

Datamatics Global Services Limited

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Report of Audit Committee of Datamatics Global Services Limited (“the Company”) recommending the draft Composite Scheme of Arrangement between Lumina Datamatics Limited (“Lumina”), Datamatics Global Services Limited (“the Company”) and LDR ERetail Limited (“LDR”)

Members Present:

Mr. R. K. Saraswat, Chairperson
 Mr. Rahul L. Kanodia, Member
 Mr. Vinay Agarwal, Member
 Mr. Shahzaad Dalal, Member

In Attendance:

Mr. Sandeep Mantri, Chief Financial Officer
 Ms. Divya Kumat, EVP, Chief Legal Officer & Company Secretary

1. A draft of the Composite Scheme of Arrangement (“Scheme”) under Section 232 read with Section 230 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder between Lumina Datamatics Limited (“Lumina” or “Transferor Company” for Part II of the Scheme), Datamatics Global Services Limited (“DGSL” or “the Company” “Transferee Company” for Part II of the Scheme and “Demerged Company” for Part III of the Scheme), LDR ERetail Limited (“LDR” or “Resulting Company” for Part III of the Scheme) and their respective shareholders has been placed before the Audit Committee by the management for it to consider and recommend the said draft of the Scheme to the Board of Directors.
2. The Scheme inter-alia provides for the following:
 - i. Amalgamation of the Transferor Company with and into the Transferee Company; and subsequently;
 - ii. Demerger of the Demerged Undertaking (as defined in the Scheme) of the Demerged Company into the Resulting Company

The Equity shares of the Company are listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). The Company will be filing the Scheme along with the necessary information / documents with the above-mentioned exchanges.

3. The report of the audit committee is made in order to comply with the requirements of the circular CFD/DIL3/CIR/2017/17 dated 10th March, 2017 issued by the Securities and Exchange Board of India (“SEBI”).
4. A meeting of the Audit Committee of the Company was held on December 14, 2018 to consider and recommend to the Board of Directors of the Company on the proposed merger of Lumina (Upon Part II of the Scheme becoming effective) into the Company and demerger of Demerged Undertaking of the Company into LDR upon the Scheme becoming effective from the Appointed date, to be implemented in terms of Draft



Composite Scheme of Arrangement, entered into between the Lumina, Company, LDR and their respective Shareholders.

5. The Audit Committee has considered the following documents:
- a. Draft Scheme, duly initialled by the Company Secretary of the Company for the purpose of identification;
 - b. Valuation Report dated December 14, 2018 by M/s. Bharat Kotak & Co., Chartered Accountants, recommending the Share Entitlement Ratio ('Valuation Report');
 - c. Fairness Opinion dated December 14, 2018 issued by M/s Dalmia Securities Private Limited, a SEBI registered Merchant Banker providing the Fairness Opinion on the Share Entitlement Ratio recommended in the Valuation Report, independent Chartered Accountant ('Fairness Opinion').
 - d. Certification obtained from the Statutory Auditors of the Company and the Resulting Company confirming that the Scheme is in compliance with the applicable accounting treatment notified under Companies Act, 2013, and other generally accepted principles;
 - e. Audited financial statements of the Company, Transferor Company and the Resulting Company for the last 3 years, subject to their respective date of incorporation.
6. The Audit Committee has noted that merger of the Transferor Company into the Company and subsequently demerger of Demerged Undertaking of the Company into the Resulting Company would inter alia have the following benefits:
- Segregation of business of the Transferor Company into the Resulting Company in the manner provided in this Scheme;
 - Unlock the value for the shareholders of the Company by listing of the shares of the Resulting Company;
 - Enhancing attractiveness of the employees of the business of the Transferor Company by enabling liquidity of ESOP's held by them;
 - Allowing managements of the each of the Company and the Transferor Company to pursue independent growth strategies;
 - Allow in creating the ability to achieve valuation based on respective risk-return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital;
 - Provide scope of separate companies for independent collaboration and expansion

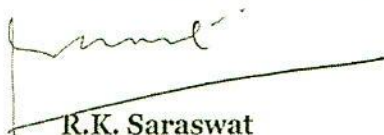
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7. The Audit Committee reviewed the Share Exchange Ratio Report and noted that the said share swap ratio recommended for Part II of the Scheme and Part III of the Scheme, on the Scheme becoming effective and, after due deliberation confirmed that the Share Entitlement Ratio as recommended in the Share Exchange Ratio Report is fair to the shareholders.
8. Further, the respective statutory auditors of the Company and the Resulting Company, have confirmed that the accounting treatment as specified in the Scheme are in accordance with the applicable accounting standards specified under the provisions of the Companies Act, 1956 and/or Companies Act, 2013, and the generally accepted accounting principles in India.
9. Further, the proposed Appointed Date is 1st April, 2019.
10. Further, upon the Scheme becoming effective:
 - a. The Transferee Company shall issue shares to the shareholders of the Transferor Company (other than shares held by the Transferee Company in Transferor Company) and such shares shall be admitted to trading as provided in the Scheme and as per the applicable rules and regulations prescribed by SEBI.
 - b. The Resulting Company shall issue shares to the shareholders of the Demerged Company (including to those shareholders to whom shares have been issued as per point a above), in the same proportion and such shares shall also be listed and admitted to trading, as provided in the Scheme and as per the applicable rules and regulations prescribed by SEBI.
11. In light of the foregoing, the Audit Committee after due deliberations and due consideration of all the terms of the Draft Scheme, Valuation Report, Fairness Opinion and the specific points mentioned above, recommends the Draft Composite Scheme of Arrangement for favourable consideration by the Board of Directors of the Company.

By Order of the Audit Committee

Datamatics Global Services Limited



R.K. Saraswat
Chairperson of the Audit Committee



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Date: December 14, 2018
Place: Mumbai

