

VENTURA GUARANTY

To
BSE Limited
Corporate Relationship Department
P J Towers, 1st Floor,
Dalal Street, Fort,
Mumbai-400 001

Scrip Code: 512060

Sub: Application seeking approval under Regulation 37 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 for the Scheme of Merger by Absorption of Kashmir Investment And Leasing Private Limited (KILPL) (Transferor Company) with Ventura Guaranty Limited (VGL) (the Transferee Company) and their respective shareholders under Sections 230 -to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme")

TO WHOM SO EVER IT MAY CONCERN

The Contact Details are as under.

Name of the contact Person	Mrs. Sudha Ganapathy
Designation	Company Secretary & Compliance Officer
Telephone Numbers - Land Line Mobile	022 - 6774 7531 99870 72971
Email ID	sudha.ganapathy@ventura1.com

OR

Name of the contact Person	Mr. Narayan Parekh
Designation	Practicing Company Secretary
Telephone Numbers - Land Line Mobile	022 - 20814500 98190 99366
Email ID	np@prssec.com

Thanking you,
Yours Faithfully,
For Ventura Guaranty Limited


Sudha Ganapathy

Company Secretary and Compliance Officer

Place: Thane

Date: 9th July, 2024



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The List of comparable companies considered for comparable companies' multiple method is as under:

1. The Comparable Companies Multiple Methods (CCM) is not used for Ventura Guaranty Limited (VGL) - the Transferee Company
2. The Comparable Companies Multiple Methods (CCM) is used for valuation of Ventura Securities Limited (VSL) which is a subsidiary of Ventura Guaranty Limited.

The list of companies used for CCM is as under:

<u>Guideline Companies</u>	<u>Remarks</u>
Geojit Financial Services Ltd	Inlier, hence considered
ICICI Securities Ltd	Inlier, hence considered
Share India Securities Ltd	Inlier, hence considered
IIFL securities Ltd	Inlier, hence considered
Angel One Ltd	Inlier, hence considered
Monarch Network Capital Ltd	Inlier, hence considered
Median Multiple	



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3. The Comparable Companies Multiple Methods (CCM) is used for valuation of Kashmira Investment and Leasing Private Limited (KILPL) the Transferor Company.

The list of companies used for CCM is as under:

Guideline Companies	Remarks
Shriram Finance Ltd	Inlier, hence considered
Indiabulls Housing Finance Co Ltd	Outlier, hence ignored
Mahindra and Mahindra Financial Services Ltd	Inlier, hence considered
Muthoot Finance Ltd	Inlier, hence considered
Coral India Finance & Housing Ltd	Inlier, hence considered
Star Housing Finance Ltd	Outlier, hence ignored
Sahara Housing Finance Corporation Ltd	Inlier, hence considered
SRG Housing Finance Ltd	Inlier, hence considered
KIFS Financial Services Ltd	Inlier, hence considered
Kalyan Capitals Ltd	Inlier, hence considered
Odyssey Corporation Ltd	Inlier, hence considered
Baid Finserv Ltd	Inlier, hence considered

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The detailed rationale used by the Registered Valuer for arriving at the swap ratio for issuance of shares as proposed in the draft scheme of arrangement by the Board of Directors of the listed company is as under:

The basis of merger of KILPL with VGL would have to be determined after taking into consideration all the factors and applicable methodologies as mentioned below -

- Market Price method under the Market approach
- Comparable Companies' Multiples method / Guideline Company method under the Market approach
- Discounted Cash Flows method/Earnings Capitalisation method under Income approach
- Net Asset Value method under Asset approach

Though different values have been arrived at under each of the above applicable methodologies, for the purposes of recommending a fair entitlement ratio of equity shares it is necessary to arrive at a single value for the equity shares of VGL and KILPL. It is however important to note that in doing so, the valuer is not attempting to arrive at the absolute equity values of VGL and KILPL but at their relative values to facilitate the determination of a fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.



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VGL

The Valuer has applied 100% weight to the value estimated using the Adjusted Net Asset Value (ANAV) method under the Asset approach, as VGL operates as a financial holding company and predominantly derives its value from its underlying investments.

KILPL

The Valuer has applied 50% weight to the value(s) estimated using the CCM method under the Market approach, to capture the market perspective, which is based on external factors such as industry trends and market orientations in the industry in which the Company operates.

The Valuer has applied an aggregate weight of 50%, i.e. 25% each to the value(s) estimated using the DCF and PECV methods, under the Income approach, to capture the earnings potential of the Company which is based on internal factors such as the future economic benefits that the company can generate for a business owner (or investor).

The Valuer has applied 0% weight to the value computed using the NAV method under the Asset approach, as the asset values reflected in books of accounts do not represent value of earnings potential of the Company's business and also that the Company's assets base does not exceed its earnings capability.

The Valuer has considered the methods as deemed appropriate, and as detailed, in "Valuation Approaches and Methodologies" section of the Valuer's Report dated 29.6.24, attached to the application and applied weights, as deemed appropriate and as detailed above, to the equity values computed using each of those methods to arrive at our value recommendation.

Valuation Master Summary										
Valuation Approach	Valuation Method	VGL (A)				KILPL (B)				
		Annexure Reference	Value (INR)	Weight	Weighted value	Annexure Reference	Value (INR)	Weight	Weighted value	
			per share	(i)			(ii)	per share		(iv)
Market	Market Price		(i)	-	-	-	(v)	-	-	-
Market	Comparable Companies Multiple		(ii)	-	-	-	II	1,079.95	50.00%	539.97
Income	Discounted cash flow		(iii)	-	-	-	III	1,119.53	25.00%	279.88
Income	Price Earnings Capitalisation		(iv)	-	-	-	IV	1,225.27	25.00%	306.32
Asset	Adjusted Net Asset Value	I		1,334.66	100.0%	1,334.66	V	342.00	-	-
Relative value per share						1,334.66			100.0%	1,126.17
Exchange ratio (B/A)										0.8438
Exchange ratio (Rounded off)(B/A)										0.8400
<i>(i) Market Price method under Market Approach could not be used as VGL's equity shares have not been traded at the exchange for past several years and as such no share price is available</i>										
<i>(ii) CCM method under Market Approach could not be used as VGL operates as an Investment Holding Company and as such, does not have any material independent business operations</i>										
<i>(iii)/(iv) Discounted cash flow method ("DCF") /Price earnings capitalisation method ("PECV") under Income Approach could not be used as VGL operates as an Investment Holding Company and as such, does not have any material independent business operations.</i>										
<i>(v) Market Price method under Market Approach could not be used as KILPL is a private limited company and as such its equity shares are not listed .</i>										



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The Scheme will be beneficial to the public shareholders of the Listed Entity i.e. Ventura Guaranty Limited (VGL) for the reason as under:

Kashmira Investment and Leasing Private Limited (KILPL) is a NBFC registered with Reserve Bank of India ("RBI") and is a non-systematically important, non-deposit taking Non-Banking Finance Company (NBFC) registered with RBI. It is inter-alia engaged in the business of lending and borrowing against the securities. KILPL also trades and invests in securities. They carry out all the objectives of a NBFC.

KILPL is a profit-making company. The public shareholders of VGL, post-merger of KILPL with VGL will directly participate in the profits and assets of KILPL.

The proposed amalgamation of KILPL into VGL will provide VGL with opportunities for synergy, diversification, enhanced financial strength, geographic expansion, operational efficiencies, access to resources, and access to new markets, ultimately creating value for both companies' stakeholders.

The benefits to the Public Shareholders of the listed company are as under.

- Integration of business operations would enable the Transferee Company to provide significant impetus to its growth;
- Create value for public shareholders as the combined business would benefit from increased scale, innovations in technology and expanded reach with increased growth opportunities, higher cross selling opportunities to a larger base of customers, improvement in productivity and operational efficiencies, amongst others

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- Avoidance of duplication of administrative functions, reduction in multiplicity of legal and regulatory compliances
- Free up management bandwidth especially of senior management towards more products and value generating activities thereby increasing value to the Transferee Company.

The Pre and Post shareholding pattern of Ventura Guaranty Limited is as under.

Shareholding pattern of VGL - Transferee	Pre		Post	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter	22,13,644	69.29	27,32,020	70.90
Public	9,81,156	30.71	11,21,525	29.10
Custodian	0	0	0	0
TOTAL	31,94,800	100	38,53,545	100

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- The Income Approach method has not been used for Ventura Guaranty Limited (VGL) the Transferee Company.
- The Income Approach method has been used for Kashmira Investment And Leasing Private Limited (KILPL) the Transferor Company

INCOME APPROACH - KILPL - PECV - Reason for PAT - Average of Last Years

<u>Annexure</u>	<u>IV(b)</u>	<u>Computation of Maintainable Profit after tax ("PAT") (##)</u>	
<u>Particulars</u>	<u>Unit</u>	<u>Reference</u>	<u>Value</u>
Profit (loss) after tax for the year ended 31.3.22 (#)	INR lacs	A	721.13
Profit (loss) after tax for the year ended 31.3.23 (#)	INR lacs	B	618.95
Profit (loss) after tax for the year ended 31.3.24 (#)	INR lacs	C	557.46
Average PAT	INR lacs	D=Average (A,B,C)	632.51
Maintainable PAT considered for valuation	INR lacs	E=D	632.51
(#) Excluding comprehensive income(loss)			
(##) Based on Standalone Financial statements/Published Quarterly Results			

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➤ PAT and Revenue (value and %)

Fig in INR lakhs	<u>FY23</u>	<u>FYE24</u>	<u>FYE25</u>	<u>FYE26</u>	<u>FYE27</u>	<u>FYE28</u>	<u>FYE29</u>
Income statement							
	<u>Audited</u>	<u>Audited</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Total revenue	1,271.54	1,048.5	1,258.2	1,509.8	1,811.8	2,128.9	2,501.4
YoY Growth		-17.5%	20.0%	20.0%	20.0%	17.5%	17.5%
PAT	618.95	557.46	710.27	889.12	1,104.29	1,330.83	1,597.56
Margin	48.7%	53%	56%	59%	61%	63%	64%

PAT margins will increase on account of YOY increase in revenue resulting from increased lending in business operations and stabilization of costs .

- The Income Approach method has been used for Ventura Securities Limited the subsidiary of Ventura Guaranty Limited the Transferee Company

➤ PECV - REASON FOR PAT - AVERAGE OF LAST YEARS

<u>Annexure</u>	<u>I(ii)(c)(ii)</u>	<u>Computation of Maintainable Profit after tax ("PAT") (##)</u>		
		<u>Unit</u>	<u>Reference</u>	<u>Value</u>
Profit (loss) after tax for the year ended 31.3.22 (#)		INR lacs	A	4,301.91
Profit (loss) after tax for the year ended 31.3.23 (#)		INR lacs	B	3,205.42
Profit (loss) after tax for the year ended 31.3.24 (#)		INR lacs	C	5,690.04
Average PAT		INR lacs	D=Average(A,B, C)	4,399.12
Maintainable PAT considered for valuation		INR lacs	E=D	4,399.12
<i>(#) Excluding comprehensive income(loss)</i>				
<i>(##) Based on Standalone Financial statements/Published Quarterly Results</i>				



Fig in INR lakhs	FYE23	FYE24	FYE25	FYE26	FYE27	FYE28	FYE29
Income statement	Audited	Audited	Projected	Projected	Projected	Projected	Projected
Total revenue	19,151.2	25,281.6	30,337.9	36,405.5	43,686.6	50,239.6	57,775.6
YoY Growth	-4.9%	32.0%	20.0%	20.0%	20.0%	15.0%	15.0%
PAT	3,205.4	5,690.04	6,720.5	8,122.6	9,800.5	11,306.6	13,035.5
Margin	16.7%	22.5%	22.2%	22.3%	22.4%	22.5%	22.6%
PAT % YoY Growth	-25%	78%	18%	21%	21%	15%	15%

PAT margins will stabilize as YOY increase in revenue due to increased broking business will be offsetted by corresponding increase in associated direct costs and stabilization of EBIT margins.

Thanking you,
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Sudha Ganapathy

Company Secretary and Compliance Officer



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