

REPORT OF THE INDEPENDENT DIRECTORS COMMITTEE OF VALOR ESTATE LIMITED (FORMERLY KNOWN AS "D B REALTY LIMITED") RECOMMENDING THE DRAFT COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT AMONGST VALOR ESTATE LIMITED, ESTEEM PROPERTIES PRIVATE LIMITED AND SHIVA REALTORS SUBURBAN PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON JUNE 6, 2024

Members Present

Mr. Jagat Killawala - Independent Director and Chairman
Mr. Mahesh Gandhi- Independent Director and Member
Ms. Maryam Khan - Independent Director and Member (through Video-conferencing)

In attendance

Mr. Jignesh Shah - Company Secretary and Compliance Officer

By invitation

Mr. Rahul Pandit- President & Executive Director of BD&P Hotels (India) Private Limited (through video conferencing)
Mr. Hari Nair – President
Mr. Mohammed Salim Balwa- Vice President – Hotel Operations Limited (through video conferencing)
Mr. Atul Bhatnagar- Chief Financial Officer
Mr. Jinesh Shah- Ernst & Young LLP
Mr. Virag Shah- Ernst & Young LLP

1. Background

- 1.1. A meeting of the Independent Directors Committee of Valor Estate Limited was held on June 6, 2024, *inter alia*, to consider and recommend to the Board of Directors of the Company, the proposed draft Composite Scheme of Amalgamation and Arrangement amongst Valor Estate Limited ("**Amalgamated Company**" / "**Demerged Company**" / "**VEL**" / "**Company**"), Esteem Properties Private Limited ("**Amalgamating Company**" / "**EPPL**") and Shiva Realtors Suburban Private Limited (being renamed¹ as Advent Hotels International Private Limited) ("**Resulting Company**" / "**AHIPL**") and their respective shareholders and creditors under sections 230 to 232 read with section 52 and 66 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").
- 1.2. VEL is a listed public limited company incorporated under the provisions of the Companies Act, 1956. VEL is engaged primarily in two businesses viz. (i) real estate and (ii) hospitality. Due to diverse capital requirements, varying capital structures, disparate risk profiles, different project delivery timelines, unique project partnerships, and differing industry profiles. VEL has undertaken development of residential, commercial, hospitality, and land bank assets by itself or through its subsidiaries, joint ventures, and associates. The equity shares of Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**") (collectively referred to as "**Stock Exchanges**").
- 1.3. EPPL and AHIPL are private limited companies incorporated under the provisions of the Companies Act, 1956, and are wholly owned subsidiaries of VEL.
- 1.4. The Amalgamating Company, Amalgamated Company / Demerged Company and Resulting Company are collectively referred to as "**Companies**"

¹Form INC-24 submitted to the Ministry of Corporate Affairs to change the name of Shiva Realtors Suburban Private Limited to Advent Hotels International Private Limited is awaiting approval.

VALOR ESTATE LIMITED

(Formerly known as D B Realty Limited)

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Website: www.dbrealty.co.in Email: info@dbg.co.in Tel: 91-22-35201670
CIN:70200MH2007PLC166818



1.5. In terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI LODR Regulations**") read with SEBI circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time ("**SEBI Scheme Circular – Equity**"), a report from the Independent Directors Committee recommending the draft Scheme taking into consideration, *inter alia*, that the Scheme is not detrimental to the shareholders of the Company is required. This report of the Independent Directors Committee is made in compliance with the requirements of the SEBI LODR Regulations.

1.6. **Documents placed before the Independent Directors Committee**

The following documents, duly initialed by the Company Secretary of the Company for the purpose of identification, were placed before the Independent Directors Committee:

- (a) Draft Scheme;
- (b) Valuation Report dated June 6, 2024, issued by M/s. Pawan Poddar & Associates (Registration No. IBBI/RV/06/2019/12475.), Registered Valuer ("**Valuation Report**");
- (c) Fairness Opinion Report dated June 6, 2024, issued by M/s. Navigant Corporate Advisors Limited, (Registration No. INM000012243), an Independent SEBI registered Category – I Merchant Banker ("**Fairness Opinion**"); and
- (d) Statutory Auditors' certificate dated June 6, 2024, of M/s. N. A. Shah Associates LLP, Chartered Accountants (Firm Registration No. 116560W/W100149), the Statutory Auditors of the Company, confirming the accounting treatment in the prescribed manner in the Scheme is in compliance with the accounting standards prescribed under section 133 of the Companies Act and other generally accepted accounting principles.

2. **Salient Features of the Scheme**

The Independent Directors Committee noted the brief particulars of the Scheme as under:

- (a) This Scheme is presented under Sections 230 to 232 read with Section 52 and 66 and other applicable provisions of the Act read with Section 2(1B), 2(19AA) and other applicable provisions of the Income-tax Act (as defined in the Scheme) and other applicable law, if any.
- (b) The Scheme provides for amalgamation of EPPL with VEL and demerger of Hospitality Business (as defined in the Scheme) of VEL and vesting into AHIPL and other matters incidental thereto viz.
 - (i) Reduction of preference share capital of the Demerged Company, subject to issue and allotment of preference shares by the Resulting company; and
 - (ii) Adjustment of the securities premium account of the Demerged Company pursuant to the Demerger.
- (c) Upon amalgamation of the Amalgamating Company with the Amalgamated Company, no consideration shall be issued by the Amalgamated Company and the entire share capital of the Amalgamating Company held by the Amalgamated Company along with its nominees, shall stand cancelled.
- (d) Resulting Company is a wholly owned subsidiary of Demerged Company, upon Part III of the scheme coming into effect, Resulting Company shall issue and allot shares, on a proportionate basis to each shareholder of the Demerged Company in the following ratio:

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"1 (One) equity share of INR 10 each fully paid up of Advent for every 10 (Ten) equity shares of INR 10 each fully paid up held by equity shareholders of VEL"

"1 (One) preference share of INR 10 each fully paid up of Advent for every 10 (Ten) preference shares of INR 10 each fully paid up held by preference shareholders of VEL"

- (e) All equity shares of the Resulting Company held by the Demerged Company (directly and/ or through nominees) shall stand cancelled.
- (f) The equity shares of AHIPL will be listed and admitted to trading on the Stock Exchanges in compliance with SEBI Scheme Circular - Equity and other relevant provisions as applicable.
- (g) The appointed date for amalgamation and demerger is April 1, 2024, and April 1, 2025, respectively ("**Appointed Date**").
- (h) The effectiveness of the Scheme is contingent upon certain conditions as mentioned in clause no. 38 of the Scheme.

3. Proposed Scheme of Arrangement

3.1. Need for the Arrangement and rationale of the Scheme

The rationale for, and the benefits of, the proposed Scheme, are inter alia as follows:

(a) Rationale for Amalgamation:

- (i) The Amalgamating Company is in the process of developing a 5.4-acre freehold site at Sahar, Andheri (East), close to the Mumbai International Airport, wherein a mixed-use development of real estate and hospitality is being planned.
- (ii) To enable the project to progress, it is necessary to consolidate the operations of the Amalgamating Company with that of the Amalgamated Company.

(b) Rationale for Demerger:

- (i) The Resulting Company as a focused entity would attract the right sets of investors, strategic partners, and collaborators, whose investment strategies and risk profiles are closely aligned with the hospitality industry.
- (ii) Given the unique characteristics of the hospitality industry, the creation of a separate publicly listed entity for the Hospitality Business would facilitate the development of new growth opportunities, better utilization, and operation of existing assets/properties, attracting and retaining of sector focused management and talent pool, and creating sustainable value for shareholders. This approach allows for a focused strategy that aligns in line with hospitality industry-specific market dynamics.
- (iii) The Scheme would unlock value of the Hospitality Business for existing shareholders of the Demerged Company through independent, market-driven valuation of their shares in the Resulting Company which will be listed pursuant to the Scheme.
- (iv) The convergence of favorable factors and the Indian government's focus on the travel & tourism industry, infrastructure development, and rapid digitalization, offers significant growth opportunities for the Hospitality Business.

3.2. Scheme not detrimental to the shareholders of the Company

The Independent Directors Committee discussed and deliberated upon the rationale and salient features of the Scheme, including as below:

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- (a) The Scheme is expected to be beneficial to the Company and its shareholders, leading to opportunity for growth and value creation in the long run and maximizing the value and returns to the shareholders.
- (b) Since the Amalgamating Company is wholly owned subsidiary of the Amalgamated Company, upon amalgamation of the Amalgamating Company with the Amalgamated Company, no consideration shall be issued by the Amalgamated Company.
- (c) Resulting Company is a wholly owned subsidiary of Demerged Company, upon Part III of the scheme coming into effect, Resulting Company shall issue and allot shares, on a proportionate basis to each shareholder of the Demerged Company in the following ratio:
- “1 (One) equity share of INR 10 each fully paid up of Advent for every 10 (Ten) equity shares of INR 10 each fully paid up held by equity shareholders of VEL”
 “1 (One) preference share of INR 10 each fully paid up of Advent for every 10 (Ten) preference shares of INR 10 each fully paid up held by preference shareholders of VEL”
- (d) Any fraction arising out of allotment of equity and preference shares as above shall be rounded off to the nearest higher Integer.
- (e) All equity shares of the Resulting Company held by the Demerged Company (directly and/ or through nominees) shall stand cancelled.
- (f) The equity shares of AHIPL will be listed and admitted to trading on the Stock Exchanges in compliance with SEBI Scheme Circular - Equity and other relevant provisions as applicable
- (g) Subject to issuance of preference share as above, the issued, subscribed and paid-up value of preference share capital of the Demerged Company shall be reduced by way of reduction of face value of preference shares in the following manner:
- “Every 1 preference share having face value of Rs. 10/- each shall stand reduced to 1 preference share having face value of Rs. 9/- each
 and post such reduction Every 10 such preference share having face value of Rs. 9/-each shall be consolidated into 9 number of preference shares having face value of Rs. 10/- each.”
- (h) Any fraction arising out of such reduction and consolidation as above shall be rounded off to the nearest higher integer.
- (i) There will be no detrimental impact on the shareholders of the Company due to the proposed Scheme, given all shareholders of the Company shall, upon the effectiveness of the Scheme be issued with shares by AHIPL in the ratio set out above.
- (j) Therefore, considering the above and other documents presented, the Independent Directors Committee are of the view that the Scheme is not detrimental to the Shareholders of the Company.

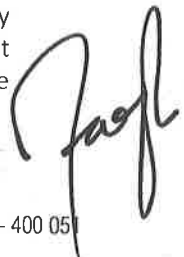
4. Recommendation of the Independent Directors Committee

The Independent Directors Committee after due deliberations and due consideration of the draft Scheme, above rationale, Valuation Report, Fairness Opinion, Certificate issued by Statutory Auditors of the Company and other documents placed before the Independent Directors Committee, the Independent Directors Committee recommends the draft Scheme

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for the favorable consideration and approval by the Board of Directors of the Company, Stock Exchanges, SEBI and other appropriate authorities.



Jagat Killawala
Chairman – Independent Directors Committee
DIN: 00262857



Place: Mumbai
Date: June 6, 2024

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