

DATAMATICS

Report of Audit Committee of Datamatics Global Services Limited (“the Company”) recommending the draft Scheme of Amalgamation (“the Scheme”) between Delta Infosolutions Private Limited (“Delta”) and Datamatics Global Services Limited (“DGSL”) and their respective shareholders under section 230 to 232 and other applicable provisions of the Companies Act, 2013

Members Present:

Mr. Vinay Aggarwal, Chairperson

Mr. Rahul Kanodia, Member

Mr. Dilip Dandekar, Member

In Attendance:

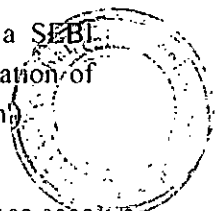
Mr. Sandeep Mantri, Chief Financial Officer

Ms. Divya Kumat, Chief Legal Officer & Company Secretary

1. A draft of the Scheme of Amalgamation (“Scheme” or “draft Scheme of Amalgamation”) 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” or “Transferee Company”) and Datamatics Global Services Limited (“DGSL” or “Transferor Company”) 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 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 BSE and NSE under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. A meeting of the Audit Committee of the Company was held on March 04, 2022 to consider and recommend to the Board of Directors of the Company on the proposed Scheme.
4. The report of the Audit Committee is made in order to comply with the requirements of the Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 (“SEBI Circular”) issued by the Securities and Exchange Board of India (“SEBI”) (including any amendment(s) or modifications(s) thereto) after considering the following documents,
 - a. Draft Scheme of Amalgamation;
 - b. Report on recommendation of fair equity share entitlement ratio dated 4 March, 2022 submitted by CS Shreyansh M. Jain (IBBI Registration No. IBBI/RV/03/2019/12124), Independent Registered Valuer, for recommendation of the share exchange ratio (‘Share Exchange Ratio Report’);
 - c. Fairness Opinion dated 4 March, 2022 issued by Kunvarji Finstock Private Limited, a SEBI registered Merchant Banker providing the Fairness Opinion on the report on recommendation of fair equity share entitlement ratio by independent Chartered Accountants (‘Fairness Opinion’).

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- d. Audited financial statements of Delta and DGSL i.e., the Company, for the last 3 years, and unaudited financials of DGSL for the quarter ended 31 December 2021, and 30 September 2021, and the audited financials of Delta for the period ended 31 January 2022.
- e. Latest Shareholding pattern of Delta and DGSL.
- f. Certificate dated March 4, 2022 issued by M L Bhuwania and Co LLP, Chartered Accountants, Statutory Auditors confirming that the proposed accounting treatments contained in the draft Scheme of Amalgamation is in conformity with the Indian Accounting Standards prescribed under section 133 of the Act.
- g. Report of the Committee of Independent Directors of DGSL recommending the Scheme to the Board of Directors of DGSL for approval after due consideration to the effect that the scheme, inter alia, is not detrimental to the shareholders of the listed entity.

5. **The Scheme inter-alia provides for the following:**

Amalgamation of (by way of absorption) Delta Infosolutions Private Limited with and into Datamatics Global Services Limited, and consequent issue of same number of shares by DGSL to the shareholders of Delta (including promoter/ promoter group of DGSL) in proportion to the shareholding of the shareholders of Delta in DGSL.

6. The Audit Committee has perused the provisions in the Scheme and have noted as under:

A. Need and Rationale for the Scheme and Synergies of the business entities involved in the Scheme

Delta, the Transferor Company is the promoter of DGSL, the Transferee Company, holding ~54.45% of the total equity shares in the Transferee Company.

It is proposed to amalgamate the Transferor Company into the Transferee Company and as a result of the said amalgamation, the shareholders of the Transferor Company, including promoter/ promoter group of the Transferee Company would directly hold shares in the Transferee Company. It is envisaged that the following benefits would, inter alia, accrue to the Transferee Company:

- i. The amalgamation will result in the promoters of the 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;
- ii. The amalgamation will enable greater focus of the management on the business and facilitate in creating enhanced value for Transferee Company's shareholders and allow a





focused strategy in operations, which would be in the best interest of all its shareholders, creditors, and stakeholders;

- iii. The promoter/ 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 Transferor Company into the Transferee Company;
- iv. The promoter/ promoter group (after factoring in the shareholders of the Transferor Company) would continue to hold the same percentage of shares in the Transferee Company, pre and post the amalgamation. There would also be no change in the paid-up share capital and the financial position of the Transferee Company;
- v. Further, the Scheme also provides that the shareholders of the Transferor Company shall indemnify the Transferee Company and keep the Transferee Company indemnified for liability, claim, demand, if any, which may devolve on the Transferee Company on account of this amalgamation.

B. Impact of the Scheme on shareholders

The Scheme does not involve any financial outgo for the Company and hence it should not affect the financial position of the Company.

The promoters/ shareholders would continue to hold the same percentage of shares in the Transferee Company, pre and post the amalgamation. There would also be no change in the paid-up share capital and the financial position of the Company

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 of the Transferee Company, post implementation of the Scheme.

Further, the share exchange ratio dated March 4, 2022 as submitted by CS Shreyansh M. Jain (IBBI Registration No. IBBI/RV/03/2019/12124), Independent Registered Valuer, is fair to the shareholders as recommended in the Fairness Opinion dated March 4, 2022, issued by Kunvarji Finstock Private Limited, SEBI Registered Category I Merchant Banker. The Audit Committee reviewed the Share Exchange Ratio Report and the Fairness Opinion thereon, after due deliberation, confirmed that the Share Entitlement Ratio as recommended therein is fair to the shareholders of the Company.

C. Cost Benefit Analysis of the Scheme

The Company would not incur any costs for advisors, stamp duty, any statutory or incidental/ ancillary costs in relation to the Scheme and will be directly be met by the Transferor Company and/ or the promoters/ promoter group of Delta, as also provided in the Scheme. Further, the Scheme also provides that the shareholders of Delta (i.e., promoter/ promoter group) of DGSL shall keep DGSL indemnified for liability, claim, demand, if any, which may devolve on DGSL on





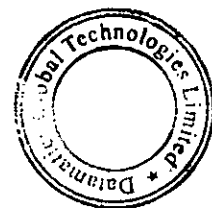
account of this amalgamation. Therefore, the implementation of the Scheme foreshadows the long-run benefit of direct commitment by the promoter/ promoter group in the Company through the removal of various shareholding tiers.

7. Consideration / Share Exchange Ratio

In respect of share exchange ratio, the Audit Committee noted, deliberated and confirmed that the report on recommendation of fair equity share entitlement ratio as recommended in the Share Exchange Ratio Report is fair to the shareholders. Upon scheme becoming effective, shares would be issued as under:

3,20,98,742 fully paid equity shares of INR 5/- each of DGSL to be issued and allotted to the Equity Shareholders of Delta, in proportion to their holdings in Delta in the event of amalgamation of Delta into DGSL.

8. Further, the statutory auditors of the Transferee 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, 2013 and the generally accepted accounting principles in India, and have issued a certificate confirming the same dated March 4, 2022.
9. The proposed Appointed Date for the Scheme is 1st April, 2021.
10. **“Effective Date”** means the date on which last of the conditionalities specified in Clause 20 of the Scheme is fulfilled. Any reference in this Scheme to the date “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon coming into effect of this Scheme” or “upon the Scheme coming into effect” shall mean the Effective Date, as defined in clause 4.7 of the Scheme.
11. Upon the Scheme becoming effective, the equity shares issued by the Transferee Company to the shareholders of the Transferor Company shall be listed on BSE and NSE (subject to trading permission granted by the stock exchanges).
12. The Scheme would be subject to the sanction and approval of the National Company Law Tribunal, SEBI, BSE, NSE, Shareholders and other appropriate authorities.
13. The Scheme is conditional upon approval by the public shareholders through e-voting in terms of Para I(A)(10)(a) of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, and the Scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.
14. The provisions of the Scheme have been drawn up to comply with the conditions relating to “Amalgamation” as defined under section 2(1B) of the Income Tax Act, 1961 and therefore, may not have any tax implications.



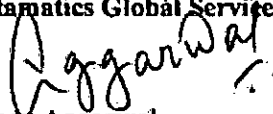


15. The Fairness Opinion confirmed that the share entitlement in the valuation report is fair to the Transferor Company, the Transferee Company and its shareholders. Thus, the said Scheme is not detrimental to the shareholders of Datamatics Global Services Limited or for the Company itself.

16. Recommendation of the Committee

In light of the foregoing, the Audit Committee after due deliberations and due consideration of all the terms of the Draft Scheme, Share Exchange Ratio Report, Fairness Opinion and the specific points mentioned above, recommends the Draft Scheme of Amalgamation for favourable consideration by the Board of Directors of the Company.

By Order of the Audit Committee
Datamatics Global Services Limited


Vinay Aggarwal
Chairperson of the Audit Committee



Date: March 04, 2022

Place: Mumbai