

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 Delta Infosolutions Private Limited, Datamatics Infotech Services Private Limited and the Company and their respective shareholders

Members Present:

Mr. Radhakrishna K. Saraswat, Chairperson .
Mr. Rahul L. Kanodia, Member
Mr. Shahzaad Dalal, Member.
Mr. Vinay Aggarwal, 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 Delta Infosolutions Private Limited (“Delta”) (“Demerged Company” for Part II of the Scheme / “Residual Transferor Company” for Part III of the Scheme), Datamatics Infotech Services Private Limited (“DISPL”) (“Resulting Company” for Part II of the Scheme), Datamatics Global Services Limited (“DGSL”) (“Transferee 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. Demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company; and subsequently,
 - ii. Amalgamation of the Residual Transferor Company into the Transferee Company.

The Equity shares of the Company are listed on BSE Limited (“BSE”) and National Stock Exchange 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.
- 4. A meeting of the Audit Committee of the Company was held on April 27, 2018 to consider and recommend to the Board of Directors of the Company the Draft Composite Scheme of Arrangement, entered into between the Company, Delta, DISPL and their respective Shareholders.
- 5. The Audit Committee has considered the following documents:
 - a. Draft Composite Scheme of Arrangement ('Scheme'), duly initialled by the Company Secretary of the Company for the purpose of identification;
 - b. Valuation Report dated April 27, 2018 by M/s. Bharat Kotak & Co., Chartered Accountants, recommending the Share Entitlement Ratio ('Valuation Report');
 - c. Fairness Opinion dated April 27, 2018 issued by M/s Turnaround Capital Advisors Private Limited, a SEBI registered Merchant Banker providing the Fairness Opinion on the Share Entitlement Ratio recommended in the Valuation Report, independent Chartered Accountants (Fairness Opinion').
 - d. Certification obtained from the Statutory Auditors of the Company, the Demerged 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, Demerged Company / Residual 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 demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company would inter alia have the following benefits:
 - The divestment of the Demerged Undertaking from the Demerged Company would allow the Resulting Company to provide depth and focus along with



adoption of strategies necessary for its growth and expansion by utilising the liquid and marketable assets of the Demerged Undertaking;and

- By demerger of Demerged Undertaking into the Resulting Company, the financial resources will be conveniently merged and pooled with the resources of the Resulting Company, leading to utilisation of resources towards expansion and growth of the business of the Resulting Company.
7. The Audit Committee has noted that merger of Delta (post demerger of Demerged Undertaking) into DGSL would inter alia have the following benefits:
- The amalgamation will result in the promoters of the Residual Transferor Company directly holding shares in the Transferee Company, which will lead not only to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the promoter group's direct commitment to and engagement with the Transferee Company;
 - The promoter group of the Transferee Company is desirous of streamlining its holding in the Transferee Company. As a step towards such rationalization, it is proposed to merge the Residual Transferor Company into the Transferee Company;
 - The promoters would continue to hold the same total percentage of shares in the Transferee Company, pre and post the amalgamation. There would also be no change in the financial position of the Transferee Company.

Further, the Scheme also provides that the shareholders of the Residual Transferor Company shall indemnify the Transferee Company and keep the Transferee Company indemnified for liability, claim, demand, if any, and which may devolve on the Transferee Company on account of this amalgamation.

8. The Audit Committee reviewed the Share Exchange Ratio Report and noted 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.
9. Further, the respective statutory auditors of the Company, the Demerged Company and the Resulting Company, have confirmed that the accounting treatment as specified in the Scheme are in accordance with the applicable



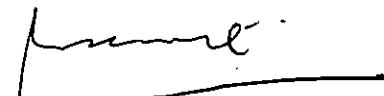
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accounting standards specified under the provisions of the Companies Act, 1956 and/or Companies Act, 2013, and the generally accepted accounting principles in India.

- 10. Further, the proposed Appointed Date is 1st June, 2018. Further, on the Scheme becoming effective, only the equity shares issued by the Company to the shareholders of the Residual Transferor Company shall be listed on BSE and NSE (subject to trading permission being granted by the stock exchanges).
- 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


Radhakrishna K. Saraswat
 Chairperson of the Audit Committee



Date: April 27, 2018
Place: Mumbai