

**REPORT FROM THE COMMITTEE OF INDEPENDENT DIRECTORS OF REVATHI EQUIPMENT LIMITED RECOMMENDING THE SCHEME OF ARRANGEMENT AMONGST RENAISSANCE ADVANCED CONSULTANCY LIMITED AND RENAISSANCE CONSULTANCY SERVICES LIMITED AND RENAISSANCE STOCKS LIMITED AND REVATHI EQUIPMENT LIMITED AND SEMAC CONSULTANTS PRIVATE LIMITED AND RENAISSANCE CORPORATE CONSULTANTS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS TAKING IN TO CONSIDERATION, INTERALIA, THAT THE SCHEME IS NOT DETRIMENTAL TO THE SHAREHOLDERS**

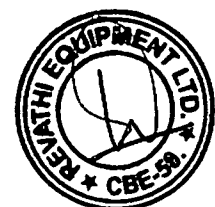
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**Present Members:**

1. Mr. V.V. Subramanian, Chairman
2. Mr. Kishore Sidhwani, Member
3. Mr. B.V. Ramanan, Member

1. **Background:**

- a. The Independent Directors at its meeting held on 12<sup>th</sup> November, 2021 was requested to consider and recommend to the Board of Directors, a draft of the proposed Scheme of Arrangement amongst Renaissance Advanced Consultancy Limited ("RACL") and Renaissance Consultancy Services Limited ("RCSL") and Renaissance Stocks Limited ("RSL") and Revathi Equipment Limited ("REL" or the "Company") and Semac Consultants Private Limited ("SCPL") and Renaissance Corporate Consultants Limited ("RCCL") and their respective shareholders and creditors (hereinafter referred to as "Scheme") to be implemented under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013.
- b. The Scheme, inter alia, provides for
  - i. Merger of RACL and RSL into the Company;
  - ii. Demerger of Demerged Undertaking 2 (as defined in the Scheme) of REL as a going concern into RCCL; and
  - iii. Merger of SCPL into the Company.
- c. The equity shares of REL are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (collectively, the 'Stock Exchanges'). REL will be filling the Scheme along with necessary documents/information with the above mentioned exchanges.
- d. The report of Independent Directors is made in order to comply with the requirements in terms of para (A)(2)(I) of PART I of SEBI Master Circular ("Circular") dated 22th December, 2020 issued by the Securities and Exchange Board of India.
- e. The following documents were placed before the Committee of Independent Directors for the purpose of making the report:
  - i) Draft Scheme, duly initiated by Company Secretary of REL for the purpose of identification;



- ii) Valuation report dated 12<sup>th</sup> November, 2021 issued by CA Vijay Deep Singh, Noida, a registered valuer (Regd no. IBBI/RV/06/2018/10139 and RVO M.No. ICAIRVO/06/RV-P00027/2018-19);
- iii) Fairness Opinion Report dated 12<sup>th</sup> November, 2021 issued by M/s.Vivro Financial Services Private Limited, SEBI registered category – I Merchant Banker (SEBI Registration No. INM000010122) providing the fairness opinion on the share entitlement recommended in the above valuation report; and
- iv) Certificate obtained from the Statutory Auditors of REL i.e. S.S. Kothari Mehta & Co, confirming that the accounting treatment as prescribed in the Scheme is in compliance with the applicable accounting treatment notified under Companies Act, 2013 and other generally accepted principles.

## **2. Proposed Scheme**

- i. The Committee of Independent Directors noted the benefits of the Scheme, which inter-alia is as follows:
  - The segregation will enable greater / enhanced focus of the management and thereby facilitate the management to efficiently exploit opportunities for each of the said businesses;
  - Proposed restructuring will create enhanced value for shareholders and allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with the aforesaid companies;
  - Allow management to pursue independent growth strategies for each businesses;
  - Allow in creating the ability to achieve valuation based on respective risk-return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital;
  - Providing liquidity to the shareholders of SCPL; and
  - Simplification of group structure.
- ii. The Committee of Independent Directors also noted the salient features of the Scheme, which inter-alia is as follows:
  - Pursuant to the sanction of the Scheme by National Company Law Tribunal, Chennai Bench, the Scheme shall become effective from the Appointed Date. The Appointed Date for the Scheme is fixed as 1<sup>st</sup> April, 2022;
  - The merger of RAEL (post demerger of Demerged Undertaking 1 into RCEL) and RSL with effect from the Appointed Date will result in a simplified group structure;
  - With effect from the Appointed Date, Demerged Undertaking 2 (as defined in the Scheme) of the Company shall stand transferred to and vested in and/or



be deemed to have been and stand transferred to and vested in RCCL to become the undertaking of RCCL;

- The initial paid-up equity share capital of RCCL shall stand cancelled without any consideration in order to achieve the shareholding in RCCL identical to the shareholding into the Company;
- The equity shares that will be issued by RCCL to the equity shareholders of the Company pursuant to demerger shall be listed on the Stock Exchanges;
- With effect from the Appointed Date, the entire business and whole of the undertaking of SCPL shall stand transferred to and vested in and / or be deemed to have been and stand transferred to and vested in the Company to become the undertaking of the Company; and
- The equity shares held by the Company in SCPL shall stand cancelled in their entirety and SCPL shall stand dissolved without winding up. The public shareholders of SCPL shall be issued equity shares of the Company based on the share exchange ratio as determined by the Registered Valuer under the valuation report and the Fairness Opinion provided by M/s.Vivro Financial Services Private Limited, SEBI Registered Category – I Merchant Banker. The equity shares that will be issued by the Company to the public shareholders of SCPL shall be listed on the Stock Exchanges;

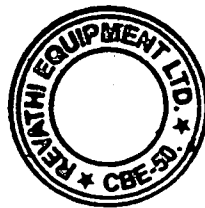
### **3. Recommendations of the Committee of Independent Directors**

The Committee of Independent Directors after due deliberations and due consideration of all the terms of the Scheme, valuation report, fairness opinion report and the certificate obtained from the Statutory Auditors of REL, recommends that the draft Scheme is not detrimental to the shareholders of the Company and for favorable consideration by the Board of Directors of the Company.

**By Order of the Committee of Independent Directors**

For and on behalf of  
REVATHI EQUIPMENT LIMITED

  
Chairperson of the Meeting



Date: 12<sup>th</sup> November, 2021

Place: Coimbatore.