

Date: 02 July 2025

To,

The Board of Directors,
EFC (I) Limited,
 6th Floor, V.B, Capitol Building,
 Range Hill Road, Bhoslenagar,
 Shivajinagar, Pune-411007,
 Maharashtra

Subject: Explanation with respect to the impact of the bonus issue done by EFC (I) Limited ('the Company') on 11th February 2025, on the share exchange ratio recommended in the report dated 20th July 2023

Dear Sir (s)/ Madam (s),

This is in reference to the valuation report dated 20th July 2023 presented to the Board of Directors of the Company recommending the share exchange ratio for the proposed amalgamation of Whitehills Interior Limited ('Transferor Company') with EFC (I) Limited ('Transferee Company').

Background

The Management of the Company had filed a Scheme of Amalgamation ("**Scheme**") in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 for amalgamation of Whitehills Interior Limited ('Transferor Company') with EFC (I) Limited ('Transferee Company') ('Amalgamation') which was approved by the Board of Directors on 20th July 2023 and by Securities and Exchange Board of India ('SEBI') on 13th May 2025 in accordance with Regulation 28 & 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and SEBI Circular dated March 10, 2017, bearing reference number CFD/DIL3/CIR/2017/21 ('SEBI LODR').

The appointed date of the Scheme is 1st April 2023.

Pending for in-principle approval from the stock exchange and SEBI, the management of the Company proposed to issue bonus shares, subject to the approval of the Board of Directors and members and other requisite corporate and regulatory approval(s), in accordance with applicable provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, Section 63 of the Companies Act, 2013 and rules made thereunder and all other applicable provisions.

Subsequently, the board of directors in their meeting held on 27th December 2024, approved the issue of bonus shares in the ratio of 1:1 i.e., 1 (One) new fully paid-up equity share of INR 2 each for every 1 (One) existing fully paid-up equity share by way of capitalization of securities premium received in cash and / or general reserve and / or retained earnings. The said bonus issue was recommended for approval by the members of the Company. Thereafter, the bonus issue was duly approved by the members with requisite majority through e-voting via postal ballot on 29th January 2025.

In this regard we would like to state as under:

1. The fair valuation of the equity shares of the Company was independently determined for the purpose of calculating the share exchange ratio under the Proposed Scheme of Amalgamation. The valuation was undertaken on the basis of weighted average Discounted Cash Flows (DCF) method, Comparable Company Market (CCM) Multiple method and further

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Registered Valuer – Securities or Financial Assets

was carried out based on the market and other prevailing factors as at the valuation date i.e. 30th June 2023.

2. Further, the swap ratio has been determined basis the facts and circumstances that exist on the relevant date (i.e. 30th June 2023) of the scheme of amalgamation and same has been confirmed by Navigant Corporate Advisors Limited, a SEBI registered Category-I Merchant Banker through its fairness opinion dated 20th July 2023.
3. As per clause 17 (ix) of the scheme - If any consolidation, stock split, sub division, reorganization, reclassification or other similar action in relation to the share capital of the Transferor Company or the Transferee Company, that occurs after the date of approval of the Scheme by the Board of Transferor Company and the Board of Transferee Company, and on or before the Effective Date, **the Share Exchange Ratio shall be subject to equitable adjustments by the directors of the relevant company to reflect such corporate action** in such a manner as the relevant company's auditors may determine to be appropriate to reflect such corporate action.
4. The issuance of bonus shares in the ratio of 1:1 was by way of capitalization of securities premium received in cash and / or general reserve and / or retained earnings. The bonus issue has no retrospective impact on the historical financial performance or projections used in the valuation process. It is a corporate action impacting the number of shares outstanding, but not the intrinsic value of the business or the per-share value as assessed at the time of determining the share exchange ratio. The issuance of bonus shares is a non-cash, internal accounting transaction effectuated by capitalizing free reserves. It does not alter the enterprise value or net worth of the Company, and it merely changes the denominator (number of shares outstanding) without changing the overall valuation.
5. Therefore, the proposed bonus issue has been evaluated carefully and ensures that it does not disrupt the intended post-amalgamation shareholding percentage.

Yours faithfully



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Chartered Accountants
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(Reg No: IBBI/RV/06/2019/10708)
Place: Mumbai