



REPORT OF THE AUDIT COMMITTEE OF DELTA CORP LIMITED RECOMMENDING THE REVISED DRAFT COMPOSITE SCHEME OF ARRANGEMENT AMONGST DELTA CORP LIMITED AND DELTIN HOTEL & RESORTS PRIVATE LIMITED AND DELTA PENLAND PRIVATE LIMITED AND DELTIN CRUISES AND ENTERTAINMENT PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON FRIDAY, DECEMBER 6, 2024 AT 2.00 P.M. AT DELTA HOUSE, 3RD FLOOR, HORNBY VELLARD ESTATE, DR. ANNIE BESANT ROAD, NEXT TO COPPER CHIMNEY, WORLI, MUMBAI- 400018.

The following Audit Committee Members were present:

1. Mr. Chetan Desai : Chairman and Non-executive Independent Director
2. Ms. Tara Subramaniam : Non-executive -Independent Director

In attendance:

1. Mr. Anil Malani : President and Chief Financial Officer
2. Mr. Dilip Vaidya : Company Secretary & Vice President - Secretarial
3. Mr. Pragnesh Shah : Vice-President - Finance and Accounts

1. **Background**

- 1.1. A meeting of the Audit Committee of Delta Corp Limited (“**Company**” or “**DCL**”) was held on September 24, 2024 to *inter alia* consider and recommend the draft Composite Scheme of Arrangement between the Company and Delta Penland Private Limited and their respective shareholders and creditors, for approval by the Board of Directors of the Company on September 24, 2024. Such recommendation was made to the Board of Directors of the Company.
- 1.2. Considering that the project proposed to be developed in Dhargalim, Goa (“**Dhargal Project**”) is currently in its nurturing stage and will require significant capital investment for completion, it has become imperative to raise capital in the form of equity and/or debt and have a focused approach for its development.
- 1.3. Accordingly, it is now proposed to revise the said scheme of arrangement and consider revised draft Composite Scheme of Arrangement amongst the Company and Deltin Hotel & Resorts Private Limited (“**DHRPL**”) and Delta Penland Private Limited (“**DPPL**”) and Deltin Cruises And Entertainment Private Limited (“**DCEPL**”) and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 (“**Act**”) (“**Revised Scheme**”). The Revised Scheme includes the following:



Regd. & Corporate Office :

Delta House, Plot No. 12,
Hornby Vellard Estate,
Dr. Annie Besant Road,
Next to Copper Chimney,
Worli, Mumbai - 400 018.

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CIN : L65493PN1990PLC058817

DELTA CORP LIMITED

- (a) demerger, transfer and vesting of the Demerged Undertaking 1 (*as defined in the Revised Scheme*) from the Company into DHRPL on a going concern basis in accordance with the provisions of Section 2(19AA) of the Income Tax Act (*as defined in the Revised Scheme*);
- (b) demerger, transfer and vesting of the Demerged Undertaking 2 (*as defined in the Revised Scheme*) from the Company into DPPL on a going concern basis in accordance with the provisions of Section 2(19AA) of the Income Tax Act;
- (c) reduction and cancellation of the entire pre-scheme share capital of the DPPL; and
- (d) amalgamation of DCEPL with the Company in accordance with the provisions of Section 2(1B) of the Income Tax Act.

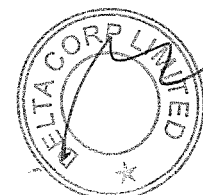
The Revised Scheme also provides for various other matters consequent and incidental thereto.

- 1.4. The Company is a public company incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited ("**Stock Exchanges**").
- 1.5. DHRPL is a private company incorporated under the provisions of the Act and it is a wholly owned subsidiary of DPPL.
- 1.6. DPPL is a private company incorporated under the provisions of the Act and it is a wholly owned subsidiary of the Company.
- 1.7. DCEPL is a private company incorporated under the provisions of the Act and it is an indirect wholly owned subsidiary of the Company.
- 1.8. This report of the Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and SEBI Master Circular number SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("**SEBI Master Circular**"), including amendments thereto.
- 1.9. The following documents were, inter alia, placed before the Audit Committee of the Company:
 - (a) Draft Revised Scheme;
 - (b) Share entitlement ratio report dated December 6, 2024 issued by SSPA & Co., Chartered Accountants (Registration No. IBBI/RV-E/06/2020/126), Registered Valuer ("**Share Entitlement Ratio Report**"), describing the methodology adopted in arriving at the share entitlement ratio in connection with the Revised Scheme;

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- (c) Fairness opinion report dated December 6, 2024 issued Kunvarji Finstock Private Limited (SEBI Merchant Registration No. INM000012564), an Independent SEBI registered Merchant Banker (“Fairness Opinion”), providing its opinion on the share entitlement ratio specified in the Share Entitlement Ratio Report in connection with the Revised Scheme;
- (d) Draft certificate dated December 6, 2024 obtained from the Statutory Auditors of the Company viz., M/s. Walker Chandio & Co LLP, Chartered Accountants (ICAI Firm Registration No. 001076N/N500013), certifying the non-applicability of requirements stated in Paragraph 10(b) of Part I of the SEBI Master Circular; and
- (e) Draft certificate dated December 6, 2024 obtained from Walker Chandio & Co LLP, Chartered Accountants, (ICAI Firm Registration No. 001076N/N500013), the Statutory Auditors of the Company, confirming the accounting treatment stated in the Revised Scheme is in compliance with the accounting standards prescribed under Section 133 of the Act and other generally accepted accounting principles.

2. Proposed Revised Composite Scheme of Arrangement

2.1. Need for the Demerger and Rationale of the Revised Scheme

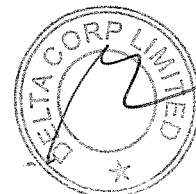
The Audit Committee of the Company noted the rationale and the benefits of the Revised Scheme which, inter-alia, are as follows:

- (i) *As part of an overall strategy for the optimum running, growth and development of the businesses of DCL, it is considered desirable and expedient to reorganise and reconstruct DCL by segregating its gaming business from hospitality and real estate vertical. This will result in the creation of two separate robust listed entities viz., DPPL focussing exclusively on the hospitality and real estate vertical and DCL shall continue to be in the gaming business.*
- (ii) *These listed entities will be subject to public, media, analysts and regulatory review. A clean corporate structure with no cross holdings will ensure transparency, accountability, highest standards of corporate governance and compliance. It also enhances operational flexibility and helps quick response to competitive or environmental challenges.*
- (iii) *The proposed reorganisation pursuant to this Scheme is expected, inter alia, to result in the following benefits:*
 - a) *unlocking of value and create enhanced value for shareholders and allow a focused strategy in operations;*
 - b) *provide better flexibility in accessing capital and attract business specific partners and investors;*

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- c) *focused management approach for pursuing revenue growth and expansion opportunities in the respective business verticals;*
- d) *de-risking the businesses for the stakeholders of DCL through an independent market driven valuation of their shares in DPPL which will be listed pursuant to the Scheme; and*
- e) *streamlining of the corporate structure by elimination of legal entities; and*
- f) *reduction of legal and regulatory compliances and cost savings through legal entity rationalisation.*

(iv) *The Scheme is in the interest of all stakeholders of DCL, DPPL, DHRPL and DCEPL.*

2.2. Synergies of business of the Companies involved in the Revised Scheme

The background and information of the Company, DHRPL, DPPL and DCEPL is, *inter-alia*, as under:

- (a) The Company is, inter alia, engaged in the business of (i) gaming; (ii) hospitality; and (iii) real estate.
- (b) DHRPL is engaged in the hospitality segment.
- (c) DPPL is a newly incorporated company and shall carry on the Hospitality and Real Estate Business (*as defined in the Revised Scheme*) pursuant to the Revised Scheme;
- (d) DCEPL is engaged in the gaming segment, designing, consulting, developing, marketing, hosting online computer and mobile games and other cell phone and internet application and any other media; and
- (e) The benefits and synergies arising out of the proposed Revised Scheme are stated in Paragraph 2.1 above.

2.3. Impact of the Revised Scheme on the Company and its shareholders

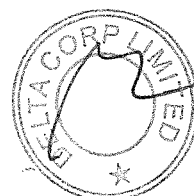
- I. For demerger of the Demerged Undertaking 1 and Demerged Undertaking 2 from the Company into the DHRPL and DPPL, respectively:

In consideration for the transfer and vesting of the Demerged Undertaking 1 and Demerged Undertaking 2 of the Company to DHRPL and DPPL, respectively, and subject to the provisions of the Revised Scheme, DPPL shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to the shareholders of the Company whose name is recorded in the register of members and records of the depository as members of the Company as on the Record Date (*as defined in the Revised Scheme*), as under:

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1 (One) fully paid up equity share of DPPL having face value of INR 1 (Rupee One) each for every 1 (One) fully paid up equity share of INR 1 (Rupee One) each of the Company.

After the effectiveness of the Revised Scheme and subject to receipt of regulatory approvals, the equity shares of DPPL issued as consideration to the shareholders of the Company in terms of the Revised Scheme, will be listed on the Stock Exchanges.

II. For amalgamation of DCEPL with the Company

DCEPL is an indirect wholly owned subsidiary of the Company and therefore there shall be no issue of shares as consideration, including to nominee shareholders, for the amalgamation of DCEPL with the Company.

The Revised Scheme will result in benefits and/or synergies to the Company as listed in paragraph 2.1 and 2.2 of this report.

2.4. Cost benefit analysis of the Revised Scheme

Although the Revised Scheme involves certain costs such as transaction cost, implementation cost, regulatory fees, stamp duties, etc. however, the benefits of the Revised Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

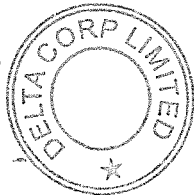
3. **Recommendation of the Audit Committee**

The Audit Committee after due deliberations and detailed discussions, and inter alia taking into consideration the draft Revised Scheme, Share Entitlement Ratio Report, Fairness Opinion and draft certificates to be issued by the Statutory Auditor of the Company, have noted the need and rationale of the Revised Scheme, synergies of the business of the companies, impact of the Revised Scheme on the Company and its shareholders, cost benefit analysis of the Revised Scheme and other documents. Based on the foregoing, the Audit Committee is of the view that the Revised Scheme is in the interest of the Company and all the stakeholders, and hereby recommends the Revised Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Audit Committee

For and on Behalf of
Delta Corp Limited

Chetan Desai
Chairman,
Audit Committee
DIN: -03595319



Place: Mumbai

Date: December, 6 2024

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