



REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF ALLSEC TECHNOLOGIES LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN ALLSEC TECHNOLOGIES LIMITED AND QUESS CORP LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

1. DIRECTORS PRESENT

Sl. No.	Name of Directors	Designation
1	Mr. Milind Chalisgaonkar	Independent Director
2	Mr. Sanjay Anandaram	Independent Director
3	Ms. Lakshmi Sarada R	Independent Director

2. BACKGROUND

- i. A meeting of the Committee of Independent Directors ("**Committee**") of Allsec Technologies Limited was held on June 22, 2022 to consider and if thought fit, 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**").
- iii. The Scheme will be filed with the National Company Law Tribunal, Bengaluru Bench and the National Company Law Tribunal, Chennai Bench ("**NCLT**") under Sections 230 to 232 and other applicable provisions of the Act and the rules and regulations issued thereunder and in compliance with provisions of Section 2(1B) of the Income-tax Act, 1961.
- iv. The Scheme is subject to receipt of approvals of Board of Directors, Audit Committee, shareholders and creditors of the Transferor Company and the Transferee Company involved and approval of other regulatory authorities as may be required, including those of NSE, BSE, Securities and Exchange Board of India ("**SEBI**") and the NCLT.
- v. This report of the Committee is made in order to comply with the requirements of 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 SEBI.

ALLSEC TECHNOLOGIES LTD.

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- vi. The following documents were placed before the 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 Independent Directors Committee, pertaining to the draft Scheme.

3. RATIONALE OF THE SCHEME

The Committee noted the rationale and need for amalgamation of the Company with the Transferee Company, as provided in the draft Scheme as under:

- 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 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.



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- v. Simplification of group structure and consolidation of multiple listed companies within the group.

4. SALIENT FEATURES OF THE SCHEME

The Committee considered and observed that the draft Scheme provides for the following:


- i. The Scheme provides for amalgamation between Allsec Technologies Limited and Qess 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 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.
- iv. 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).
- v. The equity shares proposed to be issued and allotted by the Transferee Company will be listed on BSE and NSE.
- vi. The effectiveness of the Scheme is conditional upon fulfilment of the actions specified in the Scheme, which include:
 - a) The Transferor Company and the Transferee Company filing the Scheme approved by their respective Board of Directors with the designated stock exchanges fixed by the Board of Directors of the Transferor Company and the Transferee Company, respectively, in terms of the SEBI Circular and receiving a ‘no objection’ and/ or ‘observation’ letter.

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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- b) The approval of the Scheme by the requisite majority in number and value of such classes of persons including the respective members and/ or creditors of the Transferor Company and the Transferee Company as required under the Act and as may be directed by the NCLT, or any other appropriate authority as may be applicable.
- c) Approval of the shareholders of the Transferor Company and the Transferee Company through e-voting and/ or any other mode as may be required under any Applicable Law and the SEBI Circular. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders of Company, against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of the Securities Contracts (Regulation) Rules, 1957.
- d) The requisite consent, approval or permission of the Government Authority or any other statutory or regulatory authority including stock exchanges, SEBI, which by law may be necessary for the implementation of this Scheme.
- e) The sanction of the Scheme by the NCLT under Sections 230 to 232 of the Act and other applicable provisions of the Act in favour of the Transferor Company and the Transferee Company under the said provisions.
- f) The certified copy of the order of the NCLT under Sections 230 to 232 of the Act sanctioning the Scheme is filed with the Registrar of Companies by the Transferor Company and the Transferee Company.
- g) Each part in section of the Scheme shall be given effect as per the chronology in which it has been provided for in the Scheme. However, failure of any one part of one section for lack of necessary approval from the shareholders/ creditors/ statutory regulatory authorities shall not result in the whole Scheme failing. It shall be open to the concerned Board of Directors to consent to severing such part(s) of the Scheme and implement the rest of the Scheme as approved by the NCLT with such modification.
- h) Compliance with such other conditions as may be imposed by the NCLT.


5. **VALUATION METHODS EVALUATED FOR THE EQUITY SHARE EXCHANGE RATIO**

In order to arrive at the Fair value, the Registered Valuer has given equal weights to the Market Price Method and Comparable Companies Multiple Method.

6. **SCHEME IS NOT DETRIMENTAL TO THE SHAREHOLDERS OF THE COMPANY**

The Committee members discussed and deliberated upon the rationale and salient features of the Scheme, Valuation Report, Fairness Opinion and other documents presented to the 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 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.

7. **RECOMMENDATION OF THE COMMITTEE**

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

Further, as mentioned in Para 6, the 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.

BY ORDER OF THE COMMITTEE OF INDEPENDENT DIRECTORS
FOR ALLSEC TECHNOLOGIES LIMITED

Milind Chalisgaonkar
DIN- 00057579

Chairman of the Committee of Independent Directors

Date: June 22, 2022

Place: Bengaluru

