



ROYAL SENSE LIMITED
 Registered Office: Plot No. 57, First Floor, Phase-II Badli, Industrial Estate, Badli Ind.,
 Badli (North West Delhi), Delhi-110042
 CIN: L21006DL2023PLC412051 Email: compliance@royalsense.in
 Website: www.royalsense.in | Contact No.: +91-9205843102

REPORT ON RECOMMENDATIONS OF THE AUDIT COMMITTEE ON DRAFT SCHEME OF MERGER BY ABSORPTION BETWEEN TTG INNOVATIONS PRIVATE LIMITED ("TIPL" OR "TRANSFEROR COMPANY") WITH ROYAL SENSE LIMITED ("RSL" OR "TRANSFeree COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS ("SCHEME").

The Securities and Exchange Board of India ("SEBI") vide its master circular bearing reference no. SEBI /HO/ POD-2/ P/ CIR /2023 /93 dated June 20, 2023 (hereinafter collectively referred to as "Circulars") has amongst other requirements, sought a report from Audit Committee of Listed Companies recommending the draft scheme under section 230-232 of the Companies Act, 2013 (Including any statutory modification(s) or re-enactment(s) thereof) ("Act").

Present:

Ms. Heena Soni	: Chairperson
Ms. Kajal	: Member
Mr. Rishabh Arora	: Member

In Attendance:

Ms. Ragini Maurya	: Company Secretary & Compliance Officer
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Background:

A meeting of the Audit Committee was held on 26th May, 2025, to consider and, if thought fit, recommend the proposed Scheme of Merger by Absorption ("Scheme") between TTG Innovations Private Limited ("Company" / "Transferor Company" / "TIPL"), Royal Sense Limited ("Transferee Company" / "RSL"), and their respective shareholders wherein the Transferor Company would stand transferred to and vested in Transferee Company and Transferor Company Stands Dissolved without being winding up with effect from the appointed date i.e. 1st April, 2024 in accordance with the terms of the Scheme and pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") and the rules and regulations made thereunder, as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and regulation 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("SEBI LODR Regulations"), the Master Circular dated June 20, 2023 bearing reference no. SEBI /HO/ POD-2/ P/ CIR /2023 /93 issued by the Securities and Exchange Board of India ("SEBI Circular"), as amended from time to time.

The Company is incorporated under the provisions of the Companies Act, 2013. The equity shares of the Company are listed on BSE Limited (referred as "Stock Exchange/ BSE").

This report of the Audit Committee is made in order to comply with the requirements of SEBI LODR Regulations and SEBI Circular.

The following documents were placed before the Audit Committee:

Draft Scheme of Merger by Absorption;



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Valuation Report dated 26th May, 2025, issued by Ashok Mittal, Registered Valuer (IBBI Registration No. IBBI/RV/06/2021/13914 for determination of Share Entitlement Ratio under the Scheme ("Valuation Report");

Fairness Opinion dated 26th May, 2025 prepared by Sobhagya Capital Options Private Limited, an Independent SEBI registered Category 1 Merchant Banker, (SEBI Registration No: [MB/INM000008571], providing a fairness opinion on the valuation of the shares and the share entitlement ratio as recommended in the Valuation Report. ("Fairness Opinion");

Certificate dated 26th May, 2025 issued by M/s. Vineet Gupta & Co., Chartered Accountants, Statutory Auditors of Transferor and M/s. C N D & Associates, Chartered Accountants, Statutory Auditors of Transferee Company confirming that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards specified by the Central Government under Section 133 of Companies Act, 2013 and other generally accepted accounting principles; and

Audited financial statements of the Transferee Company for the year ending 31st March, 2025, and unaudited Provisional financial statement for period ended 31st March, 2025. Audited financial statements of the Transferor Company for the year ending 31st March, 2025, and unaudited Provisional financial statement for period ended on 31st March, 2025.

Proposed Scheme

Salient Features

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

i) The rationale of the scheme is as under:

- a) TTG Innovations Private Limited and Royal Sense Limited both are engaged in the business of manufacturing, buying and selling or otherwise deal in all kind and varieties of personal products equipment (PPE)/ Products including but not limited to the face protection, goggles, gown or coverall, head cover, rubber boots, sanitizer, surgical equipment's, medical devices, generic and patent/ non-patent medical products. TTG Innovations is engaged in the business of manufacturing of medical products, Trading and Manufacturing of Cosmetics items like Skincare products, make up Products, Hair Care Products, Perfumes and deodorants etc, Export of IT related technical services like Cloud services, Software development IT support Services, Backup and disaster recovery, Help desk support, Managed print services, Computer training, and IT consulting etc. Royal Sense is mainly engaged in the business of trading and marketing of different types surgical, medical, pharmaceutical and other related products and selling thereof.
- b) The Scheme will lead to consolidation of business and assets, synergy of operations and networks of both the Companies. This will help achieve better and more efficient utilization of available resources, benefits of internal economies, diversification to mitigate risks and improving organizational efficiencies.

ii) The appointed date for the Scheme shall be 1st April, 2024.



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- iii) In consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company and in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company (whose names are registered in the Register of Members of the Transferor Company /register of beneficial owner with depository on the Record Date, or his /her/its legal heirs, executors or administrators or, as the case may be, successors) ("**Share Exchange Ratio**"):

RSL shall be issued and allotted 18.1 fully paid Equity Shares of Rs. 10/- each of TIPL for every 1 Equity Shares of Rs. 10/- each held in TIPL, in consideration of the proposed Scheme, the Transferee Company will issue and allot equity shares, to each shareholder of the Transferor Company, whose names appear in the register of members of Transferor Company on the record date as may be fixed for the purpose by the Board of Transferee Company in consultation with the Transferor Company (hereinafter referred to as "**the Record Date**"), in the following manner:

The equity shares proposed to be allotted by the Transferee Company will be listed on BSE Limited recognized stock exchange having a nationwide trading platform.

The Transferor Company and the Transferee Company shall follow the method of accounting as per the applicable accounting principles as prescribed under the Companies (Indian Accounting standards) Rules, 2015 (Ind AS) as notified under Section 133 of the Act, as may be amended from time to time and relevant clarifications issued by Institute of Chartered Accountants of India.

This Scheme is and shall be conditional upon and subject to:

- The requisite consents, no-objections and approvals of the Stock Exchange and SEBI to the Scheme in terms of the SEBI Circular.
- The approval of the Scheme by the respective requisite majorities in number and value of the shareholders of the Companies in accordance with section 230 to 232 of the Act;
- The Scheme being sanctioned by the Tribunal in terms of sections 230 to 232 and other relevant provisions of the Act and the requisite orders of the Tribunal and
- Certified copies of the orders of the Tribunal sanctioning this Scheme being filed with the relevant Registrar of Companies by Transferor Company and Transferee Company as per the provisions of the Companies Act.

Need and Rationale of the Scheme

The Audit Committee noted the rationale and need for the merger of the Transferor Company into Transferee Company, as provided in the draft scheme of merger by absorption, and which is reproduced hereunder:

- a) TTG Innovations Private Limited and Royal Sense Limited both are engaged in the business of manufacturing, buying and selling or otherwise deal in all kind and varieties of personal products equipment (PPE)/ Products including but not limited to the face protection, goggles, gown or coverall, head cover, rubber boots, sanitizer, surgical equipment's, medical devices, generic and patent/ non-patent medical products. TTG Innovations is engaged in the business of manufacturing of medical products, Trading and Manufacturing of Cosmetics items like Skincare products, make up Products, Hair Care Products, Perfumes and deodorants Etc, Export of IT related technical services like Cloudservices, Software development IT support Services, Backup



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and disaster recovery, Help desk support, Managed print services, Computer training, and IT consulting etc. Royal Sense is mainly engaged in the business of trading and marketing of different types surgical, medical, pharmaceutical and other related products and selling thereof.

- b) The Scheme will lead to consolidation of business and assets, synergy of operations and networks of both the Companies. This will help achieve better and more efficient utilization of available resources, benefits of internal economies, diversification to mitigate risks and improving organizational efficiencies.

The merger is in the interest of both the companies, their shareholders and all other stakeholders of the respective companies and is not prejudicial to the interests of the concerned shareholders or the public at large.

Synergies of business of the entities involved in the Scheme:

TIPL is engaged in the manufacturing of surgical, medical and pharmaceutical products, Trading and Manufacturing of Cosmetics items like Skin care products, make up Products, Hair Care Products, Perfumes and deodorants Etc, Export of IT related technical services like Cloud services, Software development IT support Services, Backup and disaster recovery, Help desk support, Managed print services, Computer training, and IT consulting etc. TTG Innovations is a well-known brand in the pharmaceutical and surgical market, whereas the TIPL and RSL had entered into the sale agreement, where TIPL sale its all the products to RSL while RSL is a well-known brand in supply of surgical, medical and pharmaceutical items in India and they have also wide network across India.

The Scheme will enable the combined business to develop stronger relationships across its partner ecosystem, using the augmented intellectual capital and the resultant stronger implementation capabilities.

The combined business experience and expertise will result in tier-status upgrades with some clients. It will also enhance customer relationships and value creation for clients through the 360-degree offering capabilities. In addition, it will give rise to combined collaboration opportunities with several unique partners.

The Scheme of the two companies, which are both engaged in manufacturing/supply of surgical, medical and pharmaceutical products is a perfect fit and a win-win situation for the shareholders of both companies. It will create a larger and stronger entity by combining the expertise, experience, resources and client base of the two companies and offering a larger bouquet of services. It will result in the streamlining of operations and cost efficiency and will result in accelerated business growth and significantly enhance shareholders' value.



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The impact of the Scheme on the shareholders is as under:

- a) The shareholders of the Transferor Company as on the Record Date shall be entitled to equity shares in the Transferee Company basis the share entitlement ratio determined by **Ashok Mittal**, Registered Valuer (IBBI Registration No. **IBBI/RV/06/2021/13914**), in the valuation report submitted to this Committee;
- b) The Scheme will not adversely affect the rights or interest of any shareholder of the Transferor and Transferee Company or their respective shareholders, in any manner whatsoever;
- c) It is expected that the combined business will augment revenue growth and profitability. The combined entity will have vastly improved financial strength and the larger bouquet of offerings will result in accelerated revenue growth and profitability;
- d) The combined balance sheet will provide diverse strategic options and flexibility;
- e) The scheme will result in significant cost efficiencies and synergies such as optimization of sales, general and administration costs as well as consolidation of delivery operations in domestic as well as overseas markets.

Cost benefits analysis of the Scheme is as under:

There are no social or environmental impacts of the proposed restructuring. Except for the transaction cost, there are no additional costs involved for the proposed restructuring. The Scheme will significantly enhance the value of the Company primarily on account of the benefits and synergies detailed above.

The Committee is of the opinion that the expected synergies and benefits resulting from the restructuring would far outweigh the impact of such costs for the Company and its stakeholders.

Recommendation of the Audit Committee:

Taking into consideration the Scheme, Valuation Report, Fairness Opinion, Accounting Treatment Certificate, Audited Financial statements of the Transferor and Transferee Company and other documents, as placed, the Audit Committee recommends the draft Scheme for favourable consideration by the Board of Directors of the Company, Stock Exchange and The Securities Exchange Board of India.

For and Behalf of the Audit Committee

**For and on behalf of
Royal Sense Limited**

Heena Soni
Chairperson of the Audit Committee
Date: 26.05.2025
Place: Delhi