JAYATMA ENTERPRISES LIMITED

Regd. Office : 259, 3rd Floor, New Cloth Market, O/s Raipur Gate, Ahmedabad-380 002, Gujarat. (INDIA) Tel. : +91-79-22167030/40/41
Email : info@jayatmaenterprises.com • Website : www.jayatmaenterprises.com • CIN : L17110GJ1979PLC003355

REPORT OF AUDIT COMMITTEE OF JAYATMA ENTERPRISES LIMITED ON THE PROPOSED SCHEME OF AMALGAMATION

A meeting of the Audit Committee of the Board of Directors of Jayatma Enterprises Limited (the Company) was held on December 30 2021 at 4:00 p.m. at 1, Laxmi Nagar Society, Beside Naranpura Post Office, Naranpura, Ahmedabad – 380013 to consider, and if thought fit, to approve the Scheme of Amalgamation proposed by the Company together with the Valuation Report of Registered Valuer, Mr. Ajay Siwach and Fairness Opinion Report of Merchant Banker availed by the Company in connection with the said Scheme.

The following members were present at the Meeting:

1. Mr. Fenil Shah, Chairman
2. Mr. Nirav Shah, Member
3. Mr. Premal Joshi, Member
4. Mr. Jignashu Shah, Chartered Accountant – by Invitation
5. Mr. Ajay Kumar Siwach, Registered Valuer – by Invitation

The draft Scheme of Amalgamtion was placed before the Meeting and the same was signed by the Chairman of the Committee for the purpose of identification. The members of the Committee carefully studied the entire Scheme and discussed in detail various provisions of the Scheme. After a prolonged discussion, the Committee unanimously formed opinion that the proposed Scheme was in the best interest of the Company and its shareholders.

The Audit Committee has pursued the provisions in the Scheme and has noted as under:

1. **Need for the Amalgamation:**

   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.

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2. Rationale of the Scheme:

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.

3. Synergies of business of the entities involved in the scheme:

Amalgamation of Jayatma Enterprises Limited with Jayatma Technologies Private Limited will enable the Company to explore better avenues for expansion in future and also provide reliable source of power to its business. Further, reduction in number of legal entities will assist in reducing overheads and other administrative costs at a group level.

Thus, the scheme is expected to provide both operational and strategic benefit from a long term shareholder value creation perspective.

4. Impact of the scheme on the shareholders:

The Scheme does not entail any financial outgo for the Company and hence it should not affect the financial position of the Company. Further, the share exchange ratio as submitted by Mr. Ajay kumar Siwach, Registered Valuer as mentioned in scheme, is fair to the shareholders as recommended in the Fairness Opinion.

Considering the above, economic interest of all shareholders of the Company would continue to remain the same, and there would be no adverse impact on the shareholders, post implementation of the Scheme.

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5. Cost benefit analysis of the scheme:

Amalgamation of JEL & JTPL shall have the following benefits:

i. Amalgamation of JEL & JTPL will bring operational synergies;
ii. Simplification of operating and management structure;
iii. Cost optimisation in the marketing, selling and distribution expenses as well as give benefits of the economies of scale to the Company.
iv. Eliminate the duplication of various processes.

Thereafter a copy of the Valuation Report availed by the Company from Ajay Kumar Siwach, Registered Valuer, New Delhi was placed before the Meeting and the same was signed by the Chairman of the Committee for the purpose of identification. The members of the Committee also studied the same and discussed with Mr. Ajay Kumar Siwach who had furnished the Report and was invited at the Meeting. After some discussion, the Committee unanimously agreed to the recommendation of Mr. Ajay Kumar Siwach for the Amalgamation of Jayatma Enterprises Limited and Jayatma Technologies Private Limited.

Thereafter, the Committee unanimously approved the Scheme together with the Valuation Report.

Ahmedabad
30.12.2021

(Fenil Shah)
Chairman

JAYATMA ENTERPRISES LIMITED