

JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025
Tel No.: +91 22 6630 3030 • **Fax:** +91 22 6630 3223 • **Website:** www.jmfinancialarc.com • **Email ID:** vineet.singh@jmf.com
CIN: U67190MH2007PLC174287

NOTICE

NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY GENERAL MEETING (THE “EGM”) OF THE MEMBERS OF JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED (THE “COMPANY”) WILL BE HELD ON THURSDAY, JANUARY 25, 2024 AT 5.30 P.M. (IST) AT 7TH FLOOR, CNERGY, APPASAHEB MARATHE MARG, PRABHADEVI, MUMBAI 400025 TO TRANSACT THE FOLLOWING SPECIAL BUSINESS:

1. **Re-appointment of Dr. Vijay Kelkar (DIN: 00011991) as an independent director of the Company:**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), read with Schedule IV of the Act and the rules made thereunder and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) and/or re-enactment(s) thereof for the time being in force) and subject to such other laws, rules and regulations as may be applicable in this regard and based on the recommendation of the Nomination and Remuneration Committee, the approval of the Members of the Company be and is hereby granted to re-appoint Dr. Vijay Kelkar (DIN: 00011991) as an Independent Director of the Company, not liable to retire by rotation, for a second term of 3 (three) years with effect from October 26, 2023.”

“**RESOLVED FURTHER THAT** the Board (which term shall include any of the committees thereof), be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, desirable or expedient to give effect to the above resolution and matters connected therewith or incidental thereto.”

2. **Approval for issuance of Optionally Convertible Debentures on a preferential basis:**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 23(1)(b), 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) and/or re-enactment(s) thereof for the time being in force) and other applicable regulations, guidelines, notifications and circulars, if any, and subject to the provisions of the Company’s Memorandum and Articles of Association and basis the approval of the Audit Committee and the Board of Directors (which term shall include any of the committees thereof), the approval of the Members of the Company be and is hereby accorded to offer, issue and allot, up to 20,00,000 (Twenty Lakh) unsecured, unrated and unlisted Optionally Convertible Debentures of face value of Rs.1,000/- (Rupees One Thousand only) each at an issue price of Rs. 1,000/- (Rupees One Thousand only) each (the “OCDs”) for cash aggregating up to Rs. 200 Crore (Rupees Two Hundred Crore only) to JM Financial Credit Solutions Limited (the “JMFCSL”), on a preferential basis on such terms and conditions, including Equity Shares, if any to be allotted on conversion or redemption of OCDs,

if any, as the Board may in its absolute discretion decide, in each case, subject to the applicable laws.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of its powers conferred herein to Issue and Allotment Committee of the Board (the “**Committee**”) to give effect to this resolution.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give full effect to the above resolution and matters connected therewith or incidental thereto including to settle all questions, difficulties or doubts that may arise with regard to the issue, offer, allotment, conversion or redemption of OCDs and take all such steps in this connection, as it may in its absolute discretion, deem fit without being required to seek further consent or approval of the Members.”

By Order of the Board

Vineet Singh
Company Secretary

Place: Mumbai

Date: January 19, 2024

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025

CIN: U67190MH2007PLC174287

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE VALID MUST BE DULY FILLED IN ALL RESPECTS AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

1. Pursuant to the provisions of the Companies Act, 2013 (the “Act”) and the rules made thereunder, a person can act as proxy on behalf of the members not exceeding 50 (fifty) in number and holding in aggregate not more than 10% (ten percent) of the total share capital of the Company carrying voting rights. Proxies submitted on behalf of the Companies, must be supported by an appropriate resolution/authority, as applicable. A member holding more than 10% (ten percent) of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
2. The relevant statement to be annexed to the Notice pursuant to Section 102 of the Act setting out the details concerning the special business in respect of item nos. 1 and 2 is annexed hereto and forms part of the Notice.
3. The body corporate/institutional investors, who are members of the Company, are encouraged to attend the meeting and vote and are also requested to send scanned copy (PDF/JPG format) of their board or governing body resolution/authorisation, permitting their representative(s) to attend the EGM on their behalf and vote. The said resolution/authorisation shall be emailed, through its registered email address to the Company Secretary at vineet.singh@jmfl.com.
4. Members/Proxies/Authorised Representatives are requested to bring the attendance slips duly filled in for attending the EGM. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers in the attendance slip for attending the EGM.
5. In compliance with the applicable circulars, the notice of the EGM along with the Explanatory Statement is being sent by the Company in electronic mode to those members/debenture holders whose email addresses are registered with the Depository Participants (“DPs”)/Depositories, the Company or its Registrar and Transfer Agents (“RTA”), viz., KFin Technologies Limited. Members/Debenture holders, who wish to change their email addresses or have not registered their email addresses so far, are requested to promptly intimate the same to their respective DPs or to the Company/its RTA, as the case may be.
6. Any document in connection with any of the items to be transacted in the Notice and the explanatory statement are open for inspection at the registered office of the Company on all working days (Monday to Friday) between 2:00 p.m. and 4:00 p.m. upto the date of the EGM and at the venue of the EGM during its duration. Any member interested in obtaining a copy of the same may write to the Company Secretary at vineet.singh@jmfl.com.
7. The relevant details as required under clause 1.2.5 of Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (SS-2), in respect of the person seeking re-appointment as a director is given in annexure forming part of this Notice.
8. The route map showing directions to reach the venue of the EGM forms part of this Notice.

STATEMENT TO BE ANNEXED TO THE NOTICE PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 1

The Members of the Company at the Twelfth Annual General Meeting held on July 12, 2019 had appointed Dr. Vijay Kelkar (DIN: 00011991) as an Independent Director of the Company for an initial term of 5 (five) years commencing from September 21, 2018 and expiring on September 20, 2023.

The Members may note that pursuant to Section 149(10) of the Companies Act, 2013 (the “**Act**”) and Regulation 25(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”), he is eligible to be re-appointed as an independent director of the Company for a second term of up to 5 (five) years, if the special resolution approving the said appointment is passed by the Members.

The Nomination and Remuneration Committee (the “**NRC**”), of the Board of the Company, at its meeting held on July 27, 2023, had recommended to the Board, the re-appointment of Dr. Vijay Kelkar (DIN: 00011991) as an Independent Director of the Company for a second term of 3 (three) years subject to the approval of the Reserve Bank of India (the “**RBI**”) and the Members of the Company. The NRC, while recommending the re-appointment of Dr. Kelkar, had considered various factors, which included, among other things, his balance of skills, knowledge and length of experience, his attendance in number of board and committee meetings, quality of his participation in the meetings, the level of his commitment to the fulfilment of his role, functions, duties and responsibilities as an independent director.

Based on the recommendation of the NRC, the Board of Directors, at its meeting held on July 27, 2023, approved re-appointment of Dr. Vijay Kelkar (DIN: 00011991) as an Independent Director of the Company for a second term of 3 (three) years subject to the approval of the RBI and the Members of the Company.

The RBI vide its letter dated October 26, 2023, has conveyed its approval for re-appointment of Dr. Vijay Kelkar as an Independent Director of the Company. Accordingly, it is proposed to be re-appoint him as an Independent Director of the Company for a second term of 3 (three) years with effect from October 26, 2023 i.e. date of receipt of approval from RBI.

Brief Profile

Dr. Vijay Kelkar, born on May 15, 1942, is a Non-Executive Independent Director of the Company. He has completed his B.E., from College of Engineering Pune, M.S., from University of Minnesota US, and Ph.D. in economics from University of California Berkeley, US.

Dr. Kelkar is the former Finance Secretary to the Government of India. He has held many senior level positions in the Government of India including the most recent position as the Chairman of the Finance Commission, Advisor to Minister of Finance, Secretary of Ministry of Petroleum & Natural Gas and Chairman of the Tariff Commission. In January 2011, the President of India awarded “PADMA VIBHUSHAN” to Dr. Kelkar, the second highest Civilian Award for distinguished and exceptional service to the nation.

Besides, Dr. Kelkar has also served in several key posts in international organisations such as Director and Coordinator of International Trade Division, UNCTAD, Switzerland and Executive Director for India, Sri Lanka, Bangladesh and Bhutan at the International Monetary Fund, USA.

He is the former Chairman of the National Institute of Public Finance and Policy (NIPFP), New Delhi. He is the former President of Indian Statistical Institute, Kolkata. He was the Chairman of the committee constituted on Revisiting & Revitalization of the PPP Model of Infrastructure Development, the Chairman, Forum of Federations, Ottawa from January 2010 to March 2013 and the Chairman of the Finance Commission in the rank of a Union Cabinet Minister until January, 2010. Dr. Kelkar also serves on the Board of Go Airlines (India) Limited.

Dr. Kelkar has confirmed his availability and accorded his consent for re-appointment as an Independent Director of the Company and has submitted the declaration of independence, pursuant to Section 149(7) of the Act stating that he meets the criteria of independence as prescribed under Section 149(6) of the Act read with the applicable rules thereunder. He has further confirmed that he is not disqualified from being re-appointed as a director in terms of Section 164 of the Act.

Pursuant to Section 152 of the Act read with Schedule IV of the Act, in the opinion of the Board, his re-appointment as an Independent Director, fulfills the conditions specified in the Act and the Rules made thereunder and that the said re-appointment is independent of the management.

Brief profile of Dr. Kelkar and the disclosures required under Clause 1.2.5 of Secretarial Standards on General Meetings are given as information about the Directors, which forms part of the Notice.

Details of Dr. Kelkar's attendance at the following meetings of the Company held during the last three financial years are given below:

Financial year	Board meeting	Corporate Social Responsibility Committee	AGM	EGM
2022-23	3 out of 4	2 out of 2	Yes	1 out of 2
2021-22	4 out of 4	2 out of 2	No	No
2020-21	3 out of 4	2 out of 2	Yes	No

Dr. Kelkar, in his capacity as an independent director, will be entitled to sitting fees and reimbursement of expenses for attending the meetings of the Board and its committees, if any, as well as profit related commission, as may be permissible under the applicable provisions of the Act, from time to time. Dr. Kelkar is not related to any director or key managerial personnel of the Company.

The Board commends passing of the special resolution set out at item no. 1 of the Notice.

Except Dr. Kelkar, none of the Directors, Key Managerial Personnel of the Company, or their relatives is, in any way, concerned or interested, financially or otherwise, in the special resolution set out at item no. 1 of the Notice.

Item no. 2

With a view to raise long term funds to repay/pre-pay, in full or in part, certain loans availed by the Company, finance the growth plans of the business including acquisition of stressed assets, the Board of Directors of the Company at its meeting held on July 27, 2023, accorded their approval to offer, issue and allot, up to 20,00,000 (Twenty Lakh) unsecured, unrated and unlisted Optionally Convertible Debentures of face value of Rs. 1,000/- (Rupees One Thousand only) each at an issue price of Rs. 1,000/- (Rupees One Thousand only) each (the "OCDs") for cash aggregating up to Rs. 200,00,00,000 (Rupees Two Hundred Crore only) to JM Financial Credit Solutions Limited ("JMFCSL"), by way of a preferential issue, subject to the approval of the Members of the Company.

The details in relation to the preferential issue, including disclosures required to be made in accordance with the Companies Act, 2013 (the "Act") read with the Companies (Prospectus and Allotment of

Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, are set out below:

Type of Instrument	Unsecured, Unrated and Unlisted Optionally Convertible Debentures (OCDs)
Security	Unsecured
Face Value	Rs. 1,000/- per OCD (Rupees One Thousand only)
Issue Price	Rs. 1,000/- per OCD (Rupees One Thousand only)
Tenure	8 years
Interest/Coupon rate	0.00%
Conversion of OCDs	Conversion of OCDs into Equity Shares shall be any time after 3 (three) years, at the option of the Company and subject to other regulatory approvals including RBI, if any and to the extent applicable.
Conversion Price	The conversion price shall be decided prior to the date when the subscriber becomes entitled to apply for Equity Shares. The conversion price shall be based on the valuation report of the registered valuer given not earlier than sixty days of the date from the entitlement to apply for Equity Shares.
Redemption Premium, if any	Premium, if any, shall be mutually decided by the Company and JMFCSL.
Particulars of the offer including the date of passing of the board resolution	The Board of Directors at its meeting held on July 27, 2023 has, subject to the approval of the Members of the Company, approved the issuance of up to 20,00,000 (Twenty Lakh) unsecured, unrated and unlisted Optionally Convertible Debentures of face value of Rs. 1,000/- each at an issue price of Rs. 1,000/- each for cash aggregating up to Rs. 200,00,00,000/- (Two Hundred Crore only) to JMFCSL, on a preferential basis.
Objects/Purpose of the issue	The proceeds of the present issue would be utilized to repay/pre-pay, in full or in part, certain loans availed by the Company, finance the growth plans of the business including acquisition of stressed assets or other general corporate purposes of the Company.
The total number of securities to be issued	Up to Rs. 20,00,000 (Twenty Lakh)
Kinds of securities and price at which security is being offered	Up to 20,00,000 (Twenty Lakh) unsecured, unrated and unlisted Optionally Convertible Debentures of face value of Rs. 1,000/- each issued at par aggregating up to Rs. 200,00,00,000/- (Rupees Two Hundred Crore only).
Basis on which the price has been arrived at along with the report of the registered valuer and justification for the price at which offer or invitation is being made	The issue price of the OCDs has been arrived based on valuation report dated December 31, 2023 issued by Samir Gajjar & Co., Chartered Accountants (Registered Valuer)
Relevant date with reference to which the price has been arrived at	September 30, 2023
Name and address of valuer who performed valuation	Samir Gajjar & Co., Chartered Accountants (Registered Valuer) E-401, Bhoomi Enclave, Mahavir Nagar, Kandivali West, Mumbai - 400067

Fair value of OCDs as per the valuation report	Rs. 947 to Rs. 982 per OCD
The class or classes of persons to whom the allotment is proposed to be made	JM Financial Credit Solutions Limited
Intent of promoters, directors or key managerial personnel of the Company to subscribe to the offer	None of the promoters, directors or key managerial personnel, intends to subscribe to any OCDs proposed to be issued under the preferential issue
Material terms of raising such securities	<p><u>Conversion:</u> Conversion of OCDs into Equity Shares shall be any time after 3 (three) years, at the option of the Company and subject to other regulatory approvals including RBI, if any and to the extent applicable.</p> <p><u>Conversion price:</u> The conversion price shall be decided prior to the date when subscriber becomes entitled to apply for Equity Shares. The conversion price shall take into consideration the valuation report of the registered valuer given not earlier than sixty days of the date from the entitlement to apply for Equity Shares.</p> <p><u>Redemption Price:</u> Premium, if any shall be mutually decided by the Company and JMFCSL.</p> <p><u>Tenure of OCDs:</u> 8 (eight) years</p>
Contribution being made by the promoters or directors either a part of the offer or separately in furtherance of objects	None
Time frame within which the preferential issue shall be completed	Within 60 days from the date of receipt of application money
Names of the proposed allottees and the percentage of post preferential offer capital that may be held by them	<p>Proposed allottees: JM Financial Credit Solutions Limited</p> <p>Percentage of post preferential offer capital: Cannot be determined at this stage since the conversion price shall be decided prior to the date when subscriber becomes entitled to apply for Equity Shares.</p>
Change in Control if any, in the Company	There will be no change in the composition of the Board nor any change in the control of the Company consequent to the proposed preferential issue
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	Not Applicable
Justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable
Principal terms of assets charged as	Not Applicable, as the OCDs proposed to be issued are

securities	unsecured																																																																						
Shareholding pattern of the Company before and after the Preferential Issue	<div>The shareholding pattern of the Company prior to issuance of OCDs is as set out below.</div> <table><tr><th rowspan="2">Sr. No.</th><th rowspan="2">Category</th><th colspan="2">Pre-Issue</th></tr><tr><th>No. of shares held</th><th>% of Shareholding</th></tr><tr><td>A</td><td>Promoters' holding</td><td></td><td></td></tr><tr><td>1</td><td>Indian</td><td></td><td></td></tr><tr><td></td><td>Individual</td><td>-</td><td>-</td></tr><tr><td></td><td>Bodies corporate</td><td>21,35,65,599</td><td>53.62</td></tr><tr><td></td><td>Sub-Total</td><td>21,35,65,599</td><td>53.62</td></tr><tr><td>2</td><td>Foreign Promoters</td><td>-</td><td>-</td></tr><tr><td></td><td>Sub-Total (A)</td><td>21,35,65,599</td><td>53.62</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>B</td><td>Non-Promoters' holding/Public</td><td></td><td></td></tr><tr><td>1</td><td>Banks</td><td>4,24,88,095</td><td>10.66</td></tr><tr><td>2</td><td>Foreign Institutional Investors</td><td>3,35,50,551</td><td>8.42</td></tr><tr><td>3</td><td>Private Corporate Bodies</td><td>1,20,62,500</td><td>3.03</td></tr><tr><td>4</td><td>Directors and Relatives</td><td>5,68,66,072</td><td>14.28</td></tr><tr><td>5</td><td>Body corporate (not mentioned above)</td><td>3,97,92,720</td><td>9.99</td></tr><tr><td></td><td>Sub-Total (B)</td><td>18,47,59,938</td><td>46.38</td></tr><tr><td></td><td>Grand Total (A+B)</td><td>39,83,25,537</td><td>100.00</td></tr></table> <div>Since the conversion will be at the option of the Company and price of conversion will be decided later on, the shareholding pattern post issuance of OCDs cannot be determined at this stage</div>	Sr. No.	Category	Pre-Issue		No. of shares held	% of Shareholding	A	Promoters' holding			1	Indian				Individual	-	-		Bodies corporate	21,35,65,599	53.62		Sub-Total	21,35,65,599	53.62	2	Foreign Promoters	-	-		Sub-Total (A)	21,35,65,599	53.62					B	Non-Promoters' holding/Public			1	Banks	4,24,88,095	10.66	2	Foreign Institutional Investors	3,35,50,551	8.42	3	Private Corporate Bodies	1,20,62,500	3.03	4	Directors and Relatives	5,68,66,072	14.28	5	Body corporate (not mentioned above)	3,97,92,720	9.99		Sub-Total (B)	18,47,59,938	46.38		Grand Total (A+B)	39,83,25,537	100.00
Sr. No.	Category			Pre-Issue																																																																			
		No. of shares held	% of Shareholding																																																																				
A	Promoters' holding																																																																						
1	Indian																																																																						
	Individual	-	-																																																																				
	Bodies corporate	21,35,65,599	53.62																																																																				
	Sub-Total	21,35,65,599	53.62																																																																				
2	Foreign Promoters	-	-																																																																				
	Sub-Total (A)	21,35,65,599	53.62																																																																				
B	Non-Promoters' holding/Public																																																																						
1	Banks	4,24,88,095	10.66																																																																				
2	Foreign Institutional Investors	3,35,50,551	8.42																																																																				
3	Private Corporate Bodies	1,20,62,500	3.03																																																																				
4	Directors and Relatives	5,68,66,072	14.28																																																																				
5	Body corporate (not mentioned above)	3,97,92,720	9.99																																																																				
	Sub-Total (B)	18,47,59,938	46.38																																																																				
	Grand Total (A+B)	39,83,25,537	100.00																																																																				

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise except Mr. Vishal Kampani, Mr. Adi Patel and Mr. Satish Chand Mathur, who are common directors on the Board of the Company and JMFCSL, though not interested in accordance with the Act, may be deemed to be interested.

The Board recommends the resolution as set out at item no. 2 of the Notice for the approval of the Members, by way of special resolution.

By Order of the Board

Vineet Singh
Company Secretary

Place: Mumbai

Date: January 19, 2024

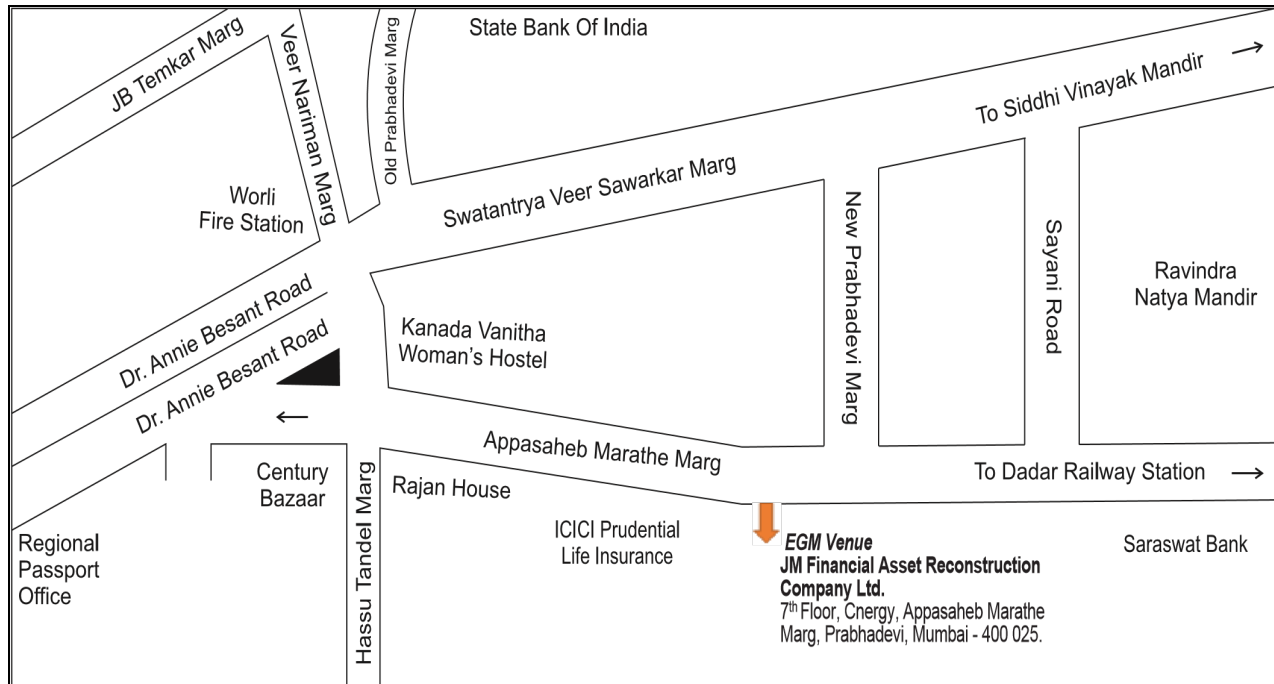
Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025

CIN: U67190MH2007PLC174287

ADDITIONAL INFORMATION OF DIRECTOR SEEKING RE-APPOINTMENT AT THE EXTRAORDINARY GENERAL MEETING PURSUANT TO CLAUSE 1.2.5 OF SECRETARIAL STANDARD - 2 ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (INFORMATION AS ON THE DATE OF THIS NOTICE)

Name of the Director	Dr. Vijay Kelkar (DIN: 00011991)
Date of birth	May 15, 1942 (Age: 79 years)
Date of original appointment on the Board	September 21, 2018
Qualification(s)	B.E. from College of Engineering, Pune, M.S. from University of Minnesota and Ph.D in Economics from University of California, Berkeley
Brief profile	Please refer to item no. 2 of the explanatory statement.
Terms and conditions of appointment	Re-appointment as an independent director of the Company for a period of 3 (three) years in accordance with the provisions of Section 149 of the Companies Act, 2013.
Shares held in the Company along with the % of shareholding as on March 31, 2023	Nil
Relationship with other directors, manager and key managerial personnel (KMP)	None
No. of board meetings attended during the financial year 2022-23	3 out of 4 board meetings
Directorships held in other bodies corporate	<ul style="list-style-type: none"> • Go Airlines (India) Limited • Indian Institute for Human Settlements • Avanti Finance Private Limited • Avanti MircoFinance Private Limited • Sentient Labs Private Limited
Membership/Chairmanships of Committees in other companies (only audit and stakeholders' relationship committee has been considered)	Memberships Audit Committee <ul style="list-style-type: none"> • Go Airlines (India) Limited • Avanti Finance Private Limited
Details of remuneration paid during the financial year 2022-23	Sitting Fees: Rs. 1,70,000
Remuneration sought to be paid	Sitting Fees and Commission, if any

[ROUTE MAP FOR EXTRAORDINARY GENERAL MEETING VENUE]



Form No. MGT – 11**PROXY FORM**

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

CIN: U67190MH2007PLC174287**Name of the Company: JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED****Registered Office:** 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025**Tel:** +91 22 6630 3030 **Fax:** +91 22 6630 3223 **Website:** www.jmfinancialarc.com **Email:** vineet.singh@jmfl.com

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

I/We, being the member(s) holding _____ shares of the above named Company, hereby appoint:

1. Name: _____

Address: _____

E-mail Id: _____

Signature: _____, or failing him

2. Name: _____

Address: _____

E-mail Id: _____

Signature: _____, or failing him

3. Name: _____

Address: _____

E-mail Id: _____

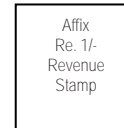
Signature: _____, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **EXTRAORDINARY GENERAL MEETING** of the Company, to be held on **Thursday, January 25, 2024** at 5.30 p.m. at 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025 and at any adjournment thereof in respect of Special Resolutions as indicated below:

Resolution No.	Business to be transacted
1.	Re-appointment of Dr. Vijay Kelkar (DIN: 00011991) as an independent director of the Company
2.	Approval for issuance of Optionally Convertible Debentures on a preferential basis

Signed this _____ day of _____ 2024

Signature of the Member _____



Signature of Proxy holder(s) _____

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 Extraordinary General Meeting.



SAMIR GAJJAR & CO.

Chartered Accountants

31st December, 2023

JM Financial Asset Reconstruction Company Limited

7th Floor, Cnergy, Appasaheb Marathe Marg,

Prabhadevi, Mumbai – 400025

Dear Sir,

Ref: Valuation of Optionally Convertible Debentures of Your Company

I. TERMS OF REFERENCE

- 1.1 We refer to respective engagement letter dated 29th December, 2023 wherein we have been requested to determine the fair value of Optionally Convertible Debentures (“OCDs”) of **JM Financial Asset Reconstruction Company Limited**.

The valuation is done as per requirement of Section 56(2)(x) of the Income-tax Act, 1961 and for Section 62 of the Companies Act, 2013 and rules issued thereunder.

We hereby submit our report as under.

Proprietor: **Mr. Samir Gajjar**, F.C.A., Registered Valuer (Securities), B. com.

Address: E-401, Bhoomi Enclave, Mahavir Nagar, Kandivali West, Mumbai 400067



766643300



gajjar.samir@gmail.com



II. BACKGROUND OF THE COMPANY

- 2.1 **JM Financial Asset Reconstruction Company Limited** (“**JMFARC**” or “**the Company**”) is a Public Limited Company incorporated under the Companies Act, 1956. The Company was incorporated on September 19, 2007. The Company is a subsidiary of JM Financial Limited.

The Company is an Asset Reconstruction Company and is registered with the Reserve Bank of India under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (also known as the SARFAESI Act). It is in the business of acquisition of Non-Performing Assets (NPAs) and resolution of these assets.

- 2.2 JMFARC proposed to issue Optionally Convertible Debentures (“OCDs”). JMFARC has appointed us to carry out the valuation of the OCDs, to ascertain their fair value for this purpose.

III. INFORMATION RELIED UPON BY US

- 3.1 In valuing the OCDs of JMFARC, we have considered various information and explanations that were provided to us by the Company and those which we thought were relevant. In particular, we considered the information mentioned below pertaining to the Company.

- (a) Unaudited Financials of JMFARC for the period ended 30th September 2023;
- (b) Terms of OCDs;
- (c) Representations made to us by the Management;

- 3.2 Other information and explanations provided to us for this assignment by its management.

SAMIR GAJJAR & CO. Chartered Accountants (Registered Valuer)

2 | Page



IV. DISCLAIMERS

- 4.1 We do not vouch for the accuracy of the financials relied by us during the course of this valuations. We have not independently verified the said financials. We have only raised various questions or sought information and explanations about the financials to understand them.

This Report does not constitute an audit or due diligence or certification of the financial statements of **JMFARC**. Further, we assume no responsibility for any errors in the information submitted by the Management and their impact on the present exercise.

- 4.2 No enquiry into the Company claim to assets or property has been made for the purposes of the valuation. With regard to the Company claim to the same, we have solely relied upon Management representations.
- 4.3 This Report is issued on the understanding that **JMFARC** have drawn our attention to all the relevant matters, of which they were aware, concerning their respective financial positions and businesses which may have an impact on our Report. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

V. BASIS OF VALUATION

- 5.1 Under Section 62 of the Companies Act and Rule 13 of Companies (Shares and Debentures) Rules 2014, a company can issue convertible securities on preferential basis with an option to determine the resultant shares either upfront or at time of conversion. The relevant portion of the rule states as under:

“h) where convertible securities are offered on a preferential basis with an option to apply for and get equity shares allotted, the price of the resultant shares pursuant to conversion shall be determined-

SAMIR GAJJAR & CO. Chartered Accountants (Registered Valuer)

3 | Page



- (i) either upfront at the time when the offer of convertible securities is made, on the basis of valuation report of the registered valuer given at the stage of such offer, or
- (ii) at the time, which shall not be earlier than thirty days to the date when the holder of convertible security becomes entitled to apply for shares, on the basis of valuation report of the registered valuer given not earlier than sixty days of the date when the holder of convertible security becomes entitled to apply for shares:

Provided that the company shall take a decision on sub-clauses (i) or (ii) at the time of offer of convertible security itself and make such disclosure under sub-clause (v) of clause (d) of sub-rule (2) of this rule"

In the current case, since the conversion formula is to be determined at time of conversion and not upfront, we cannot issue valuation of the OCDs under the aforesaid rules. The company will have to obtain a fresh valuation at the time of conversion of the OCDs.

For purpose of valuation of unquoted securities other than equity shares, u/s 56(2)(x) read with rule 11UA(1)(c), the valuation would be the price that the security would fetch in the open market. No method is prescribed for valuation under the said rule. In absence of any specified method, valuer can follow any of accepted methods of valuation.

- 5.2 The value of OCDs is derived from combination of various values. Few of the points which add value to the OCD value are as under:

(1) **The Redemption Price:**

The present value of the redemption price forms one part of the value of OCD. While calculating the present value, the coupon / interest on the OCD and also the redemption premium is considered in the cashflow. The cashflow is discounted at the cost of capital of the investor.

The OCDs proposed to be issued by JMFARC are to be redeemed at a premium mutually decided by both the parties. The redemption can be done at any time from

SAMIR GAJJAR & CO. Chartered Accountants (Registered Valuer)

4 | Page



date of issue till the end of tenure of 8 years from date of issue. The management has clarified that the premium on redemption shall be mutually decided. It shall be over and above the face value of the OCDs. In calculating the fair value of the OCDs, we have assumed the redemption at face value. In other scenario, based on discussion with the management, we have told by the Management to assume the redemption at premium of 10% per annum (see Annexure-1). The actual redemption can be at higher premium as well. Further, we have been informed that the company will consider the redemption option in the initial 3 years and post that it may consider the conversion option. Accordingly, we have assumed the fair value of the OCDs based on the present value of initial 3 years of redemption price.

(2) **The Conversion formula**

Since the OCDs are to be converted into equity shares, the value of the base equity shares form part of the valuation of the OCDs. However, in order to determine the valuation based on conversion option, the conversion formula should be known upfront.

The OCDs proposed to be issued by JMFARC, will be convertible into equity shares after a period of 3 years at option of JMFARC. The conversion price is to be determined based on valuation report of a registered valuer taken not earlier than 60 days from the date of conversion.

Since the base number of the equity shares to be issued on conversion is not known, it is not possible to value the OCDs using the conversion formula.

(3) **The value of the Option for conversion**

The OCDs are issued with an inbuilt option of conversion. Value of a convertible security consists of the option component as well. In the valuation of the OCDs, the valuation of option is done using either the Black-Scholes model or the Binomial



Option pricing model. However, in this case since the conversion price is not known, it is not possible to value the option using the above-mentioned methods.

5.3 **Method Adopted by Us**

Valuation of the OCDs has been arrived at as follows:

- (a) The present value of minimum redemption price is considered.
- (b) The value of shares to be issued on conversion is not considered as the same is not known as on date of valuation.
- (c) The value of shares to be issued on conversion is not considered as the same is not known as on date of valuation.

VI. **VALUE OF OCDs**

Based on the tenure of redemption and assuming redemption at par, the fair value of OCDs of JMFARC comes in the range of **Rs. 712 to Rs. 893 per OCD of face value of Rs. 1000 each.**

Further, assuming a redemption premium of 10% per annum, the fair value of OCDs of JMFARC comes in range of **Rs. 947 to Rs. 982 per OCD of face value of Rs. 1000 each.** The fair value of the OCDs can be higher than the value determined above if the redemption premium is higher than 10% per annum.

VII. **NOTICE**

- 7.1 This Report is furnished solely for the use of JMFARC for the purpose of determining the fair value of OCDs for the purposes of fresh issue and should not be used for any other purpose without our prior written consent.

SAMIR GAJJAR & CO. Chartered Accountants (Registered Valuer)

6 | Page



- 7.2 The information contained herein and our Report are absolutely confidential. We are not responsible to any other person / party for any decision of such person or party based on this Report.

Any person / party intending to provide finance / invest in the shares / business of any of the Companies shall do so after seeking its own professional advice and after carrying out its own due diligence procedures to ensure that it is making an informed decision.

For **SAMIR GAJJAR & COMPANY**
CHARTERED ACCOUNTANTS



CA SAMIR GAJJAR
PROPRIETOR

Registered Valuer No. IBBI/RV/05/2019/12084

31st December, 2023

UDIN: 24118434BKCYPX7245

JMFARC

Valuation of OCDS as on 31st December 2023

Discounting Rate

12%

(Amount in Rs.)

Sr	Particulars	Y1	Y2	Y3	Remarks
1	Redemption at Face value				
a	Redemption price	1,000	1,000	1,000	Face Value
b	Discounting Factor	0.89	0.80	0.71	
c	PV	893	797	712	
2	Redemption at 10% Premium per annum				
a	Redemption price	1,100	1,210	1,331	Premium of 10% P.A.
b	Discounting Factor	0.89	0.80	0.71	
c	PV	982	965	947	
		<u>Minimum</u>	<u>Maximum</u>		
	Valuation Range - Face value	712	893		
	Valuation Range - 10% Premium	947	982		

