

**REVISED REPORT ADOPTED BY THE BOARD OF DIRECTORS OF KAMAT HOTELS (INDIA) LIMITED AT THEIR MEETING HELD ON MONDAY AUGUST 12, 2024, AT 12:00 NOON AT KHIL HOUSE, 70-C NEHRU ROAD NEAR SANTACRUZ AIRPORT, VILE PARLE (EAST), MUMBAI-400099 EXPLAINING EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS (PROMOTERS AND NON-PROMOTER SHAREHOLDERS), KEY MANAGERIAL PERSONNEL, DEBENTURE HOLDERS, CREDITORS, EMPLOYEES AND DIRECTORS**

## **1. BACKGROUND**

- 1.1. Board of Directors ('Board') of Kamat Hotels (India) Limited ('KHIL') at its meeting held on Thursday, May 23, 2024 have approved the draft Scheme of Arrangement (Merger by Absorption of Two Companies into KHIL) between Savarwadi Rubber Agro Private Limited (Formerly known as Kamats Amusements Private Limited) ("SRAPL" or the "First Transferor Company") and Treeo Resort Private Limited ("TRPL" or "Second Transferor Company") and Kamat Hotels (India) Limited ("KHIL" or "Transferee Company") and their respective Shareholders and Creditors ("the Scheme") under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("herein after referred to as Scheme of arrangement / The Scheme"). On June 28, 2024, for the purpose of the compliance with the Revised Standard Operating Procedure (SOP) issued by the Stock Exchanges i.e. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), vide its internal notice no. 20230929-30 dated September 29, 2023 and notice no. NSE/CML/2023/70 dated September 29, 2023 respectively, the Board of Directors opined and reconfirmed that there is no change in / impact on the documentation(s) / valuation(s) / report(s) of the Board, Audit Committee and Independent Director's committee etc. dated May 23, 2024 towards the Scheme of Arrangement, which was originally approved by the Board of Directors on May 23, 2024; Now, pursuant to the observations of BSE / NSE a meeting of the Board of Directors was held on Monday, August 12, 2024 inter-alia to consider and recommend to the Board of Directors the proposed amended Scheme of Arrangement;
- 1.2. Both Transferor Companies and the Transferee Company are integral parts of the same group. The First Transferor Company is a part of the promoter and promoter group of the Transferee Company. However, neither of the Transferor Companies are engaged in significant business operations. The First Transferor Company owns a freehold land in Vile

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Parle East, Mumbai, which houses a Sewage Treatment Plant (STP) Unit owned and utilized by the Transferee Company. The Transferee Company continues to utilize this property. The Second Transferor Company owns a non-agricultural land and building situated on Mumbai-Ahmedabad Highway in the village of Saye, Palghar District, Thane, which makes it suitable and ideally located for KHIL to develop and operate future hotel/resort projects including residential projects on this TRPL land, allowing for the expansion and to meet growing market demands. Management of the Transferee Company is of the view that the proposed scheme of merger by absorption/amalgamation will enrich stakeholders' wealth and streamline the group's structure, resulting in improved administrative and operational efficiency. Therefore, to simplify and enhance operational efficiency, it is proposed to restructure the group by merging the two Transferor Companies into the Transferee Company.

- 1.3. As per Section 232(2)(c) of the Companies Act, 2013 ('the Act'), a report adopted by the Board explaining effect of the compromise on each class of shareholders (promoters and non-promoter shareholders), key managerial personnel ('KMPs'), debenture holders, creditors, employees and directors, is required to be circulated to the shareholders and/or creditors along with the notice convening the meeting if ordered by the jurisdictional National Company Law Tribunal ('NCLT').
- 1.4. Pursuant to the requirements of the SEBI Circular No. SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/0000000103 dated 29 July 2022 as updated on 01 December 2022 and as amended from time to time ('SEBI Scheme Circular – Debt'), the Board is required to also comment on impact of the Scheme on the holders of Non-Convertible Debentures ('NCDs')/ Non-Convertible Redeemable Preference Shares ('NCRPS'), safeguards for the protection of the holders of NCDs/ NCRPS and exit offer to the dissenting shareholders of NCDs/ NCRPS, if any.
- 1.5. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013 read with the SEBI Scheme Circular – Debt and for adoption by the Board.
- 1.6. The Scheme inter-alia provides for:
  - Merger by absorption of SRAPL and TRPL with KHIL along with the consequential allotment of shares by the Transferee Company to the shareholders of the Transferor Companies, holding fully paid-up equity shares and whose name appear in the register of members on the

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Effective Date (other than the Transferee Company or any of the Transferor Companies);

- Cancellation of shares held by SRAPL in KHIL and the order of National Company Law Tribunal sanctioning the Scheme shall be deemed to be an order under the provisions of Section 66 of Companies Act, 2013 for confirming the reduction of share capital and no separate procedure shall be followed under the Act.

1.7. Appointed Date for the Scheme is 01 April 2024.

1.8. Pursuant to the Scheme, on merger, KHIL shall issue its equity shares to the shareholders of SRAPL and TRPL (other than itself) in the proportion of their holding in SRAPL and TRPL respectively.

1.9. The following documents were, inter alia, placed before the Board:

- Amended Draft Scheme of Merger by Absorption/amalgamation;
- Revised Valuation report of Mr. Suman Kumar Verma, Registered Valuer dated 12 August 2024 for recommendation on the Share Exchange Ratio;
- Revised Fairness opinion on valuation report on the Share Exchange Ratio of M/s. Intelligent Money Managers Private Limited, SEBI Registered Category-I Merchant Banker dated 12 August 2024;
- Revised Certificate, dated 17 July 2024 issued by the Statutory Auditors of KHIL i.e., M/s. N.A. Shah Associates LLP, Chartered Accountants, to the effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as placed before the Board be and is hereby accepted and taken on record;
- Revised Independent Director’s Committee report;
- Revised Audit Committee Report for the Scheme; and
- Last 3 years audited financials of SRAPL, TRPL and KHIL.

## 2. VALUATION REPORT – SHARE EXCHANGE RATIO

2.1 In consideration of the amalgamation of SRAPL & TRPL into KHIL, based on the revised valuation report of Mr. Suman Kumar Verma, Registered Valuer dated 12 August 2024, the following Share Exchange Ratio be and is hereby approved as under:

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120 (One Hundred Twenty) fully paid-up equity shares of Rs.10/- (Rupees Ten only) each of the Transferee Company shall be issued and allotted at par for every 1(One) fully paid-up Equity share of Rs. 100/- (Rupees One Hundred only) each held by the members of the First Transferor Company”. First Transferor Company legally and beneficially owns 2,05,128 Equity Shares of Rs. 10/- each of the Transferee Company thereby aggregating to 0.77% (the percentage of holding is considered as on the date of the scheme). The equity shares held by the First Transferor Company shall stand cancelled, with effect from effective Date, without any application, act or deed.

20 (Twenty) fully paid-up equity shares of Rs.10/- (Rupees Ten only) each of the Transferee Company shall be issued and allotted at par for every 1(One) fully paid-up Equity share of Rs. 100/- (Rupees One Hundred only) each held by the members of the Second Transferor Company”.

No equity shares shall be issued in respect of fractional entitlements, if any, by the Transferee Company, to the members of Transferor Companies at the time of issue and allotment of equity shares

- 2.2 Further, Intelligent Money Managers Private Limited, Merchant Banker have issued the revised Fairness Opinion Report dated 12 August 2024 on the Share Exchange Ratio in the valuation report.

### **3. EFFECT OF SCHEME ON THE SHAREHOLDERS (PROMOTERS AND NON-PROMOTER SHAREHOLDERS), KEY MANAGERIAL PERSONNEL, DEBENTURE HOLDERS, CREDITORS, EMPLOYEES AND DIRECTORS**

#### **3.1 Effect on Shareholders (Promoters and Non-Promoter Shareholders)**

Scheme provides for issue and allotment of Equity Shares of KHIL on a proportionate basis to each member(s) of SRAPL and TRPL or to their executors, administrators, other legal representatives or the successor entitled, as the case may be, whose name appear in the Register of Members as on the Record Date as per the Share Exchange Ratio. Further, the shareholding of SRAPL in KHIL will be cancelled consequent to merger. All the consideration will be discharged at arm’s length and as per the independent valuation. There will be no other benefit that will flow to the promoters other than that mentioned in the draft scheme.

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The post-merger shareholding of the promoter(s) and promoter group of KHIL will increase by approximately 5.04% on pre-diluted basis i.e. excluding the potential exercise of option of conversion of outstanding warrants by non-promoter shareholders and in the event of exercise of option of conversion of outstanding warrants by non-promoter shareholders the shareholding of the promoter(s) and promoter group will decrease by -1.00%. Consequently, the promoter and promoter group shareholding in KHIL will change in accordance with the changes in the non-promoter / public shareholding.

All cost, charges and expense relating to the Scheme would be borne by KHIL.

### **3.2 Effect on the KMPs and Directors**

KHIL is not expecting any change in the KMPs and Directors in pursuance of the Scheme becoming effective.

KMPs and Directors of KHIL and their respective relatives may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding in KHIL (if any), or to the extent the said KMPs / Directors are the partners, directors, members of the companies, firms, association of persons, body corporates and / or beneficiary of the trust that holds shares in KHIL, as applicable.

### **3.3 Effect and impact on the holders of NCDs and safeguards for the protection of the NCD holders**

The Scheme envisages merger of Transferor companies into KHIL. Thus, the holders of NCDs of KHIL will continue with KHIL at exactly the same terms, including the coupon rate, tenure, redemption price, quantum, nature of security and ISIN.

Therefore, the Scheme will not have any adverse impact on the holders of the NCDs and thus adequately safeguards interests of the holders of the NCDs.

### **3.4 Exit offer to the dissenting holders of NCDs**

Since the Scheme does not envisage alteration in the terms of NCDs, no exit offer is required.

### **3.5 Effect on the creditors**

Under the Scheme, there is no arrangement with the creditors (secured or unsecured) of KHIL. No compromise is offered under the

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Scheme to any of the creditors of KHIL. The liability towards creditors of KHIL, under the Scheme, is neither being reduced nor being extinguished.

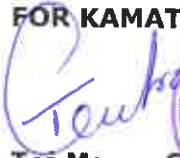
### **3.6 Effect on staff or employees**

Under the Scheme, no rights of the staff and employees of KHIL are being affected. The services of the staff and employees of KHIL shall continue on the same terms and conditions as was prior to the proposed Scheme and there is no case of transfer of employees of the KHIL as part of the Scheme.

## **4. CONCLUSION**

While deliberating the Scheme, the Board has considered its impact on each of the shareholders, (promoters and non-promoter shareholders), key managerial personnel, directors, debenture holders, creditors and employees. The Scheme is in the best interest of the shareholders (promoters and non-promoter shareholders), key managerial personnel, directors, debenture holders, creditors and employees of KHIL and there shall be no prejudice caused to them in any manner by the Scheme.

**FOR KAMAT HOTELS (INDIA) LIMITED**



**Tej Mayur Contractor**  
**Non-Executive Independent Director**  
**DIN: 00454197**

**Place: Mumbai**  
**Date: 12.08.2024**

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