

REPORT OF THE AUDIT COMMITTEE OF REVATHI EQUIPMENT LIMITED RECOMMENDING 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

Present Members:

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

Invitee:

1. Mr. Sudhir. R, CFO
2. Mr. K. Maheswaran, Company Secretary

1. Background:

- a. The Audit Committee at its meeting held on 12th 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"). REL will be filling the Scheme along with necessary documents/information with the above mentioned exchanges.
- d. The report of Audit Committee is made in order to comply with the requirements of the Circular CFD/DIL3/CIR/2017/17 dated 10th March, 2017 issued by the Securities and Exchange Board of India, as amended from time to time, (including



the circular being SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22th December, 2020) ("SEBI Circular") after considering the following:

- i) Draft Scheme, duly initiated by Company Secretary of REL for the purpose of identification;
- ii) Valuation report dated 12th 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 12th 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. Need for the merger / demerger / arrangement and Rationale of the Scheme

The Audit Committee 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.



3. Salient features of the Scheme

The Audit Committee 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 1st April, 2022;
- The merger of RACL (post demerger of Demerged Undertaking 1 into RCCL) 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 BSE Limited and National Stock Exchange of India Limited (collectively, 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;

4. Synergies involved in the Scheme

As elaborated in the rationale of the Scheme, the segregation of businesses into separate entities will enable greater management focus and it will also facilitate the management to pursue independent growth strategies for each business. The present arrangement will also enhance the shareholders' value and it is in the interest of all the stakeholders of the Company.



5. Effect of the scheme on the Equity shareholders, key managerial personnel, promoters and non-promoter shareholders

It is expected that the proposed arrangement will allow more focused strategy, standardization in operations, operating cost optimization, better monitoring and utilization of assets, which in turn would enhance shareholders value.

The audit committee is of informed opinion that the proposed Scheme is for the best interest of the shareholders and creditors.

6. Cost benefit Analysis of the scheme

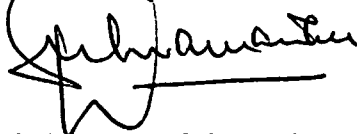
Though the Scheme would lead to incurring of some costs towards implementation of the Scheme, however the benefit of the Scheme over the long term horizon would far outweigh such cost for the stakeholders considering the synergy benefits mentioned above post arrangement.

7. Recommendations of the Audit Committee

The Audit Committee after due deliberations and due consideration of all the terms of the Scheme, valuation report and fairness opinion report, recommends the Scheme for favorable consideration by the Board of Directors of the Company, the Stock Exchanges and SEBI.

By Order of the Audit Committee

For and on behalf of
REVATHI EQUIPMENT LIMITED



Chairperson of the Audit Committee

Date: 12th November, 2021

Place: Coimbatore.

**REPORT OF THE AUDIT COMMITTEE OF SEMAC CONSULTANTS PRIVATE LIMITED
RECOMMENDING 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**

Present Members:

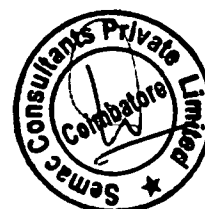
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- b. The Scheme, inter alia, provides for the merger of the Company into REL.
- c. The equity shares of REL are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). REL will be filling the Scheme along with necessary documents/information with the above mentioned exchanges.
- d. The report of Audit Committee is made in order to comply with the requirements of the Circular CFD/DIL3/CIR/2017/17 dated 10th March, 2017 issued by the Securities and Exchange Board of India, as amended from time to time, (including the circular being SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22th December, 2020) ("SEBI Circular") after considering the following:



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- iii) Fairness Opinion Report dated 12th November, 2021 issued by M/s. Vivro Financial Services Private Limited, SEBI registered category – I Merchant Banker (SEBI Registration No. INM000012698) providing the fairness opinion on the share entitlement recommended in the valuation report prepared by CA Vijay Deep Singh, Registered Valuer;

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- With effect from the Appointed Date, the entire business and whole of the undertaking of the Company shall stand transferred to and vested in and / or be deemed to have been and stand transferred to and vested in REL to become the undertaking of REL;
- The equity shares held by REL in the Company shall stand cancelled in their entirety and the Company shall stand dissolved without winding up. The public shareholders of the Company shall be issued equity shares of REL 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; and
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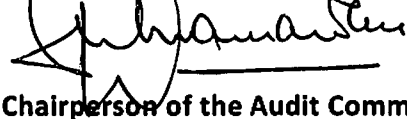
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By Order of the Audit Committee

For and on behalf of
SEMAC CONSULTANTS PRIVATE LIMITED



Chairperson of the Audit Committee

Date: 12th November, 2021

Place: Coimbatore

