

REPORT OF THE MEETING OF AUDIT COMMITTEE OF JHAVERI CREDITS AND CAPITAL LIMITED FOR RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF U R ENERGY (INDIA) PRIVATE LIMITED WITH JHAVERI CREDITS AND CAPITAL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON SATURDAY, MARCH 30, 2024 AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT B-2, 907-912 PALLADIUM, B/H DIVYA BHASKAR PRESS, PRAHLADNAGAR IN, NR VODAFONE HOUSE, AHMEDABAD – 380015 AT 3:00 PM

MEMBERS PRESENT: (PHYSICALLY)

1. Mr. Pranav Patel (Chairman) (DIN: 07226291)
2. Mr. Keyoor Bakshi (DIN: 00133588)
3. Mr. Paresh Patel (DIN: 02352677)

In Attendance of

Mr. Bhushan Pithe (Chief Financial Officer)
Mr. Nevil Sheth (Company Secretary & Compliance Officer)

1. Background :

- 1.1 The Proposal to consider and recommend draft Scheme of Amalgamation in the nature of merger / amalgamation of U R Energy (India) Private Limited ("**Transferor Company**" / "**U R Energy**") with Jhaveri Credits and Capital Limited ("**Transferee Company**" / "**Jhaveri**") and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 read with applicable rules made there under. "**Scheme**" was placed before and considered by members of the Audit Committee at its meeting held on 30-03-2024.
- 1.2 The Equity Shares of Jhaveri Credits and Capital Limited are listed on BSE Limited ("**BSE**"). The Company will be filing the Scheme along with the necessary documents/ information with the BSE for their No Objection or No Observation Letter pursuant to Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**") and applicable statutory provisions.
- 1.3 The Report of the Audit Committee is made to comply with the requirements of SEBI LODR Regulations and master circular in relation to scheme of arrangement issued by SEBI having No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 covering all circulars issued by SEBI in relation to scheme of arrangement including any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of SEBI LODR Regulations ("**SEBI Master Circular**") considering following :
 - A. Valuation report dated 28-03-2024 issued by Mr. Sagar Shah, an Independent Registered Valuer (Registration No. IBBI/RV/06/2020/13744) ("**Registered Valuer**") appointed for recommending the fair share exchange ratio for the purpose of this Scheme.

- B. Fairness Opinion Report dated 29-03-2024 issued by 3Dimension Capital Services Limited, SEBI Registered Merchant Banker (having INM000012528), providing fairness opinion ("**Fairness Opinion**") on the share exchange ratio recommended in the Valuation Report issued by Registered Valuer; and

2. Proposed Scheme :

2.1 The Scheme, *inter-alia*, provides the following:

- a. merger of U R Energy (India) Private Limited with Jhaveri Credits and Capital Limited; and
- b. various other matters consequential or otherwise integrally connected herewith.

2.2 Appointed Date of the Scheme is 01st April 2024.

2.3 The Effective Date for the Scheme means the last date on which the certified copies of the orders of National Company Law Tribunal sanctioning this Scheme, is filed by Transferor and Transferee Company with the jurisdictional Registrar of Companies ("ROC").

2.4 The Scheme would be subject to the sanction or approval of the National Company Law Tribunal, SEBI, Stock Exchanges, Shareholders, Creditors and other Appropriate Authorities (as defined in the Scheme).

3. Need for the Merger, Rationale of the Scheme and Synergies of business of the entities involved:

3.1 The Transferor Company is engaged in the business of developing, installing and supplying solar power systems for residential, commercial and utility-scale customers. The Transferee Company is engaged in business of trading, import-export of solar panels, inverters, cables and other electronic accessories and also engaged in commodity broking.

3.2 The Audit Committee noted the need for proposed merger of U R Energy (India) Private Limited with Jhaveri Credits and Capital Limited in light of the various synergies and value creation on account of multiple factors as outlined in the Scheme. Further, it was noted that merger by way of a Scheme approved by NCLT under provisions of the Companies Act, 2013 would be the most efficient mechanism for consolidation of the businesses.

3.3 Creating meaningful value for various stakeholders, including shareholders, customers, employees of Transferor and Transferee Company respectively, as the combined business would benefit from increased scale, comprehensive product offerings, balance sheet resiliency and the ability to drive synergies across revenue opportunities, operating and underwriting efficiencies, amongst others. The Transferor Company and Transferee Company believe that the financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of each of the Company's

pooled in the merged entity, will lead to increased optimal utilisation of resources, cost reduction and efficiencies, productivity gains and logistic advantages, thereby significantly contributing to future growth and maximising shareholder value.

3.4 The proposed merger would be in the best interest of both the Companies and their respective shareholders, employees, creditors and other stakeholders as the proposed merger will yield advantages as set out inter alia below :

- The Transferor Company and Transferee Company being in the same business of renewable energy 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.

3.5 Thus, with the intent to achieve aforesaid objectives and further in order to consolidate, streamline and effectively merge the Transferor Company and Transferee Company in a single entity it is intended that the Transferor Company be merged with the Transferee Company.

4. Impact of the Scheme on the shareholders of the Company :

- 4.1 Pursuant to the Scheme, shares of the Transferee Company are proposed to be issued to the shareholders of the Transferor Company on the basis of share exchange ratio, as recommended by the Registered Valuer. Further, the Fairness Opinion report from Merchant Banker has confirmed that the share exchange ratio as recommended by the Registered Valuer is fair for both the Companies and their respective shareholders.
- 4.2 The proposed merger will create value for stakeholders including respective shareholders, customers, lenders and employees as the combined business would benefit from increased scale, product diversification and expanded reach with increased ability to growth opportunities, higher cross selling opportunities to a larger base of customers, improvement in productivity and operational efficiencies amongst others;
- 4.3 Greater efficiency in cash management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximise shareholder value;
- 4.4 The Scheme is expected to be beneficial to the Companies and its shareholders and all other stakeholders in large and is not detrimental to any of the shareholders of the Company.

5. Cost benefit analysis of the Scheme :

- 5.1 After a careful evaluation, the Company believes that this amalgamation would result in improving the potential for further expansion of businesses by way of consolidation of capital base and increased borrowing strengths of the combined entity; optimal utilisation of resources creation of asset base and facilitating access to better financial resources; and greater size, scale, financial strength and flexibility for the merged Transferee Company will result in maximizing and unlocking overall shareholders value.
- 5.2 Although the Scheme would lead to incurring of some costs towards its implementation, however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company. Further, keeping in view of synergies and the cost benefits expected, the Audit Committee is of the view that the proposed Scheme of Amalgamation will provide reduction of cost in the long term.

6. Recommendation of Audit Committee :

6.1 Pursuant to the above, the Audit Committee has perused the following documents:

- (a) Draft Scheme of Amalgamation between U R Energy (India) Private Limited and Jhaveri Credits and Capital Limited and their respective shareholders and creditors;
- (b) Valuation Report dated 28-03-2024 issued by Mr. Sagar Shah, Registered Valuer.
- (c) Fairness Opinion recommended to the Board that the Share Exchange Ratio is fair to the shareholders (including the minority shareholders) of Jhaveri Credits and Capital

Limited, dated 29-03-2024 issued by 3Dimension Capital Services Limited, SEBI Registered Merchant Banker.

- 6.2 The Audit Committee having considered and noted the above, recommends the draft Scheme to the Board, in its present form for favourable consideration by the Board, Stock Exchanges, National Company Law Tribunal, SEBI and other regulatory authorities, as may be applicable.
- 6.3 In the opinion of the members of the Audit Committee present at the Meeting, draft Scheme is in the best interest of all the stakeholders of Jhaveri Credits and Capital Limited including shareholders, customers, lenders and employees and the share exchange ratio as mentioned in the Valuation Report is fair and reasonable.

**By Order of the Audit Committee of
Jhaveri Credits and Capital Limited**



Pranav Patel

Chairman of the Audit Committee

DIN: 07226291



Place : Ahmedabad

Date : 30-03-2024