms of existing NCDs of CIFCPL and SMPL
3. Audited Financial Statements of CIFCPL and SMPL for the year ended March 31, 2024.
4. Limited Review Financial Statements of CIFCPL and SMPL for the period ended September 30, 2024.
5. Draft Scheme of Arrangement for the Proposed Amalgamation.
6. Shareholding details of CIFCPL and SMPL as on the Valuation Date
7. Projected Profit & Loss and Balance Sheet for years to end FY 2024-25 to FY 2026-27
8. Other relevant information
9. Answers to specific questions and issues raised by us after examining the foregoing data



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Appendix B: Terms of Listed CIFCPL NCDs

	NCD 1	NCD 2	NCD 3
ISIN	INE140R08056	INE140R08072	INE140R08080
Security Name	Senior, Unsecured, Rated, Listed, Non-Convertible Debentures	Listed, Unsecured, Subordinated, Rated, Taxable, Redeemable, Non-Convertible Debentures	Rated, Unsecured, Taxable, Listed, Redeemable, Non-Convertible Debentures
Face Value (INR)	10,00,000	1,00,000	1,00,000
Dividend / Coupon	Coupon	Coupon	Coupon
Coupon Rate and payment frequency	12.83% and half yearly	12.40% and monthly	10.55% and monthly
Credit Rating	India ratings A	India ratings A	CRISL A
Tenure / Maturity	4 Years 2 Months	5 Years 3 Months	3 Years 2 Days
The terms of redemption	Interest is payable on a half – yearly basis and principal is payable on maturity date. No call or put option has been agreed upon.	Interest is payable on a monthly basis and principal is payable on maturity date. No call or put option has been agreed upon.	Interest is payable on a monthly basis and principal is payable on maturity date. No call or put option has been agreed upon.
Amount of redemption (per debenture)	INR 10,00,000 (Indian Rupees Ten Lakhs Only)	INR 1,00,000 (Indian Rupees One Lakhs Only)	INR 1,00,000 (Indian Rupees One Lakhs Only)
Date of redemption	September 28, 2026	May 21, 2028	September 30, 2026
Redemption premium/ discount	NA	NA	NA
Early redemption scenarios, if any	Call & Put option is available	NA	NA
Other embedded features (put option, call option, dates, notification times, etc.)	Call option and Put option is available	NA	NA
Name of debenture trustee	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited

	NCD 4	NCD 5	NCD 6
ISIN	INE140R07181	INE140R08098	INE140R08106
Security Name	Rated, Listed, Senior, Secured, Redeemable, Transferable Non-Convertible Debentures	Rated, Listed, Senior, Unsecured, Redeemable, Transferable Non-Convertible Debentures	Rated, Unsecured, Taxable, Listed, Redeemable, Non-Convertible Debentures
Face Value (INR)	1,00,000	1,00,000	1,00,000
Dividend / Coupon	Coupon	Coupon	Coupon
Coupon Rate and payment frequency	10.10% and monthly	10.45% and monthly	9.75% and monthly
Credit Rating	CRISL A	CRISL A	CRISL A
Tenure / Maturity	3 Years	1 Year 6 Months	24 Months



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The terms of redemption	Interest is payable on a monthly basis and principal is payable on a half-yearly basis. No call or put option has been agreed upon.	Interest is payable on a monthly basis and principal is payable as per schedule in terms agreed. No call or put option has been agreed upon.	Interest is payable on a monthly basis and principal is payable on maturity date. No call or put option has been agreed upon.
Amount of redemption (per debenture)	INR 1,00,000 (Indian Rupees One Lakhs Only)	INR 1,00,000 (Indian Rupees One Lakhs Only)	INR 1,00,000 (Indian Rupees One Lakhs Only)
Date of redemption	October 10, 2026	April 17, 2025	November 10, 2025
Redemption premium/ discount	NA	NA	NA
Early redemption scenarios, if any	NA	NA	NA
Other embedded features (put option, call option, dates, notification times, etc.)	NA	NA	NA
Name of debenture trustee	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited



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Appendix C: Terms of Listed SMPL NCDs

	NCD 1
ISIN	INE00MX08045
Security Name	Rated, Listed, Unsecured, Taxable, Redeemable, Subordinated, Transferable, Nonconvertible Debentures
Face Value (INR)	10,00,000
Dividend / Coupon	Coupon
Coupon Rate and payment frequency	12.90% and yearly
Credit Rating	Crisil AA-
Tenure / Maturity	5 Years 6 Months
The terms of redemption	Interest is payable on a yearly basis and principal is payable as on maturity. No call or put option has been agreed upon.
Amount of redemption (per debenture)	INR 10,00,000 (Indian Rupees Ten Lakhs Only)
Date of redemption	September 30, 2026
Redemption premium/ discount	NA
Early redemption scenarios, if any	NA
Other embedded features (put option, call option, dates, notification times, etc.)	NA
Name of debenture trustee	Catalyst Trusteeship Limited

