

REPORT ADOPTED BY THE AUDIT COMMITTEE OF DHANI SERVICES LIMITED AT ITS MEETING HELD ON TUESDAY, JUNE 27, 2023 RECOMMENDING THE SCHEME OF ARRANGEMENT AMONGST DHANI SERVICES LIMITED (“AMALGAMATING COMPANY 1” / “DSL”), INDIABULLS ENTERPRISES LIMITED (“AMALGAMATING COMPANY 2”/ “IEL”) (AMALGAMATING COMPANY 1 AND AMALGAMATING COMPANY 2 ARE COLLECTIVELY REFERRED TO AS “LISTED AMALGAMATING COMPANIES”), SAVREN MEDICARE LIMITED (“AMALGAMATING COMPANY 3”), AUXESIA SOFT SOLUTIONS LIMITED (“AMALGAMATING COMPANY 4”), GYANSAGAR BUILDTECH LIMITED (“AMALGAMATING COMPANY 5”), PUSHPANJLI FINSOLUTIONS LIMITED (“AMALGAMATING COMPANY 6”), DEVATA TRADELINK LIMITED (“AMALGAMATING COMPANY 7”), EVINOS DEVELOPERS LIMITED (“AMALGAMATING COMPANY 8”), MILKY WAY BUILDCON LIMITED (“AMALGAMATING COMPANY 9”), INDIABULLS CONSUMER PRODUCTS LIMITED (“AMALGAMATING COMPANY 10”), INDIABULLS INFRA RESOURCES LIMITED (“AMALGAMATING COMPANY 11”), JWALA TECHNOLOGY SYSTEMS PRIVATE LIMITED (“AMALGAMATING COMPANY 12”), MABON PROPERTIES LIMITED (“AMALGAMATING COMPANY 13”), YDI CONSUMER INDIA LIMITED (“AMALGAMATING COMPANY 14”), INDIABULLS GENERAL INSURANCE LIMITED (“AMALGAMATING COMPANY 15”), INDIABULLS LIFE INSURANCE COMPANY LIMITED (“AMALGAMATING COMPANY 16”), (AMALGAMATING COMPANY 3 TO AMALGAMATING COMPANY 16 ARE COLLECTIVELY REFERRED TO AS “UNLISTED AMALGAMATING COMPANIES”), JUVENTUS ESTATE LIMITED (“AMALGAMATING COMPANY 17”), INDIA LAND HOTELS MUMBAI PRIVATE LIMITED (“DEMERGED COMPANY”), INDIABULLS PHARMACARE LIMITED (“RESULTING COMPANY 1”) AND YAARI DIGITAL INTEGRATED SERVICES LIMITED (“AMALGAMATED COMPANY” / “RESULTING COMPANY 2”/ “Yaari”) (COLLECTIVELY REFERRED TO AS “PARTICIPATING COMPANIES”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (“SCHEME”) AS PER THE DRAFT COPY OF THE SCHEME PLACED BEFORE THE AUDIT COMMITTEE DURING THE AFORESAID MEETING

Members Present:

Sl. No.	Name of Audit Committee Members	Designation
1.	Dr. Narendra Damodar Jadhav	Chairman
2.	Ms. Swati Jain	Member
3.	Mr. Amit Ajit Gandhi	Member

1. Background

1.1 A meeting of the Audit Committee of Dhani Services Limited (“**Company**” or “**DSL**”) was held on June 27, 2023, to, *inter alia*, consider and if thought fit, recommend to the Board of Directors of the Company (“**Board**”), the Scheme of Arrangement amongst Participating Companies and their respective shareholders and creditors (“**Scheme**”), which entails:

- (i) Amalgamation of Listed Amalgamating Companies into and with Amalgamated Company and subsequent dissolution of Listed Amalgamating Companies;
- (ii) Amalgamation of Unlisted Amalgamating Companies into and with Amalgamated Company and subsequent dissolution of Unlisted Amalgamating Companies;

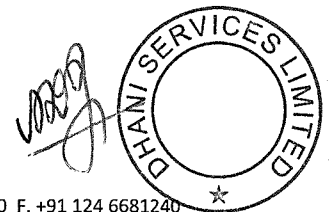
Dhani Services Limited

CIN: L74110DL1995PLC069631

Reg. Off: 1/1 E, First Floor, East Patel Nagar, New Delhi-110008, Tel: 011-41052775, Fax: 011-42137986

Corp. Off: 5th Floor, Plot No. 108, IT Park, Udyog Vihar, Phase 1, Gurugram – 122016, Haryana T. +91 124 6685800 F. +91 124 6681240

Website: www.dhani.com | Email: support@dhani.com



- (iii) Amalgamation of Amalgamating Company 17 into and with Amalgamated Company and subsequent dissolution of Amalgamating Company 17; and
- (iv) Demerger of Real Estate Business Undertaking of Demerged Company, vesting thereof with and into Resulting Company 1 and discharge of consideration thereof by way of issuance of shares by Resulting Company 2 and other related matters;

pursuant to the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the rules made thereunder including but not limited to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (“Act”), along with section 2(19AA), section 2(1B), section 2(41A) and other applicable provisions of the Income-tax Act, 1961.

1.2 This report of the Audit Committee is made in compliance with the requirement of the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time (“SEBI Circular”), issued by the Securities and Exchange Board of India (“SEBI”). In terms of the SEBI Circular, a report from the Audit Committee is required, recommending the Scheme, taking into consideration the documents enumerated below.

1.3 The following documents were placed before the Audit Committee for its consideration:

- (a) draft Scheme, duly initialed by the Director / Company Secretary of the Company for the purpose of identification.
- (b) valuation reports dated June 27, 2023, issued by Mr. Akhil Bhalla, a Registered Valuer (Securities or Financial Assets) IBBI Registration No. IBBI/RV/14/2019/11684, for the determination of Share Entitlement Ratios (as defined hereunder) under the Scheme (“Valuation Reports”);
- (c) fairness opinion dated June 27, 2023, prepared by M/s D & A Financial Services (P) Ltd., SEBI registered Merchant Banker having license no. INM000011484, confirming that the Share Entitlement Ratios in the Valuation Reports are fair to the Participating Companies and their respective shareholders and creditors (“Fairness Opinion”); and
- (d) the certificate dated June 27, 2023 from Sharp & Tannan Associates, Chartered Accountants, the statutory auditor of the 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 the Act read with applicable rules, and/or the accounting standards issued by the Institute of Chartered Accountants of India and other generally accepted accounting principles (“Auditor’s Certificate”).
- (e) the report dated June 27, 2023, pursuant to the meeting of the Independent Directors after taking into consideration, inter-alia, the Valuation Reports, Share Exchange Ratios, Fairness Opinion recommending that the Scheme is not detrimental to the interest of the shareholders of the Company;

2. Observations of Audit Committee on the Scheme

2.1 Need and rationale for the Scheme

The management of Dhani Services Limited is of the view that the arrangement proposed in this Scheme is, in particular, expected to have the following benefits:

Dhani Services Limited

CIN: L74110DL1995PLC069631

Reg. Off: 1/1 E, First Floor, East Patel Nagar, New Delhi-110008, Tel: 011-41052775, Fax: 011-42137986

Corp. Off: 5th Floor, Plot No. 108, IT Park, Udyog Vihar, Phase 1, Gurugram – 122016, Haryana T. +91 124 6685800 F. +91 124 6681240

Website: www.dhani.com | Email: support@dhani.com



Amalgamation of identified entities

- (a) Consolidation of Listed Amalgamating Companies, Unlisted Amalgamating Companies and Amalgamating Company 17 with the Amalgamated Company to have enhanced capability for offering diversified products and services in a unified entity. Its pooled resource base and client relationships are likely to result in better business potential and prospects for the consolidated entity and its stakeholders;
- (b) The combined financial strength is expected to further accelerate the scaling up of the operations of the Amalgamated Company. Deployment of resources in a more efficient manner is likely to enable faster expansion of the business operations of the Amalgamated Company;
- (c) The consolidation of funds and resources will lead to optimization of working capital requirement and consequent utilization, stronger financial leverage, improved balance sheet, and consolidation of cross location talent pool;
- (d) Amalgamation of the Listed Amalgamating Companies, Unlisted Amalgamating Companies and Amalgamating Company 17 with the Amalgamated Company, will lead to a simplified and streamlined holding structure, reduction of multitude of entities thus help in easing and rationalizing the compliances.

Demerger of Real Estate Business Undertaking

- (e) At present, the business operations of the Demerged Company can be bifurcated into following segments i.e., primary activity of real estate business, inter-alia comprising of activities in relation to development of identified land parcels / areas ("**Real Estate Business Undertaking**") and residuary activities, amongst-others involving undertaking investment activities ("**Non-Core Business Undertaking**");
- (f) Management of Demerged Company believes that the nature of offerings and the risk and return profile of the Real Estate Business Undertaking of the Demerged Company, being its mainstay, is different vis-à-vis the Non-Core Business Undertaking;
- (g) The Real Estate Business Undertaking represents an independent business division of Demerged Company housing a separate business portfolio, service offerings and functionality. Given the varied nature of activities, management of Demerged Company intends to segregate the Real Estate Business Undertaking from the consolidated entity, so as to achieve desired objectives to scale up the operations of investment activities and unlock the growth potential thereof.

2.2 Cost-Benefit Analysis of the Scheme

The proposed Scheme will result in consolidation of the businesses and would strengthen the position thereof in long run, by enabling it to harness and optimise the synergies. Accordingly, the Scheme would be in the best interest of the Company and beneficial to their respective shareholders and creditors. Improved organizational capability and leadership, arising from the pooling of human capital, who have the diverse skills, talent and vast experience would enable the Amalgamated Company / Resulting Company 2 to compete successfully in an increasingly competitive industry.

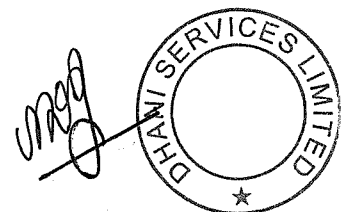
Dhani Services Limited

CIN: L74110DL1995PLC069631

Reg. Off: 1/1 E, First Floor, East Patel Nagar, New Delhi-110008, Tel: 011-41052775, Fax: 011-42137986

Corp. Off: 5th Floor, Plot No. 108, IT Park, Udyog Vihar, Phase 1, Gurugram – 122016, Haryana T. +91 124 6685800 F. +91 124 6681240

Website: www.dhani.com | Email: support@dhani.com



The Amalgamated Company / Resulting Company 2 would issue its shares as consideration to the shareholders of the Listed Amalgamating Companies and the Demerged Company and there will be no cash outflow of resources from the Company and the Amalgamated Company / Resulting Company 2. Apart from the cost of implementation of the Scheme, including payment of stamp duty, there are no additional costs involved for the proposed Scheme.

The proposed Scheme will also benefit the shareholders directly, as the costs incurred towards the implementation of the Scheme foreshadows the long-run benefit, to be derived by the shareholders, that can be derived by achieving strategic & operational synergies. The Audit Committee is of the opinion that the expected synergies and benefits, pursuant to the proposed Scheme, would offset the impact of such cost.

2.3 Synergies of business of the entities involved in the Scheme

The management of the respective companies is of the view that this Scheme is in the interest of the customers, employees, lenders, shareholders and all other stakeholders of the respective companies. Furthermore, the Scheme will enable the synergies that exist between the businesses carried out by the Participating Companies in terms of services and resources to be used optimally for the benefit of their stakeholders.

2.4 Salient Features of the Scheme

The Audit Committee considered and observed the following salient features in relation to the Scheme –

- (a) The Scheme provides for:
 - (i) Amalgamation of Listed Amalgamating Companies into and with Amalgamated Company and subsequent dissolution of Listed Amalgamating Companies;
 - (ii) Amalgamation of Unlisted Amalgamating Companies into and with Amalgamated Company and subsequent dissolution of Unlisted Amalgamating Companies;
 - (iii) Amalgamation of Amalgamating Company 17 into and with Amalgamated Company and subsequent dissolution of Amalgamating Company 17; and
 - (iv) Demerger of Real Estate Business Undertaking of Demerged Company, vesting thereof with and into Resulting Company 1 and issuance of shares by Resulting Company 2 and other related matters.
- (b) The Appointed Date means the opening of business hours on April 01, 2023 or such other date as may be approved by the jurisdictional Bench of Hon'ble National Company Law Tribunal, ("NCLT" / "Tribunal"), with effect from which the Scheme will be deemed to be effective in the manner described in the Scheme.
- (c) The effectiveness of this Scheme is conditional upon and subject to the following:
 - (i) receipt of an 'observation letter' or a 'no-objection letter' from the BSE Limited and National Stock Exchange of India Limited ("Stock Exchanges") on the Scheme, as required under applicable laws, are, in form and substance, acceptable to the Participating Companies, each acting reasonably and in good faith;
 - (ii) approval from requisite majority of such classes of shareholders, secured creditors and unsecured creditors, as the case may be, of each of the Participating Companies and such other persons / authorities, as may be required under applicable laws or as may be directed by the NCLT;

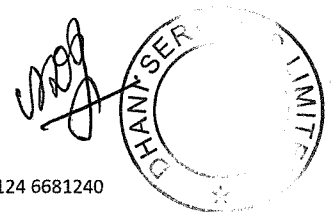
Dhani Services Limited

CIN: L74110DL1995PLC069631

Reg. Off: 1/1 E, First Floor, East Patel Nagar, New Delhi-110008, Tel: 011-41052775, Fax: 011-42137986

Corp. Off: 5th Floor, Plot No. 108, IT Park, Udyog Vihar, Phase 1, Gurugram – 122016, Haryana T. +91 124 6685800 F. +91 124 6681240

Website: www.dhani.com | Email: support@dhani.com



- (iii) the Scheme being approved by the shareholders of the Company, provided that the votes cast by public shareholders of the Company in favour of the Scheme are more than the number of votes cast by public shareholders against it, through e-voting in terms of the SEBI Circular;
 - (iv) the sanction to the Scheme by the NCLT under the relevant provisions of the Act;
 - (v) compliance with such conditions as may be imposed by the NCLT;
 - (vi) the receipt of such other approvals including, approvals of any governmental authority as may be necessary under applicable laws or under any material contract to make the Scheme or the relevant Part of the Scheme effective or on the expiry of any statutory time period pursuant to which such approval is deemed to have been granted; and
 - (vii) the certified copy of the order of the NCLT sanctioning the Scheme (wholly or partially) being filed with the jurisdictional Registrar of Companies by each of the Participating Companies.
- (d) Upon the Scheme becoming operative on the Effective Date, with effect from the Appointed Date, the Company shall stand automatically dissolved without being wound up, as an integral part of the Scheme.
- (e) The following share entitlement ratios have been determined for the allotment of the equity shares of the Amalgamated Company having face value of INR 2 each to the shareholders of Listed Amalgamating Companies as on Part B Record Date (*as defined in the Scheme*), in consideration for the amalgamation of Listed Amalgamating Companies with and into the Amalgamated Company:
- “294 equity shares of Yaari of INR 2/- each fully paid-up for every 100 equity shares of DSL of INR 2/- each fully paid-up”*
- “162 equity shares of Yaari of INR 2/- each fully paid-up for every 100 equity shares of DSL of INR 2/- each partly paid-up. The paid-up value of partly paid-up share is 55% i.e. INR 1.1. The exchange ratio has been computed in proportion to paid up value.”*
- “110 equity shares of Yaari of INR 2/- each fully paid-up for every 100 equity shares of IEL of INR 2/- each fully paid-up”*
- (f) The following share entitlement ratio has been determined for the allotment of the equity shares of the Resulting Company 2 having face value of INR 2 each to the shareholders of Demerged Company as on the Part E Record Date (*as defined in the Scheme*), in consideration for the demerger:
- “322 equity shares of Yaari of INR 2/- each fully paid-up for every 1 equity share of India Land Hotels Mumbai Private Limited of INR 10/- each fully paid-up”*
- (g) Upon Part F of the Scheme becoming operative on the Effective Date, the authorised share capital of the Company as on the Effective Date shall stand transferred to the Amalgamated Company and shall be considered as the authorised share capital of the Amalgamated Company, and the fee, if any, paid by the Company on its authorised share capital shall be set off against any fee payable by the Amalgamated Company on such increase in its authorised share capital, consequent to the amalgamation.

Dhani Services Limited

CIN: L74110DL1995PLC069631

Reg. Off: 1/1 E, First Floor, East Patel Nagar, New Delhi-110008, Tel: 011-41052775, Fax: 011-42137986

Corp. Off: 5th Floor, Plot No. 108, IT Park, Udyog Vihar, Phase 1, Gurugram – 122016, Haryana T. +91 124 6685800 F. +91 124 6681240

Website: www.dhani.com | Email: support@dhani.com



The Audit Committee reviewed and noted that -

The Scheme does not fall within the purview of related party transactions in terms of General Circular No. 30/2014 dated July 17, 2014, issued by the Ministry of Corporate Affairs (“MCA”) since the same is subject to the sanction of the NCLT, and the provisions of Section 188 of the Act are not applicable.

Further, there are common promoters in the Listed Amalgamating Companies and the Amalgamated Company. As on the date of this report, Promoter and Promoter Group holds 32.89% shares, directly or indirectly, in Amalgamating Company 1 and holds 60.97% shares in Amalgamating Company 2. Furthermore, 27.46% shareholding in the Amalgamated Company is held by Promoter and Promoter owned / controlled entity. Also, Promoter and Promoter Group do not have any holding in the Demerged Company and all the remaining Participating Companies are wholly owned subsidiaries of Amalgamating Company 1 or Amalgamating Company 2 or Amalgamated Company / Resulting Company 2. In terms of the Scheme, equity shares of the Amalgamated Company are proposed to be issued and allotted to the shareholders of Demerged Company and Listed Amalgamating Companies. In view of the aforesaid paragraph and in terms of Paragraphs 10(b)(i) and 10(b)(ii) of the SEBI Circular, the Scheme shall be acted upon only if the votes cast by the public shareholders of the Company in favour of the Scheme are more than the number of votes cast by the public shareholders against it.

The consideration as set forth in the Scheme will be discharged on an “arm’s length basis”. The share entitlement ratios for the shares to be allotted pursuant to the Scheme are based on the Valuation Reports and the Fairness Opinion. The aforementioned Valuation Reports and Fairness Opinion have duly been considered by the Audit Committee.

Further, Sharp & Tannan Associates, Chartered Accountants, the statutory auditors of the Company have confirmed that the accounting treatment as specified in the Scheme is in accordance with the applicable Indian Accounting Standards issued by the Institute of Chartered Accountants of India and as notified by the MCA, read together with Section 133 of the Act and the Companies (Indian Accounting Standards) Rules, 2015.

2.5 Impact of the Scheme on the Shareholders

The Audit Committee reviewed the Valuation Reports and the Fairness Opinion for determination of share entitlement ratios under the Scheme.

The shareholders of the Listed Amalgamating Companies and the Demerged Company will receive equity shares in the Amalgamated Company / Resulting Company 2 in accordance with share entitlement ratios as per Valuation Reports dated June 27, 2023 issued by registered valuer Mr. Akhil Bhalla.

The Audit Committee is of the informed opinion that the Scheme is in the best interests of the Company and its shareholders. The impact of the Scheme on the shareholders, including, the public shareholders would be the same in all respects and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner. The Scheme is not in any manner prejudicial or against public interest and would-serve the interest of all shareholders, creditors or any other stakeholders.

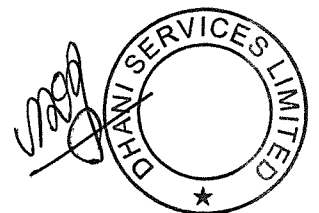
Dhani Services Limited

CIN: L74110DL1995PLC069631

Reg. Off: 1/1 E, First Floor, East Patel Nagar, New Delhi-110008, Tel: 011-41052775, Fax: 011-42137986

Corp. Off: 5th Floor, Plot No. 108, IT Park, Udyog Vihar, Phase 1, Gurugram – 122016, Haryana T. +91 124 6685800 F. +91 124 6681240

Website: www.dhani.com | Email: support@dhani.com



3. Recommendations of the Audit Committee

Taking into consideration the Scheme and its rationale and benefits, the Valuation Reports, the Fairness Opinion, and other documents, as placed before the Audit Committee, and the interest of the shareholders of the Company, the Audit Committee after due deliberation, unanimously recommends the Scheme to the Board of Directors of the Company, Stock Exchange(s), SEBI and other appropriate authorities for their favourable consideration and approval.

**For and on behalf of Audit Committee of
Dhani Services Limited**



Dr. Narendra Damodar Jadhav
DIN: 02435444
Chairman of Audit Committee

Place: Mumbai
Date: June 27, 2023

Dhani Services Limited

CIN: L74110DL1995PLC069631

Reg. Off: 1/1 E, First Floor, East Patel Nagar, New Delhi-110008, Tel: 011-41052775, Fax: 011-42137986

Corp. Off: 5th Floor, Plot No. 108, IT Park, Udyog Vihar, Phase 1, Gurugram – 122016, Haryana T. +91 124 6685800 F. +91 124 6681240

Website: www.dhani.com | Email: support@dhani.com