

# **FAIRNESS OPINION REPORT**

**FOR THE PROPOSED AMALGAMATION BETWEEN**

**U R ENERGY (INDIA) PRIVATE LIMITED  
(TRANSFEROR COMPANY)**

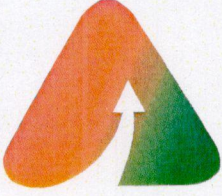
**AND**

**JHAVERI CREDITS AND CAPITAL LIMITED  
(TRANSFeree COMPANY)**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS  
(UNDER SECTION 230 TO 232 OF THE COMPANIES ACT, 2013)**





GSTIN: 07AAICS6488H1ZS  
CIN: U65923DL2001PLC113191

## 3DIMENSION CAPITAL SERVICES LIMITED

SEBI Registered (Category - I) Merchant Banker  
SEBI Registration No. INM000012528

OUR PATH YOUR SUCCESS

Date: - 29/03/2024

To,  
The Board of Directors  
U R ENERGY (INDIA) PRIVATE LIMITED  
B-1,901-906, 9th Floor, Palladium,  
B/H. Divyabhaskar Press, Corporate Road,  
Makaraba, Ahmedabad, Gujarat, India,  
380015

To,  
The Board of Directors  
JHAVERI CREDITS AND CAPITAL LIMITED  
B-2, 907-912, Palladium,  
B/h. Divya Bhaskar Press, Prahladnagar, Nr. Vodafone  
House, Jodhpur Char Rasta, Ahmedabad, Gujarat, India,  
380015

Dear Sir/Ma'am,

**Subject: Fairness Opinion on Equity Share Exchange Ratio pursuant to the proposed Scheme of Arrangement for Amalgamation of U R ENERGY (INDIA) PRIVATE LIMITED ("Transferor Company"/ "UR Energy") with JHAVERI CREDITS AND CAPITAL LIMITED ("Transferee Company"/ "Jhaveri's")**

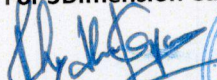
We, 3Dimension Capital Services Limited (SEBI Registered Category I Merchant Banker), have been appointed by U R Energy (INDIA) Private Limited (Transferor Company/ "UR Energy") and Jhaveri Credits And Capital Limited ("Transferee Company"/ "Jhaveri"), to provide a Fairness Opinion on the Valuation report issued by Mr. Sagar Shah, Registered Valuer, dated 28<sup>th</sup> March, 2024, in connection with the proposed amalgamation of UR Energy (Transferor Company) with Jhaveri (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 3Dimension Capital Services 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.

Trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully

For 3Dimension Capital Services Limited

  
Rhydham Kapoor  
Executive Director



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## CONTEXT AND BACKGROUND

The Transferor Company develops, installs and supplies solar power systems for Residential, Commercial and Utility scale customers. It is engaged in the business development, installation and supply of solar power system.

The Transferee Company is inter alia engaged in the business of trading, import-export of solar panels, inverters, cables and other electronic accessories and also engaged in commodity broking. The Transferee Company was originally incorporated on 7 October 1993. The equity shares of Transferee Company are listed on BSE Limited (stock exchange).

The Transferor Company and Transferee Company being in the same business of renewable energy and manufacturing of semi-conductors (and trading of related parts), they have decided to amalgamate the Transferor Company with Transferee Company because of the business line which presently compliments the business of each other. Further, proposed amalgamation will also provide an opportunity to leverage combined assets and build a stronger sustainable business.

Accordingly, the management of the Transferor Company and Transferee Company believes that after this proposed merger, they can achieve cost saving as they will be capitalizing each other's core competency.

Furthermore, this Scheme of Arrangement for Amalgamation of the Transferor Company with the Transferee Company would result, inter-alia, in the following additional benefits:

- The Transferor Company and Transferee Company being in the same business of renewable energy and manufacturing of semi-conductors (and trading of related parts), it is decided to amalgamate the Transferor Company with Transferee Company because of the business line which presently compliments the business of each other;
- The amalgamation is in line with the Transferee and Transferor Company's strategy to build a sustainable and profitable business in India;
- It would be advantageous to combine the activities and operations of the Transferor Company with Transferee Company (i.e., into a single company) for synergistic linkages and benefit of combined financial resources;
- Amalgamation of the Transferor Company with the Transferee Company will also provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, merger will enable optimal utilisation of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required for meeting its working capital needs and other purposes;
- Greater scale of economy and greater financial strength and flexibility for the Transferee Company, which would result in maximising overall shareholder value and will improve the competitive position of the combined entity;
- The Scheme will result in cost saving for both the companies as they are capitalising each other's core competency and market which is expected to result in higher profitability levels and cost savings for the Transferee Company;
- Transferor as well as Transferee Company share common fundamental philosophies viz. corporate transparency and better governance. The Companies also share common corporate values.

## BRIEF ABOUT COMPANIES

1. **U R ENERGY (INDIA) PRIVATE LIMITED** or the “Transferor Company” (CIN: U40108GJ2011PTC067834) is a private limited company incorporated under the provisions of Companies Act, 1956 having its registered office at B-1,901-906, 9TH Floor, Palladium, B/h. Divyabhaskar Press, Corporate Road, Makaraba, Ahmedabad, Gujarat 380015, India. The Transferor Company was originally incorporated with the name V City Entertainments Private Limited on 16 November 2011 having registered office at 206, Shanti Arcade, Nr. Akhash-III, 132 Ft. Ring Road, Naranpura, Ahmedabad 380013, Gujarat India. The name of Transferor Company was changed to Universal Renewal Energy Private Limited vide certificate issued on 11 June 2014. The name of Transferor Company was changed to U R Energy (India) Private Limited on 10 February 2015.

The Transferor Company develops, installs and supplies solar power systems for Residential, Commercial and Utility scale customers. It is engaged in the business development, installation and supply of solar power system.

### UR Energy's Balance Sheet as of 31<sup>st</sup> December, 2023:

Particulars	Amount in INR
Share Capital	1,16,32,640
Reserves and Surplus	6,98,74,551
Non-Current Liabilities	17,41,13,281
Current liabilities and provisions	1,51,75,857
<b>Equity &amp; Liabilities</b>	<b>27,07,96,329</b>
Non-Current Assets	31,83,908
Current Assets	26,76,12,421
<b>Total Assets</b>	<b>27,07,96,329</b>

### UR Energy's Statement of Profit & Loss for 9 Months period ended 31<sup>st</sup> December 2023:

Particulars	Amount in INR
Revenue from Operations	33,96,53,896
Other Income	14,02,791
<b>Total Revenue</b>	<b>34,10,56,687</b>
Operating Expenses	31,94,47,717
<b>EBITDA</b>	<b>2,16,08,970</b>
Depreciation & Amortization	5,49,070
Finance Cost	91,63,040
<b>Profit before Tax (PBT)</b>	<b>1,18,96,857</b>

### The Capital Structure of the Company as on 31<sup>st</sup> December, 2023:

Particulars	Amount (INR)
Authorized Share Capital	3,50,00,000

35,00,000 Equity Shares of Rs.10/- each	
<b>Total</b>	<b>3,50,00,000</b>
Issued, Subscribed, and Paid-Up Share Capital 11,63,264 Equity Shares of Rs.10/- each fully paid up	<b>1,16,32,640</b>
<b>Total</b>	<b>1,16,32,640</b>

Further, the company has also issued 19,71,50 number of shares towards preferential issue and 59,334 number of shares towards conversion of loan.

2. **JHAVERI CREDITS AND CAPITAL LIMITED** or the “Transferee Company” (CIN: L65910GJ1993PLC020371), is public listed company, limited by shares, incorporated under the provisions of Companies Act, 1956 having its registered office at B-2, 907-912, Palladium, B/h. Divya Bhaskar Press, Prahlad nagar, Vodafone House, Jodhpur Char Rasta, Ahmedabad, Gujarat, India 380015.

The Transferee Company is listed and its shares are publicly traded on Bombay Stock Exchange (BSE). It is a public-listed Indian company with an authorized share capital of ₹3,50,00,000.00 and a paid-up capital of ₹ 1,16,32,640.

The Transferee Company is inter alia engaged in the business of trading, import-export of solar panels, inverters, cables and other electronic accessories and also engaged in commodity broking.

**Jhaveri’s Balance Sheet as of 31<sup>st</sup> December, 2023:**

Particulars	Amount in INR
Share Capital	6,46,33,000
Reserves and Surplus	3,42,98,000
Non-Current Liabilities	1,00,00,000
Current liabilities and provisions	54,78,000
<b>Equity &amp; Liabilities</b>	<b>11,44,09,000</b>
Non-Current Assets	1,46,08,000
Current Assets	9,98,01,000
<b>Total Assets</b>	<b>11,44,09,000</b>

**Jhaveri’s Statement of Profit and Loss for 9 Months period ended 31<sup>st</sup> December 2023:**

Particulars	Amount in INR
Revenue from Operations	10,49,65,000
Other Income	20,66,000
<b>Total Revenue</b>	<b>10,70,31,000</b>
Operating Expenses	8,54,76,000
<b>EBITDA</b>	<b>2,15,55,000</b>
Depreciation & Amortization	1,76,000
<b>EBIT</b>	<b>2,13,79,000</b>
Finance Cost	-
<b>Profit before Tax (PBT)</b>	<b>2,13,79,000</b>

**The Capital Structure of Jhaveri as at 31<sup>st</sup> December, 2023:**

Particulars	Amount (INR)
<b>Authorized Share Capital</b>	
70,00,000 Equity Shares of Rs. 10/-each	10,00,00,000
30,00,000 Preference share of Rs. 10/- each	
<b>Total</b>	<b>10,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
64,63,300 Equity Shares of Rs. 10/-each fully paid up	6,46,33,000
<b>Total</b>	<b>6,46,33,000</b>

Further, the company has also issued fresh 25,22,636 Equity shares to shareholders on 6<sup>th</sup> March 2024.

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## SHARE EXCHANGE RATIO FOR AMALGAMATION

### SHARE EXCHANGE RATIO FOR AMALGAMATION: -

BSE Circular No. LIST/COMP/02/2017-18 dated 29 May 2017 requires the valuation report for a Scheme of Arrangement to provide certain requisite information in a specified format.

Valuation Approach	Methodology Applied	U R Energy (India) Private Limited (Transferor)			Jhaveri Credits And Capital Limited (Transferee)		
		Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)	Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)
Asset	Adjusted Book Value	Nil	Nil	215.91	Nil	Nil	426.71
Market	Comparable Companies Multiples	Nil	Nil		Nil	Nil	
	Market Price Method	Nil	Nil		100%	426.71	
Income	Discounted Cash Flow	100%	215.91		Nil	Nil	

Based on the 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 of the Transferor Company on the Record Date.

Calculation of Exchange Ratio		
Company Name	U R Energy (India) Private Limited (Transferor)	Jhaveri Credits And Capital Limited (Transferee)
Equity Value Per Share (INR)	215.91	426.71
Exchange Ratio	500	253

“Jhaveri Credits and Capital Limited” (Transferee Company) shall issue and allot 253 (Two Hundred Fifty-Three) Equity Shares of Face Value of INR 10.00/- (Rupees Ten Each) each to Equity Shareholders of “U R Energy (India) Private Limited” (Transferor Company) for every 500 (Five Hundred) Equity Share of Face Value of INR 10.00/- (Rupees Ten Each) each held by them in the Transferor Company.



**Method of Valuation:** There are three approaches to Valuation namely Income, Asset and Market Approaches.

Approach	Valuation Methodologies	Basis of Consideration
Asset	Adjusted Net Asset Value (NAV) Method	<p>The Asset-based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value.</p> <p><b>In the current scenario, we have found it inappropriate to utilize the Net Asset Value (NAV) method for both companies. This decision stems from the method's inherent subjectivity, which make it less reliable in this context.</b></p>
Market	Comparable Companies Multiples (CCM) Method	<p>This methodology uses the valuation ratio of a publicly traded company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g., Revenue, EBITDA, EBIT, Earnings per Share, or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs.</p> <p><b>In the case of the transferee company i.e. Jhaveri, it is publicly listed on the Bombay Stock Exchange (BSE) and experiences active trading. Therefore, in this case, we have deemed it appropriate to utilize the BSE's market price as the foundation for our valuation exercise, rather than relying on other methods for the Transferee Company (VWAP of 90 days or 10 days).</b></p>
Income	Discounted Free Cash Flow (DFCF) Method	<p>DFCF method expresses present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that value of a business is measured in terms of future cash flow streams, discounted to present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to the Firm and discounting the same with the Weighted Average cost of capital (WACC). The DFCF methodology is the most appropriate basis for determining the earning capability of a business. In this approach, appraiser estimates cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met.</p> <p><b>In the instant case, we have considered this methodology for the calculation of the equity value of transferor company i.e. UR Energy based on their future net cash flows. After considering their business plan, we have calculated the Equity value by adjusting their investment and cash balance on the date of valuation.</b></p>

## CONCLUSION & OPINION

In case of a valuation for Amalgamation, 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 Ilever Employees’ Union v/s Hindustan Ilever 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 to the shareholders of the company that was being merged.

The Hon’ble Supreme Court held “I 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 the valuation of shares was emphasized 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 considering 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 **U R ENERGY (INDIA) PRIVATE LIMITED (Transferor Company/ “UR Energy”)** and **JHAVERI CREDITS AND CAPITAL LIMITED (“Transferee Company/ “Jhaveri”)** as per the Internationally Accepted Methodologies.

*“Subject to the 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, the Valuation Report dated 28<sup>th</sup> March 2024 of Mr. Sagar Shah, Registered Valuer, 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.

