

December 19, 2022

To,

**TruCap Finance Limited**  
3rd Floor, A Wing, DJ House  
Old Nagardas Road, Andheri (East)  
Mumbai - 400 069

**Exclusive Leasing and Finance Private Limited**  
105-A, Indra Prakash Building  
New Delhi - 110 001

**Sub.: Fairness opinion on Fair Share Entitlement Ratio Report in relation to the 'Proposed Scheme of Arrangement'**

Dear Sir / Madam,

We, Sundae Capital Advisors Private Limited (referred to as "**Sundae**" or "**We**"), refer to the engagement letter dated **December 14, 2022**, wherein we have been requested to provide a fairness opinion on valuation report to be issued by valuer w.r.t. the proposed Scheme of Arrangement between Exclusive Leasing and Finance Private Limited (hereinafter called Exclusive/the Demerged Company), formerly known as Exclusive Leasing and Finance Limited and Trucap Finance Limited (hereinafter called TruCap/the Resulting Company) and their respective shareholders and creditors.

**SCOPE AND PURPOSE OF THIS REPORT**

The Company has appointed Abhinav Agarwal, Registered Valuer (IBBI Reg. No. IBBI/RV/06/2019/12564) (referred to as "Valuer") for recommendation of Fair Share Entitlement Ratio for the Proposed Scheme of Arrangement and our scope is restricted to examine the valuation report issued by the Valuer and issue our independent opinion as to the fairness of the valuation ("**Fairness Opinion**").

All terms not specifically defined in this fairness opinion shall carry the same meaning as in the valuation report.

**BRIEF BACKGROUND OF THE COMPANIES**

**A. Exclusive Leasing and Finance Private Limited (Exclusive/the Demerged Company)**

Exclusive Leasing and Finance Private Limited (Exclusive/the Demerged Company), formerly known as Exclusive Leasing and Finance Limited is a professionally managed and Board governed organization in the business of lending and financing business (Retail as well as Wholesale Segments), having its Registered Office in New Delhi and Corporate Office in Jalandhar, Punjab. Exclusive is registered with the Reserve Bank of India (RBI) as a non-deposit accepting Non-Banking Financial Company (NBFC-ND).

Exclusive Leasing and Finance Private Limited was incorporated in 1984. In 2019, with prior approval of the RBI, Mr. V K Bhandari has acquired the control over the Company. Mr. V K Bhandari is a senior Chartered Accountant and an ex-banker having an experience of over 40 years in Banking Industry in various capacities.

The Demerged Company is engaged in lending and financing business and providing fee-based activities. In lending and financing business, the Company has two primary segments-Retail Lending and Wholesale Lending. Retail Lending Business of the Company consists of Secured Business loans light commercial vehicle and auto loans and Gold Loans businesses etc. Whereas the Wholesale Segment mainly consists of loan to NBFCs which are engaged in lending across various categories such as MSME, Consumer, Gold, Vehicle Financing and others. The Demerged Company has a strong presence in Northern India.

## **B. TruCap Finance Limited (TruCap/the Resulting Company)**

TruCap Finance Limited (TruCap/the Resulting Company), formerly known as Dhanvarsha Finvest Limited is a professionally managed and Board governed organization in the business of financing Micro, Small and Medium Enterprises (MSME) headquartered in Mumbai. TruCap is registered with the Reserve Bank of India (RBI) as a non-deposit accepting Non-Banking Financial Company (NBFC-ND). Equity Shares of the Resulting Company are listed on BSE Limited (Bombay Stock Exchange/BSE) and are admitted for trading on National Stock Exchange of India Limited (National Stock Exchange/NSE) under 'admitted to trade' category.

TruCap Finance Limited was incorporated in 1994. In June 2017, through a Preferential Issue and Open Offer under the SEBI (SAST) Regulations, Wilson Holdings Private Limited has acquired the control over the Company. Wilson Holdings Private Limited is promoted by the Mumbai headquartered Wilson Group, which has business interests spread across retail MSME lending, education, philanthropy, FPI advisory services, water and wastewater treatment, agro commodities, and venture capital investing.

TruCap is an innovative sourcing & technology enabled financial services company that aims to provide credit solutions to India's large underbanked and underserved micro & small businesses and consumers. The Company is engaged in retail MSME lending, gold loan, etc. The Company has an extensive branch network in Western and Central India apart from having a presence in National Capital Region.

## **SUMMARY OF PROPOSED TRANSACTION**

To achieve inorganic growth and to reap other benefits of scale of business and extended geographical reach, the respective management of Exclusive Leasing and Finance Private Limited and TruCap Finance Limited have decided to consolidate the Retail Lending Business of both these Companies into the Resulting Company i.e., TruCap Finance Limited. The aforesaid objective is proposed to be achieved by way of demerger of the Retail MSME Lending Business (comprising of secured business loans, gold loans, light vehicle loans etc.) (the "Demerged Undertaking" / "Retail Lending Undertaking") of Exclusive Leasing and Finance Private Limited into TruCap Finance Limited in terms of the present Scheme of Arrangement

## **RATIONALE OF THE SCHEME**

1. The proposed demerger of the Demerged Undertaking of Exclusive Leasing and Finance Private Limited into TruCap Finance Limited would result in business synergy, pooling of the resources of these Companies and would enable the Resulting Company to achieve inorganic growth.
2. The proposed demerger of the Demerged Undertaking of the Demerged Company will provide the Resulting Company access to a large and unique client base, specifically in Delhi NCR, Punjab and Haryana thereby also enabling geographical diversification of the portfolio of the Resulting

Company and strengthens its leadership position in the MSME lending market.

3. With the business synergies, the Resulting Company would be able to utilize its resources at an optimum level and would give benefit of economies of scale resulting in improved efficiencies. It will help the Resulting Company to establish a strong customer base of affordable MSME Lending.
4. The consolidation of the Demerged Undertaking with the Resulting Company would enable the Demerged Company to focus on its wholesale lending and fee-based activity business. The proposed demerger will provide scope for independent expansion of various businesses. It will strengthen, consolidate and stabilize the business of these Companies and will facilitate further expansion and growth of their business.
5. The Resulting Company will have stronger financials encompassed with higher turnovers and better margins.
6. The Demerged Company has a strong presence in Northern India. Whereas the Resulting Company has an extensive branch network in Western and Central India apart from having a presence in National Capital Region. The proposed demerger will enable the Resulting Company to extend its business to new geographical areas and customer base. The Scheme will enable the Resulting Company to further build up its lending portfolio and have better growth opportunities. It will also act as a hedging strategy against the business uncertainties with more diversified customer base and geographical area of operations.
7. The proposed Scheme of Arrangement will impart better management focus, will facilitate administrative convenience and will ensure optimum utilization of manpower and various other resources by these Companies.
8. Post Scheme, the Resulting Company will be able to augment its resources at better terms.
9. The proposed demerger will have beneficial impact on the Demerged Company and the Resulting Company, their employees, shareholders and other stakeholders and all concerned.
10. The Demerged Company and Resulting Company would have its own management teams, Board of Directors, who can chart out their own independent strategies to maximize value creation for their respective stakeholders.

The Scheme of Arrangement is proposed for the aforesaid reasons. The Board of Directors of the Demerged Company and the Resulting Company is of the opinion that the proposed Scheme is in the best interest of these Companies, their Shareholders and other stakeholders.

## **SOURCE OF INFORMATION AND REPRESENTATIONS**

For the purpose of forming our opinion on the Fair Share Entitlement Ratio Report, we have relied on the discussions with the Management and the following information and documents made available to us:

- Fair Share Entitlement Ratio Report dated December 19, 2022 by Abhinav Agarwal, Registered Valuer (SFA).
- Necessary explanations and information from the management of Company.
- Discussion with the Valuer.
- Other information as available in public domain.

We have obtained explanations and information considered reasonably necessary for our exercise, from the executives of the company. Our analysis considers those facts and circumstances present at the date of this Fairness Opinion

## EXCLUSIONS AND LIMITATIONS

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the Company for the purpose of this opinion. With respect to the estimated financials, if any, provided to us by the management, we have assumed that such financials were prepared in good faith and reflect the best currently available estimates and judgments by the management of the Company. We express no opinion and accordingly accept no responsibility with respect to or for such estimated financials or the assumptions on which they were based. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the business. We have solely relied upon the information provided to us by the management. We have not reviewed any books or records of the business (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the business and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of the business. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by the business for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of the business with respect to these matters. In addition, we have assumed that the Proposed Scheme of Arrangement will be approved by the appropriate authorities, if any, and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the managements of the business during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary approvals for the Proposed Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that the business may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and, on the information, made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving the business or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to the Resulting Company for providing a fairness opinion on the proposed transaction and will receive professional fees for our services. In the ordinary course of business, Sundae is engaged in merchant banking business including corporate advisory, restructuring, valuations, etc. We may be providing various other unrelated independent professional advisory services to the Resulting Company and seller in the ordinary course of our business.

It is understood that this letter is solely for the benefit of and use by the Board of Directors of the Resulting Company for the purpose of this transaction and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law- Statute, Act, guideline or similar instruction. Management should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to the Resulting Company underlying decision to effect to the proposed transaction or as to how the holders of equity shares of the Resulting Company should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of the Resulting Company will trade following the announcement of the transaction or as to the financial performance of the Resulting Company following the consummation of the transaction.

In no circumstances however, will Sundae or its associates, directors or employees accept any responsibility or liability to any third party. Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement with the Resulting Company.

## OUR OPINION

With reference to above and based on information and explanation provided by the management of Resulting Company, after analyzing the Draft Scheme of Arrangement, and based on our examination of the Valuation report and our independent analysis and subject to the exclusions and limitations mentioned hereinabove and to the best of our knowledge the opinions are as follows:

Valuation Approach	Valuation Method	TruCap Finance Limited			Proposed Transfer of Demerged Undertaking of ELFPL		
		Value Per Share (INR)	Weights	Value x Wgt.	Value Per Share (INR)	Weights	Value x Wgt.
Market Approach	Comparable Companies Multiple Method	22.64	0%	0	10.76	25%	2.69
	Regulation 164 of SEBI (ICDR) Regulations, 2018	74.30	50%	37.15	N/A	N/A	N/A
Income Approach	Discounted Cash Flow Method	74.76	50%	37.38	129.61	75%	97.21
Cost Approach		N/A	N/A	N/A	N/A	N/A	N/A
<b>Relative Value Per Share</b>		<b>74.53</b>			<b>99.90</b>		
<b>Share Entitlement Ratio (Rounded Off)</b>		<b>953</b>			<b>711</b>		

**Recommendation by Valuer: “953 (Nine Hundred and Fifty-Three) fully paid-up equity shares of the face value of ₹ 2/- (Rupees Two only) each in Resulting Company for every 711 (Seven Hundred and Eleven) fully paid-up shares of ₹ 10/- (Rupees Ten only) held in the Demerged Company.”**

**Based on the information, data made available to us, including the Fair Share Entitlement Ratio Report of Abhinav Agarwal, Registered Valuer, to the best of our knowledge and belief, the valuation arrived at by Abhinav Agarwal, Registered Valuer (SFA) under the Draft Scheme of Arrangement, in our opinion, is fair and reasonable.**

The aforesaid Scheme of Arrangement shall be subject to the receipt of approvals from NCLT and other statutory authorities as may be required. The detailed terms and conditions are more fully set forth in the Draft Scheme of Arrangement. Sundae has issued this Fairness Opinion with the understanding the Draft Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion shall not stand good in case the final Scheme of Arrangement alters the transaction.

***For Sundae Capital Advisors Private Limited  
(SEBI Regn. No. INM000012494)***

***NitiN Somani  
Director***