

Report No. 020/2020

October 14, 2020

The Board of Directors  
iValue Infosolutions Private Limited  
No.1140, VGR ESSOR  
3rd Floor, 6th Main, 17th Cross,  
Sector-7, HSR Layout  
Bengaluru-560102

## **Valuation Report**

### **1. BACKGROUND**

- 1.1 M/s. iValue Infosolutions Private Limited (hereinafter referred to as "iValue") is a private limited company incorporated on April 9, 2008 under the Companies Act, 1956. iValue is engaged in the business of providing Digital Asset protection and Data, Network and Application (DNA) management associated services. The shareholding structure of iValue (as on 31<sup>st</sup> March 2020), on fully diluted basis, is as follows:

Name of the Share Holder	No. of Shares
iUnite	24,75,352
Others	28,79,035
<b>TOTAL</b>	<b>53,54,387</b>


- 1.2 M/s. iUnite Technologies Private Limited (hereinafter referred to as "iUnite" or "the Company") is a private limited company incorporated on April 27, 2017 under the Companies Act, 2013. iUnite is engaged in the business of Information technology related services. The shareholding structure of iUnite, on fully diluted basis (as on 31<sup>st</sup>

**ASHISH KOPPA**  
**REGISTERED VALUER FOR SECURITIES**  
**AND FINANCIAL ASSETS**  
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March 2020), is as follows:

Name of the Share Holder	No. of Shares
Sunil Kumar Pillai	1,900
Hilda Sunil Pillai	1,100
Krishna Raj Sharma	1,500
Brijesh Shrivastava	500
Mr.Sriram S	1,000
Venkatesh R	900
Subodh Anchan	800
Roy Abraham Yohannan	800
Nagabushana Reddy L	500
Ranvijay Pratap Singh	500
Ravindra Kumar	500
<b>TOTAL</b>	<b>10,000</b>

- 1.3 iValue has engaged Mr. Ashish Koppa, Chartered Accountant and Registered valuer with the Insolvency and Bankruptcy Board of India ('IBBI') by way of Board resolution dated September 21, 2020 (hereinafter referred to in the first person) to determine the swap ratio in the event of amalgamation of iValue and iUnite.
- 1.4 I have determined the swap ratio in the event of amalgamation of iValue and iUnite based on the terms of issue, information, explanations and representations provided by the management of iValue.
- 1.5 Neither, I nor my employees have any financial interest in the entity being appraised and the fee for the preparation of this report is not contingent upon results reported.

  
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- 1.6 The ensuing paragraphs dwell in detail on the scope of work carried out, limitations and salient observations made during the course of valuation.
- 2. LIMITATIONS**
- 2.1 I have relied on the financial data, draft scheme of amalgamation and arrangement and the representations provided by Company's management.
- 2.2 I have not performed an audit of the financial statements or information or documentation made available in the course of the valuation and therefore do not accept any liability for the same.
- 2.3 As this report has been compiled in good faith based on the documents and records made available for verification and information and explanations offered, should any of my observations be different from what the management perceives, it is imperative that I be informed immediately.
- 2.4 This recommendation is dependent upon the information furnished to us being complete in all material respects.
- 2.5 This report is subject to the scope limitations detailed hereinafter. As such this Report is to be read in totality and not in parts, in conjunction with the relevant documents referred to therein.
- 2.6 The equity share valuation for the proposed merger is not and must not be interpreted as my opinion or estimate of the absolute market value or independent fair value of the equity shares or any class or number of equity shares post-Merger.
- 2.7 This report has been prepared exclusively for the use of the Companies and solely for the purpose of recommending a share exchange ratio for the purposed amalgamation of iUnite with iValue. Hence, this report should not be used for any purpose, whether in

whole or in part without my prior written consent to any other person and for any other purpose other than mentioned earlier in this report. However, I understand that you may share this report with your advisors supporting the proposed transaction as well as statutory authorities. Please note that I do not owe any duty of care or accept no responsibility to your advisors or any third party with regard to this report.

**3. METHODOLOGY**

- 3.1 As represented to me, the objective of the proposed amalgamation is that it will result in greater synergies in working, achieve greater economies of scale, greater integration and will improve the competitive position in the market of the combined entity and will consolidate the shareholding in a single entity structure.
- 3.2 The objective of amalgamation of the companies, as per the draft scheme of amalgamation provide to me, is to consolidate the iUnite with iValue and avoid duplication of operational costs, build operational efficiencies and to consolidate their resources to form an operationally better performing amalgamated company. Due to the common shareholding, the swap ratio would only lead to bifurcation of shares between common shareholders. Hence, the determination of swap ratio of the companies is at best an internal arrangement of the iValue and iUnite and a detailed valuation of the company to determine the swap ratio would not be relevant in the present case. The objective is that the overall shareholding of the investors and shareholders remain unchanged after the merger is given effect to.
- 3.3 Further, the draft scheme provided to us, the appointed date for the merger is April 1, 2020.
- 3.4 The exchange ratio and the number of shares to be allotted pursuant to merger is of no relevance since there will be no loss of economic interest in the hands of the transferee company. Accordingly, for the purpose of recommending a ratio of exchange we are not

attempting to arrive at the absolute values of shares of each company. This exercise is to work out relative values of shares of both the Companies. Therefore, the methodology adopted to determine the fair swap ratio in the event of amalgamation of iValue and iUnite is 'Relative Value' approach.

**4. SOURCES OF INFORMATION**

- 4.1 For the purpose of this valuation exercise, we have relied upon the following information / documents made available to us by the management of the Companies:
- 4.1.1. Audited financial statements of iValue and iUnite as on March 31, 2020;
- 4.1.2. Memorandum of Association and Articles of Association of iValue and iUnite;
- 4.1.3. Draft Scheme of Amalgamation and Arrangement for merger of iUnite with iValue;
- 4.1.4. Our discussions from time to time and representations provided by the Management of the companies; and
- 4.2 Shareholding pattern of iValue and iUnite.

**5. ASSUMPTIONS**

- 5.1 For the purpose of determining the fair value, financial data, draft scheme of amalgamation and arrangement and the representations provided by Company's management.
- 5.2 I have also placed reliance on the written representations made by the management.


**6. VALUATION RESULTS**

**6.1 Swap Ratio:**

- 6.1.1. Accordingly, the swap ratio in the event of the amalgamation of iValue with iUnite as suggested by the management as under is fair:

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**"495 (Four hundred and ninety five) fully paid equity share of Face Value INR 10 (Rupees Ten) each of iValue for every 2 (Two) fully paid equity shares of Face Value INR 10 (Rupees Ten) each held in iUnite."**

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