



R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579

[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]

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REPORT OF INDEPENDENT DIRECTORS' COMMITTEE OF R SYSTEMS INTERNATIONAL LIMITED DATED SEPTEMBER 11, 2024 RECOMMENDING THE DRAFT COMPOSITE SCHEME OF AMALGAMATION OF VELOTIO TECHNOLOGIES PRIVATE LIMITED AND SCALEWORX TECHNOLOGIES PRIVATE LIMITED WITH R SYSTEMS INTERNATIONAL LIMITED

PRESENT MEMBERS:

1. Mrs. Ruchica Gupta (Non-Executive Independent Director), Chairperson
2. Mr. Kapil Dhameja (Non-Executive Independent Director), Member
3. Mr. Aditya Wadhwa (Non-Executive Independent Director), Member

INVITEE:

1. Mr. Nand Sardana, Chief Financial Officer
2. Mr. Piyush Jain, Senior Manager- Compliance and Secretarial

IN ATTENDANCE:

Mr. Bhasker Dubey, Company Secretary & Compliance Officer

1. Background

- 1.1 The proposed composite Scheme of Amalgamation of Velotio Technologies Private Limited ("Velotio" or "Amalgamating Company 1") and Scaleworx Technologies Private Limited ("Scaleworx" or "Amalgamating Company 2") with R Systems International Limited ("Company"/ "Amalgamated Company"), ("Scheme") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Act") the rules and/ or regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable laws including the master circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 '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', issued by the Securities and Exchange Board of India ("SEBI") on June 20, 2023 (as amended from time to time) or any other circulars issued by SEBI applicable to schemes of arrangement from time to time ("SEBI Master Circular") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), has been placed before the Independent Directors' Committee of the Company at its meeting held on September 11, 2024 to consider and approve the said Scheme.
- 1.2 As per the SEBI Master Circular, the Committee of the Independent Directors of the Company is required to adopt a report recommending the Scheme, taking into consideration, *inter alia*, that the scheme is not detrimental to the shareholders of the Company. This report of the Independent Directors' Committee is made in order to comply with the requirements of the SEBI Master Circular after considering the following necessary documents:
 - (a) draft Scheme, duly initialled for the purpose of identification;
 - (b) Share Valuation Report dated September 10, 2024 issued by KPMG Valuation Services LLP in the capacity of registered valuer;



- (c) Fairness Opinion dated September 10, 2024 issued by Corporate Professionals Capital Private Limited; and
- (d) Certificate dated September 11, 2024 issued by M/s. Deloitte Haskins & Sells LLP, confirming the accounting treatment prescribed in the Scheme is in accordance with the applicable IND AS.
- (e) report of Audit Committee of the Company dated September 10, 2024.

2. Salient features of the Scheme

2.1 *Inter alia* the following are proposed under the Scheme:

- (a) as a first step,
 - (i) the amalgamation of the Amalgamating Company 1 into the Amalgamated Company;
 - (ii) the dissolution of the Amalgamating Company 1 without winding up or any further act, deed or thing;
 - (iii) the consequent cancellation of the equity shares of the Amalgamating Company 1 held by the Amalgamated Company and the cancellation of the optionally convertible redeemable preference shares of Amalgamating Company 1 (*as defined in the Scheme*) held by the Existing Shareholders (*as defined in the Scheme*);
 - (iv) issuance of optionally convertible redeemable preference shares by the Amalgamated Company (“OCRPS”) to the Existing Shareholders in lieu of the Amalgamating Company 1 OCRPS;

pursuant to the first step, the Amalgamating Company 2 will become a direct and wholly owned Subsidiary of the Amalgamated Company;

- (b) as a second step (after the first step is effective),
 - (i) the amalgamation of Amalgamating Company 2 into the Amalgamated Company;
 - (ii) the dissolution of Amalgamating Company 2 without winding up or any further act, deed or thing; and
 - (iii) the consequent cancellation of the equity shares of Amalgamating Company 2 held by the Amalgamated Company; and

- (c) various other matters consequential and incidental thereto,

pursuant to Sections 230 to 232 and other relevant provisions of the Act (*as defined hereinafter*) in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act (*as defined hereinafter*), including Section 2(1B) thereof.

2.2 The “**Appointed Date**” means open of business on April 01, 2024 or such other date as the National Company Law Tribunal, Delhi may allow.

2.3 The “**Effective Date**” means the date on which the certified copies of the order of the Tribunal approving this Scheme have been filed with the Registrar of Companies.



- 2.4 The Scheme shall be made effective from the Appointed Date and shall be operative from the Effective Date.
- 2.5 Unless otherwise decided (or waived) by the Company and the Amalgamating Companies (through their respective Boards), the coming into effect of this Scheme is conditional upon and subject to:
- (a) Stock Exchanges issuing their observation letter/ no objection letter in relation to the Scheme pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such observation letter not imposing any material adverse conditions on any party or any material transactions contemplated hereunder;
 - (b) approval of the Scheme by the requisite majority of the public shareholders of the Amalgamated Company, shareholders of Amalgamating Companies and creditors (where applicable) of all the Companies as required under sections 230 to 232 of the Act, the SEBI Master Circular or as per directions of the Tribunal, subject to any dispensation that may be granted by the Tribunal;
 - (c) the sanction or approval of the Appropriate Authorities and other sanctions and approvals (as may be required by Applicable Law) in respect of the Scheme being obtained in respect of any of the matters in respect of which such sanction or approval is required or on the expiry of any statutory time period pursuant to which such approval is deemed to have been granted;
 - (d) the sanctions and orders of the Tribunal, under sections 230 to 232 of the Act being obtained by the Companies and if the sanctions and orders, are subject to certain conditions, then upon the fulfilment of the respective sanctions and orders of the Tribunal;
 - (e) the certified copies of the order of the Tribunal approving this Scheme having been filed with the RoC; and
 - (f) fulfilment of all other conditions precedent as agreed by the Companies in writing, in the manner so agreed between the Companies.

3. Rationale of the Scheme:

The proposed Scheme would enable integration of the business activities of the Companies under a single entity and is thus expected to provide opportunities to unlock potential synergies. The amalgamations pursuant to the Scheme would, *inter alia*, have the following benefits:

- (a) Greater operational and management efficiencies;
- (b) Revenue and cost synergies including commonality of customers, sales and supply chain opportunities through enhanced geographical reach which will help in gaining market share, optimization of capital, operational (including promotion) expenditure, leveraging sales and distribution network and simplification of overlapping infrastructure;
- (c) Streamlining of business operations and decision-making process and greater economies of scale and enhanced geographical reach, resulting in optimal and efficient utilization of capital;
- (d) Dedicated and specialized management focus on the specific needs of business vertical;



- (e) Unified approach on customer engagement delivering greater brand value;
- (f) unification and streamlining of management of legal and regulatory compliances;
- (g) Greater economic value for the shareholders of the Amalgamated Company; and
- (h) Upon the Scheme becoming effective, the authorised share capital of the Amalgamated Company shall stand increased and reclassified without any further act, instrument or deed on the part of the Amalgamated Company and the stamp duties and fees (including registration fee) paid on the authorized share capital of the Amalgamating Companies shall be utilized and applied to the increased authorized share capital of the Amalgamated Company.

4. Scheme not detrimental to shareholders of the Company

- 4.1 The Committee noted that the Scheme will provide an opportunity to improve the economic value of the Company. This is particularly marked in the improved synergies that will arise pursuant to the Scheme.
- 4.2 Pursuant to the amalgamation of Velotio into the Company, the Company will issue and allot OCRPS, credited as fully paid-up to the Existing Shareholders, and in accordance with the recommendations under the valuation report and the fairness opinion. The conversion of the OCRPS to equity shares of the Company shall be in accordance with the terms of the OCRPS issued and equity shares issued by the Company to the Existing Shareholders upon conversion of the OCRPS shall rank *pari passu* in all respects with the other equity shares of the Company.
- 4.3 Further, no shares or other instruments are required to be issued pursuant to the amalgamation of Scaleworx into the Company.
- 4.4 Accordingly, the Committee is of the informed opinion that there will be no detrimental impact on the shareholders of the Company due to the proposed Scheme.

5. Recommendation of the Committee

The Committee of Independent Directors after due deliberations and due consideration of all the terms of the draft Scheme, the papers tabled before it, the above rationale, the valuation report, fairness opinion, and the specific points mentioned above, including that the Scheme is not detrimental to the shareholders of the Company, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company.

On behalf of **Independent Director's Committee of**
R Systems International Limited


Ruchita Gupta

(Non-Executive Independent Director)
DIN: 06912329



Date: September 11, 2024
Place: NOIDA