

## **NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT THE (2/2024-25) EXTRAORDINARY GENERAL MEETING OF THE MEMBERS OF **ELECTRONICA FINANCE LIMITED (“COMPANY”)** WILL BE HELD ON **THURSDAY, MAY 30, 2024, AT 11.00 A.M. (IST)** AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 101/1, ERANDAWANE 'AUDUMBAR', DR. KETKAR ROAD, PUNE - 411004 TO TRANSACT THE FOLLOWING BUSINESS:

### **SPECIAL BUSINESS:**

#### **ITEM NO. 1:**

**WITHDRAWAL OF ISSUANCE AND OFFER OF 28,85,587 (TWENTY-EIGHT LAKHS EIGHTY-FIVE THOUSAND FIVE HUNDRED AND EIGHTY-SEVEN) SERIES B1 COMPULSORILY CONVERTIBLE CUMULATIVE PREFERENCE SHARES AND 78,69,704 (SEVENTY-EIGHT LAKHS SIXTY-NINE THOUSAND SEVEN HUNDRED AND FOUR) SERIES B2 COMPULSORILY CONVERTIBLE CUMULATIVE PREFERENCE SHARES ON A PRIVATE PLACEMENT BASIS MADE TO WANAKA INCLUSION LIMITED AND AAVISHKAAR INDIA FUND VI ACTING THROUGH ITS TRUSTEE, AAVISHKAAR VENTURE TRUSTEES PRIVATE LIMITED:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to: (a) the provisions of Sections 42, 55, 62(1)(c) and other provisions, as applicable, if any of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment(s) thereof, for the time being in force), read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, Rule 9 of the Companies (Share Capital and Debenture) Rules, 2014 and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014, as amended from time to time, and all applicable rules; (b) the Memorandum and Articles of Association of the Company; (c) the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023; (d) the Foreign Exchange Management Act, 1999; (e) the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019; (f) approval of the Reserve Bank of India received by way of a letter dated March 27, 2024; (g) waivers and consents provided by ESF Holdings in terms of the Shareholders Agreement dated November 7, 2019 executed by and amongst ESF Holdings, the Company and the Promoter Group (as defined thereunder); and (h) the Share Subscription Agreement dated March 29, 2024 executed by and amongst the Company, the Offerees (as defined hereafter) and the Promoter Group (as defined thereunder) (“**Share Subscription Agreement**”), the consent of the members is hereby granted for withdrawal of the offer of 28,85,587 (twenty-eight lakhs eighty five thousand five hundred and eighty seven) Series B1 compulsorily convertible cumulative preference shares (“**Series B1 CCPS**”) and 78,69,704 (seventy eight lakhs sixty nine thousand seven hundred and four) Series B2 compulsorily convertible cumulative preference shares (“**Series B2 CCPS**”) (Series B1 CCPS and Series B2 CCPS collectively referred to as “**CCPS**”) to Wanaka Inclusion Limited (“**LeapFrog**”) and Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited (“**Aavishkaar**”) (LeapFrog and Aavishkaar collectively referred to as “**Offerees**”) and any authorizations granted in furtherance of the offer previously approved by the members of the Company in the meeting held on April 29, 2024 in its entirety;

**RESOLVED FURTHER THAT** the resolutions passed by the Board on May 08, 2024 in relation to the withdrawal of CCPS are hereby taken on record and ratified;

**RESOLVED FURTHER THAT** the rescission and revocation of all actions previously taken in furtherance of the offer of CCPS made to Offerees and any authorizations to any person in relation to the same, including but not limited to the preparation of offering documents and filings with regulatory authorities, are hereby taken on record;

### **Electronica Finance Limited**

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Pune 411004, Maharashtra (India)

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**RESOLVED FURTHER THAT** Ms. Shilpa Pophale, Managing Director and CEO and Mr. Vallabh Ghate, Company Secretary of the Company are hereby authorized and directed to take all necessary actions to effectuate the withdrawal of the offer of CCPS made to Offerees and relevant authorization granted in relation to the same, including, but not limited to, notifying relevant regulatory authorities and Offerees of the withdrawal;

**RESOLVED FURTHER THAT** Ms. Shilpa Pophale, Managing Director and CEO and Mr. Vallabh Ghate, Company Secretary of the Company are authorized and directed to take any further actions necessary or appropriate to implement this resolution, including the execution of any documents or agreements necessary to effectuate the withdrawal of the offer of CCPS to Offerees;

**RESOLVED FURTHER THAT** a certified true copy of this resolution issued under the signature of Ms. Shilpa Pophale, Managing Director and CEO or Mr. Vallabh Ghate, Company Secretary of the Company to be submitted to whomsoever it may concern.”

**ITEM NO. 2:**

**APPROVAL FOR THE ISSUANCE AND OFFER OF 21,64,190 (TWENTY-ONE LAKH SIXTY-FOUR THOUSAND ONE HUNDRED AND NINETY) SERIES B1 COMPULSORILY CONVERTIBLE CUMULATIVE PREFERENCE SHARES, 59,02,278 (FIFTY-NINE LAKH TWO THOUSAND TWO HUNDRED AND SEVENTY-EIGHT) SERIES B2 COMPULSORILY CONVERTIBLE CUMULATIVE PREFERENCE SHARES AND 25,05,476 (TWENTY-FIVE LAKH FIVE THOUSAND FOUR HUNDRED AND SEVENTY-SIX) EQUITY SHARES THROUGH PREFERENTIAL ALLOTMENT ON A PRIVATE PLACEMENT BASIS.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession to the earlier resolution passed by the members of the Company at the Extra-ordinary general meeting held on April 29,2024 and pursuant to: (a) the provisions of Sections 42, 55, 62(1)(c) and other provisions, as applicable, if any of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment(s) thereof, for the time being in force), read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, Rule 9 of the Companies (Share Capital and Debenture) Rules, 2014 and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014, as amended from time to time, and all applicable rules; (b) the Memorandum and Articles of Association of the Company; (c) the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023; (d) the Foreign Exchange Management Act, 1999; (e) the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019; (f) approval of the Reserve Bank of India received by way of a letter dated March 27, 2024; and (g) waivers and consents provided by ESF Holdings in terms of the Shareholders Agreement dated November 7, 2019 executed by and amongst ESF Holdings, the Company and the Promoter Group (as defined thereunder); (h) the Share Subscription Agreement dated March 29, 2024 executed by and amongst the Company, Wanaka Inclusion Limited (“**LeapFrog**”), Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited (“**Aavishkaar**”) and the Promoter Group (as defined thereunder) the approval of the members be and is hereby accorded, for offering and issuing Series B1 Compulsorily Convertible Cumulative Preference Shares (“**Series B1 CCPS**”), Series B2 Compulsorily Convertible Cumulative Preference Shares (“**Series B2 CCPS**”) (Series B1 CCPS and Series B2 CCPS collectively referred to as “**CCPS**”) and Equity Shares as follows to the persons and in the manner recorded herein below (“**Offerees**”):

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Name of offeree	Class of securities	No. of securities offered	Nominal value per securities	Premium amount (in INR)	Total Consideration (in INR)
Wanaka Inclusion Limited	Series B1 CCPS	21,64,190 (twenty-one lakh sixty-four thousand one hundred and ninety)	INR 20 (Indian Rupees Twenty)	INR 326.55 (Indian Rupees Three Hundred and Twenty Six and Fifty Five Paise)	75,00,00,044.50 (Indian Rupees Seventy-Five Crore Forty-Four and Fifty Paise)
	Series B2 CCPS	59,02,278 (fifty-nine lakh two thousand two hundred and seventy-eight)			2,04,54,34,440.90 (Indian Rupees Two Hundred and Four Crore Fifty-Four Lakh Thirty-Four Thousand Four Hundred and Forty and Ninety Paise)
Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited	Equity Shares	25,05,476 (twenty-five lakh five thousand four hundred and seventy-six)	INR 10 (Indian Rupees Ten)	INR 361.91 (Indian Rupees Three Hundred Sixty-One and Ninety-One Paise)	93,18,11,610.65 (Indian Rupees Ninety-Three Crore Eighteen Lakh Eleven Thousand Six Hundred Ten and Sixty Five Paise)

**RESOLVED FURTHER THAT** the Valuation Report dated May 7, 2024, as placed before the meeting and initialled by the chairperson for the purpose of identification, issued by CA Kalyani Phadke, a registered valuer (Registration No.: IBBI/RV/06/2019/11442), determining the fair value of equity shares of the Company for the purpose of issuing the compulsorily convertible preference shares, in terms of the provisions of the Companies Act, 2013, annexed hereto as **Annexure 1**, is hereby perused and taken on record by the Members.

**RESOLVED FURTHER THAT** pursuant to the provisions of the Companies Act, 2013, the name of the proposed allottees be recorded for the issuance of invitation to subscribe to Series B1 CCPS and Series B2 CCPS and a private placement offer letter in Form No. PAS-4 together with an application form be issued to: (a) LeapFrog, inviting them to subscribe to the CCPS; and (b) Aavishkaar, inviting them to subscribe to Equity Shares.

**RESOLVED FURTHER THAT** the necessary filings with the statutory authorities, including but not limited to, the Registrar of Companies and the Reserve Bank of India be made by the Company.

**RESOLVED FURTHER THAT** the draft offer letter cum application letter in Form PAS-4, and the record of private placement maintained in Form PAS-5, as placed before the members be and is hereby approved.

**RESOLVED FURTHER THAT** the Series B1 CCPS and Series B2 CCPS proposed to be issued shall, *inter alia*, have the terms as set out in **Annexure A** and **Annexure B** respectively as appended herewith.

**RESOLVED FURTHER THAT** the Equity Shares proposed to be issued to Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited shall rank *pari passu* to the existing equity shares of the Company.

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**RESOLVED FURTHER THAT** the Board be and is hereby authorized on behalf of the Company to:

- (a) issue the private placement offer letter to the Offerees for and on behalf of the Company;
- (b) negotiate, finalise, execute, ratify or amend the private placement offer letter and to do all such acts, deeds and things as may be necessary or expedient to implement this resolution and to do and execute all acts and deeds as may be required in connection with the aforesaid;
- (c) to sign letters of undertaking, declarations, agreements, and other papers which may be required; and
- (d) to sign and/or dispatch all forms, filings, documents, and notices to be signed, submitted and/or dispatched by it under or in connection with the documents to which it is a party with any statutory authorities including but not limited to the Registrar of Companies and Reserve Bank of India and to take all such further steps as may be required to give effect to the aforesaid resolutions;
- (e) take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient to the issue or allotment of the Series B1 CCPS, Series B2 CCPS and Equity Shares under the private placement offer letter and to resolve and settle all questions and difficulties that may arise in relation to the proposed offer.

**RESOLVED FURTHER THAT** a certified true copy of this resolution issued under the signature of Ms. Shilpa Pophale, Managing Director and CEO, or Mr. Vallabh Ghate, Company Secretary of the Company, to be submitted to whomsoever it may concern.”

**Registered Office:**  
101/1, Erandawane 'Audumbar',  
Dr. Ketkar Road, Pune - 411004

**By the order of the Board of Directors  
For Electronica Finance Limited**

Sd/-  
**Vallabh Ghate**  
Company Secretary  
Membership No: A41587

**Date: May 08, 2024  
Place: Pune**

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## **NOTES:**

- (i) In line with the circulars of the Ministry of Corporate Affairs dated April 8, 2020, April 13, 2020, September 28, 2020, December 31, 2020, June 23, 2021 and December 8, 2021, May 5, 2022, December 28, 2022, September 25, 2023 or any other circular as issued by Ministry of Corporate Affairs from time to time (collectively referred to as “**MCA Circulars**”), the Notice of EGM is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on May 08, 2024. Members may note that Notice has been uploaded on the website of the Company at <https://www.electronicafinance.com/investor-relations/>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com).
- (ii) A member entitled to attend and vote at the extra-ordinary general meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such a proxy need not be a member of the Company.
- A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. The Proxy Form is annexed hereto.
- (iii) An explanatory statement pursuant to Section 102 of the Companies Act, 2013 is annexed herewith.
- (iv) Pursuant to the provisions of Section 113 of the Companies Act, 2013, Body Corporates/ Institutional / Corporate members intending for their authorized representatives to attend the meeting are requested to send to the Company, on [investor.relations@efl.co.in](mailto:investor.relations@efl.co.in) from their registered Email ID a scanned copy (PDF / JPG format) of certified copy of the Board Resolution / Authority Letter authorizing their representative to attend and vote on their behalf at the meeting.
- (v) Those Members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
- (a) Members holding shares in demat form can get their email ID registered by contacting their respective Depository Participant.
- (b) Members holding shares in physical form may register their email address by informing the Company at its investor email id [investor.relations@efl.co.in](mailto:investor.relations@efl.co.in).
- (vi) The Company has been maintaining, inter alia, the following statutory registers at its registered office.
- (a) Register of contracts or arrangements in which Directors are interested under section 189 of the Companies Act, 2013.
- (b) Register of Directors and Key Managerial Personnel and their shareholding under section 170 of the Companies Act, 2013.

In accordance with the MCA circulars, the said registers will be made available electronically for inspection by the Members during the EGM. Members seeking to inspect such documents can send an email to [investor.relations@efl.co.in](mailto:investor.relations@efl.co.in).

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- (vii) Relevant documents referred to in this Notice of EGM and Explanatory Statement, will be available electronically for inspection by the Members during the EGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of EGM i.e. May 30, 2024. Members seeking to inspect such documents can send an email to [investor.relations@efl.co.in](mailto:investor.relations@efl.co.in).
- (viii) The Ministry of Corporate affairs by virtue of notification dated September 10, 2018 has amended the Companies (Prospectus and Allotment of Securities) Rules, 2014. According to this notification;

Every holder of securities of an unlisted public company,

- (a) who intends to transfer such securities on or after October 2, 2018, shall get such securities dematerialised before the transfer; or
- (b) who subscribes to any securities of an unlisted public company (whether by way of private placement or bonus shares or rights offer) on or after October 2, 2018 shall ensure that all his existing securities are held in dematerialized form before such subscription.

To facilitate the shareholders of the Company to dematerialize their shareholding in the Company, the Company has made admission of its securities on both depositories namely Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The Company has appointed M/s. Link Intime India Pvt. Ltd. as share transfer agent (RTA). The members who are holding shares in physical form are requested to avail dematerialization facility. For further information, please refer to the FAQs posted by NSDL on its website [www.nsdl.co.in](http://www.nsdl.co.in) and CDSL on its website [www.cdslindia.com](http://www.cdslindia.com).

- (ix) Route map of the venue is annexed hereto.
- (x) All documents referred to in this Notice and Explanatory statement annexed hereto are available for inspection of the members of the Company at the registered office of the Company during business hours up to the date of this meeting.
- (xi) Entry to the place of meeting will be regulated by an attendance slip which is annexed hereto. Members/Proxies attending the meeting are kindly requested to complete the enclosed attendance slip and affix their signature at the place provided thereon and hand it over at the entrance.

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## EXPLANATORY STATEMENT

**(Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out material facts concerning the item of Special Business to be transacted at the Extraordinary General Meeting is detailed hereunder)**

### **Resolution at Item No. 1:**

The members of the Company are hereby informed that the shareholders of the Company in the extraordinary general meeting held on April 29, 2024 had approved the issuance of 28,85,587 (twenty-eight lakhs eighty five thousand five hundred and eighty seven) Series B1 compulsorily convertible cumulative preference shares (“**Series B1 CCPS**”) and 78,69,704 (seventy eight lakhs sixty nine thousand seven hundred and four) Series B2 compulsorily convertible cumulative preference shares (“**Series B2 CCPS**”) (Series B1 CCPS and Series B2 CCPS collectively referred to as “**CCPS**”) to Wanaka Inclusion Limited (“**LeapFrog**”) and Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited (“**Aavishkaar**”) (LeapFrog and Aavishkaar collectively referred to as “**Offerees**”).

However, on account of certain regulatory restrictions imposed by the Reserve Bank of India, Aavishkaar is unable to subscribe to convertible securities of the Company and is only permitted to invest in the Company through equity shares. After considering the above-mentioned factors, the Board, in its meeting held on May 08, 2024, withdrew the offer made to the Offerees and approved issue of securities to the Offerees as per the revised transaction structure, on a private placement basis.

In view of the above, the Board of Directors recommends the passing of resolution set out in Item No. 1 as a **Special Resolution**.

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## **Resolution at Item No. 2:**

The members of the Company are hereby informed that the shareholders of the Company in the extraordinary general meeting held on April 29, 2024 approved the issuance of 28,85,587 (twenty-eight lakhs eighty five thousand five hundred and eighty seven) Series B1 compulsorily convertible cumulative preference shares (“**Series B1 CCPS**”) and 78,69,704 (seventy eight lakhs sixty nine thousand seven hundred and four) Series B2 compulsorily convertible cumulative preference shares (“**Series B2 CCPS**”) (Series B1 CCPS and Series B2 CCPS collectively referred to as “**CCPS**”) to Wanaka Inclusion Limited (“**LeapFrog**”) and Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited (“**Aavishkaar**”) (LeapFrog and Aavishkaar collectively referred to as “**Offerees**”).

However, on account of certain regulatory restrictions imposed by the Reserve Bank of India, Aavishkaar is unable to subscribe to convertible securities of the Company and is only permitted to invest in the Company through equity shares. After considering the above-mentioned factors, the Board, in its meeting held on May 08, 2024, withdrew the offer made to the Offerees and approved issue of securities to the Offerees as per the revised transaction structure, on private placement basis.

In terms of Section 42, Section 62(1)(c) and Section 179 of the Companies Act, 2013, and the provisions of the Share Subscription Agreement dated March 29, 2024 executed by and amongst the Company, the Offerees and the Promoter Group (*as defined thereunder*) (“**Share Subscription Agreement**”) and the documents issued pursuant to the Share Subscription Agreement, the Board had proposed to issue and offer up to 21,64,190 (twenty-one lakh sixty-four thousand one hundred and ninety) Series B1 CCPS of face value of INR 20 (Indian Rupees Twenty) each at a premium of INR 326.55 (Indian Rupees Three Hundred and Twenty Six and Fifty Five Paise) per share, aggregating to INR 75,00,00,044.50 (Indian Rupees Seventy-Five Crore Forty-Four and Fifty Paise), 59,02,278 (fifty-nine lakh two thousand two hundred and seventy-eight) Series B2 CCPS of face value of INR 20 (Indian Rupees Twenty) each at a premium of INR 326.55 (Indian Rupees Three Hundred and Twenty Six and Fifty Five Paise) per share, aggregating to INR 2,04,54,34,440.90 (Indian Rupees Two Hundred and Four Crore Fifty-Four Lakh Thirty-Four Thousand Four Hundred Forty and Ninety Paise) to LeapFrog, and 25,05,476 (Twenty-Five Lakh Five Thousand Four Hundred and Seventy-Six) Equity Shares of face value of INR 10 (Indian Rupees Ten) each at a premium of INR 361.91 (Indian Rupees Three Hundred Sixty-One and Ninety-One Paise) per share, aggregating to INR 93,18,11,610.65 (Indian Rupees Ninety-Three Crore Eighteen Lakh Eleven Thousand Six Hundred Ten and Sixty-Five Paise) to Aavishkaar, on a private placement basis by way of an offer letter (“**Offer Letter**”) which has been prepared by the Board as per the provisions of the Companies Act, 2013 and the rules enacted thereunder (“**Offer**”).

The valuation report is received from CA Kalyani Phadke, a registered valuer (Registration No.: IBBI/RV/06/2019/11442), dated May 7, 2024.

Further, in accordance with the provisions of Section 42 of the Companies Act, 2013, it is required to issue a private placement offer letter in prescribed Form PAS-4 for subscription of the Series B1 CCPS, the Series B2 CCPS and the Equity Shares.

In this regard, it is required to seek prior approval of the shareholders of the Company by way of passing a special resolution in terms of the provisions of Sections 42, 62(1)(c), 55 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014.

Pursuant to provisions of Rule 14 (1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, Rule 13 (2) of the Companies (Share Capital and Debenture) Rules, 2014, and Rule 9 of the Companies (Share Capital and Debenture) Rules, 2014, relevant details and disclosures of the Offer as required to be disclosed are listed herein below:

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**1. Particular of offer, kind of securities offered and the price at which security is being allotted:**

<b>Nature of securities</b>	The Company proposes to issue up to: (a) 21,64,190 (twenty-one lakh sixty-four thousand one hundred and ninety) Series B1 CCPS of face value of INR 20 (Indian Rupees Twenty) each at a premium of INR 326.55 (Indian Rupees Three Hundred and Twenty Six and Fifty Five Paise) per share, aggregating to INR 75,00,00,044.50 (Indian Rupees Seventy-Five Crore Forty-Four and Fifty Paise), (b) 59,02,278 (fifty-nine lakh two thousand two hundred and seventy-eight) Series B2 CCPS of face value of INR 20 (Indian Rupees Twenty) each at a premium of INR 326.55 (Indian Rupees Three Hundred and Twenty Six and Fifty Five Paise) per share, aggregating to INR 2,04,54,34,440.90 (Indian Rupees Two Hundred and Four Crore Fifty-Four Lakh Thirty-Four Thousand Four Hundred Forty and Ninety Paise), and (c) 25,05,476 (Twenty-Five Lakh Five Thousand Four Hundred and Seventy-Six) Equity Shares of face value of INR 10 (Indian Rupees Ten) each at a premium of INR 361.91 (Indian Rupees Three Hundred Sixty-One and Ninety-One Paise) per share, aggregating to INR 93,18,11,610.65 (Indian Rupees Ninety-Three Crore Eighteen Lakh Eleven Thousand Six Hundred Ten and Sixty-Five Paise)
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<b>Name of offeree</b>	<b>Class of securities</b>	<b>No. of securities offered</b>	<b>Nominal value per securities</b>	<b>Premium amount (in INR)</b>	<b>Total Consideration (in INR)</b>
Wanaka Inclusion Limited	Series B1 CCPS	21,64,190 (twenty-one lakh sixty-four thousand one hundred and ninety)	INR 20 (Indian Rupees Twenty)	INR 326.55 (Indian Rupees Three Hundred and Twenty Six and Fifty Five Paise)	75,00,00,044.50 (Indian Rupees Seventy-Five Crore Forty-Four and Fifty Paise)
	Series B2 CCPS	59,02,278 (fifty-nine lakh two thousand two hundred and seventy-eight)		INR 326.55 (Indian Rupees Three Hundred and Twenty Six and Fifty Five Paise)	2,04,54,34,440.90 (Indian Rupees Two Hundred and Four Crore Fifty-Four Lakh Thirty-Four Thousand Four Hundred and Forty and Ninety Paise)
Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited	Equity Shares	25,05,476 (twenty-five lakh five thousand four hundred and seventy-six)	INR 10 (Indian Rupees Ten)	INR 361.91 (Indian Rupees Three Hundred Sixty-One and Ninety-One Paise)	93,18,11,610.65 (Indian Rupees Ninety-Three Crore Eighteen Lakh Eleven Thousand Six Hundred Ten and Sixty Five Paise)

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- 2. Size of the issue and number of shares to be issued and nominal value of each share:**
- (a) 21,64,190 (twenty-one lakh sixty-four thousand one hundred and ninety) Series B1 CCPS of face value of INR 20 (Indian Rupees Twenty) each;
  - (b) 59,02,278 (fifty-nine lakh two thousand two hundred and seventy-eight) Series B2 CCPS of face value of INR 20 (Indian Rupees Twenty) each; and
  - (c) 25,05,476 (twenty-five lakh five thousand four hundred and seventy-six) Equity Shares of face value INR 10 (Indian Rupees Ten) each.
- 3. Date of passing the Board resolution in relation to the offer:**
- The offer has been approved by the Board in its meeting held on May 8, 2024.
- 4. Nature of security i.e. cumulative or non-cumulative, participating or non-participating, convertible or non-convertible:**
- Series B1 CCPS: Fully and compulsorily convertible cumulative preference shares;  
Series B2 CCPS: Fully and compulsorily convertible cumulative preference shares; and  
Equity Shares: *pari passu* to the existing equity shares of the Company.
- 5. The object of the issue:**
- The proceeds proposed to be raised in terms of the offer will be utilized to fund the expansion and growth of the Company.
- 6. The manner of issue:**
- The offer is proposed to be made on a private placement basis in accordance with the provisions of Sections 42 of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment(s) thereof, for the time being in force), Rule 9 of the Companies (Share Capital and Debenture) Rules 2014, Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014.
- 7. Name and address of valuer who performed valuation:**
- CA Kalyani Phadke, registered valuer (Registration No.: IBBI/RV/06/2019/11442)
- 8. The price and/or price band at/within which Series B1 CCPS, Series B2 CCPS and Equity Shares are proposed to be offered and allotted:**
- a) Series B1 CCPS and Series B2 CCPS shall be offered having face value of INR 20 (Indian Rupees Twenty) with a share premium of INR 326.55 (Indian Rupees Three Hundred and Twenty-Six and Fifty Five Paise) per share (“CCPS Issue Price”); and
  - b) Equity Shares shall be offered having face value of INR 10 (Indian Rupees Ten) with a share premium of INR 361.91 (Indian Rupees Three Hundred Sixty-One and Ninety-One Paise) (“Equity Issue Price”).
- 9. Basis on which the price has been arrived:**
- The CCPS Issue Price of CCPS and Equity shares is based on the valuation report dated **May 7, 2024** issued by issued by CA Kalyani Phadke, a registered valuer (Registration No.: IBBI/RV/06/2019/11442).
- 10. Relevant date with reference to which the price has been arrived at:**
- March 31, 2024.

**Electronica Finance Limited**

Audumbar, 101/1, Erandwane, Dr. Ketkar Road,  
Pune 411004, Maharashtra (India)

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**11. Material terms of raising such securities, proposed time schedule:**

The Series B1 CCPS and Series B2 CCPS shall be issued on the terms as specified in **Annexure A** and **Annexure B** respectively. The allotment of Series B1 CCPS, Series B2 CCPS and Equity Shares is proposed to be completed within 30 days of receipt of the subscription amount.

**12. Current shareholding pattern of the Company:**

The current and post issue shareholding pattern is mentioned at point no 22.

**13. The class or classes of persons to whom the allotment is proposed to be made:**

The offer for the issuance of Series B1 CCPS, Series B2 CCPS and Equity Shares is being made to the following Offerees.

Sr. No.	Name of the Offeree	Class of securities
1)	Wanaka Inclusion Limited	Series B1 CCPS and Series B2 CCPS
2)	Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited	Equity Shares

**14. Contribution and Intention of promoters, directors or key managerial personnel to subscribe to the offer or contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects:**

Promoters, directors or key managerial personnel do not intend to subscribe to the offer or making any contribution as a part of the offer or separately in furtherance of objects.

**15. The proposed time within which the allotment shall be completed:**

The Series B1 CCPS, Series B2 CCPS and Equity Shares will be allotted to the offerees, within a maximum period of 30 days from the date of receipt of the subscription amounts from the each of them.

**16. The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them on a fully diluted basis:**

Name of offeree	Class of securities	No. of securities offered	Nominal value per securities	Percentage of holding (post preferential allotment) (%)
Wanaka Inclusion Limited	Series B1 CCPS	21,64,190 (twenty-one lakh sixty-four thousand one hundred and ninety)	INR 20 (Indian Rupees Twenty)	19.47% <sup>1</sup>
	Series B2 CCPS	59,02,278 (fifty-nine lakh two thousand two hundred and seventy-eight)		

<sup>1</sup> *Note: The shareholding percentage takes into consideration: (a) the achievement of Targets (as defined thereunder) by the Company in terms of the Share Subscription Agreement; and (b) completion of purchase of shares by Wanaka Inclusion Limited in terms of the share purchase agreement dated March 29, 2024, executed by and amongst the Company, Wanaka Inclusion Limited, Ms. Manisha Pophale and the Promoter Group (as defined thereunder).*

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Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited	Equity Shares	25,05,476 (Twenty-Five Lakh Five Thousand Four Hundred and Seventy-Six)	INR 10 (Indian Rupees Ten)	6.33%
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**17. The change in control, if any, in the Company that would occur consequent to the preferential offer:**

There is no change of control pursuant to the issuance and subscription of the equity shares. The Promoters of the Company will continue to be in control of the Company.

**18. The number of persons to whom allotment on preferential basis has already been made during the year, in terms of number of securities as well as price:**

No such allotment done by the Company during the year.

**19. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:**

No allotment under the Offer is being made for consideration other than cash.

**20. Amount which the company intends to raise:**

INR 372,72,46,096.05 (Indian Rupees Three Hundred Seventy-Two Crores Seventy Two Lakhs Forty Six Thousand and Ninety Six and Five Paise)

**21. Principle terms of assets charged as securities:**

Not applicable.

**22. The pre-issue and post issue shareholding pattern (on fully diluted basis) of the Company including the expected dilution in equity share capital upon conversion of preference shares:**

		<i>Pre-Issue</i>		<i>Post-Issue</i>	
		No. of shares held	% of shareholding	No. of shares held	% of shareholding
<b>A</b>	<b>Promoters' holding:</b>				
1	Indian				
	Individual	18,36,987	6.21	16,47,424	4.12
	Bodies Corporate	2,01,64,245	68.18	2,01,64,245	50.46
	<b>Sub Total</b>	<b>2,20,01,232</b>	<b>74.39</b>	<b>2,18,11,669</b>	<b>54.58</b>
2	Foreign Promoters	-	0.00	-	-
	<b>Sub Total (A)</b>	<b>2,20,01,232</b>	<b>74.39</b>	<b>2,18,11,669</b>	<b>54.58</b>
<b>B</b>	<b>Non-Promoters' holding:</b>				
1	Institutional Investors	66,81,072	22.59	1,72,53,016	43.18
2	Non-Institution	-	0.00	-	-
	Private Corporate Bodies	-	0.00	-	-

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	<i>Pre-Issue</i>		<i>Post-Issue</i>	
Directors and Relatives	-	0.00	-	-
Indian Public	1,79,180	0.61	1,79,180	0.45
Others (Including NRIs)	-	0.00	-	-
ESOP Pool	7,15,621	2.42	7,15,621	1.79
<b>Sub Total(B)</b>	<b>75,75,873</b>	<b>25.61</b>	<b>1,81,47,817</b>	<b>45.42</b>
<b>Total</b>	<b>2,95,77,105</b>	<b>100</b>	<b>3,99,59,486</b>	<b>100.00</b>

**23. Others:**

Further in terms of the provisions of Section 42 and 62(1)(c) of the Companies Act, 2013 and the rules made thereunder the Company is required to take prior approval of the members of the Company by way of special resolution for the issuance of Series B1 CCPS and Series B2 CCPS and Equity Shares on preferential allotment basis.

Further, the draft offer letter in prescribed form PAS-4 is available for inspection/perusal.

None of the other directors, Key Managerial Personnel (KMP) of the Company and their relatives are interested in this resolution except to the extent of their shareholding in the Company.

In view of above, the Board of Directors recommends the passing of the resolutions set out at Item No. 2 as a **Special Resolution**.

**Registered Office:**

101/1, Erandawane 'Audumbar',  
Dr. Ketkar Road, Pune - 411004

**By the order of the Board of Directors  
For Electronica Finance Limited**

Sd/-  
**Vallabh Ghate**  
Company Secretary  
Membership No: A41587

**Date: May 08, 2024**  
**Place: Pune**

**Electronica Finance Limited**

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**Annexure 1**  
**Valuation Report**

**Report on  
Fair Valuation  
of  
Electronica Finance Limited**

**For the purpose of  
valuation of the fair value of the Equity Shares and Compulsorily  
Convertible Preference Shares (CCPS).**

**RV Kalyani Phadke  
Registered Valuer  
IBBI/RV/06/2019/11442**

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**Date: May 7<sup>th</sup>, 2024**

To,  
The Management  
Electronica Finance Limited,  
Audumbar, 101/1, Dr Ketkar Rd, Erandwane,  
Pune, Maharashtra 411004

**Subject: Valuation of equity shares and Compulsorily Convertible Preference Shares (CCPS) of Electronica Finance Limited.**

Dear Sir,

We refer to our discussion with Management of Electronica Finance Limited ("EFL" or "the Company") wherein the Management had requested RV Kalyani Phadke to carry out valuation of equity shares and CCPS of Electronica Finance Limited to determine the fair value of its shares.

This report sets out our scope of work, background procedures performed by us, source of information, key value considerations and our opinion on the value analysis of equity shares.

This report is our deliverable for the said engagement and is subject to scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality and in conjunction with the relevant documents referred to therein.

Yours Sincerely,

RV Kalyani Phadke  
Registered Valuer  
IBBI/RV/06/2019/11442  
Date: May 7<sup>th</sup>, 2024  
Place: Pune



## Contents

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Base of value and premise of value	5
Approach to valuation, valuation methodology	5
Valuation summary	7
Limitation and disclaimer	10
Annexure	14





1. **Background:** Electronica Finance Ltd (EFL), incorporated in 1990, is a part of the SRP Electronica Group and a pioneer in the field of Machine Finance. After an eventful journey of 3 decades, EFL today has more than 200 offices across the country, has served more than 45000 customers and has an AUM in excess of Rs.3600 crores.

- The services include:
- Machine financing
- Working capital financing
- Industrial property loans
- Micro enterprise financing

2. **Purpose of valuation:** The management of the company wishes to conduct valuation of equity shares for the purpose of issuing Compulsorily Convertible Preference Shares (CCPS) and Equity shares under section 62(1)(c) of the Companies Act, 2013. As the conversion ratio is fixed at 1:1 the fair value of each CCPS is equal to the fair value of per equity share of the company. It is in this background that the management of the company has appointed RV Kalyani Phadke ("the valuer") to submit a valuation report stating the fair value of the CCPS and equity shares of Electronica Finance Limited as on **March 31, 2024 ("valuation date")**.

The investors in CCPS / equity shares of EFL would also be entitled to place reliance on this report for regulatory filings, tax compliances and meeting any other statutory obligations. For this purpose, Investors would mean **Wanaka Inclusion Limited, and Aavishkaar India Fund VI**

3. **Brief scope of valuation:**

The company has appointed the valuer to undertake the following exercise:

- Understand the business of the company and existing revenue, costs across product lines.
- Work with your team to review projections provided.
- Work out existing and targeted capital structure, weighted average cost of capital, beta based on peer companies.
- Understand cost structures and benefits accruing to the company from the business to be valued.
- Review all documents relating to business of company.

Preparing and submitting a report to be finalized as per mutually agreeable terms.

4. **Data obtained:**

- i. We have called for and obtained such data, information, etc. as were necessary for the purpose of the assignment, which has been made available to us by the Management.

During the development of this valuation, we relied on information provided by the Company's Management and/or information acquired from publicly available sources.

Consequently, actual and/or future events may differ significantly. The principal information sources used in performing this analysis included:



- Discussions and correspondence with the Company Management;
- Company projections of the revenue, costs and underlying cashflows
- Company marketing, investment, and business development related materials;
- Industry research and data pertaining to the financial performance, value and outlook of the customers;
- General market data that could affect the financial performance, value and outlook of the customers and

We have inherently depended on the completeness and accuracy of the information described above. While we did not conduct an independent verification of any information obtained from the company or other publicly published sources, the information appears to be consistent with current standards of reliability and completeness.

Furthermore, we have inquired Management as to whether there have been any events (“Post Valuation Events”) that have occurred from the valuation date to the date this report was issued that would provide useful information to the users of this report. Management has affirmed that there have not been any material Post Valuation Events.

- ii. For the purpose of our assignment, we have relied on such data summarized above and other related information and explanations provided to us in this regard.

## 5. Base of value and premise of value

Valuation Bases (Standards of Value): Standards of Value means the indication of type of value being used in a specific valuation exercise. For the purpose of this valuation, the standard of value for the share valuation has been taken as fair value of shares.

Valuation premise: Determining the business value depends upon the situation in which the business is valued, i.e., what is likely to happen to business affects the value of business today. For the purpose of this valuation, the standard of value for the share valuation has been arrived on the basis ‘going concern’ premise, as this venture is going concern for a foreseeable future.

## 6. Approach to valuation.

### 1. Valuation Methodology:

Based on Valuation Standards Issued by ICAI, there are three methods for estimating the value of an asset (tangible or intangible). These include:

- The Cost Approach
- The Market Approach
- The Income Approach

In case a need arises, in addition, valuers may utilize a hybrid methodology that combines more than one of the above methods.



## 2. Valuation Strategies:

To establish an estimated fair market value for Electronica Finance Limited, we reviewed each methodology available for the valuation, and then weighted each approach based on the perceived reliability of inputs and assumptions used in each valuation.

### Use of Asset or Cost Approach

The asset or cost method estimates the fair market value of a business by modifying the asset and liability balances on their balance sheet to the company's corresponding fair market value. This method is usually derived by first adding up the individual values of a company's primary assets. The fair market value is then defined as the total of the company's assets minus the total of their corresponding liabilities.

As a practical matter, the net/underlying asset method has numerous variations. By inherently assuming the company will continue to operate in the foreseeable future, this method utilizes a replacement cost model as a reasonable measure of value. The method operates under the basic assertion that the value of a business should be consistent with the replacement cost of the company's assets.

### Our Opinion

This valuation approach is mainly used in case where the firm is to be liquidated i.e., it does not meet the "going concern criteria" or in case where the asset base exceeds earning capability.

The company is meeting the "Going concern" criteria and current earning capacity is greater than the asset base. Hence, the asset or cost method is not considered appropriate.

### Use of Market Method

The market method to business valuation is historically rooted in the economics principles of competition that suggests that in a free market, buyers will not pay more for a business, and the sellers will not accept less, than the price of a comparable business enterprise. It is similar, in many respects, to "comparable sales" method that is commonly utilized in real estate appraisals. In the business valuation arena, the market price of the stocks of publicly traded companies engaged in the same or similar line of business, whose shares are actively traded in a free and open market, can be used as a valid indicator of value when the transactions in which stocks are traded are sufficiently similar, to permit meaningful comparison.

Likewise, indicators of value based on specific financial variables can also be extracted from comparable companies. Using these parameters, appropriate valuation multiples can then be developed and applied to reflect significant differences and divergent levels of risk in contrast to the compared companies. The valuation process is also subject to the specific source of analysed data. For example, if the multiples applied, are generated from actively traded public companies, the resultant value is defined as a marketable, non-controlling interest value. On the other hand, if the multiples are produced from transactional data, the resulting value is defined as a controlling interest value. The



resulting multiples are then applied to the relevant financial metrics of the subject company under the guideline public company and guideline transaction methods.

### **Our Opinion**

EFL is a company which is into the business of Financing to various sectors including machine financing, working capital financing and renewable energy financing. In our opinion, there is no comparable company which is listed on recognized stock exchange in India. In absence of data, we conclude that market method is not appropriate for valuation of the company.

### **Use of Income Method**

The income method of business valuation is an estimate of the present value of the estimated future monetary benefits to the company. Consequently, this method requires a projection of cash flows that the business is expected to produce.

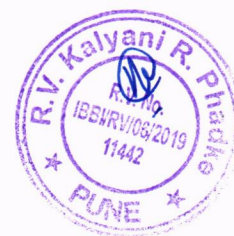
Using the discounted cash flow method("DCF"), these cash flows are subsequently converted to their present value using a specific discount rate that factors in the time value of money and any measurable level of risks associated with the business. Lastly, depending upon the actual adjustments that are made to the projected cash flows, the resultant interest value may represent either a controlling value or a non-controlling value.

### **Our Opinion**

The management of EFL has conducted a market study and has provided us with both targeted/ projected revenue, costs and resultant balance sheets for the years ending March 31, 2025, 2026, 2027, 2028, 2029. Based on availability of projections, we have identified Discounted Cashflow as an appropriate method to estimate the fair market value of the company.

### **Conclusion:**

Among the above-mentioned valuation methodologies viz. Income approach, Market approach, and Cost approach, Income method has been adopted for the purpose valuation of equity shares and CCPS. The Income approach assesses the future cash generating potential of the asset or business and we conclude that the Income method of valuation is an appropriate method for valuation of equity shares and CCPS of the company.



## 7. Valuation Summary:

The Valuation of EFL as on March 31, 2024, is INR 346.55 per share as summarized below:

Particulars	INR
Total Equity Value as on March 31, 2024	10,10,28,44,829
Total No. of Equity Shares as on March 31, 2024 (Existing + ESOP + CCPS)	2,91,52,956
<b>Fair value of Equity Share as on March 31, 2024</b>	<b>346.55</b>

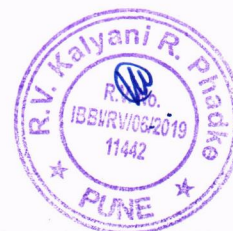
Please refer *Annexure 1* for the detailed working.

## 8. Work methodology and approach of valuation of shares:

### Income Method:

DCF method values a business based upon the available cash flow a prudent investor would expect the subject business to generate over a given period of time. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. Free cash flows are the cash flows expected to be generated by the company that are available to equity shareholders of the company. The terminal value represents the total value of the available cash flow for all periods subsequent to the forecast period. The terminal value of the business at the end of the forecast period is estimated and discounted to its equivalent present value and added to the present value of the explicit forecast period cash flow to estimate the value of the business.

- a. **Future cash flows:** Free cash flows are the cash flows expected to be generated by the firm/company that are available to the company.
- b. **Discount rate applied being weighted average cost of capital:** This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the contributors of long-term capital. The opportunity cost of long-term capital providers equals the rate of return the capital provider expects to earn on other investments of equivalent risk.
- c. **Perpetuity cash flow (terminal value):** The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated considering expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.



## 9. Review of Financial Projections:

Financial Projection of the Company have been prepared by the management and have been reviewed by us for the purpose of valuation.

- a. **Revenue:** The revenues of Electronica Finance Limited reflect an average growth of 35.54% for the projected years. The average growth of the company is in line with the market CAGR.
- b. **Finance Cost:** Finance costs are projected to be around 36.47% of the revenue in each year of projection. This is in line with the average Finance cost of 38% of previous two audited financial years i.e. F.Y 2021-22 and FY 2022-23
- c. **Other Cost:** It comprises of Employees Benefit Expenses, General administration and selling and distribution. The company expects to spend around 30.93% of the revenue for the projected period. This is in line with the average Finance cost of 33.22% of previous two audited financial years i.e. F.Y 2021-22 and FY 2022-23
- d. **Cost of Funds:** It comprises of Customer Loyalty Bonus and is projected to be around 2.90% of the revenue in each year of projection.
- e. **Tax rate:** The tax rate used in the analysis represents the marginal tax rate of 25.17%.
- f. **Future Investments and Capital Expenditure (Capex):** The Company has projected the following additional investment in capital expenditure mainly for the purpose of IT infrastructure, Furniture and fixtures for new branches and purchase of machinery for operating lease business, over the next 5 years:

<i>Rs in Crores</i>						
Description	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	Total
Capital Expenditure	(42.08)	(51.53)	(62.93)	(76.69)	(76.69)	(309.93)

### g. Working Capital

(1) **Changes in Working Capital:** A snapshot of the working capital considered in the projected cash flows is given below.

(2) **Working Capital Calculation –** The Non-Cash Working Capital has been considered.

<i>Rs in Crores</i>						
Description	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	Total
Working Capital Changes	(335.63)	(557.47)	(152.64)	(188.72)	(314.36)	(1,548.82)



## 10. Weighted Average Cost of Capital

### 1. Cost of equity:

The Cost of Equity has been calculated using Capital Asset Pricing Model (CAPM). The modified CAPM is based on a combination of risk factors including a risk-free rate ("R<sub>f</sub>"), equity risk premium ("R<sub>Pm</sub>"), beta ("β"), size risk premium ("R<sub>Ps</sub>") and other identifiable risk factors specific to the company.

$$r_E = r_f + \beta(r_M - r_f) + \text{company specific premium}$$

Where r<sub>f</sub> = Risk free rate; r<sub>M</sub> = Market return; β = Sensitivity to the market/ measure of market risk

A summary of Cost of Equity (K<sub>e</sub>) is given below:

Particulars	Percentage	Remarks
Risk Free Rate of return	7.108 %	The current yield of a Government Bond having maturity of 10 years has been used as proxy for the risk-free rate. Source: <a href="https://in.investing.com/rates-bonds/india-10-year-bond-yield-historical-data">https://in.investing.com/rates-bonds/india-10-year-bond-yield-historical-data</a>
Equity Risk Premium	7.81 %	Equity Risk premium is the additional return for investing in the equity market. Source: <a href="http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html">http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html</a>
Country Risk Premium	3.21 %	Country Risk Premium is the additional return or premium demanded by investors to compensate them for the higher risk associated with investing in a foreign country, compared with investing in the domestic market. Source: <a href="http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html">http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html</a>
Company Specific Risk Premium	8.00%	As the company is privately owned entity, a premium has been used to consider Company specific risks of the shares.
Beta	0.75	As the company is privately owned company, re-levered beta is taken based on the comparable entities listed on recognized stock exchanges in India.
<b>Expected Market Return [R<sub>e</sub>]</b>	<b>21.37%</b>	



## 2. Cost of debt

Cost of debt is the tax adjusted average interest cost on debt -

Cost of debt: The cost of debt is based on the prime lending rate in India. (Source: www.tradingeconomics.com)

Tax rate: The marginal tax rate of 25.17 % applicable to Companies in India has been considered.

Debt to Capital ratio: The debt to total capital ratio of the subject Company's target debt to capital ratio is considered in our analysis.

As per the discussion with the management the long-term debt – equity is considered at 00:100, hence cost of debt has been considered as 0%.

## 3. Calculation of Weighted Average Cost of Capital (WACC)

Particulars	Weights i.e., Debt Equity Ratio	After Tax Cost	Weighted Average Cost
Equity (Ke)	100%	21.37%	21.37%
Debt (Kd)	0%	0.00%	0%
<b>Weighted Average of Cost of Capital</b>			<b>21.37%</b>

## 11. Terminal Value:

Particulars	Rs in Crores
	31-Mar-29
EBITDA	823.64
Less: Working capital differences (Other than cash)	(34.47)
Less: Capital Expenditure	(34.03)
Less: Income Taxes	(170.35)
<b>Free Cash flows [A]</b>	<b>586.94</b>
WACC [B]	21.37%
Growth rate [C]	2.00 %
<b>Perpetual Cashflows D = (A*(1+C))/(B-C)</b>	<b>3,090.14</b>






## 12. Limitation and Disclaimer

- a. Our report is subject to the scope of limitations detailed hereinafter. As such the report is to be read in totality and not in parts. The report has been prepared solely for the purpose set out in the report and should not be reproduced (in part or otherwise) in any document whatsoever without our written consent.
- b. Our valuation is based on information furnished to us being complete and accurate in all material respect. The same is based on the estimates of future financial performance as projected by the Management, which represents their view of reasonable expectation at the point when they were prepared, but such information and estimates are not offered as assurances that the level of income or profit will be achieved, or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material.
- c. The business Value arrived at under the DCF is based on the working capital position and assets available as conveyed to us on zero date and any change in the same on the closing date would impact the cashflow and hence, the valuation.
- d. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have evaluated and performed checks on the projections provided but we have not performed any audit, review, or examination of any of the historical or prospective information used and therefore, do not express any opinion with regards to the same
- e. The information presented in the Report does not reflect the outcome of any due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and, therefore, the valuation materially.
- f. The report is meant for the purpose mentioned in Para 2 and should not be used for any purpose other than the purpose mentioned therein.
- g. Our report should be used only by the management and investors as mentioned earlier. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it was prepared. The report may be shared with the investors, regulators, and the Merchant Bankers (if any) providing Fairness Opinion on this report.
- h. The projected work results are those prepared by the management and furnished to us for the purpose of the Report. Although we have reviewed the underlying assumptions and parameters. We accept no responsibility for them, or the ultimate accuracy and realization of the forecasts.
- i. We have relied on the judgements made by the Management and, accordingly, our valuation does not consider the assumption of contingent liabilities materializing (other than those specified by the Management & Auditors). If there were any omissions, Inaccuracies or misrepresentations of the information provided by the management, then this may have an effect on our valuations.



- j. Our valuation is based on market conditions and the regulatory environment that currently exists however changes to the same in the future could impact the company valued by us and the industry it operates in, which may impact our valuation.
- k. We have no obligation to update the Report because of events or transactions occurring after the date of this Report.

RV KALYANI PHADKE



Registered Valuer

IBBI/RV/06/2019/11442

Place: Pune

Date: May 7<sup>th</sup>, 2024

UDIN: 24117522BKCVWT1107

## Annexure 1

	<i>INR Crores</i>					
Particulars	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	Terminal Value
EBITDA	188.36	288.45	445.44	602.18	807.49	823.64
Working capital differences (Other than cash)	(335.63)	(557.47)	(152.64)	(188.72)	(314.36)	(34.47)
Taxes	(39.08)	(59.02)	(90.71)	(121.93)	(167.01)	(170.35)
Capital expenditure	(42.08)	(51.53)	(62.93)	(76.69)	(76.69)	(31.89)
Terminal value						
<b>Free cash flows</b>	<b>(228.44)</b>	<b>(379.57)</b>	<b>139.16</b>	<b>214.84</b>	<b>249.43</b>	<b>3,090.14</b>
	1.00	2.00	3.00	4.00	5.00	5.00
Mid Year Adjustment	0.50	0.50	0.50	0.50	0.50	0.50
Mid Year	0.50	1.50	2.50	3.50	4.50	4.50
Discount Rate Projected Period (x)	0.9077	0.7478	0.6162	0.5074	0.4180	0.4180
Discount Rate Terminal Value						
<b>Present Value of Free Cash Flow</b>	<b>(207.35)</b>	<b>(283.86)</b>	<b>85.74</b>	<b>109.00</b>	<b>104.27</b>	<b>1,291.77</b>
<b>Enterprise value</b>	<b>1,099.58</b>					
Less: Marketability Discount @ 20%	219.92					
<b>Enterprise Value (Discounted)</b>	<b>879.66</b>					
Cash in books as on March 31, 2024	128.42					
Fair value of immovable property- Non Operational	2.14					
Investments	0.07					
<b>Sub total</b>	<b>1,010.28</b>					
Less: Debt	-					
<b>Equity value</b>	<b>1,010.28</b>					
No of Share (existing+ESOPs+CCPS)	2,91,52,956					
<b>Fair value per share ( Rs)</b>	<b>346.55</b>					



## Annexure A

### **Terms and conditions of Series B1 CCPS (as extracted from the Share Subscription Agreement dated March 29, 2024)**

The rights attached to the Series B1 CCPS are as follows:

#### **1. Face Value**

INR 20 (Indian Rupees twenty only) each.

#### **2. Form**

Each Series B1 CCPS shall be a 0.001% (zero point zero zero one percent) coupon preference share denominated in Rupees and shall be fully and compulsorily convertible into Equity Shares in accordance with Clauses 6 and 8 of this **Annexure A**.

#### **3. Rank**

##### (a) As to income

- (i) Each Series B1 CCPS shall confer on the holder, the preference dividend per Financial Year (i.e. the right to receive, in priority to the holders of Equity Shares in the Share Capital, a preference dividend equal to 0.001% (zero point zero zero one percent). For the avoidance of doubt, each Series B1 CCPS when allotted shall be fully paid up.
- (ii) The right to receive the preference dividend shall be cumulative.
- (iii) In addition to the preferential dividend, each Series B1 CCPS shall entitle its holder to also participate *pari passu* in any dividends paid to the holders of Equity Shares of the Company on a pro-rata as converted basis.

##### (b) As to capital

On a distribution of capital on liquidation of the Company, the holders of Series B1 CCPS shall receive such amounts in accordance with the provisions of the Shareholders' Agreement dated March 29, 2024 ("**Shareholders' Agreement**").

#### **4. Transferability**

The transferability of the Series B1 CCPS shall be subject to the terms and conditions of the Shareholders' Agreement.

#### **5. Amendments**

Subject to the Act the rights, privileges and conditions attached to a Series B1 CCPS may not be varied, modified or abrogated in any manner whatsoever without the prior written consent of all of the holders of the Series B1 CCPS.

#### **6. Term and Conversion Process**

- (a) The holder of the Series B1 CCPS shall have the option to convert the Series B1 CCPS at any time. Such right shall be exercised by the holder of the Series B1 CCPS by delivering to the Company a notice in writing ("**Series B1 CCPS Conversion Notice**"). The Company shall within 14 (fourteen) days of receipt of the Series B1 CCPS Conversion Notice, complete the conversion of the Series B1 CCPS by the issue and allotment to the holder of the Series B1 CCPS, the relevant number of fully paid Equity Shares to be issued upon conversion of the Series B1 CCPS in accordance with Clause 8 of this **Annexure A**.

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- (b) Term: In the event the Series B1 CCPS are not converted pursuant to Clause 6(a) above, each Series B1 CCPS shall automatically be converted at Series B1 CCPS Conversion Ratio (*as defined below*), one day prior to the expiry of 20 (twenty) years from the date of its issuance.
- (c) The Company shall bear all the expenses arising on the issue of the Equity Shares pursuant to any conversion, including any stamp duty or other taxes and levies (if applicable).
- (d) The Company shall, from the Tranche 1 Closing Date till the Series B1 CCPS Conversion Date (*as defined below*), maintain sufficient authorised but unissued share capital in the Company to be able to issue the Equity Shares to the holders of the Series B1 CCPS in accordance with this Clause 6 of this **Annexure A**.
- (e) Equity Shares issued and allotted upon conversion of the Series B1 CCPS will be deemed to be issued and registered as of the relevant date on which they are converted in accordance with Clause 6(a) or Clause 6(b) of this **Annexure A**, as the case maybe, of this **Annexure A**, as applicable (the “**Series B1 CCPS Conversion Date**”), and each holder of the Series B1 CCPS will, with effect from the Series B1 CCPS Conversion Date, be deemed and treated by the Company for all purposes as the holder on record of the relevant number of Equity Shares issued upon conversion. As soon as practicable after and, in any event, not later than 14 (fourteen) days after the Series B1 CCPS Conversion Date, the Company will issue and allot to the holder of the Series B1 CCPS in dematerialized form, the relevant Equity Shares to be issued on conversion and will register the holder of the Series B1 CCPS as the holder of the number of Equity Shares to be issued on conversion in the Company's share register and will deliver or cause to be delivered a letter of allotment for the Equity Shares to the holder of the Series B1 CCPS, together with any other securities, property or cash required to be delivered upon conversion and such other documents (if any) as may be required by law to effect the issue thereof.
- (f) Equity Shares issued upon conversion of the Series B1 CCPS shall be fully-paid and free of all Encumbrances and will in all respects rank *pari passu* with the Equity Shares in issue on the Series B1 CCPS Conversion Date and shall be freely transferable subject only to restrictions in the Shareholders' Agreement and the Restated Articles.
- (g) If the issue of Equity Shares in accordance with this Clause 6 of this **Annexure A** would, in the case of a particular holder of Shares, give rise to an obligation on the Company to issue a fraction of an Equity Share to that holder of Shares, the number of Equity Shares to be issued to that holder of Shares shall:
  - (i) in case the fraction is up to 0.49, then the number of Equity Shares to be issued upon conversion of the Series B1 CCPS shall be rounded off to the lower whole number; and
  - (ii) in case the fraction is 0.5 or more, then the number of Equity Shares to be issued upon conversion of the Series B1 CCPS shall be rounded off to the higher whole number.

## 7. Voting rights

Each holder of the Series B1 CCPS shall have such rights to attend and vote at general meetings of the Company as are from time to time prescribed by the Act and other Applicable Law.

## 8. Conversion Price and its Determination

- (a) The Parties agree that, at the time of conversion, each Series B1 CCPS shall be entitled to be converted at 1 (one) Equity Share for every 1 (one) Series B1 CCPS (“**Series B1 CCPS Conversion Ratio**”). No fractional shares shall be issued upon conversion of the Series B1 CCPS, and the number of Equity Shares to be issued shall be rounded to the nearest whole share. Provided that such conversion ratio as mentioned above, shall stand the same even if the

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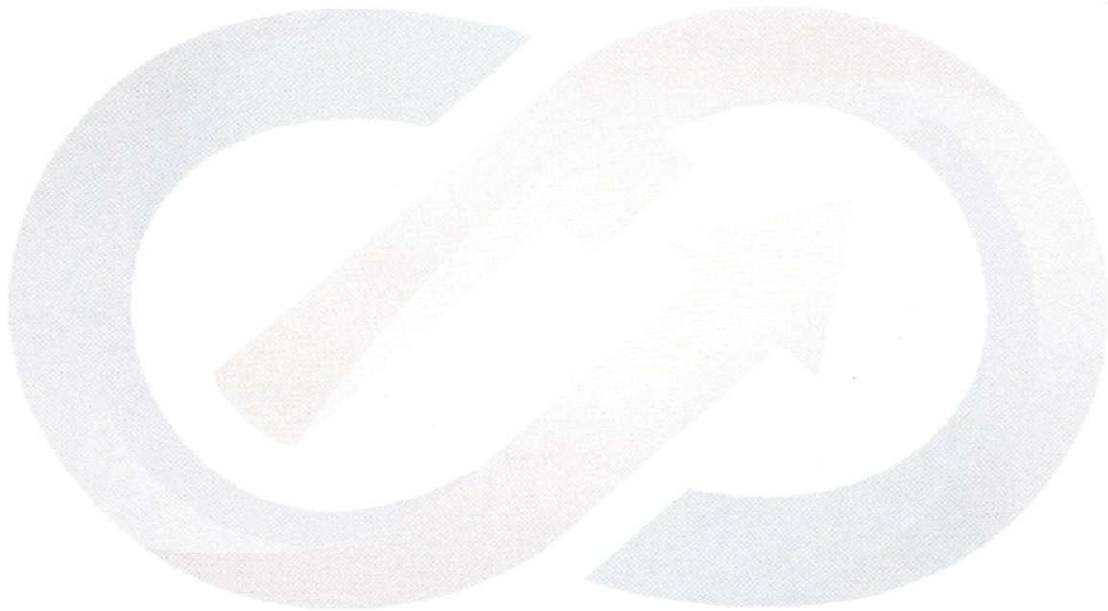
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Company invites other investors for investment subsequent to the closure of this transaction, unless the same has been consented to in writing by the holders of the Series B1 CCPS.

- (b) The conversion of the Series B1 CCPS shall be appropriately adjusted for any Adjustment Events, where the term “**Adjustment Events**” shall mean any alteration of the share capital of the Company in any manner following the Tranche 1 Closing Date, including pursuant to an issuance of Equity Shares, issue of bonus shares, stock split, sub-division, reclassification, consolidation or any similar corporate action.

9. **Liquidation Preference:** As provided in the Shareholders’ Agreement.



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## **Annexure B**

### **Terms and conditions of Series B2 CCPS (as extracted from the Share Subscription Agreement dated March 29, 2024)**

The rights attached to the Series B2 CCPS are as follows:

#### **1. Face Value**

Rs. 20 (Indian Rupees twenty only) each.

#### **2. Form**

Each Series B2 CCPS shall be a 0.001% (zero point zero zero one percent) coupon preference share denominated in Rupees and shall be fully and compulsorily convertible into Equity Shares in accordance with Clauses 6 and 8 of this **Annexure B**.

#### **3. Rank**

##### **(a) As to income**

- (i) Each Series B2 CCPS shall confer on the holder, the preference dividend per Financial Year (i.e. the right to receive, in priority to the holders of Equity Shares in the Share Capital, a preference dividend equal to 0.001% (zero point zero zero one percent). For the avoidance of doubt, each Series B2 CCPS when allotted shall be fully paid up.
- (ii) The right to receive the preference dividend shall be cumulative.
- (iii) In addition to the preferential dividend, each Series B2 CCPS shall entitle its holder to also participate *pari passu* in any dividends paid to the holders of Equity Shares of the Company on a pro-rata as converted basis.

##### **(b) As to capital**

On a distribution of capital on liquidation of the Company, the holders of Series B2 CCPS shall receive such amounts in accordance with the provisions of the Shareholders' Agreement.

#### **4. Transferability**

The transferability of the Series B2 CCPS shall be subject to the terms and conditions of the Shareholders' Agreement.

#### **5. Amendments**

Subject to the Act the rights, privileges and conditions attached to a Series B2 CCPS may not be varied, modified or abrogated in any manner whatsoever without the prior written consent of all of the holders of the Series B2 CCPS.

#### **6. Term and Conversion Process**

- (a) The holder of the Series B2 CCPS shall have the option to convert the Series B2 CCPS at any time. Such right shall be exercised by the holder of the Series B2 CCPS by delivering to the Company a notice in writing ("**Series B2 CCPS Conversion Notice**"). The Company shall within 14 (fourteen) days of receipt of the Series B2 CCPS Conversion Notice, complete the conversion of the Series B2 CCPS by the issue and allotment to the holder of the Series B2 CCPS, the relevant number of fully paid Equity Shares to be issued upon conversion of the Series B2 CCPS in accordance with Clause 8 of this **Annexure B**.

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- (b) Term: In the event the Series B2 CCPS are not converted pursuant to Clause 6(a) above, each Series B2 CCPS shall automatically be converted at Series B2 CCPS Conversion Ratio (*as defined below*), one day prior to the expiry of 20 (twenty) years from the date of its issuance.
- (c) The Company shall bear all the expenses arising on the issue of the Equity Shares pursuant to any conversion, including any stamp duty or other taxes and levies (if applicable).
- (d) The Company shall, from the Tranche 1 Closing Date till the Series B2 CCPS Conversion Date (*as defined below*), maintain sufficient authorised but unissued share capital in the Company to be able to issue the Equity Shares to the holders of the Series B2 CCPS in accordance with this Clause 6 of this **Annexure B**.
- (e) Equity Shares issued and allotted upon conversion of the Series B2 CCPS will be deemed to be issued and registered as of the relevant date on which they are converted in accordance with Clause 6(a) or Clause 6(b) of this **Annexure B**, as applicable (the “**Series B2 CCPS Conversion Date**”), and each holder of the Series B2 CCPS will, with effect from the Series B2 CCPS Conversion Date, be deemed and treated by the Company for all purposes as the holder on record of the relevant number of Equity Shares issued upon conversion. As soon as practicable after and, in any event, not later than 14 (fourteen) days after the Series B2 CCPS Conversion Date, the Company will issue and allot to the holder of the Series B2 CCPS in dematerialized form, the relevant Equity Shares to be issued on conversion and will register the holder of the Series B2 CCPS as the holder of the number of Equity Shares to be issued on conversion in the Company's share register and will deliver or cause to be delivered a letter of allotment for the Equity Shares to the holder of the Series B2 CCPS, together with any other securities, property or cash required to be delivered upon conversion and such other documents (if any) as may be required by law to effect the issue thereof.
- (f) Equity Shares issued upon conversion of the Series B2 CCPS shall be fully-paid and free of all Encumbrances and will in all respects rank *pari passu* with the Equity Shares in issue on the Series B2 CCPS Conversion Date and shall be freely transferable subject only to restrictions in the Shareholders’ Agreement and the Restated Articles.
- (g) If the issue of Equity Shares in accordance with this Clause 6 of this **Annexure B** would, in the case of a particular holder of Shares, give rise to an obligation on the Company to issue a fraction of an Equity Share to that holder of Shares, the number of Equity Shares to be issued to that holder of Shares shall:
  - (h) in case the fraction is up to 0.49, then the number of Equity Shares to be issued upon conversion of the Series B2 CCPS shall be rounded off to the lower whole number; and
  - (i) in case the fraction is 0.5 or more, then the number of Equity Shares to be issued upon conversion of the Series B2 CCPS shall be rounded off to the higher whole number.

## 7. Voting rights

Each holder of the Series B2 CCPS shall have such rights to attend and vote at general meetings of the Company as are from time to time prescribed by the Act and other Applicable law.

## 8. Conversion Price and its Determination

- (a) The Parties agree that, at the time of conversion, each Series B2 CCPS shall: (x) in the event the Targets are achieved in the manner specified in Clause 4.2 (*Targets*) of Share Subscription Agreement dated March 29, 2024 (“**SSA**”), be entitled to be converted at 0.91 (zero point nine one) Equity Share for every 1 (one) Series B2 CCPS; or (y) in the event the Targets are not achieved in the manner specified in Clause 4.2 (*Targets*) of the SSA, be entitled to be converted to 1 (one) Equity Share for every 1 (one) Series B2 CCPS, (the “**Series B2 CCPS Conversion**”).

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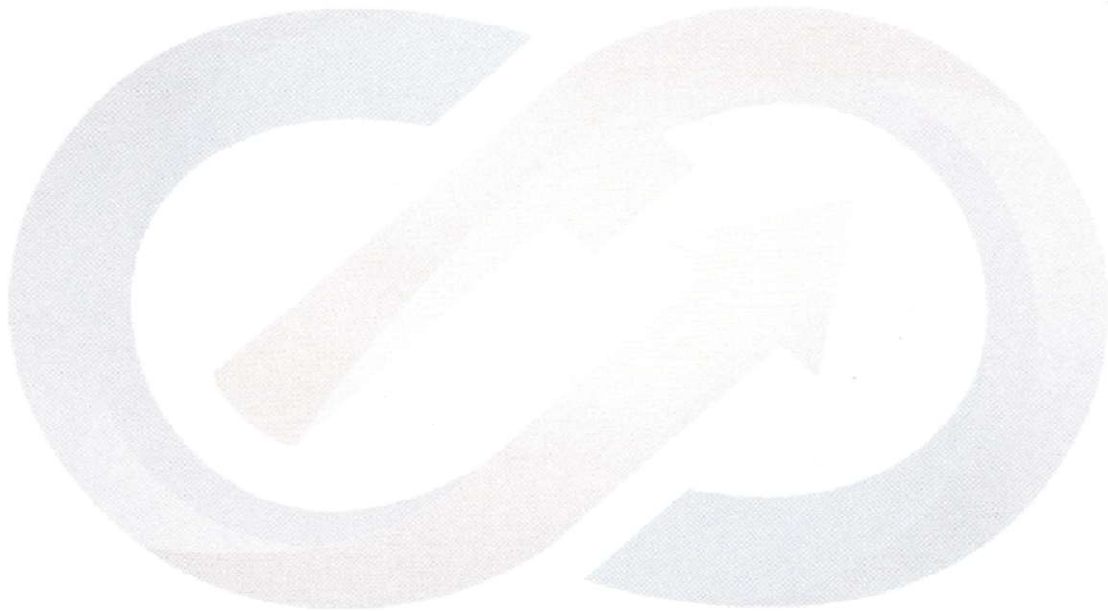




**Ratio**”). No fractional shares shall be issued upon conversion of the Series B2 CCPS, and the number of Equity Shares to be issued shall be rounded to the nearest whole share. Provided that such conversion ratio as mentioned above, shall stand the same even if the Company invites other investors for investment subsequent to the closure of this transaction, unless the same has been consented to in writing by the holders of the Series B2 CCPS.

- (b) The conversion of the Series B2 CCPS shall be appropriately adjusted for any Adjustment Events, where the term “**Adjustment Events**” shall mean any alteration of the share capital of the Company in any manner following the Tranche 1 Closing Date, including pursuant to an issuance of Equity Shares, issue of bonus shares, stock split, sub-division, reclassification, consolidation or any similar corporate action.

9. **Liquidation Preference:** As provided in the Shareholders’ Agreement.



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**FORM NO. MGT – 11**

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : U74110PN1990PLC057017  
Name of the Company : Electronica Finance Limited  
Registered Office : 101/1, Erandawane 'Audumbar', Dr. Ketkar Road, Pune, - 411004

Name of the member (s):
Registered address:
E- mail id:
Folio No / Client Id:
DP ID:

I / We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name :  
Address :  
E-mail id :  
Signature : ..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the extra-ordinary general meeting of the Company to be held on Thursday, May 30, 2024, at 11 A.M at the registered office of the Company at 101/1, Erandawane 'Audumbar', Dr. Ketkar Road, Pune, - 411004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	Yes/ No
1.	Withdrawal of issuance and offer of 28,85,587 (twenty-eight lakhs eighty-five thousand five hundred and eighty-seven) Series B1 compulsorily convertible cumulative preference shares and 78,69,704 (seventy eight lakhs sixty nine thousand seven hundred and four) Series B2 compulsorily convertible cumulative preference shares on a private placement basis made to Wanaka Inclusion Limited and Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited.	
2.	Approval for the issuance and offer of 21,64,190 (twenty-one lakh sixty-four thousand one hundred and ninety) Series B1 compulsorily convertible cumulative preference shares, 59,02,278 (fifty-nine lakh two thousand two hundred and seventy-eight) Series B2 compulsorily convertible cumulative preference shares and 25,05,476 (twenty-five lakh five thousand four hundred and seventy-six) equity shares through preferential allotment on a private placement basis.	

Signed this \_\_\_\_\_ day of \_\_\_\_\_.

Affix  
Revenue  
Stamp

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**ATTENDANCE SLIP**

Extra-ordinary General Meeting to be held on Thursday, May 30, 2024, at 11.00 A.M

Regd. Folio No. -

(Shareholder's Name in BLOCK Letters)

I certify that I am a registered shareholder / proxy for the registered shareholders of the Company.  
(Member's / proxy's name and address in Block Letters to be furnished below)

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I hereby record my presence at the extra-ordinary general meeting to be held Thursday, May 30, 2024, at 11.00 A.M

\_\_\_\_\_  
If signed by Proxy, name should be  
Written here in Block Letters

\_\_\_\_\_  
Member's/ Proxy's signature

Note: Please fill in this attendance slip and hand it over at the entrance of the meeting hall.

**Electronica Finance Limited**

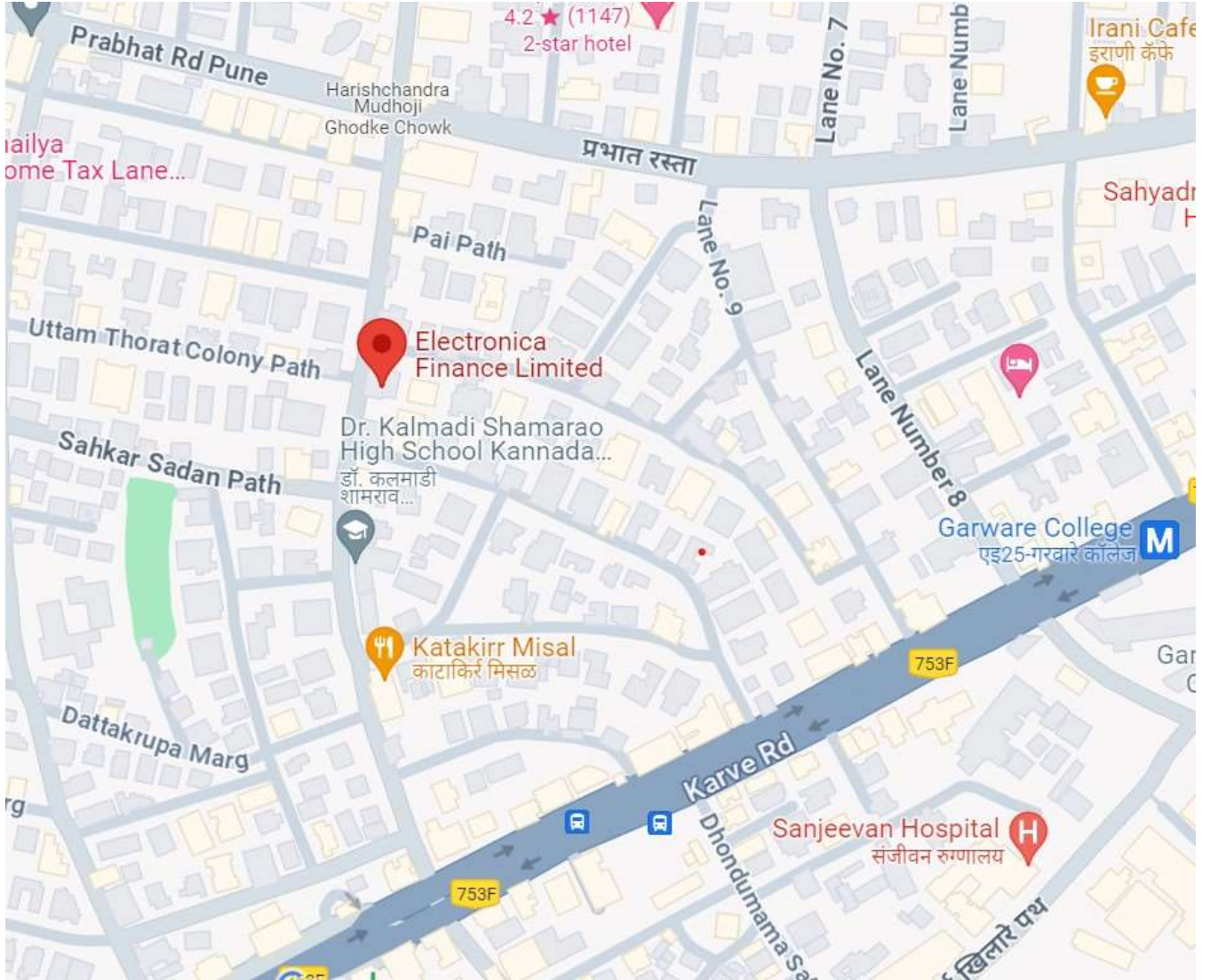
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## ROUTEMAP



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