

FAIRNESS OPINION REPORT

FOR THE PROPOSED AMALGAMATION OF

JAYATMA ENTERPRISES LIMITED
(TRANSFEROR COMPANY)

AND

JAYATMA TECHNOLOGIES PRIVATE LIMITED
(TRANSFeree COMPANY)

UNDER SECTION 230 - 232 OF THE COMPANIES ACT, 2013



30th December, 2021

Strictly Private & Confidential



To
The Board of Directors
Jayatma Enterprises Limited
259, 3rd Floor, New Cloth Market,
Outside Raipur Gate,
Ahmedabad, Gujarat 380002.

To
The Board of Directors
Jayatma Technologies Private Limited
259, 3rd Floor, New Cloth Market,
Outside Raipur Gate,
Ahmedabad, Gujarat 380002.

Sub: Fairness Opinion on Equity Share Exchange Ratio pursuant to the proposed Scheme of amalgamation of Jayatma Enterprises Limited (Transferor Company) with Jayatma Technologies Private Limited (Transferee Company).

Dear Sir,

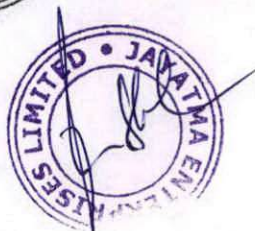
We refer to our discussion wherein management of Jayatma Enterprises Limited and Jayatma Technologies Private Limited, who appointed Corporate Professionals Capital Private Limited (SEBI registered category I Merchant Banker) to provide a Fairness Opinion on the share exchange ratio certified by Ajay Siwach, Registered in connection with the proposed amalgamation of Jayatma Enterprises Limited (Transferor Company) with Jayatma Technologies Private Limited (Transferee Company), pursuant to a Scheme of Amalgamation under Sections 230 to 232 and other applicable clauses of the Companies Act, 2013.

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the caveats to this opinion. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") read with SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of **Corporate Professionals Capital Private Limited**, such consent will only be given after full consideration of the circumstances at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges, Hon'ble National company Law Tribunal ("NCLT") and notices to be dispatched to the shareholders and creditors for convening the meeting pursuant to the directions of Hon'ble NCLT and we provide consent for the same.

Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,
For Corporate Professionals Capital Private Limited

[Authorized Signatory]



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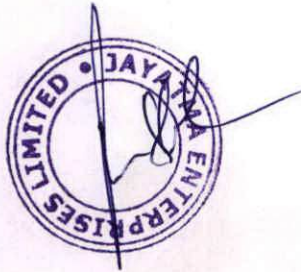
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CONTEXT AND BACKGROUND

The Transferor Company and Transferee Company are companies with common Promoter Group and management personnel and hence to eliminate the duplication of various processes and to achieve inter-alia economies of scale and administrative efficiency, the amalgamation of Transferor Company into the Transferee Company is being undertaken.

Amalgamation of the Transferor Company and the Transferee Company would lead to a more efficient utilization of capital and cashflow, enhanced goodwill, integration of business functions and manpower which would lead to synergies in operation arising from consolidation of various projects and products leading to efficient utilization of resources including benefits arising out of economies of large scale, enhanced bargaining power, enhanced research and development capabilities and lower operating costs. Upon coming into the Amalgamation, the Transferee Company will be engaged in business of IT related services and textile products.



BRIEF ABOUT COMPANIES

1. **JAYATMA ENTERPRISES LIMITED** (herein after also referred to as 'JEL' or 'Transferor Company') bearing CIN L17110GJ1979PLC003355 was incorporated on 31st March, 1979 under the provisions of Companies Act, 1956 having its registered office at 259, 3rd Floor, New Cloth Market, Outside Raipur Gate, Ahmedabad, Gujarat 380002.
- Transferor Company is incorporated to engage, inter-alia, in the business textile products. However, it is currently having income from leasing activities (Leave & License Charges Income).

Audited Balance Sheet of Jayatma Enterprises Limited as on 30th September, 2021:

Particulars	Amt in INR Million
Share Capital	30.00
Reserve and Surplus	33.16
Total Shareholder's Fund	63.16
Non-current Liabilities	5.63
Current Liabilities	2.85
Total Equity and Liabilities	71.64
Non-current Assets	6.60
Current Assets	65.04
Total Assets	71.64

Audited Profit and Loss Statement of Jayatma Enterprises Limited for the 6 months period ended 30th September, 2021:

Particulars	Amt in INR Million
Revenue from Operations	2.74
Other Income	1.84
Total Revenue	4.58
Operating Expenses	1.65
EBITDA	2.93
Depreciation & Amortization	0.27
EBIT	2.66
Finance Cost	0.14
Profit before Tax (PBT)	2.52
Tax	0.88
Profit After Tax (PAT)	1.64

The Capital Structure of the Company as on 30th September, 2021:

Particulars	Amt in INR
Authorized Share Capital	
50,00,000 Equity Shares of INR 10/- each	5,00,00,000
Total	5,00,00,000
Issued, Subscribed and Paid-up Share Capital	
30,00,000 Equity Shares of INR 10/- each	3,00,00,000
Total	3,00,00,000

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2. JAYATMA TECHNOLOGIES PRIVATE LIMITED (herein after also referred to as 'JTPL' or 'Transferee Company'), bearing CIN U17100GJ1987PTC009462 was incorporated on 02nd March, 1987 under the provisions of Companies Act, 1956 having its registered office at 259, 3rd Floor, New Cloth Market, Outside Raipur Gate, Ahmedabad, Gujarat 380002. Transferee Company is engaged, inter alia, in the business of IT related services.

Audited Balance Sheet of Jayatma Technologies Private Limited as on 30th September, 2021:

Particulars	Amt in INR Million
Share Capital	66.00
Reserve and Surplus	22.01
Total Shareholder's Fund	88.01
Non-Current Liabilities	6.20
Current Liabilities	18.56
Total Equity and Liabilities	112.77
Non-Current Assets	31.13
Current Assets	81.64
Total Assets	112.77

Audited Profit and Loss Statement of Jayatma Technologies Private Limited for the 6 months period ended 30th September, 2021:

Particulars	Amt in INR Million
Revenue from Operations	53.25
Other Income	0.23
Total Revenue	53.48
Operating Expenses	50.96
EBITDA	2.52
Depreciation & Amortization	2.09
EBIT	0.43
Finance Cost	0.26
Profit before Tax (PBT)	0.17
Tax	(0.18)
Profit After Tax (PAT)	0.35

The Capital Structure of the Company as on 30th September, 2021:

Particulars	Amt in INR
Authorized Share Capital	
66,00,000 Equity Shares of INR 10/- each	6,60,00,000
Total	6,60,00,000
Issued, Subscribed and Paid up Share Capital	
66,00,000 Equity Shares of INR 10/- each	6,60,00,000
Total	6,60,00,000



SHARE EXCHANGE RATIO FOR AMALGAMATION
SHARE EXCHANGE RATIO FOR AMALGAMATION: -

BSE Circular No. LIST/COMP/02/2017-18 dated 29 May 2017 require the valuation report for a Scheme of Arrangement to provide certain requisite information in a specified format. The disclosures as required under BSE Circular is mentioned below:

Valuation Approach	Methodology Applied	Jayatma Enterprises Limited (Transferor Company)			Jayatma Technologies Private Limited (Transferee Company)		
		Weights	Equity Value	Weighted Average Equity Value	Weights	Equity Value	Weighted Average Equity Value
Asset	Adjusted Book Value	10%	74.60	7.46	10%	89.86	8.99
Market	EV /EBITDA	90%	75.53	67.98	90%	179.84	161.86
	Preferential Allotment	NIL	NIL	NIL	NIL	NIL	NIL
Income	Discounted Cash Flow	NIL	NIL	NIL	NIL	NIL	NIL
Weighted Average Equity Value				75.44	170.85		
No. of Equity Shares				3,000,000	6,600,000		
Value per Equity share (INR)				25.15	25.89		

On the basis of above analysis, the share exchange ratio has been arrived at and accordingly the Transferee Company shall, without any further act or deed and without any further payment, issue and allot equity shares on a proportionate basis to each member of the Transferor Company whose names are recorded in the Register of Members/ List of Beneficial Owners for shares in dematerialized form of the Transferor Company on the Record Date.

CALCULATION OF EXCHANGE RATIO		
Particulars	Jayatma Enterprises Limited (Transferor Company)	Jayatma Technologies Private Limited (Transferee Company)
Value Per Share (INR)	25.15	25.89
Exchange Ratio	1.00	0.97
Exchange Ratio For 100 Shares	100.00	97.00

"JTPL" shall issue and allot 97 (Ninety Seven) Equity Shares to all the Equity Shareholders of "JEL" of Face Value of INR 10/- (INR Ten) each for every 100 (One Hundred) Equity Share of Face Value of INR 10/- (INR Ten) each held by them in the Transferor Company.



CONCLUSION & OPINION

In case of a merger valuation, the emphasis is on arriving at the "relative" values of the shares of the merging companies to facilitate determination of the "share exchange ratio". Hence, the purpose is not to arrive at absolute values of the shares of the companies.

Judicial Pronouncements: -

Hindustan lever Employees' Union v/s Hindustan lever Limited and others (1995) 83 Company cases 30 (SC)

The jurisdiction of the Court in sanctioning a claim of merger is not to ascertain mathematical accuracy if the determination satisfied the arithmetical test. A company court does not exercise an appellate jurisdiction. It exercises a jurisdiction founded on fairness. It is not required to interfere only because the figure arrived at by the valuer was not as good as it would have been if another method had been adopted. What is imperative is that such determination should not have been contrary to law and that it was not unfair for the shareholders of the company which was being merged.

The Hon'ble Supreme Court held "We do not think that the internal management, business activity or institutional operation of public bodies can be subjected to inspection by the court. To do so, is incompetent and improper and, therefore, out of bounds."

The dominance of profits for valuation of share was emphasised in "McCathies case" (Taxation, 69 CLR 1) where it was said that "the real value of shares in a company will depend more on the profits which the company has been making and should be capable of making, having regard to the nature of its business, than upon the amount which the shares would realize on liquidation". This was also re-iterated by the Indian Courts in Commissioner of Wealth Tax v. MahadeoJalan's case (S.C.) (86 ITR 621) and Additional Commissioner of Gift Tax v. Kusumben D. Mahadevia (S.C.) (122 ITR 38).

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. Present and prospective competition, yield on comparable securities, and market sentiments etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share.

Based on the facts of the case, we have valued JEL and JTPL as per Comparable Companies Method (CCM) and Adjusted Net Asset Value (NAV) Method.

"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, we have reviewed the proposed Scheme of Arrangement for Amalgamation with respect to the share exchange ratio aspects and consider it to be fair and reasonable from the point of view of equity shareholders of the Companies.



CAVEATS

- We wish to emphasize that, we have relied on explanations and information provided by the respective management and other publicly available information. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the Restructured Companies.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in the Restructured Company/ies and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion Report. This opinion is issued on the understanding that the Management of the Restructured Companies under the Scheme have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

