



BERAR FINANCE LIMITED

Corporate Identity Number:U65929MH1990PLC057829

Registered Office: Avinisha Tower, Mehadia Chowk, Dhantoli, Nagpur-440012.

Tel.No.0712-6663999

Website:www.berarfinance.com ★ Email:info@berarfinance.com

NOTICE

Notice is hereby given that **1/F.Y.2019-2020 Extra-Ordinary General Meeting** of Members of Berar Finance Limited will be held on **Monday, 3rd Day of February, 2020 at 3.00 P.M.** at the **ARJUNA CELEBRATIONS, Pande Layout Road, Khamla, Nagpur-440025** (Route Map enclosed as **Annexure 3**) to conduct the following business:

SPECIAL BUSINESS

1. **AUTHORITY TO ALTER AUTHORISED SHARE CAPITAL**

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

"RESOLVED THAT pursuant to the provisions of Sections 61 and other applicable provisions of the Companies Act, 2013 the consent of the members of the Company is hereby accorded to provide the Company with the authority to alter its authorised share capital.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 61, 14 and other applicable provisions of the Companies Act, 2013, the consent of the members is hereby accorded to insert the new article 4A after article 4 of the Articles of Association of the Company to evidence the ability of the Company to alter its authorised share capital:

"4A. The Company may, from time to time, by ordinary resolution increase the Authorised Share Capital of the Company by such sum, to be divided into shares of such amount, or alter its Authorised Share Capital, as may be specified in the resolution"

RESOLVED FURTHER THAT Mr.Sandeep Jawanjal, Executive Director (DIN:01490054) and the Company Secretary of the Company be and are hereby severally authorized to sign and execute all such forms and documents as may be required to be filed or submitted with the Registrar of Companies, for according the Company the power to alter the authorized share capital and for the consequent amendment to the Articles of Association of the Company as per the provisions of the Companies Act, 2013 and the relevant rules framed thereunder and do all such acts, deeds and things that may be required to give effect to this resolution".

2. **RECLASSIFICATION OF AUTHORIZED SHARE CAPITAL OF THE COMPANY AND ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY**

To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 13, 61(1)(a) and 64 and other applicable provisions of the Companies Act, 2013, the consent of the members of the Company be and is hereby accorded to the Company for reclassification of the authorized share capital of the Company from INR 15,00,00,000 (Indian Rupees Fifteen Crores only) divided into 1,50,00,000 (one crore and fifty lakhs) equity shares of face value INR 10 (Indian Rupees Ten only) each, to INR 15,00,00,000 (Indian Rupees Fifteen Crores only) divided into 1,25,00,000 (one crore and twenty five lakhs) equity shares of face value INR 10 (Indian Rupees Ten only) each, and 25,00,000 (twenty five lakhs) cumulative compulsorily convertible participating preference shares carrying a coupon rate of 0.1% (zero point one percent) per annum of face value INR 10 (Indian Rupees Ten only) each.

RESOLVED FURTHER THAT pursuant to section 13 and 61 of the Companies Act, 2013 and other applicable provisions, if any, and consent of the members is hereby accorded for deletion of the current Clause V of the Memorandum of Association of the Company and substitution with the following new Clause V:

"V.

The Authorised Share Capital of the Company is INR. 15,00,00,000 (Indian Rupees Fifteen Crores only) divided into 1,25,00,000 (one crore twenty five lakhs) equity shares of face value INR 10 (Indian Rupees Ten only) each; and 25,00,000 (twenty five lakhs) cumulative compulsorily convertible participating preference shares carrying a coupon rate of 0.1% (zero point one percent) per annum of face value INR 10 (Indian Rupees Ten only) each."

RESOLVED FURTHER THAT Mr.Sandeep Jawanjal, Executive Director(DIN:01490054) and the Company Secretary of the Company be and are hereby severally authorized to sign and execute all such forms and documents as may be required to be filed or submitted with the Registrar of Companies, for the proposed reclassification of the authorized share capital of the Company as per the provisions of the Companies Act, 2013 and the relevant rules framed thereunder and do all such acts, deeds and things that may be required to give effect to this resolution".

3. **AUTHORITY TO ISSUE PREFERENCE SHARES**

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

"RESOLVED THAT pursuant to the provisions of Sections 55 and other applicable provisions of the Companies Act, 2013, the consent of the Members is hereby accorded to the Company to provide it with the authority to issue preference shares.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 55 and other applicable provisions of the Companies Act, 2013, the consent of the members is hereby accorded to the Company to amend its Articles of Association for inserting the

following new article 4B after proposed new article 4A of the Articles of Association, for evidencing the authority of the Company to issue preference shares:

"4B. The Company may, with the sanction of the shareholders as per applicable law, issue preference shares."

RESOLVED FURTHER THAT **Mr. Sandeep Jawanjal, Executive Director (DIN:01490054) and the Company Secretary of the Company** be and are hereby severally authorized to sign and execute all such forms and documents as may be required to be filed or submitted with the Registrar of Companies, for authorizing the Company to issue of preference shares and for the consequent amendment to the articles of association of the Company as per the provisions of the Companies Act, 2013 and the relevant rules framed thereunder and do all such acts, deeds and things that may be required to give effect to this resolution".

4. AUTHORIZATION FOR ISSUANCE OF CUMULATIVE COMPULSORILY CONVERTIBLE PARTICIPATING PREFERENCE SHARES

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

"RESOLVED THAT pursuant to Section 55 and Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, and/or other applicable provisions of law as may be required and on such conditions and modifications as may be prescribed, and subject further to such other terms, conditions, stipulations, alterations, amendments, modifications or variations, the consent of the Members of the Company be and is hereby accorded to authorize, create, offer and issue fully paid-up cumulative compulsorily convertible participating preference shares of face value of INR 10 (Indian Rupees Ten only) each at a premium of INR 170 (Indian Rupees One Hundred and Seventy only), carrying a coupon of 0.1% (zero point one percent) per annum (the "Tranche 1 Series ACCPS") to Amicus Capital Private Equity I LLP ("ACPE"); and Amicus Capital Partners India Fund I ("ACPIF" and together with ACPE, the "Investors") in the manner set out below and, on the terms and conditions as provided in Annexure 1 hereto.

Name of Investor	No. of Tranche 1 Series A CCPS	Consideration for Tranche 1 Series A CCPS (INR)
Amicus Capital Private Equity I LLP	4,98,889	8,98,00,020
Amicus Capital Partners India Fund I	56,667	1,02,00,060
Total	5,55,556	10,00,00,080

RESOLVED FURTHER THAT that the Tranche 1 Series A CCPS shall be subject to the following terms and conditions:

S. No.	Item	Terms of the Tranche 1 Series A CCPS
1.	Priority with respect to payment of dividend or repayment of capital vis a vis equity shares.	Yes. The Tranche 1 Series A CCPS will carry a preferential right vis-à-vis equity shares of the Company with respect to the payment of dividend and repayment of capital or repayment in case of winding up in accordance with Annexure 1 , the share subscription agreement dated December 20, 2019 entered into among the Investors, the Company, Mr. MarotiJawanjar, Mr. Sandeep Jawanjal, MarotiJawanjar (HUF), Sandeep Jawanjal (HUF), Mrs. Jyoti Jawanjar, Mrs. BakulJawanjal and AvinoCapcons Private Limited (together, the " Transaction Parties " and such agreement, the " SSA ") and the shareholders' agreement dated December 20, 2019 entered into among the Transaction Parties (" SHA " and together with the SSA, the " Transaction Documents ").
2.	Participation in surplus funds.	Yes. In accordance with Annexure 1 and the Transaction Documents.
3.	Participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid..	Yes. In accordance with Annexure 1 and the Transaction Documents
4.	Payment of dividend on cumulative basis or non-cumulative basis.	To be paid on a cumulative basis in accordance with Annexure 1 and the Transaction Documents.
5.	Conversion of preference shares into equity shares.	Yes. The Tranche 1 Series A CCPS are compulsorily convertible into equity shares in accordance with Annexure 1 and the terms of the Transaction Documents.
6.	Voting rights.	As per applicable law.
7.	Redemption of preference shares.	Not be redeemed but shall be compulsorily convertible into equity shares of the Company, at the option of the Investors, in one or more tranches in accordance with Annexure 1 and the terms of the Transaction Documents.

RESOLVED FURTHER THAT to give effect to the aforesaid resolutions, Mr. Sandeep Jawanjai, Executive Director(DIN:01490054) and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed necessary including modification and/or amendment to the terms of the Tranche 1 Series A CCPS as agreed in the Transaction Documents and settle any or all questions/matters arising with respect to the offer, issue and allotment (including deciding the terms and conditions for the same), utilization of the proceeds of the issue of the Tranche 1 Series A CCPS, execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to the aforesaid resolution, take such further steps as are required for the issuance of the Tranche 1 Series A CCPS as aforesaid, to take such other steps that are incidental and ancillary in this regard; and to do, take or accept actions, as may be considered desirable or expedient by such Director in the best interest of the Company and its shareholders in relation to the foregoing.”

5. **ISSUE OF TRANCHE 1 SERIES A EQUITY SHARES AND TRANCHE 1 SERIES A CCPS THROUGH PRIVATE PLACEMENT**

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

“RESOLVED THAT pursuant the provisions of Articles of Association of the Company, Section 42 read with Section 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and the rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India, the Reserve Bank of India, or any other competent authority, whether in India or abroad, from time to time, to the extent applicable, the consent of the members of the Company is hereby accorded to the Company to issue:

- (a) 9,97,778 (nine lakhs ninety seven thousand seven hundred and seventy eight) equity shares of face value INR 10 (Indian Rupees Ten only) each at a premium of INR 170 (Indian Rupees One Hundred and Seventy only)(the **“ACPE Tranche 1 Series A Equity Shares”**); and 4,98,889 (four lakhs ninety eight thousand eight hundred and eighty nine only) cumulative compulsorily convertible participating preference shares carrying a coupon rate of 0.1% (zero point one percent) per annum of face value INR 10 (Indian Rupees Ten only) each at a premium of INR 170 (Indian Rupees One Hundred and Seventy only) (**“ACPE Tranche 1 Series A CCPS”**), for an aggregate subscription amount of INR 26,94,00,060 (Indian Rupees Twenty Six Crores Ninety Four Lakhs and Sixty only) (the **“ACPE Subscription Amount”**), to Amicus Capital Private Equity I LLP; and
- (b) 1,13,333 (one lakh thirteen thousand three hundred and thirty three) equity shares of face value INR 10 (Indian Rupees Ten only) each at a premium of INR 170 (Indian Rupees One Hundred and Seventy only)(the **“ACPIF Tranche 1 Series A Equity Shares”** and together with the ACPE Tranche 1 Series A Equity Shares, the **“Tranche 1 Series A Equity Shares”**); and 56,667 (fifty six thousand six hundred sixty seven) cumulative compulsorily convertible participating preference shares carrying a coupon rate of 0.1% (zero point one percent) per annum of face value INR 10 (Indian Rupees Ten only) each at a premium of INR 170 (Indian Rupees One Hundred and Seventy only) (**“ACPIF Tranche 1 Series A CCPS”** and together with the ACPE Tranche 1 Series A CCPS, the **“Tranche 1 Series A CCPS”**), for an aggregate subscription amount of INR 3,06,00,000 (Indian Rupees Three Crores and Six Lakhs only) (the **“ACPIF Subscription Amount”** and together with the ACPE Subscription Amount, the **“Investment Amount”**), to Amicus Capital Partners India Fund I,

on a private placement basis.

RESOLVED FURTHER THAT the Valuation Certificate dated December 23, 2019 issued by M B Brahme & Co, Chartered Accountants, annexed hereto as **Annexure 2** is hereby perused.

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

RESOLVED FURTHER THAT Mr. Sandeep Jawanjai, Executive Director (DIN:01490054) and the Company Secretary of the Company be and are hereby severally authorized to:

- (a) issue the Private Placement Offer Letter to the Investors 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) open a specific bank account with a nationalised bank for the purpose of receiving the Investment Amount;
- (d) to sign letters of undertaking, declarations, agreements and other papers which may be required; and
- (e) 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.”

RESOLVED FURTHER THAT the Tranche 1 Series A CCPS once issued and allotted shall be convertible into equity shares of the Company, in one or more tranches and at the discretion of the Investors as per the provisions of **Annexure 1**, and the terms of the Transaction Documents, without any further approval of the shareholders prior to or at the time of conversion.

RESOLVED FURTHER THAT the equity shares to be issued on conversion of the Tranche 1 Series A CCPS shall rank pari passu in all respects with the existing fully paid-up equity shares of the Company.

RESOLVED FURTHER THAT the aforesaid resolutions shall come into effect immediately and the Board be and is hereby also accorded the authority to furnish a certified copy of the foregoing resolutions to any person, as may be required, under the signature of the Authorised Representatives certifying the same to be a true and correct copy.”

6. **DIRECTORS NOT REQUIRED TO HOLD QUALIFICATION SHARES**

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

RESOLVED THAT the current article 13 of the articles of association of the Company be deleted in its entirety.

RESOLVED FURTHER THAT Mr. Sandeep Jawanjali, Executive Director(DIN:01490054) and the Company Secretary of the Company be and are hereby severally authorized to sign and execute all such forms and documents as may be required to be filed or submitted with the Registrar of Companies, for amendment to the articles of association of the Company as per the provisions of the Companies Act, 2013 and the relevant rules framed thereunder and do all such acts, deeds and things that may be required to give effect to this resolution”.

Date: 23.12.2019

Place: Nagpur

Address: Avinisha Tower, Mehadia Chowk, Dhantoli,
Nagpur, Maharashtra, 440012

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

**(CS.Deepali Balpande)
Company Secretary**

NOTES:

- I. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IS ANNEXED TO THIS NOTICE.
- II. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- III. PROXIES TO BE VALID MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- IV. The statutory registers which should be kept open for inspection of members under the Companies Act, 2013 are available for such inspection by the members at the Registered office of the Company at all working days between 10.00A.M. to 12.00 Noon upto and including the date of the Extraordinary General Meeting.
- V. A person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
- VI. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their Folio No.
- VII. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting.
- VIII. Corporate members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant board resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the meeting.
- IX. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to send their e-mail address to Depository Participants (in case shares held in dematerialized form) or at the Company’s Registered office or email at Email Id of the company secretary of the Company: deepali.balpande@berarfinance.com.
- X. The Notice of the Extra-ordinary General Meeting along with the Explanatory Statement is being sent by electronic mode to those members whose e-mail addresses are registered with the Company, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
- XI. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules 2014, the Company has provided E-voting facility to the members.
- XII. The Board of Directors has appointed Mr. Sunil Purushottam Zore, Practicing Company Secretary(CP No.11837), having office at A-wing,202,Kolshet Road,Dhokali Naka, Cosmos Nest, Thane(W)– 400 607 and at “Block No. 98 Wing III, Rajat Sankul, Baidyanath Square, Nagpur-440 024” as the Scrutinizer for conducting Polling Process and E-Voting process in a fair and transparent manner.
- XIII. The Company has engaged the services of Central Depository Services (India) Limited (“CDSL”) to provide e-voting facilities enabling the members to cast their vote in a secure manner.
- XIV. It may be noted that this remote e-voting facility is optional. The remote e-voting facility will be available at the link www.evotingindia.com during the following voting period:
The remote e-voting would commence on Thursday ,30th Day of January ,2020 at 9:00 A.M. and end on Sunday ,2nd Day of February,2020 at 5:00 P.M.
- XV. During the above period, shareholders of the Company as on **the cut-off date of Monday ,27th day of January,2020** may cast their vote electronically. **The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on Sunday ,2nd day of February,2020.** Once the vote on a resolution is cast by the shareholder, the shareholder cannot change it subsequently.
- XVI. The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company **as on cut-off date i.e.Monday ,27th January,2020.** A person, whose name is recorded in the Register of Members as on the cut-off date **Monday, 27th January,2020** only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through Polling Paper.
- XVII. Notice is being sent to all the shareholders whose names appear on the Register of Members as at the close of business hours **on Tuesday,7th January,2020.**
- XVIII. Any person, who acquires shares of the Company and becomes a member after dispatch of the Notice, but holds shares as on the cut-off date for remote e-voting i.e. **27th Januaray,2020**, may obtain the login Id and password by sending a request to helpdesk.evoting@cdslindia.com or contact our Registrar & Share Transfer Agent at their address M/s.**Bigshare Services**

Pvt Ltd, our Registrar & Share Transfer Agent (RTA) at 1st floor, Bharat Tin works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai – 400059 ph.no. 022-62638200.

The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

- XIX. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- XX. Members can opt for only one mode of voting, i.e., either by Polling Paper or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Polling paper shall be treated as invalid.
- XXI. The procedure and instructions for e-voting is furnished in this notice.
- XXII. The Scrutinizer will submit his report to the Company after completion of the scrutiny and the results of the e-voting / poll at the venue, will be announced by the Company on its website – www.berarfinance.com within 48 hours of the conclusion of the EGM.
- XXIII. The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company to record additional details of Members, **including their PAN details, e-mail address, Aadhar Card Number etc.** Members are requested to submit their details and changes therein;
- (a) In case shares held in Demat Form, to their respective depository participant; and
- (b) In case shares held in physical form, the member can approach the Company's RTA M/s. **Big share Services Pvt Ltd**, our Registrar & Share Transfer Agent at 1st floor, Bharat Tin works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai 400059 ph.no. 022-62638200 or email to Company secretary of the Company at deepali.balpande@berarfinance.com

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

1. Resolutions at Item No.1 and Item No. 2:

The Company, in order to meet its growth objectives and to strengthen its financial position, is contemplating generation of long term resources by offering securities on a private placement basis. In pursuance of the foregoing, the Company has entered into a share subscription agreement and a shareholders agreement, each dated December 20, 2019, with Amicus Capital Private Equity I LLP, Amicus Capital Partners India Fund I, Mr. Maroti Jawanjar, Mr. Sandeep Jawanjar, Maroti Jawanjar (HUF), Sandeep Jawanjar (HUF), Mrs. Jyoti Jawanjar, Mrs. Bakul Jawanjar and Avino Capcons Private Limited (the "**Transaction Documents**"). Pursuant to the terms of the Transaction Documents, the Company is proposing to issue:

- (a) 9,97,778 (nine lakhs ninety seven thousand seven hundred and seventy eight) equity shares of face value INR 10 (Indian Rupees Ten only) each at a premium of INR 170 (Indian Rupees One Hundred and Seventy only) (the "**ACPE Tranche 1 Series A Equity Shares**"); and 4,98,889 (four lakhs ninety eight thousand eight hundred and eighty nine) cumulative compulsorily convertible participating preference shares carrying a coupon rate of 0.1% (zero point one percent) per annum of face value INR 10 (Indian Rupees Ten only) each at a premium of INR 170 (Indian Rupees One Hundred and Seventy only) (the "**ACPE Tranche 1 Series A CCPS**"), for an aggregate subscription amount of INR 26,94,00,060 (Indian Rupees Twenty Six Crores Ninety Four Lakhs and Sixty only) to Amicus Capital Private Equity I LLP ("**ACPE**"); and
- (b) 1,13,333 (one lakh thirteen thousand three hundred thirty three) equity shares of face value INR 10 (Indian Rupees Ten only) each at a premium of INR 170 (Indian Rupees One Hundred and Seventy only) (the "**ACPIF Tranche 1 Series A Equity Shares**") and together with the ACPE Tranche 1 Series A Equity Shares, the "**Tranche 1 Series A Equity Shares**"; and 56,667 (fifty six thousand six hundred sixty seven) cumulative compulsorily convertible participating preference shares carrying a coupon rate of 0.1% (zero point one percent) per annum of face value INR 10 (Indian Rupees Ten only) each at a premium of INR 170 (Indian Rupees One Hundred and Seventy only) (the "**ACPIF Tranche 1 Series A CCPS**") and together with the ACPE Tranche 1 Series A CCPS, the "**Tranche 1 Series A CCPS**", for an aggregate subscription amount of INR 3,06,00,000 (Indian Rupees Three Crore and Six Lakhs only) to Amicus Capital Partners India Fund I ("**ACPIF**") and together with ACPE, the "**Investors**", on a private placement basis (the "**Proposed Transaction**")

However, the current authorised share capital of the Company is INR 15,00,00,000 (Indian Rupees Fifteen Crores only) divided into 1,50,00,000 (one crore and fifty lakhs) equity shares of face value INR 10 (Indian Rupees Ten only) each and does not provide for preference share capital. Additionally, the Articles of Association of the Company do not authorize the Company to alter its authorized share capital.

Accordingly, the Company is required to amend its Articles of Association for authorizing it to alter its authorized share capital and thereafter, the Company is required to reclassify its authorized share capital and suitably amend the Memorandum of Association of the Company for evidencing such reclassification of its authorized share capital.

This aforesaid amendment to the Articles of Association of the Company would require a special resolution of the members of the Company pursuant to the provisions of Section 61 read with Section 14 of the Companies Act, 2013 (the "**Act**"). The aforesaid alteration of the authorised share capital of the Company and the subsequent amendments to the Memorandum of Association of the Company would require an ordinary resolution of the members in accordance with the provisions of Section 61 read with Section 13 and Section 64 of the Act.

A copy of the Articles of Association of the Company and the Memorandum of Association of the Company is available for inspection by members at the Registered Office of the Company during normal business hours on all working days except holidays up to and including the date of the EGM.

Interest of the Directors and KMP: None of the Directors, Key Managerial Personnel (KMP) of your Company and their relatives may be deemed to be concerned or interested in either of these resolutions except to the extent of their shareholding held in the Company.

In view of above, the Board of Directors recommends the passing of the resolutions set out at Item No. 1 as a Special Resolution and at Item No. 2 as an Ordinary Resolution.

2. Resolutions at Item No. 3 and Item No. 4:

The provisions of Section 55(2) of the Act require that a company be authorized under its Articles of Association to issue preference shares. Since the Company is proposing to issue preference shares by way of private placement of Tranche 1 Series A CCPS, the articles of association of the Company are required to be amended to authorize the Company to issue preference shares. This amendment would require a special resolution of the members of the Company pursuant to the provisions of Section 55 read with Section 14 of the Act.

Also, pursuant to Section 55 of the Act read with Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014 (the “**SCD Rules**”), the Company is required to specifically authorize an issuance of preference shares by way of a special resolution. Given that the Company intends to issue the Tranche 1 Series A CCPS to the Investors, the members of the Company are required to authorize the issuance of such preference shares. In this regard, set out below is the information required to be provided by the Company in the notice and explanatory statement of the shareholders meeting in accordance with Rule 9 of the SCD Rules:

1. Size of issue and number of preference shares to be issued and the nominal value of each share: 5,55,556 (five lakhs fifty five thousand five hundred and fifty six only) fully paid up and cumulative compulsorily convertible participating preference shares of face value Rs.10 (Indian Rupees Ten only) each.
2. Nature of shares: Each Tranche 1 Series A CCPS shall be a cumulative compulsorily convertible participating preference share carrying a coupon rate of 0.1% (zero point one percent) per annum of face value.
3. Objectives of the issues: The Company shall utilize the proceeds from the issue for expansion of its business and to improve its Capital Adequacy Ratio.
4. Manner of issue of shares: Private Placement.
5. The price at which such shares are proposed to be issued: INR. 180 (Indian Rupees One Hundred and Eight only) each including a premium of INR 170 (Indian Rupees One Hundred and Seventy only) each.
6. Basis on which the price has been arrived at: As set out in the valuation certificate enclosed as **Annexure 2**.
7. Terms of Issue including terms and rate of dividend on each share, etc.: As provided under **Annexure 1** and the Transaction Documents.
8. Terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion: As provided under **Annexure 1** and the Transaction Documents.
9. Manner and modes of redemption: As provided under **Annexure 1**.
10. Current Shareholding Pattern of the Company: As provided under **Annexure 4**
11. Expected Dilution in equity share capital upon conversion of preference shares: As provided under **Annexure 1**.

Interest of the Directors and KMP: None of the Directors, Key Managerial Personnel (KMP) of your Company and their relatives may be deemed to be concerned or interested in either of these resolutions except to the extent of their shareholding held in the Company.

In view of above, the board of directors recommends the passing of the resolutions set out at Item No. 3 and Item No. 4 as Special Resolutions.

3. Resolutions at Item No.5:

In addition to the Tranche 1 Series A CCPS to the Investors (referred in serial no. 2 above), the Company is also proposing to issue the Tranche I Series A Equity Shares to Investors. Both the Tranche 1 Series A CCPS and the Tranche 1 Series A Equity Shares are proposed to be issued under Section 42 of the Companies Act, 2013 read with Section 62(1) (c) of the Companies Act, 2013 read with all applicable rules framed thereunder. Accordingly, the consent of the shareholders by way of special resolution is being sought pursuant to the provisions of Section 42 of the Companies Act, 2013 read with Section 62(1)(c) of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 for the issuance of the Series A CCPS as well as the Tranche 1 Series A Equity Shares on a private placement basis. The members are, therefore, requested to accord their approval for the Board to issue the Tranche 1 Series A CCPS and Tranche 1 Series A Equity Shares to the Investors on a private placement basis.

In terms of Section 42 of the Companies Act, 2013 read with Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the “**PAS Rules**”) and section 62(1)(c) of the Companies Act, 2013 read with Rule 13(2)(d) of the SCD Rules, please see below the details required to be disclosed in the explanatory statement of a shareholders meeting with respect to the proposed issuance of the Tranche 1 Series A CCPS and the Tranche 1 Equity Shares to the Investors:

I. Details as required under Section 62(1)(c) of the Act read with Rule 13(2)(d) of the SCD Rules:

Sl. no	Subject	Particulars
1.	The objects of the issue	The Company shall utilize the proceeds from the issue for expansion of its business and to improve its Capital Adequacy Ratio.
2.	The total number of shares or other securities to be issued	11,11,111 (eleven lakhs eleven thousand one hundred and eleven only) equity shares of INR 10(Indian Rupees Ten) each and 5,55,556 (five lakhs fifty five thousand five hundred and fifty six only) cumulative compulsorily convertible participating preference shares of INR 10(Indian Rupees Ten only) each.
3.	The price or price band at/within which the allotment is proposed	Series A CCPS: INR 180 (Indian Rupees One Hundred and Eighty only) each including a premium of INR 170 (Indian Rupees One Hundred and Seventy only) each; and Equity Shares: INR 180 (Indian Rupees One Hundred and Eighty only) each including a premium of INR 170 (Indian Rupees One Hundred and Seventy only) each.

4.	Basis on which the price has been arrived at along with report of the registered valuer	Please see enclosed the valuation certificate dated December 23, 2019 issued by MB Brahme & Co, Chartered Accountants, annexed hereto as Annexure 2 .
5.	Name and address of the valuer	M B Brahme & Co Chartered Accountants 901, Great Eastern Heights Marve Road (W), Mumbai – 400 064
6.	Relevant date with reference to which the price has been arrived at	October 31, 2019. The Tranche 1 Series A CCPS shall be convertible in the manner set out in Annexure 1 .
7.	The class or classes of persons to whom the allotment is proposed to be made	Amicus Capital Private Equity I LLP , non-promoter, financial investor (SEBI registered Category II AIF Fund). Amicus Capital Partners India Fund I ("ACPIF") , non-promoter, financial investor (SEBI registered Category II AIF Fund).
8.	Intention of promoters, directors or key managerial personnel to subscribe to the offer	Nil.
9.	The proposed time within which the allotment shall be completed	Before March 31, 2020.
10.	The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them.	1. Amicus Capital Private Equity I LLP: 12.25%(twelve point two five percent) on a fully diluted basis; and 2. Amicus Capital Partners India Fund I: 1.39%(one point three nine percent) on a fully diluted basis.
11.	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 Tranche 1 Equity Shares and Tranche 1 Series A CCPS. The Promoters of the Company will continue to be in control of the Company.
12.	The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price	Nil.
13.	The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not applicable.
14.	The pre issue and post issue shareholding pattern of the Company shall be as follows	Please refer to enclosed Annexure 5 .

II.Details as required under Section 42 read with Rule 14(1) of the PAS Rules:

Sl. no	Subject	Particulars
1.	Particulars of offer including the date of board resolution	The offer is a private placement of the Tranche 1 Equity Shares and the Tranche 1 Series A CCPS in accordance with the terms as set out in Table I above and Table II herein. The date of the board meeting approving the issuance is 23.12.2019
2.	Kinds of securities offered and price at which securities are being offered	Please see sr. no. 2 of Table I above.
3.	Basis or justification for the price (including premium, if any) at which the offer or invitation is being made;	Please see enclosed the valuation certificate dated December 23, 2019 issued by M B Brahme & Co, Chartered Accountants, annexed hereto as Annexure 2 .
4.	Name and address of the valuer	Please see sr. no. 5 of Table I above.
5.	Amount which the Company intends to raise by way of such securities	INR 30,00,00,060 (Indian Rupees Thirty Crores and Sixty only)
6.	Material terms of raising such securities.	The terms of the Tranche 1 Series A CCPS are set out in Annexure 1 . The Tranche 1 Series A Equity Shares will have the same characteristics as an ordinary share of the Company.
7.	Proposed time schedule for which the offer letter is valid.	Within 90 days from the date of passing resolution by the shareholders.

8.	Purposes or objects of offer.	Please see sr. no. 1 of Table I above.
9.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects;	Nil.
10.	The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the company and its future operations	Nil.
11.	Principal terms of assets charged as securities	Not applicable.

Interest of the Directors and KMP: None of the Directors, Key Managerial Personnel (KMP) of your Company and their relatives may be deemed to be concerned or interested in this resolution except to the extent of their shareholding held in the Company.

In view of above, the board of directors recommends the passing of the resolutions set out at Item No. 5 as a Special Resolution.

4. **Resolutions at Item No. 6:**

As part of the Proposed Transaction, the nominees of the Investors are required to be appointed on the Board of Directors of the Company on the closing of the Proposed Transaction. However, currently, the Articles of Association of the Company stipulate that as a qualification criteria for being appointed as a director on the Board, the proposed individual is required to hold in his own right and as a first holder, fully paid-up equity shares of face value INR. 1,000 (Indian Rupees One Thousand only). It is intended that the nominee directors of the Investors shall not be holding any shares in the Company and accordingly, the Articles of Association of the Company are required to be amended to ensure that a nominee director of the Investors shall not be required to hold any qualification shares. In this regard, it is proposed that the requirement in the Articles of Association of the Company with respect to a director requiring to hold qualification shares be deleted in its entirety.

Interest of the Directors and KMP: None of the Directors, Key Managerial Personnel (KMP) of your Company and their relatives may be deemed to be concerned or interested in either of these resolutions except to the extent of their shareholding held in the Company.

In view of above, the Board of Directors recommends the passing of the resolutions set out at Item No. 6 as a Special Resolution.

By order of the Board of Directors

For Berar Finance Limited

Date: 23.12.2019

Place: Nagpur

Address: Avinisha Tower, Mehadia Chowk, Dhantoli,
Nagpur, Maharashtra, 440012

(CS.Deepali Balpande)
Company Secretary

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **Thursday 30th Day of January, 2020 at 9.00 A.M.** and **end on Sunday ,2nd day of February, 2020 at 5.00 p.m.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. **Monday ,27th January, 2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)-</p> <p>★ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/Email) in the PAN field.</p> <p>★ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>

Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. ★ If both the details are not recorded with the depository or company please enter the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv).
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- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN No.191231002 for the Berar Finance Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
 - ★ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - ★ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - ★ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - ★ The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ★ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

- i. The voting rights of Members shall be in proportion to the shares held by them on the paid up equity share capital of the Company as on **Monday, 27th day of January, 2020** and as per the Register of Members of the Company.
- ii. Any person who becomes a member of the Company after despatch of the notice of the meeting and holding shares as on the cut off date **i.e. Monday 27th January, 2020** shall follow the process as mentioned at sr. no. (ii) to (v) above.

ANNEXURE 1

Definitions. In this Annexure, unless the context otherwise requires or unless otherwise provided in this Annexure, the following expressions shall have the following meanings:

"2019 ESOP Plan Options" has the meaning ascribed to the term in the SSA;

"ACPE Tranche 1 Series A CCPS" means 4,98,889 (four lakhs ninety eight thousand eight hundred and eighty nine) fully paid-up cumulatively compulsorily convertible participating preference shares of the Company having a face value of INR 10 (Indian Rupees Ten only) each, carrying a coupon of 0.1% (zero point one percent) per annum and carrying the rights set out in this **Annexure 1**;

"ACPIF Tranche 1 Series A CCPS" means 56,667 (fifty six thousand six hundred and sixty seven) fully paid-up cumulative compulsorily convertible participating preference shares of the Company having a face value of INR 10 (Indian Rupees Ten only) each, carrying a coupon of 0.1% (zero point one percent) per annum and carrying the rights set out in this **Annexure 1**;

"Additional Primary Investment Amount" has the meaning ascribed to the term in the SSA;

"As If Converted Basis" means as if all instruments, options or securities issued and allotted by the Company had been converted into Equity Shares of the Company in accordance with the terms of its issuance

"Avino Charter Documents" mean the memorandum of association and the articles of association of Avino;

"Avino" means Avino Capcons Private Limited;

"Board" means the board of Directors of the Company;

"Company" means Berar Finance Limited;

"Corporate Event" means any Shares split, issue of Shares including by way of bonus, consolidation of Shares or reduction of Share Capital, reconstruction, combinations, amalgamations, merger, demerger, recapitalisations and similar other event;

"Charter Documents" mean the memorandum and articles of association of the Company;

"Director(s)" means a director of the Company;

"Equity Shares" mean fully paid-up equity shares of the Company of face value of INR 10 (Indian Rupees Ten only) each;

"First Closing" means the completion of actions set out in clause 5.2 of the SSA;

"First Closing Date" means the date when the First Closing occurs;

"First Tranche Post Money Equity Valuation" means Pre-Money Equity Valuation plus the Primary Investment Amount as may be adjusted in accordance with the terms and conditions of the SSA;

"Fully Diluted Basis" shall mean that the calculation is to be made assuming that all outstanding securities (whether or not by their terms then currently convertible, exercisable exchangeable or granted) whether or not due to the occurrence of an event or otherwise, have been converted, exercised or exchanged into the maximum number of Equity Shares issuable upon such conversion, exercise and exchange, as the case may be, and giving effect to any accrued anti-dilution protection rights attached to such securities;

"Governmental Authorities" has the meaning ascribed to it in the SSA;

"Investors" mean collectively, the Amicus Partners Private Equity I LLP and Amicus Capital Partners India Fund I;

"Investor Consent" means the prior written consent of the Investors;

"IPO" means an offering to the public of equity shares/ordinary shares/common shares of the Company, except for a QIPO;

"Law" has the meaning ascribed to it in the SSA;

"Pre-Money Equity Valuation" has the meaning ascribed to it in the SSA;

"Primary Investment Amount" means an amount aggregating to INR 300,000,000 (Indian Rupees Thirty Crores only) to be invested by the Investors into the Company in terms of the SSA;

"Promoters" mean Mr. Maroti Jawanjar, Mr. Sandeep Jawanjal, Avino, Maroti Jawanjar (HUF) and Sandeep Jawanjal (HUF);

"QIPO" means closing of a public offering of Equity Shares, managed by one of the reputed investments banks, with listing on BSE Limited or National Stock Exchange of India Limited or such other stock exchange as may be approved by the Company and the Investors in writing, with gross proceeds of the issue being at least the QIPO Amount at the QIPO Valuation;

"QIPO Amount" has the meaning ascribed to it in the SSA;

"QIPO Valuation" has the meaning ascribed to it in the SSA;

"Shares" mean the Equity Shares, preference shares or any other class or series of shares or securities that may be issued by the Company from time to time;

"SHA" means the shareholders' agreement dated December 20, 2019 between the Company, the Investors, Mr. Maroti Jawanjar, Mr. Sandeep Jawanjal, Avino, Maroti Jawanjar (HUF), Sandeep Jawanjal (HUF), Mrs. Bakul Jawanjal and Mrs. Jyoti Jawanjar;

"SSA" means the share subscription agreement dated December 20, 2019 between the Company, the Investors, Mr. Maroti Jawanjar, Mr. Sandeep Jawanjal, Avino, Maroti Jawanjar (HUF), Sandeep Jawanjal (HUF), Mrs. Bakul Jawanjal and Mrs. Jyoti Jawanjar;

"Second Closing Date" means the date of completion of the issue and allotment of Additional Primary Investor Securities to the Investors on the payment of the Additional Primary Investment Amount in terms of the Transaction Documents;

"Second Tranche Post Money Equity Valuation" means Second Tranche Pre-Money Equity Valuation plus the Additional Primary Investment Amount, as may be adjusted in accordance with the terms and conditions of the Transaction Documents;

"Series A CCPS" means the (a) Tranche 1 Series A CCPS; and (b) Tranche 2 Series A CCPS (if subscribed to by the Investors in terms of clause 7 of the SSA);

"Tranche 1 Series A CCPS" means the aggregate of the ACPE Tranche 1 Series A CCPS and the ACPIF Tranche 1 Series A CCPS;

"Tranche 2 Series A CCPS" means fully paid-up cumulative compulsorily convertible participating preference shares of the Company having a face value of INR 10 (Indian Rupees Ten only) each, carrying a coupon of 0.1% (zero point one percent) per annum and carrying the rights set out in this **Annexure 1** to be issued to the Investors in terms of the SSA; and

"Transaction Documents" mean the SHA, the SSA, the Charter Documents, the Avino Charter Documents and any amendments executed thereto, and shall include any other document executed in relation to the SHA or the investment by the Investors in the Company.

1. Conversion.
- 1.1. The Series A CCPS issued to the Investors shall compulsorily convert into Equity Shares upon the occurrence of any of the following events:
 - (a) Listing of the Equity Shares under a QIPO or IPO ("**Public Offering**"); or
 - (b) Expiry of 19 (nineteen) years and 11 (eleven) months from the date of the issuance and allotment ("**Investment Period**").
- 1.2. The Investors may convert all or part of the Series A CCPS into Equity Shares any time prior to the expiry of the Investment Period or the Public Offering at the sole discretion of the Investors.
- 1.3. In the event the Investors exercise their rights to convert all or part of the Series A CCPS in accordance with the SSA, the Investors, shall notify the Company of the date on which the conversion of the Series A CCPS is proposed to take place ("**Conversion Notice**"). The Conversion Notice shall also set out the number of Series A CCPS proposed to be converted and the Equity Shares

to be allotted upon conversion of the Series A CCPS which shall be determined based on the Conversion Ratio determined in accordance with **Paragraph 2** of this **Annexure 1**.

- 1.4. Within 15 (fifteen) days of receipt of the Conversion Notice, or within 15 (fifteen) days prior to the expiry of the Investment Period or immediately prior to the filing of a 'RHP' in connection with the Public Offering, as the case may be, the Company shall and the Promoters shall procure that the Company shall convert the Series A CCPS, in accordance with the Conversion Ratio determined in accordance with **Paragraph 2** of this **Annexure 1**. The Promoters and the Company undertake that the conversion of the Series A CCPS under this paragraph shall take place without any delay or any further discussion or approval from any other Party whatsoever. For such purpose, the Company and the Promoters agree that all necessary approvals including those from the Board and the Shareholders:
 - 1.4.1. have been obtained to issue the relevant number of Equity Shares upon conversion of the Tranche 1 Series A CCPS as a condition precedent to the First Closing Date.
 - 1.4.2. will be obtained to issue the relevant number of Equity Shares upon conversion of the Tranche 2 Series A CCPS as a condition precedent to the Second Closing Date.
- 1.5. The Promoters and the Company shall provide all necessary co-operation and assistance for conversion of the Series A CCPS into Equity Shares pursuant to the Conversion Notice.
- 1.6. In the event that upon such conversion, the Equity Shares proposed to be issued to the Investors are fractional in number, then the number of Equity Shares shall be rounded off to the next whole number.
- 1.7. Subject to the rights granted to the Investors under the Transaction Documents, the Equity Shares so issued and allotted to the Investors shall carry, from the date of conversion, all rights *pari passu* with the Equity Shares existing as of date.
- 1.8. The Company shall take all necessary Consents and requisite steps under applicable Law including filing of necessary forms with Governmental Authorities to effect the conversion of the Series A CCPS in terms of the Conversion Notice.
- 1.9. The Company shall at all times after the First Closing Date, maintain sufficient authorized share capital for issue of Equity Shares for the above purpose and for the purpose of conversion of the Series A CCPS in accordance with the Conversion Ratio arrived pursuant to **Paragraph 2** of this **Annexure 1**.
2. Conversion Ratio
 - 2.1. Subject to the terms and conditions of the SSA and subject to **Paragraph 2.4** of this **Annexure 1**, the conversion ratio for the Primary Investment Amount shall be such that it shall entitle the Investors to an equity stake in the Company (including Tranche 1 Series A Equity Shares allotted on the First Closing Date) on a Fully Diluted Basis computed on the following basis ("**Tranche 1 Conversion Ratio**"):
(Primary Investment Amount / First Tranche Post Money Equity Valuation) X 100
 - 2.2. Subject to the terms and conditions of the SSA and subject to **Paragraph 2.4** of this **Annexure 1**, the conversion ratio for the Additional Primary Investment Amount shall be such that it shall entitle the Investors to an equity stake in the Company (against the Additional Primary Investment Amount and including the Tranche 2 Series A Equity Shares allotted on the Second Closing Date) on a Fully Diluted Basis computed on the following basis ("**Tranche 2 Conversion Ratio**"):
(Additional Primary Investment Amount / Second Tranche Post Money Equity Valuation) X 100
(with respect to each of **Paragraphs 2.1** and **2.2** above, the applicable conversion ratio shall be referred to as the "**Conversion Ratio**"). It is clarified for the avoidance of doubt that any reference to adjustment to Conversion Ratio under the Transaction Documents shall also include any change to the terms of the Conversion Ratio.
 - 2.3. Conversion Ratio on part conversion. Notwithstanding anything contained in the Transaction Documents, in the event that the Series A CCPS are converted into Equity Shares in more than one tranche, the number of Equity Shares to be issued upon each tranche of conversion of the Series A CCPS shall be calculated such that upon conversion of all the Series A CCPS, the aggregate of Equity Shares issued upon conversion and the already held Equity Shares is equal to the total Equity Shares that the Investors are entitled to, had the Series A CCPS been converted in one tranche.
 - 2.4. Adjustment to Conversion Ratio. The Conversion Ratio in **Paragraphs 2.1** and **2.2** of this **Annexure 1** shall be appropriately adjusted to give full effect to the SSA with respect to the entire Primary Investment Amount and the Additional Primary Investment Amount, including:
 - (a) For any Corporate Event;
 - (b) As per the provisions for anti-dilution under clause 4.1 of the SHA;
 - (c) As per the indemnity provisions under clause 10 of the SSA; and
 - (d) To give effect to Liquidation Preference Amount (as defined in the SHA) including under clause 3.6.7.2, clause 3.7, clause 4.4, clause 7 and clause 10 of the SHA.
- Notwithstanding anything contained in **Paragraph 2.4** of this **Annexure 1**, the Conversion Ratio of the Series A CCPS shall not be affected by an issuance of the Shares issued pursuant to the 2019 ESOP Plan Options.
3. Dividend:
 - 3.1. The Company shall be liable to pay a fixed dividend equivalent to an annual per share dividend of 0.1% (zero point one percent) of the face value of the Tranche 1 Series A CCPS calculated on and from the First Closing Date. Such dividend shall be payable in preference to any other class of Shares.
 - 3.2. The Company shall be liable to pay a fixed dividend equivalent to an annual per share dividend of 0.1% (zero point one percent) of the face value of the Tranche 2 Series A CCPS calculated on and from the Second Closing Date. Such dividend shall be payable in preference to any other class of Shares.
 - 3.3. Dividends shall be payable on an annual basis and shall be paid by the Company within 30 (thirty) days of the date of declaration of dividend.

- 3.4. In addition to the above, in respect of any Series A CCPS which are yet to be converted into Equity Shares, in the event that the Company declares dividend to its Shareholders holding Equity Shares, the Investors shall be entitled to participate in the dividend against such Series A CCPS, which shall be an amount equivalent to the positive difference between (a) the dividend which the Investors would be entitled to had such Series A CCPS been converted into Equity Shares as per the Conversion Ratio; and (b) the dividend payable by the Company on such Series A CCPS under **Paragraph 3.1** and/or **Paragraph 3.2** above (as the case maybe). The dividend payable to the Investors pursuant to this **Paragraph 3.4** shall be simultaneously paid along with the dividend payable to any Shareholder holding Equity Shares.
- 3.5. Based on the above, subject to any adjustment in the Conversion Ratio as per the terms of this Agreement, the entitlement of the Investors to dividend shall be as follows:

Shareholder	Percentage of total dividend declared after First Closing Date but before Second Closing Date*	Percentage of total dividend declared after Second Closing Date*		
		Additional Primary Investment Amount of INR 200,000,000	Additional Primary Investment Amount of INR 300,000,000	Additional Primary Investment Amount of INR 400,000,000
Amicus Capital Private Equity ILLP	12.56%	18.02%	20.46%	22.75%
Amicus Capital Partners India Fund I	1.43%	2.05%	2.32%	2.58%

*Assuming the 2019 ESOP Plan Options have not been converted into Equity Shares

4. Voting:
- 4.1. The Investors shall be entitled to attend all general meetings of the Company and vote thereat along with the Shareholders. To the extent permitted under applicable Laws, the voting rights of the Investors shall be determined on an As If Converted Basis determined as per the Conversion Ratio and shall be exercisable in the manner set out in the SHA.
- 4.2. Based on the above, the voting rights of the Investors at any general meeting of the Company, subject to applicable Law and any adjustment in the Conversion Ratio as per the terms of the SSA, shall be as follows:

Shareholder	Nature of Security	Voting Rights on and from the First Closing Date*	Voting Rights on and from the Second Closing Date**		
			Additional Primary Investment Amount of INR 200,000,000	Additional Primary Investment Amount of INR 300,000,000	Additional Primary Investment Amount of INR 400,000,000
Amicus Capital Private Equity ILLP	Equity Shares	10.95%	15.60%	17.73%	19.74%
	Equity Shares and Series A CCPS*	12.56%	18.02%	20.46%	22.75%
Amicus Capital Partners India Fund I	Equity Shares	1.24%	1.77%	2.01%	2.24%
	Equity Shares and Series A CCPS*	1.43%	2.05%	2.32%	2.58%

* The right of the Investors to exercise voting rights attached to the Series A CCPS on an As If Converted Basis or Equity Shares allotted pursuant to the conversion of the Series A CCPS, is subject to the provisions of applicable Law.

** Assuming the 2019 ESOP Plan Options has not been converted into Equity Shares.

5. Alteration of terms of issue:
- Investor Consent shall be obtained, for any amendment/alteration of the terms of issuance of the Series A CCPS.

Annexure 2

[Valuation Certificate]

23rd December 2019

The Board of Directors
Berar Finance Ltd
Avinsha Tower, Mehadia Square,
Dhantoli, Nagpur 440 012

Dear Sir,

Sub : Report on Share & CCPS Valuation of Berar Finance Ltd

We refer to the engagement letter dated 1st September 2019 requesting us to conduct an Share Valuation of your Shares as on 31st October 2019 for the purpose of Issuance of "Equity Shares" & "Cumulative Convertible Preference Shares" under section 42 of the Companies Act 2013.

We have performed the Valuation analysis to enable the stakeholders to ascertain the Share value of Berar Finance Ltd. Based on the assumptions and limiting conditions as described in this report, as well as the facts and circumstances as of the valuation date, we have determined the Share value of the business.

Distribution of this letter and report are to be distributed only in their entirety and are intended for and restricted to the Company/ Stakeholders for Business Analysis purposes and may also be disclosed to the company's financial auditors & legal counsel. This report is not to be used, circulated, quoted or otherwise referred to, in whole or in part, for any other purpose or to any other party/ person for any purpose without the express written consent of our firm. However, it may be submitted or referred to, in whole or in part, any registration report or in documents submitted to stock exchange authorities subject to our explicit written consent.

The approaches and methodologies used in our work is an expression of an opinion regarding the fair representation of financial statements or other financial information, whether historical or prospective, presented in accordance with generally accepted accounting principles.

No change in any item or part of the valuation report shall be made by anyone other than our firm and we shall bear no responsibility for any such unauthorized change. The working papers for this engagement are being retained in our files and available for reference. Unless otherwise stated in this valuation, the Company has not considered or incorporated the potential economic gain or loss resulting from contingent assets and liabilities or events existing as on the transaction date.

We express no opinion on and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by the company. We assume that the financial & other information provided to us is accurate and complete, and we have relied upon this information in performing our valuation report.

We have relied upon the representations of the owners, management except as specifically stated to the contrary in this report. We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances or that the company has good title to all assets.

Our valuation judgement shown herein pertains only to the subject business, the stated value standard as at the stated Valuation date and only for the stated valuation purpose. The various estimates of value presented in this report apply to the Valuation Report only and may not be used out of context presented herein.

We have relied on the financial statements, projections and other input/data provided by your company to ascertain the Share value of your business.

Purpose of Valuation :

The Management has engaged us for ascertaining the Share Valuation of the Company on a GOING CONCERN basis vide Engagement letter dated 1st September 2019. The Company proposes to issue "Equity Shares" & "CCPS" under Section 42 of the Companies Act 2013. The Valuation has been done using the principles laid down in the Valuation Standards laid down by Institute of Chartered Accountants of India and applicable with effect from 1st July 2018.

Executive Summary:

Engagement Summary	Berar Finance Ltd through its Director, Mr Sandeep Jawanjal has engaged M.B.Brahme & Co. Chartered Accountants & Registered Valuers to ascertain the Share Value of Business.
Subject of Valuation	Share Valuation Report
Standard of Value	Fair Value (FV) as per Accounting standards & fair value measurements.
Premise of Value	In continued operation as a going concern.
Effective Date	31st October 2019
Value Conclusion	Value to Equity Shareholders – Rs 179/- per share & Value of CCPS is Rs 179/- per share.
Intended Users	Berar Finance Ltd , its financial & legal advisors and financial auditors.

An overview of NBFC Regulations:

A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution which is a company and has principal business of receiving deposits under any scheme or arrangement in one lump sum or in installments by way of contributions or in any other manner, is also a non-banking financial company (Residuary non-banking company).

Financial activity as principal business is when a company's financial assets constitute more than 50 per cent of the total assets and income from financial assets constitute more than 50 per cent of the gross income. A company which fulfils both these criteria will be registered as NBFC by RBI. The term 'principal business' is not defined by the Reserve Bank of India Act. The Reserve Bank has defined it so as to ensure that only companies predominantly engaged in financial activity get registered with it and are regulated and supervised by it. Hence if there are companies engaged in agricultural operations, industrial activity, purchase and sale of goods, providing services or purchase, sale or construction of immovable property as their principal business and are doing some financial business in a small way, they will not be regulated by the Reserve Bank. Interestingly, this test is popularly known as 50-50 test and is applied to determine whether or not a company is into financial business.

NBFCs lend and make investments and hence their activities are akin to that of banks; however there are a few differences as given below:

- i. NBFC cannot accept demand deposits;
- ii. NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself;
- iii. deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

Housing Finance Companies, Merchant Banking Companies, Stock Exchanges, Companies engaged in the business of stock-broking/sub-broking, Venture Capital Fund Companies, Nidhi Companies, Insurance companies and Chit Fund Companies are NBFCs but they have been exempted from the requirement of registration under Section 45-IA of the RBI Act, 1934 subject to certain conditions.

NBFCs are categorized a) in terms of the type of liabilities into Deposit and Non-Deposit accepting NBFCs, b) non deposit taking NBFCs by their size into systemically important and other non-deposit holding companies (NBFC-NDSI and NBFC-ND) and c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

I. Asset Finance Company (AFC) : An AFC is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

II. Investment Company (IC) : IC means any company which is a financial institution carrying on as its principal business the acquisition of securities,

III. Loan Company (LC): LC means any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.

IV. Infrastructure Finance Company (IFC): IFC is a non-banking finance company a) which deploys at least 75 per cent of its total assets in infrastructure loans, b) has a minimum Net Owned Funds of Rs. 300 crore, c) has a minimum credit rating of 'A' or equivalent d) and a CRAR of 15%.

V. Systemically Important Core Investment Company (CIC-ND-SI): CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions:-

- (a) it holds not less than 90% of its Total Assets in the form of investment in equity shares, preference shares, debt or loans in group companies;
- (b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its Total Assets;
- (c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;
- (d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
- (e) Its asset size is Rs. 100 crore or above and
- (f) It accepts public funds

VI. Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC) : IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through issue of Rupee or Dollar denominated bonds of minimum 5 year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.

VII. Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI): NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:

- a. loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding Rs. 1,00,000 or urban and semi-urban household income not exceeding Rs. 1,60,000;
- b. loan amount does not exceed Rs. 50,000 in the first cycle and Rs. 1,00,000 in subsequent cycles;
- c. total indebtedness of the borrower does not exceed Rs. 1,00,000;
- d. tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 15,000 with prepayment without penalty;
- e. loan to be extended without collateral;
- f. aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs;
- g. loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower

VIII. Non-Banking Financial Company – Factors (NBFC-Factors): NBFC-Factor is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50 percent of its total assets and its income derived from factoring business should not be less than 50 percent of its gross income.

IX. **Mortgage Guarantee Companies (MGC)** - MGC are financial institutions for which at least 90% of the business turnover is mortgage guarantee business or at least 90% of the gross income is from mortgage guarantee business and net owned fund is Rs.100 crore.

X. **NBFC- Non-Operative Financial Holding Company (NOFHC)** is financial institution through which promoter / promoter groups will be permitted to set up a new bank .It's a wholly-owned Non-Operative Financial Holding Company (NOFHC) which will hold the bank as well as all other financial services companies regulated by RBI or other financial sector regulators, to the extent permissible under the applicable regulatory prescriptions.

Background & Business overview

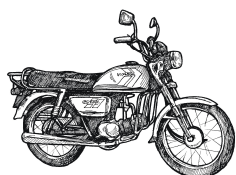
Berar Finance Ltd was incorporated in Nagpur on 22nd August 1990 under Registration No: 11-57829 having a Permanent Account No AAACB5861B. The Current Directors of the Company are Mr Maroti Jawanjar, Chairman & MD, Mr Shantaram Mahakalkar, Mr Viswhas Pathak, Mr Ashok Kachore, Mr Dattatraya Dalal, Mr Atul Sarda and Mr Sandeep Jawanjal.

Business overview:

The Company started operations in 1990 and headquartered in Nagpur. The Company is a deposit taking NBFC engaged in financing of 2Wheeler and 2 W refinancing and used car finance. The Company targets business in the semi-urban and rural areas and is present across the states of Maharashtra, Chattisgarh, MP, Telangana & Gujarat. The Promoters have over 3 decades of experience in lending business and the Company has a dividend paying history of over 24 years.

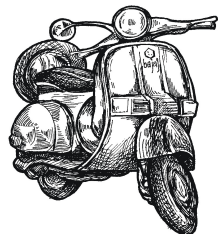
The Company has a multi brand focus of Hero, Honda, Bajaj, TVS, Maruti etc. The Company offers flexible repayment options of 12 to 36 months as per requirements of customers. The company believes in minimal documentation and fast in-principle approvals.

The Product Portfolio focusing on semi urban and rural customers is as below :



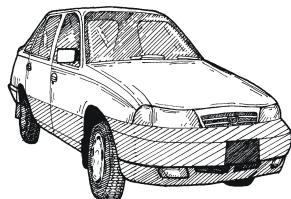
New 2 W Financing

- ★ Description : Loans to buy 2W; major focus would be 100 - 150 cc 2W; Top brands financed include Hero and Honda
- ★ Customers : 96,133
- ★ ATS : INR 44,392
- ★ Average Yield : 22.9 %
- ★ GNPA : 2.15 %



2 W Refinance

- ★ Description : Top-up loans to existing customers who have a good credit history
- ★ Customers : 13,059
- ★ ATS : INR 31,831
- ★ Average Yield : 30.2 %
- ★ GNPA : 1.55 %

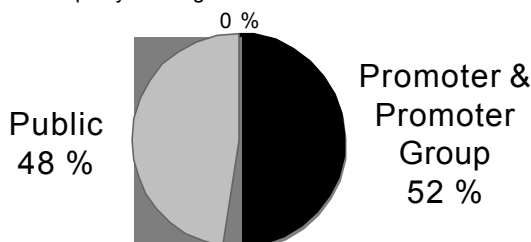


Used Car

- ★ Description : Loans to buy used car or provide refinance ; Top brands financed include Honda, Maruti, Hyundai, Renault, Skoda
- ★ Customers : 1,264
- ★ ATS : INR 234,720
- ★ Average Yield : 18.8 %
- ★ GNPA : 2.80 %

The shareholding pattern in the company is as given below :

Shareholding Pattern



Public Shareholding comprises of close friends & relatives of promoters

The Financial Performance & Key indicators of the Operating Performance are below

Summary of Financial Performance of the Company

Particulars (in INR Mn)	1999-00	2004-05	2009-10	2014-15	2017-18	2018-19
AUM	17	91	304	1,282	2, 885	3,620
Net-worth	6	31	112	309	585	723
PAT	1	8	25	68	124	147
Divident Amount	0.5	2.1	10.7	12	9.6	10
Leverage	2.8 x	3.0 x	2.7 x	4.1 x	4.9 x	
RoAA	5.00 %	8.30 %	8.20 %	5.90 %	4.80 %	4.50 %
RoAE	13.80 %	24.70 %	22.10 %	24.10 %	23.40 %	22.50 %
GNPA	0.02 %	0. 06 %	0.52 %	2.44 %	2.27 %	2.30 %
NNPA	0.01 %	0.04 %	0.47 %	1.75 %	1.97 %	2.00 %
Credit Rating	NA	NA	NA	BBB-	BBB-	BBB-

Source of Information

We have examined the following as sources of information:

1. Audited Financials for the year 2018-19.
2. Historical Financial data and ratios for the years 2014-15 to 2018-19.
3. Projected Financials for the year ended from 2019-20 to 2023-24.
4. Financial Statement upto 31st October 2019.
5. Terms of Issue of CCPS.
6. Company's Profiles and other sources of information & statement of facts submitted.
7. Discussions with the Directors and CFO.

Details of Valuer

M.B.Brahme & Co., Chartered Accountants is a five year old Proprietary firm specializing in Business Valuations, Brand Valuations and Valuations under IBC code, RBI Act. M B Brahme is a Commerce Graduate, LLB, ACA and ACS having 26 years of experience in Corporates as a "Finance Professional" having worked for multinational companies like Otis Elevator, Hindustan Ciba Geigy, TOTAL Oil India Pvt Ltd and has knowledge of Economic, Corporate laws, mergers and acquisitions and Valuations. Mr Brahme has passed the Registered Valuers Exam conducted by Insolvency & Bankruptcy Board of India under Asset Class " Securities/Financial Assets" and as such is competent to issue Valuation Reports under Companies Act & IBC.

Assumptions & Limiting Conditions:

1. Our opinion is intended for the use of Berar Finance Ltd Management. Under no circumstances shall we bear any liability to a third party that will receive our opinion with/without our consent.
2. For the purpose of this report, the company (Berar Group) has given us the historical audited financial statements & other documents & information of Berar Finance Ltd. We are not responsible for the independent examination of the information obtained and therefore have not conducted independent examination of the said information other than general prima facie reasonability tests.
3. In this Report, we have made reference to forward looking information provided to us by the Company's management. Forward looking information is uncertain, future oriented information based on information available to the Company as of the transaction date, including expectations or intentions by Company management as of the valuation date. Should these estimates by the Management fail to materialize, actual results may materially differ from results estimated or inferred from this information as much as it has been used in this Report.
4. Financial opinion is not considered an exact science and is supposed to reflect in a reasonable and fair manner, the situation as of a given time, based on known data, assumptions and estimates made. Changes made to major variables and/or to information may change the basis for these assumptions and therefore may also change the conclusions accordingly.
5. This Valuation is not a due diligence and it does not purport to include all information, tests or any other information included in a due diligence including checking of company contracts and agreements. This opinion does not constitute legal advice or opinion. We have interpreted various documents reviewed solely for the purpose of this opinion.

Analysis of Valuation Technique.

The Valuation of NBFC can be done using the Asset approach and/or the Income approach:

- A. Under the Asset Approach, the Net Asset Value (or Book value) of the company per share is worked out dividing the Net Worth by the Number of shares. In arriving at the Net worth the Tangible Assets or Investments held by the Company at Book value are revalued to arrive at the latest / accurate BV of the Company. The Book Value of comparable companies in similar business as the valued company is worked out and BV Multiple is multiplied by the BV of the company to arrive at the Fair value of the Company per share.
- B. Under the Income Approach, the Price Earning Multiple (PE) of comparable companies in the same line of business is worked out and multiplied by the Earnings per share of the Company (EPS) giving the Fair value of the Company.

An average of both the fair value methods will give the Fair Value per share of the company. Since the Legal entity is a closely held company, its shares are not easily marketable, hence a discount of 12% is assumed as Discount for Lack of Marketability (also called "DLOM")

Valuation Analysis :

The Fair value calculated as per the Asset approach or the Book value multiple & FV as per Income approach or the PE multiple is given below :

Value Based on Book Value Multiple

Particulars	Price/ BV
Book Value per Share (as on 31 st Oct. 2019)	104.46
Price/BVMultiple (Comparable Companies)	1.98
Fair Value per Share (Rs.)	207.17
No. of Equity Shares	8,000,000
Fair Equity Value of the Co. (Rs. in Millions)	1,657

Value Based on PE Multiple

Particulars	PE
EPS (of the Company) (for 2018-19)	18.40
PE Multiple (Comparable Companies)	10.80
Fair Value per Share (Rs.)	198.81
No. of Equity Shares	8,000,000
Fair Equity Value of the Co. (Rs. in Millions)	1,590

The detailed working of the Net Asset Valuer per share of the Company is provided in in Annexure I below. The detailed workings of the BV and PE Multiple of comparable companies is provided in Annexure II & the Summary of Historical Financial data is provided in Annexure III below.

Conclusion / Summary :

The Fair value per share is an average of the FV per share using both the BV and PE multiples which is provided below :

Calculation of Fair Value / Share

Particulars	PE
Using Book Value Multiple (Asste approach)	207.17
Using the PE Multiple (Income approach)	198.81
Average FV per Share (Rs.)	202.99
Less : DLOM (Discount for lack of marketability)	<u>24.36</u>
Fair Value per Share	178.63
(Rounded off to Rs.)	179.00

In short, the FV per share of the company is Rs 179/- per share.

Valuation of Compulsorily Convertible Participating Preference Shares ("CCPS"):

Terms of Issue of CCPS

The key rights, terms and conditions attached to the CCPS are set out herein below:

1. Conversion.
 - 1.1. The CCPS shall compulsorily convert into Equity Shares upon the occurrence of any of the following events:
 - a) Listing of the Equity Shares under a QIPO or IPO ("Public Offering"); or
 - b) Expiry of 19 (nineteen) years and 11 (eleven) months from the date of the issuance and allotment ("Investment Period").
 - 1.2. The holders of such CCPS may convert all or part of the CCPS into Equity Shares any time prior to the expiry of the Investment Period or the Public Offering at the sole discretion of such holders.
 - 1.3. Subject to the rights granted to the holders of the CCPS under the Transaction Documents, the Equity Shares so issued and allotted to the holders of the CCPS shall carry, from the date of conversion, all rights pari passu with the Equity Shares existing as of date.
2. The conversion ratio shall be appropriately adjusted to give full effect to the Agreement with respect to the entire primary investment amount, including:
 - a) For any Corporate Event like additional share issue, bonus issue, reclassification, capital reduction etc;
 - b) Anti-Dilution;
 - c) Indemnity provisions; and
 - d) Liquidation preference provisions.
3. Dividend:
 - 3.1. The Company shall be liable to pay a fixed dividend equivalent to an annual per share dividend of 0.1% of the par value of the CCPS calculated on and from the First Closing Date. Such dividend shall be payable in preference to any other class of Shares.
 - 3.2. Dividends shall be payable on an annual basis and shall be paid by the Company within 30 (thirty) days of the date of declaration of dividend.
 - 3.3. In addition to the above, prior to the conversion of the CCPS, in the event that the Company declares dividend to its Shareholders holding Equity Shares, the holders of CCPS shall be entitled to participate in such dividend against the CCPS

held by them, which shall be an amount equivalent to the positive difference between (a) the dividend which the holders would be entitled to had the CCPS been converted into Equity Shares; and (b) the dividend payable by the Company on the CCPS under Paragraph 3.1. The dividend payable pursuant to this Clause 3.3 shall be simultaneously paid along with the dividend payable to any shareholder holding Equity Shares.

4. Voting:

- 4.1. The holders of CCPS shall be entitled to attend all general meetings of the Company and vote there at along with the other Shareholders. To the extent permitted under applicable Laws, the voting rights of the CCPS holders shall be determined on an As If Converted Basis and shall be exercisable in an agreed manner.

Valuation of CCPS

- A. Under the Asset approach, valuation of equity shares is made on the basis of Net assets of the Company. This method is not applicable in the present case as the shares being valued are not equity shares but CCPS. In the case of *ACIT vs. Golden Line Studio Pvt. Ltd.*¹ the Mumbai Bench of the Income Tax Appellate Tribunal ("**Tribunal**") ruled that for the purposes of determining whether excessive premium has been charged on the issue of redeemable preference shares ("**RPS**"), **the fair market value ("FMV") of the RPS which is determined to ascertain the taxable amount, should not be calculated on the basis of the net asset value ("NAV") of the issuing company.** In doing so the Tribunal has made a clear distinction between the valuation of equity shares and the valuation of preference shares, appreciating that they both stand on a different footing. The ruling further clarifies that solely because premium charged is perceived as excessive, it cannot be considered as unexplained in nature for the purposes of taxation of unexplained cash credits under Section 68 of the Income Tax Act ("**ITA**")
- B. Under the Income approach, the PE multiple is also used to value equity shares of a company where Earnings per share of the company is multiplied by the PE multiple by Industry PE multiple. This method is also not applicable in the present case since the Shares are not equity but CCPS and the Price Earning Multiple applies to Equity Shares and not Preference Shares. Hence we cannot consider this method of Valuation.

Conclusion :

Hence having regard to the above terms & valuation methodology of CCPS, our discussions with the Company management and the likelihood of the CCPS converting to Equity Shares at a ratio of 1:1, the fair value of the CCPS per share at the time of the issue would be same as that of the Equity Shares of Rs 179/- (Indian Rupees One hundred and seventy nine only) per share.

Disclaimer

- ★ *The information contained herein is absolutely confidential and is intended only for the purpose stated above.*
- ★ *We have arrived at the Value of Shares based on inputs provided by the management at various stages including the Information Memorandum prepared by Investment Bankers, Financial Projections, Balance sheet as on 31st March 2019 & 31st October 2019, cashflow, Working capital & Capex estimations. The valuation is based on purely quantitative information and the sustainability of business. The quality of profits, the asset return relationship etc have not been dealt with for valuation purpose. We have no obligation towards events, trends or transactions relating to the company or the market / economy in general and occurrence, subsequent to the date of the report.*
- ★ *We hereby confirm that we have no direct or indirect interest in the Share valuation conducted under this assignment and as such there is no conflict of interest.*
- ★ *Further we are not responsible for the use of information and finding in this report by third party. Any person/ party intending to invest in the business of Company shall do so after seeking their own due diligence procedure to ensure that they are making an informed decision.*
- ★ *Our liability for this valuation assignment shall not exceed the fee payable to us.*
- ★ *Our recommendation of the Share value should not be considered as our advice to take buy or sell decision.*

We appreciate the opportunity to be of service to you. A copy of the Report and the detailed working papers from which it was prepared has been retained in our files. If you have any questions concerning this Share Valuation report, please contact us.

For M B Brahme & Co
Chartered Accountants
Firm Reg No : 141249W

CA M B Brahme
Registered Valuer – "Securities/Financial Assets"
Reg no : IBBI /RV /06 /2019 /10663

Dated : 23 December 2019
Place : Mumbai

UDIN No : 19039385AAAAAH8255

Calculation of Net Asset Value Per Share of the company

Berar Finance Ltd.

Valuation as at 31 October 2019

NET ASSETS METHOD

(Rs. in Millions)

Particulars	Amount	Amount
Fixed Assets (Plant, Property & Equipment)		
Net Block	173.09	
Add : Increase in Revaluation of Property	--	
Total Fixed Assets		173.09
Non Current Investments	80.49	
Add/Less : Revaluation of Investments	9.66	90.16
Defferede Tax Assets (net)		8.89
Long Term Loans & advances		1,701.22
Current Assets	3,040.67	
Less : Current Liabilities	(2,215.86)	
Net Current Assets		824.82
Other Long Term Borrowings	(1,945.34)	
Other Long Term Liabilities	--	
Long Term Provisions	(17.13)	(1,962.47)
Total Asset Value		835.70
Add/(Less) : Adjustments		
Contingent Liabilities		--
Net Adjusted Asset Value		835.70
No. of Shares		8,000,000
Value Per Share (Face Value Rs. 10 each)		104.46

ANNEXURE II

Calculation of BV & PE Multiples of Comparable Companies

Sr. No	Company	Equity (Rs.Cr.)	Face Value	B Value Per Share	EPS Par Share	Sh Price On 31/10	PE Multiple	Price BV
1	Shriram City Union Finance	66.00	10	1,031.30	160.70	1,323.05	8.23	1.28
2	Shriram Transp Finance	226.88	10	751.00	122.60	1,139.30	9.29	1.52
3	Muthoot Finance	400.86	10	243.10	50.20	707.40	14.09	2.91
4	Mannapuram Finance	168.65	2	59.80	14.00	169.70	12.12	2.84
5	L&T Finance Holdings	2,000.48	10	69.90	9.30	95.65	10.28	1.37

Average of Multiples 10.80 1.98

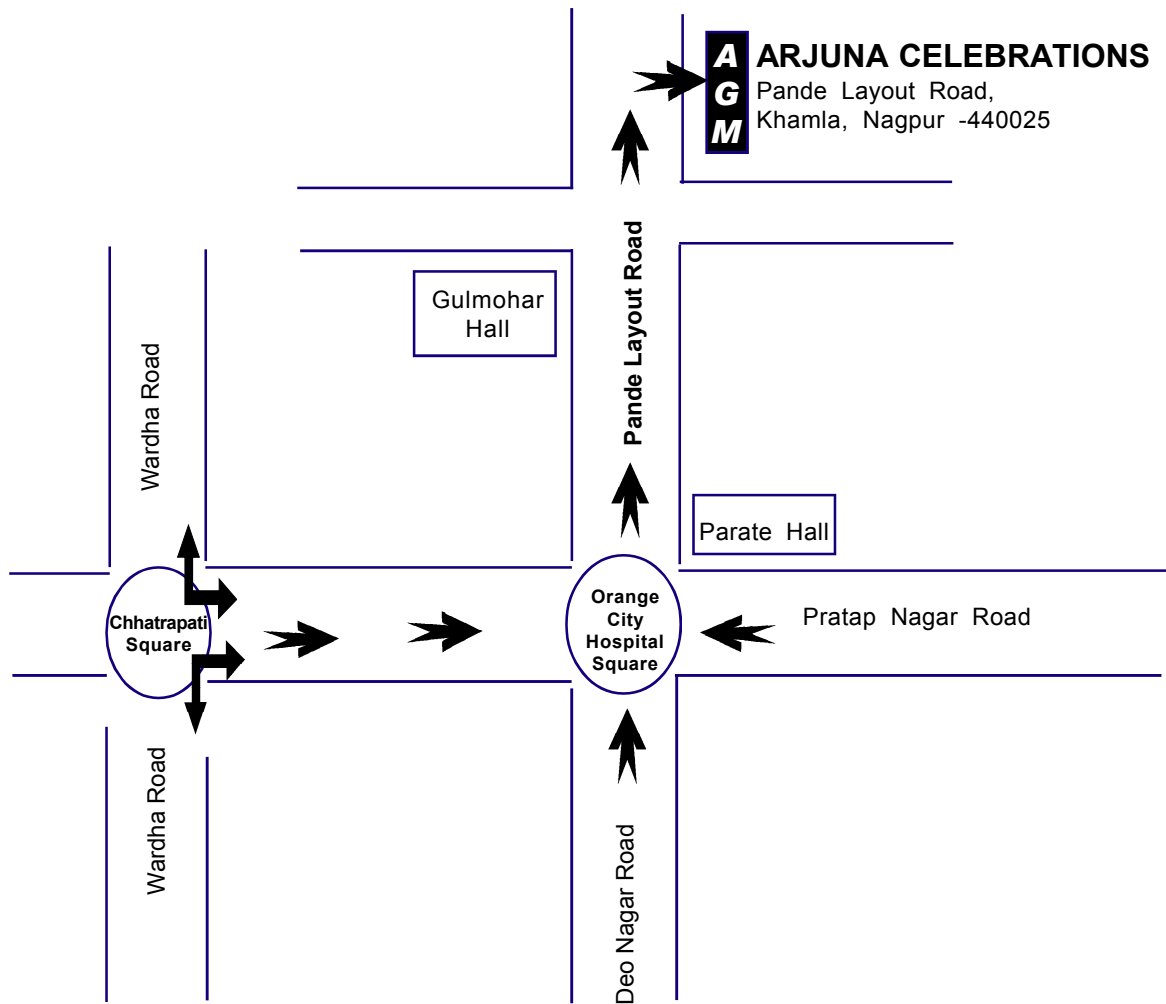
Source : Annual Reports of Companies/ Capital Market Publication/ EPS is on TTM basis for C.Y.

SUMMARY OF FINANCIALS

Particulars (in INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
Interest Income	296	378	495	595	740
Other Income	54	72	90	128	156
Total Income	350	450	585	723	896
Growth Rate %	27 %	29 %	30 %	24 %	24 %
Interest expense	126	164	221	285	356
PAT	68	82	99	124	147
Margin %	19.4 %	18.3 %	16.9 %	17.1 %	16.4 %
Net Worth	309	382	471	585	723
Fund infusion		0	0	0	0
Total Debt	1,109	1,532	2,084	2,593	3,283
Total AUM	1,282	1,719	2,262	2,885	3,620
Disbursement	1,202	1,639	2,104	2,753	3,435
Leverage (x)	4.1	4.5	4.8	4.9	5.0
RoAE	24.1 %	23.8 %	23.2 %	23.4 %	22.5 %
RoAA	5.9 %	5.5 %	5.0 %	4.8 %	4.5 %
EPS (INR)	8	10	12	15	18
Dividend per Share (INR)	1	1	1	1	1
BVPS (INR)	39	48	59	73	90
Shares outstanding (in Mn)	8.0	8.0	8.0	8.0	8.0
ROAA Tree (%)					
Avg. Yield	25.8 %	25.2 %	24.9 %	23.1 %	22.7 %
Avg. COB	13.1 %	12.4 %	12.2 %	12.2 %	12.1 %
Spread	12.7 %	12.8 %	12.7 %	10.9 %	10.6 %
NIM	14.9 %	14.3 %	13.8 %	12.0 %	11.8 %
Interest Income / AUM	25.8 %	25.2 %	24.9 %	23.1 %	22.7 %
Other Income / AUM	4.7 %	4.8 %	4.5 %	5.0 %	4.8 %
Interest expense / AUM	11.0 %	10.9 %	11.1 %	11.1 %	10.9 %
Cost Ratio (Opex / AUM)	9.4 %	9.6 %	9.2 %	9.1 %	9.3 %
Credit Costs (Prov / AUM)	1.0 %	1.2 %	1.4 %	1.1 %	0.9 %
Tax Ratio	3.3 %	2.8 %	2.7 %	2.1 %	1.9 %
RoAA	5.9 %	5.5 %	5.0 %	4.8 %	4.5 %

Annexure 3

1/F.Y.2019-2020 Extra-Ordinary General Meeting



Annexure 4

Current Shareholding Pattern of the Company

Name of the Shareholder	Equity Shares	Shareholding
MarotiJawanjar	10,21,194	12.39%
Jyoti Jawanjar	2,74,550	3.33%
Sandeep Jawanjar	3,22,518	3.91%
BakulJawanjar	1,01,000	1.23%
Sandeep Jawanjar (HUF)	1,17,700	1.43%
RadhemohanJawanjar	1,400	0.02%
MarotiJawanjar (HUF)	8,68,954	10.55%
AvinoCapcons Private Limited	14,88,484	18.06%
Other Corporate Shareholders	3,050	0.04%
Public Shareholders	38,01,150	46.13%
ESOPs	2,40,000	2.91%
Total	8,240,000	100.00%

Annexure 5
Pre and Post Shareholding Pattern of the Company

Sl. No.	Category	Pre Issue		Post Issue	
		No of Shares held	Percentage of Shareholding	No of Shares held	Percentage of Shareholding
A	Promoters' Holding				
1	Indian				
-	Individual	2,707,316	32.86%	2,707,316	28.38%
-	Bodies Corporate	1,488,484	18.06%	1,488,484	15.60%
	Sub-total	4,195,800	50.92%	4,195,800	43.98%
2	Foreign promoters	-	0.00%	-	0.00%
-	Subtotal (A)	4,195,800	50.92%	4,195,800	43.98%
B	Non-promoters' holding				
1	Institutional investors	-	0.00%	1,301,053	13.64%
2	Non-institutional investors				
-	Private Bodies Corporate	3,050	0.04%	3,050	0.03%
-	Directors and relatives	746,166	9.06%	746,166	7.82%
	Indian public	3,050,434	37.02%	3,050,434	31.97%
-	Others [including non-resident Indians (NRI)s]*	244,550	2.97%	244,550	2.56%
-					
-	Sub-total (B)	4,044,200	49.08%	5,345,253	56.02%
-	GRAND TOTAL	8,240,000	100%	9,541,053	100%

* Includes share transfer to Investors Education and Protection Fund and options outstanding as part of the Employee Stock Option Plan 2019 of the Company



BERAR FINANCE LIMITED

Corporate Identity Number:U65929MH1990PLC057829

Registered Office: Avinisha Tower, Mehadia Chowk, Dhantoli, Nagpur-440012.

Tel.No.0712-6663999

Website:www.berarfinance.com ★ Email:info@berarfinance.com

ATTENDANCE CARD

1/F.Y. 2019-2020 Extra-Ordinary General Meeting

TIME : MONDAY

3rd February, 2020

3.00 P.M.

VENUE : **ARJUNA CELEBRATIONS**

Pande Layout Road,

Khamla, Nagpur -440025

☐

MEMBER

☐

PROXY

(Name in Capital Letters)

I hereby record my presence at 1/F.Y. 2019-2020 Extra-Ordinary General Meeting of the Company.

Signature of Member/Proxy

Note: 1. Admission restricted to Members/Proxies only.

2. Please avoid bringing non-members with you.

3. Kindly contact "Help-Desk" at the venue for any clarifications/assistance.

**BERAR FINANCE LIMITED**

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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 : U65929MH1990PLC057829

Name of the Company : Berar Finance Limited

Registered Office : Avinisha Tower , Mehadia Chowk,Dhantoli,Nagpur-440012.

Name of the Member(s) : _____

Registered Address of the Member : _____

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: _____ E-mail id : _____

Address: _____ Signature : _____, Or failing him

2. Name: _____ E-mail id : _____

Address: _____ Signature: _____, Or failing him

3. Name: _____ E-mail id : _____

Address: _____ Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 1/F.Y.2019-2020 Extra-Ordinary General Meeting of the Company, to be held on **Monday, 3rd Day of February, 2020 at 3.00 P.M. at ARJUNA CELEBRATIONS, Pande Layout Road, Khajura, Nagpur-440025** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolutions
Special Business	
1	To insert clause 4A after clause 4 in the Articles of Association of the Company thereby authorizing the Company to alter its Authorized Share Capital.
2	To reclassify the Authorized Share Capital of the Company from INR 15,00,00,000 (Indian Rupees Fifteen Crores only) divided into 1,50,00,000 (one crore fifty lakhs) equity shares of face value INR 10 (Indian Rupees Ten only) each to INR 15,00,00,000 (Indian Rupees Fifteen Crores only) divided into 1,25,00,000 (one crore twenty five lakhs) equity shares of face value INR 10 (Indian Rupees Ten only) each, and 25,00,000 (twenty five lakhs) cumulative compulsorily convertible participating preference shares carrying a coupon rate of 0.1% (zero point one percent) per annum of face value INR 10 (Indian Rupees Ten only) each.
3	To accord authority to the Company to issue preference shares by inserting clause 4B after proposed clause 4A in the Articles of Association of the Company and undertake the consequent amendment to the Articles of Association of the Company.
4	To authorize the issuance of the Tranche 1 Series A CCPS to Amicus Capital Private Equity I LLP ("ACPE") and Amicus Capital Partners India Fund I ("ACPIF"). ACPE and ACPIF are hereinafter referred to as the "Investors".
5	To issue Tranche 1 Series A Equity Shares and Tranche 1 Series A CCPS to the Investors through Private Placement.
6	To delete Article 13 of the Articles of Association of the Company that requires directors to hold qualification shares.

Signed this _____ day of _____ 2020.

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
stamp
of ₹ 1/-

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.