REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF KAMAT HOTELS (INDIA) LIMITED CONSIDERING THE SCHEME OF ARRANGEMENT (MERGER BY ABSORPTION) BETWEEN SAVARWADI RUBBER AGRO PRIVATE LIMITED (Formerly known as KAMATS AMUSEMENTS PRIVATE LIMITED) AND TREEO RESORT PRIVATE LIMITED AND KAMAT HOTELS (INDIA) LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS DISCUSSED AT ITS MEETING HELD ON THURSDAY 23 MAY 2024 AT 11:45 AM.

PRESENT – DIRECTORS

Mr. Ramnath Sarang	: Chairperson/ Independent Director
Mr. Vilas Koranne	: Independent Director
Mr. Ajit Naik	: Independent Director

1. **Background:**

A meeting of Independent Director's Committee of KHIL was held on Thursday, 23 May 2024 *inter-alia* to consider and recommend to the Board of Directors the proposed Scheme of Arrangement between 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 Creditor ("the Scheme") under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

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 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 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.

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The Equity Shares of KHIL are listed on BSE Limited ('BSE'), National Stock Exchange of India Limited ('NSE'). The Non- Convertible Debentures ("NCDs") of KHIL are listed on the Negotiated Trade Reporting Platform of NSE. KHIL will be filing the Scheme along with necessary information / documents with BSE and NSE for their approval under regulation 37, 59A and 94A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

This report of the Independent Director's Committee is made in order to comply with the requirements of the Securities and Exchange Board of India ('SEBI') Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 June 20, 2023 (hereinafter referred to as 'the SEBI Circular') (including any amendment(s) or modification(s) thereto), after considering the following:

a) Draft Composite Scheme of Arrangement;
b) Valuation report of Suman Kumar Verma, Registered Valuers dated 23 May 2024 for recommendation on the Share Exchange Ratio;
c) Fairness opinion report on the Share Exchange Ratio of M/s. Intelligent Money Managers Private Limited, Merchant Banker dated 23 May 2024 in the valuation report;
d) Certificate, dated 23 May 2024 issued by the Statutory Auditors of the Company 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, as placed before the Board be and is hereby accepted and taken on record;
e) Last 3 years audited financials of SRAPL, TRPL and KHIL; and
f) Audit Committee Report for the Scheme.

2. <u>Salient Features of the Scheme</u>

- In consideration of the scheme of arrangement of SRAPL & TRPL into KHIL, based on the valuation report of Suman Kumar Verma, Registered Valuers dated23 May 2024, the following Share Exchange Ratio be and is hereby approved as under:

  124 (One Hundred Twenty-Four) 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 205,128 Equity Shares of Rs. 10/- each of the shares 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

REGD OFF.: 70-C, Nehru Road, Vile Parle (East), Mumbai - 400 099, India. Tel.:022 2616 4000, Fax :022 2616 4203
Email-Id : cs@khil.com | Website: www.khil.com | CIN: L55101MH1986PLC039307

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

- Upon the Scheme coming into effect and with effect from the Appointed Date, KHIL shall account for the merger in its books as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS) 103 or such other accounting principles as may be applicable or prescribed under the Act.

- Appointed Date stated in the Scheme is 01 April 2024.

- Effective Date for the scheme has been specified in Clause 1.9 of the Scheme.

- The Scheme is conditional upon approval by the public shareholders through e-voting in terms of Para (A)(10)(a) of Part I of SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and as amended from time to time and the Scheme shall be acted upon only if vote cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.

- The Scheme is conditional upon receipt of NOC from the holders of NCDs in terms of Para (A)(10) of Part I of Annex – XII-A of SEBI Circular No. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated 29 July 2022 and updated as on 01 December 2022 and as amended from time to time.

3. **<u>Need for the Arrangement i.e. Merger by absorption and Rationale of the Scheme</u>**

Both First and Second 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 Parle East, Mumbai,

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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 arrangement 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.

The key benefits of this Scheme are:

(i) **Operational Synergies:** The merger of the Transferor Companies into the Transferee Company will streamline administrative processes leading to improved operational efficiency across the group.

(ii) **Cost Savings:** Given that neither of the Transferor Companies is currently engaged in significant business operations, consolidating their operations into the Transferee Company will lead to substantial cost savings. This consolidation will reduce overheads, such as administrative expenses and regulatory compliance costs, resulting in improved cost efficiency for the combined entity.

(iii) **Enhanced Utilization of Assets for Orchid Hotel Mumbai:** The STP unit, which is presently situated on the land owned by the First Transferor Company, which is crucial for the Transferee Company's hotel business in Vile Parle, specifically The Orchid, Mumbai, will be seamlessly integrated into one organisation. This ensures continued efficient waste management operations for one of India's premier 5-star hotel brands. THE ORCHID, An Ecotel Hotel, is transferee company's most globally recognized brand, being Asia's first chain of a 5-star, environment-sensitive hotel, and it has garnered over 95 National & International awards by maintaining optimal environmental standards and infrastructure, The Orchid Mumbai, can uphold its reputation for luxury and sustainability, thereby enhancing its competitive edge in the hospitality market.

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(iv) **Expansion Opportunities:** The non-agricultural land owned by the Second Transferor Company presents significant expansion potential for the Transferee Company's hotel business. Its strategic location on Mumbai-Ahmedabad Highway in Palghar District makes it ideal for future development projects, allowing for the expansion of hotel/resort facilities and services to meet growing market demands.

(v) **Maximizing Shareholder Value:** The Merger by Absorption /amalgamation is expected to enhance shareholders' wealth by consolidating assets and resources, thereby creating a stronger and more competitive entity within the hospitality industry.

(vi) **Improved Financial Performance:** By rationalizing the group structure and optimizing resource allocation, the Transferee Company aims to achieve improved financial performance, including increased revenue and profitability. This is expected to improve the topline and bottom line of the Transferee Company going-forward.

(vii) **Strategic Focus:** With a simplified group structure, the management of the Transferee Company can focus more effectively on core business activities, such as enhancing guest experiences, implementing innovative hospitality solutions, and pursuing strategic partnerships.

(viii) **Risk Mitigation:** The consolidation of operations reduces the group's overall exposure to operational risks and regulatory complexities, ensuring better risk management, transparency and compliance, since the entire Sewage Treatment Plant, which is vital for the Orchid's Hotel business operations will be owned, operated and controlled as an integral asset of the Transferee's Hotel.

4. **Scheme not detrimental to the Shareholders of KHIL:**

The Independent Director's committee discussed and deliberated upon the rationale and expected benefits of the Scheme. In view of the same, draft scheme and other documents presented before the Independent Director's Committee, it is noted that the Scheme will not have any material impact on the shareholders of KHIL. The Independent Director's Committee was of the opinion that the Scheme is not detrimental to the interests of the shareholders of KHIL.

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5. **Recommendation of the Independent Director's Committee:**

The Independent Director's Committee after due deliberations and due consideration of all the terms of the draft Scheme, rationale of the Scheme, and impact of the Scheme on the shareholders of KHIL recommends the Scheme for favorable consideration by the Board of Directors of KHIL.

By Order of the
Committee of Independent Directors of
KAMAT HOTELS (INDIA) LIMITED

KAMAT HOTELS (INDIA) LTD. MUMBAI

Name: Ramnath Sarang
Chairperson of the Committee of Independent Directors
DIN: 02544807

Date: 23 May, 2024
Place: Mumbai