



REPORT ADOPTED BY THE AUDIT COMMITTEE OF ALLSEC TECHNOLOGIES LIMITED AT ITS MEETING HELD ON JUNE 22, 2022 EXPLAINING THE EFFECT OF THE DRAFT SCHEME OF AMALGAMATION BETWEEN ALLSEC TECHNOLOGIES LIMITED AND QUESS CORP LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

1. MEMBERS PRESENT

Sl. No.	Name of members	Designation
1	Mr. Milind Chalisgaonkar	Chairman
2	Mr. Sanjay Anandaram	Member
3	Ms. Lakshmi Sarada R	Member
4	Mr. N. Ravi Vishwanath	Member

In Attendance:

Ms. Sripiriyadarshini – Company Secretary and Compliance Officer

Invitees:

Mr. Ajit Isaac – Chairman

Mr. Guruprasad Srinivasan – Director

Mr. Ashish Johri – Chief Executive Officer

Mr. Raghunath Parthasarathy – Chief Financial Officer

Mr. Uday - Representative of Fedex Securities Private Limited; Fairness Opinion on Valuation

Ms. Drushti Desai – Registered Valuer

Ms. Ushma Shah – Representative of Registered Valuer

Mr. Ronak Vasa – Representative of Registered Valuer

2. BACKGROUND

- i. A meeting of the Audit Committee of Allsec Technologies Limited was held on June 22, 2022 to consider and recommend to the Board of Directors of the Company, the proposed Scheme of Amalgamation between Allsec Technologies Limited (“Allsec” or “Transferor Company” or “Company”) and Quess Corp Limited (“Quess” or “Transferee Company”) and their respective shareholders and creditors (“Scheme”) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“Act”).
- ii. The Company is incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on the Bombay Stock Exchange (“BSE”) and National Stock Exchange (“NSE”).



ALLSEC TECHNOLOGIES LTD.

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- iii. This report of the Audit Committee is submitted, in order to comply with the requirements of the Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 dated November 23, 2021 including any amendment thereof, from time to time ("SEBI Circular"), issued by Securities Exchange Board of India ("SEBI") and any amendments thereof.
- iv. The following documents were placed before the Audit Committee:
- a. Draft Scheme;
 - b. Equity share exchange ratio report dated June 21, 2022 issued by Ms. Drushti R Desai, Registered Valuer, ("Registered Valuer") *inter-alia*, recommending the equity share exchange ratio ("Valuation Report") on the Scheme; and
 - c. Fairness opinion dated June 22, 2022 issued by Fedex Securities Private Limited, SEBI Registered Merchant Banker on the equity share exchange ratio recommended in the Valuation Report for the purpose of the Scheme ("Fairness Opinion"). They have issued an opinion covering, *inter-alia*, that as on the date hereof, the proposed share exchange ratio as recommended by the Registered Valuer, which forms the basis for the proposed Scheme is fair and reasonable.
 - d. Draft Certificate from M/s. Deloitte Haskins & Sells, Statutory Auditor of the Company, confirming the accounting treatment mentioned in the Scheme is in compliance with the applicable Indian Accounting Standards as specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 and other Generally Accepted Accounting Principles in India;
 - e. Other Presentations, reports, documents and information made to/furnished before the Audit Committee, pertaining to the draft Scheme.

The Audit Committee noted and approved for recommendation to the Board the aforementioned documents and the share exchange ratio for the proposed amalgamation of the Transferor Company with the Transferee Company.

3. PROPOSED SCHEME

3.1 SALIENT FEATURES

The Audit Committee considered and noted the salient features of the Scheme as under:

- i. The Scheme provides for amalgamation between Allsec Technologies Limited and Quess Corp Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.





- ii. The Appointed Date for the purpose of this Scheme means April 01, 2022, or such other date as may be fixed or approved by the NCLT (as defined in the Scheme) or any other appropriate authority.
- iii. In consideration of the proposed Scheme, the Transferee Company will issue and allot equity shares, to each shareholder of the Company, whose names appear in the register of members of the Company as on the Record Date (as defined in the Scheme), in the following manner:

74 equity shares of INR 10/- (Rupees Ten Only) each credited as fully paid-up of the Transferee Company for every 100 equity shares of INR 10/- (Rupees Ten Only) held in the Transferor Company and whose names are recorded in the register of members on the Record Date.

No shares to the Transferee Company shall be allotted against 73.39% of the total equity shares held by the Transferee Company in the Transferor Company¹. The equity shares so held shall stand cancelled and extinguished without any further application act or deed (as provided in the Scheme).

- iv. The equity shares proposed to be issued and allotted by the Transferee Company will be listed on BSE and NSE.

3.2 NEED FOR THE AMALGAMATION AND RATIONALE OF THE SCHEME

The Audit Committee reviewed and recommended to the Board the draft Scheme, Valuation Report and Fairness Opinion and noted the need, rationale and the benefits of the Scheme to the stakeholders and the shareholders which, *inter-alia*, are as follows:

- i. Simplified management structure, leading to better administration and reduction in costs from more focused operational efforts, rationalization, standardization and simplification of business processes, elimination of duplication, reduction in multiplicity of legal and regulatory compliances and rationalization of administrative expenses.
- ii. Greater integration and financial strength for the merged entity, which would result in maximising overall shareholders value.
- iii. The Transferor Company and the Transferee Company operate businesses that complement each other. The combination to result in stronger consolidated

¹ As on March 31, 2022, Conneqt Business Solutions Limited holds 1,11,82,912 equity shares of the Transferor Company. An application has been made on January 21, 2022 with the National Company Law Tribunal, Bengaluru Bench for the amalgamation of Greenpiece Landscapes India Private Limited, MFX Infotech Private Limited and Conneqt Business Solutions Limited with and into the Transferee Company. Once the said scheme is approved and sanctioned by the National Company Law Tribunal, Bengaluru Bench, the Transferee Company will hold 1,11,82,912 equity shares in the Transferor Company, constituting approximately 73.39% of the total equity shares of the Transferor Company.



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revenue and profitability with diversification in the service portfolio, thereby reducing business risks for the mutual benefit of the shareholders of both the companies.

- iv. Pooling of assets, proprietary information, personnel, financial, managerial and technical resources of the companies, thereby contributing to the future growth of the merged entity.
- v. Simplification of group structure and consolidation of multiple listed companies within the group.

3.3 SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

- i. The Transferor Company is engaged in the business of providing digital business services and human resource outsourcing services.
- ii. The Transferee Company is engaged in the business of providing services in workforce management, operating asset management and the global technology solution segment.
- iii. Both the companies are majorly into the same line of business. Upon amalgamation, the benefits and synergies as mentioned in para 3.2 above shall be derived.

4. IMPACT OF THE SCHEME ON THE SHAREHOLDERS OF THE COMPANY

The members of the Audit Committee discussed and deliberated upon the rationale, synergies and salient features of the Scheme, Valuation Report, Fairness Opinion and other documents presented to the Audit Committee. In terms of the Scheme, the Transferee Company will issue equity shares to the shareholders of the Transferor Company based on the equity share exchange ratio. The shares will be issued by the Transferee Company in the same proportion in which the shareholders hold the shares in the Transferor Company as on Record Date (as defined in the Scheme), subject to receipt of regulatory approvals. Further, such shares issued as a consideration pursuant to the Scheme, shall be listed on BSE and NSE.

In light of the aforementioned rationale of the Scheme and other related matters, the Audit Committee is of the informed opinion that the proposed Scheme is not detrimental to the interests of the shareholders of the Company including minority shareholders.

5. COST BENEFIT ANALYSIS OF THE SCHEME

Although the Scheme would lead to incurring some costs towards its implementation, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.



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6. **RECOMMENDATION OF THE COMMITTEE**

In view of the above, the Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, Valuation Report, Fairness Opinion, accounting treatment certificate, recommends the draft Scheme for favourable consideration and approval of the Board of Directors, Stock Exchange(s), SEBI and other appropriate authorities.

**FOR AND ON BEHALF OF THE AUDIT COMMITTEE OF ALLSEC
TECHNOLOGIES LIMITED**

Milind Chalisgaonkar
Chairman of the Audit Committee
Date: June 22, 2022
Place: Bengaluru

