REPORT OF THE AUDIT COMMITTEE OF LLOYDS ENTERPRISES LIMITED RECOMMENDING THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN LLOYDS REALTY & DEVELOPERS LIMITED ("LRDL" OR "TRANSFEROR COMPANY 1"), INDRAJIT PROPERTIES PRIVATE LIMITED ("IPPL" OR "TRANSFEROR COMPANY 2"), LLOYDS ENTERPRISES LIMITED ("LEL" OR "TRANSFEREE COMPANY" OR "DEMERGED COMPANY" OR "COMPANY") AND LLOYDS REALTY LIMITED ("LRL" OR "RESULTING COMPANY"), AND THEIR RESPECTIVE SHAREHOLDERS ("PROPOSED SCHEME") DATED DECEMBER 22, 2025

Members Present:

Name	Designation	Mode of Attendance (Physical/Video Conferencing)
Mr. Vikram Shah	Chairman	Physical
Mr. Rajesh Gupta	Member	Physical
Mr. J.P Dange	Member	Physical
Mr. Sandeep Aole	Member	Physical

1. **Background:**

1.1. A meeting of the Audit Committee of the Company was held on December 22 2025 to *inter alia*, consider and recommend the Proposed Composite Scheme of Arrangement Between Lloyds Realty & Developers Limited ("LRDL" or "Transferor Company 1"), Indrajit Properties Private Limited ("IPPL" or "Transferor Company 2"), Lloyds Enterprises Limited ("LEL" or "Transferee Company" or "Demerged Company" or "Company") and Lloyds Realty Limited ("LRL" or "Resulting Company"), and their respective shareholders under section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("the Act") ("Proposed Scheme").

1.2. The Transferee Company holds 60.38% shares of Transferor Company 1 and Transferor Company 1 holds 59.74% shares of the Transferor Company 2. The Transferor Company 1 is a subsidiary of Transferee Company and the Transferor company 2 is a subsidiary of Transferor Company 1. The equity shares of LEL are listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (collectively as

"Exchanges").

1.3. The Proposed Scheme provides for merger of the Transferor Company 1 and Transferor Company 2 with the Transferee Company, in consideration of issuance of fully paid-up equity shares of the Transferee Company to the shareholders of Transferor Company 1, as per the Share Exchange Ratio recommended in the Valuation Report. The Proposed Scheme also contemplates the demerger of the Demerged Undertaking (comprising of the Real Estate Business) of Demerged Company into the Resulting Company post amalgamation of the Transferor Company 1 and Transferor Company 2 into the Transferee Company.

1.4. The Proposed Scheme which shall be presented before the NCLT (Mumbai Bench) under section 230 to 232 read with section 66 and other applicable provisions of the Act, has been drawn up in compliance with Section 2(1B) and Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961 and other applicable laws including the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') read with the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ('Master Circular'), as amended from time to time thereto (together 'SEBI Circulars').

1.5. In terms of the SEBI Circulars read with the SEBI Listing Regulations, a report from the Audit Committee ("Report") recommending the Proposed Scheme after taking into consideration *inter alia* the Valuation Report, Fairness Opinion and commenting on the need for the Proposed Scheme, rationale of the Proposed Scheme, impact of the Proposed Scheme on the Company and its shareholders, cost benefit analysis of the Proposed Scheme and synergies of business of the entities involved in the Proposed Scheme is to be submitted along with the application to Exchanges.

1.6. The Company will be filing the Proposed Scheme along with necessary information/ documents including this Report with NSE and BSE for their no objection or observation letter pursuant to Regulation 37 of the SEBI Listing Regulations and applicable statutory provisions.

2. Documents perused by the Audit Committee

The following documents were placed before the Audit Committee –

a. The draft of the Proposed Scheme;

b. Valuation Report dated 22nd December 2025 issued by an independent Registered Valuer, Bansi S. Mehta Valuers LLP, having IBBI Registration No. IBBI/RV-E/06/2022/172 ("Valuation Report"), providing the share exchange ratio;

c. Fairness opinion dated 22nd December 2025 issued by Sundae Capital Advisors Private Limited, an independent SEBI Registered (Category I) Merchant Banker (Firm Registration No. IBBI/RV-E/03/2021/136), providing its opinion on the fairness of the share exchange ratio provided in the Valuation Report by Registered Valuer ("Fairness Opinion"); and

d. Certificate of Todarwal & Todarwal LLP, Chartered Accountants, Statutory Auditors of the Company, confirming that the accounting treatment outlined in the Proposed Scheme is in compliance with the applicable Indian Accounting Standards prescribed under section 133 of the Act read with the rules framed thereunder and other generally accepted accounting principles.

3. Needs and Rationale of the Proposed Scheme:

The Audit Committee noted the rationale of the Proposed Scheme which is as under:

- Lloyds Enterprises Limited is presently engaged in the business of trading in iron and steel and also carries on real estate activities through its subsidiaries, in addition to holding strategic investments in other group companies. In order to have focused management on each business activity and value unlocking, it is proposed to re-organize / restructure the entities involved in the Proposed Scheme such that the Real Estate Business is carried through a separate independent listed entity, which is directly owned by the shareholders of Lloyds Enterprises Limited.

- The Real Estate Business requires long-term capital, project-specific financing and a different risk appetite as compared to the trading business. Housing both businesses under a single entity may not optimally serve the interests of investors, lenders and other stakeholders of either business. The segregation of the Real Estate Business into a separate entity would enable focused management attention, strategic clarity and operational independence for each business, allowing each to pursue its own growth objectives without being constrained by the requirements of the other.
- The demerger would facilitate a business-specific capital structure, enable targeted fund-raising and enhance the ability of the real estate business to attract investors, strategic partners and lenders who are specifically interested in real estate development.
- The proposed listing of LRL would unlock shareholder value by providing direct exposure to the Real Estate Business, whose intrinsic value is currently embedded within LEL, and would also provide enhanced liquidity to the shareholders.
- The demerger would enable the shareholders of LEL to hold direct shareholding in both the trading business and the real estate business, thereby offering them flexibility to independently evaluate, hold or monetize their investment in each business.
- The consolidation would result in operational synergies, elimination of inter-company transactions, simplification of the corporate structure, improved utilization of resources and reduction in compliance and administrative costs.
- The proposed structure would result in leaner, more transparent and focused corporate entities, aligned with industry best practices and governance expectations of listed companies.

4. Salient features of the Proposed Scheme

4.1 The Appointed Date means April 1, 2026, or such other date as may be approved by the NCLT or any other Appropriate Authority or the Board of Directors.

4.2 The amalgamation and demerger pursuant to the Proposed Scheme duly approved by the Stock Exchanges, SEBI, NCLT, with or without modifications, shall be effective from the Appointed Date respectively but shall be operative from the Effective Date 1 and Effective Date 2 respectively (date on

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(CIN) L27100MH1986PLC041252

which the NCLT order is filed with the Registrar of Companies).

4.3 Upon the Proposed Scheme becoming effective:

With effect from the Appointed Date and upon the Part II and Part III of the Proposed Scheme becoming effective, the entire business of the Transferor Company 1 and Transferor Company 2 shall (including all the estate, assets, liabilities, contingent liabilities, duties, obligations of every kind, rights, claims, title, interest and authorities including accretions and appurtenances, licenses, permissions, incentives, registrations, exemptions, grants, subsidies, concessions, tax entitlements (including but not limited to incentives and/ or credits under applicable indirect tax laws), debtors, receivables, branches, contracts, encumbrances, employees, proceedings, etc.) stand vested in or be deemed to have been vested in the Transferee Company, without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in the Proposed Scheme.

With effect from the Appointed Date and upon the Part IV of the Proposed Scheme becoming effective, the Demerged Undertaking of the Demerged Company shall (including all the estate, assets, liabilities, contingent liabilities, duties, obligations of every kind, rights, claims, title, interest and authorities including accretions and appurtenances, licenses, permissions, incentives, registrations, exemptions, grants, subsidies, concessions, tax entitlements (including but not limited to incentives and/ or credits under applicable indirect tax laws), debtors, receivables, branches, contracts, encumbrances, employees, proceedings, etc. relating to the Demerged Undertaking of the Demerged Company) stand vested in or be deemed to have been vested in the Resulting Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, the undertaking of the Resulting Company by virtue of and in the manner provided in the Proposed Scheme.

4.4 All inter-company balances and agreements, loans and advances, if any, between

i) the Transferee Company and the Transferor Company 1;

ii) the Transferee Company and the Transferor Company 2;

iii) the Demerged Company and the Resulting Company in respect of the Demerged Undertaking will stand cancelled as a result of the Proposed Scheme becoming effective.

4.5 The Proposed Scheme provides for combining the Authorized Share Capital of Transferor Company 1 and Transferor Company 2 with the Transferee Company.

4.6 The Consideration for each Part of Proposed Scheme shall be as under:

Part II

Upon Part II of the Proposed Scheme becoming effective, the Transferee Company shall immediately following such transfer and vesting of the businesses of the Transferor Company 1 into the Transferee Company, without any application or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the equity shareholders of the Transferor Company 1 whose names appear in the register of members of the Transferor Company 1 on the Record Date 1 (other than to the Transferee Company itself and its subsidiaries) or their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferor Company 1 in the following manner:

For equity shareholders of Transferor Company 1

"43 (Forty Three) fully paid up equity shares of Rs. 1/- each of Transferee Company for every 350 (Three Hundred and Fifty) fully paid up equity share of Rs.1/- each held in Transferor Company 1".

Part III

Upon Part II of the Proposed Scheme becoming effective, Transferor Company 2 shall become a wholly owned subsidiary of the Transferee Company. Therefore, there shall be no issue or allotment of any additional or new equity shares by the Transferee Company as consideration for the amalgamation of the Transferor Company 2 with the Transferee Company.

Part IV

Upon Part IV of the Proposed Scheme becoming effective, the Resulting Company shall immediately following such transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company, without any application or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the equity shareholders of the Demerged Company whose names appear in the register of members of the Demerged Company on the Record Date 2 or their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Demerged Company in the following manner:

For equity shareholders of Demerged Company

"1 (One) fully paid-up equity share of Rs. 1/- each of Resulting Company for every 2 (Two) fully paid-up equity share of Rs. 1/- each held in Demerged Company".

4.7 The equity shares to be issued to the shareholders of Transferor Company 1 and Demerged Company as above shall be subject to the Memorandum and Articles of Association of Transferee Company and Resulting Company respectively and shall rank pari passu with the existing equity shares of Transferee Company and Resulting Company respectively in all respects including dividends, bonus and rights entitlements.

4.8 Fractional shares or entitlement of any member of Transferor Company 1 and Demerged Company pursuant to the Proposed Scheme shall be consolidated by the Board of the Transferee Company and Resulting Company respectively and shall be allotted to a trustee, who shall hold such equity shares (with all additions or accretions thereto) in trust for the benefit of the respective members. The Trustee shall sell all these shares in the open market within 90 days from the date of allotment and pay the net sale proceeds (after deducting the applicable taxes and cost incurred, if any) thereof and any additions and accretions to the Transferee Company and Resulting Company respectively. After sale of all the shares held in trust, the Transferee Company and Resulting Company, as the case maybe shall subject to the withholding tax, if any, distribute such sale proceeds to the concerned eligible members in proportion to their respective fractional entitlement.

4.9 The Proposed Scheme shall be effective, subject to approvals of shareholders of the companies involved and approvals of other regulatory authorities as may be required including those of Stock Exchanges, SEBI, Regional Director, Registrar of Companies (Mumbai) and NCLT (Mumbai Bench).

4.10 The Proposed Scheme may be subject to requisite approvals from the lenders and creditors of the Transferee Company/ Demerged Company, the Transferor Company 1, Transferor Company 2 and the Resulting Company, as applicable and as may be directed by NCLT, unless the same is dispensed by NCLT.

4.11 In the event, any of the sanctions and approvals referred to in the Proposed Scheme are not obtained, the Proposed Scheme shall stand cancelled and be of no effect.

4.12 The Proposed Scheme is following the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961 and "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961.

4.13 The Proposed Scheme provides for dissolution of the Transferor Company 1 and Transferor Company 2 without winding up.

4.14 The costs, charges, expenses, taxes including duties, levies in connection with the Proposed Scheme shall be borne in such manner as may be mutually agreed between the companies involved in the Proposed Scheme.

4.15 The Resulting Company will be listed on the Exchanges pursuant to the Scheme. The equity shares issued by the Transferee Company to the shareholders of Transferor Company 1 and by the Resulting Company to the shareholders of the Demerged Company pursuant to the Proposed Scheme would be listed on the Exchanges.

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5. Cost benefit analysis of the Proposed Scheme

Although the Proposed Scheme would lead to incurring some costs by each of the companies involved in the Proposed Scheme for implementation, the benefits of the Proposed Scheme over a period of time would outweigh such costs given the long-term benefits for stakeholders of all the companies involved in the Proposed Scheme.

6. Synergies of business of the entities involved in the Proposed Scheme

Lloyds Enterprises Limited is presently engaged in the business of trading in iron and steel and also carries on real estate activities through its subsidiaries, in addition to holding strategic investments in other group companies. In order to have focused management on each business activity and value unlocking, it is proposed to re-organize / restructure the entities involved in the Proposed Scheme such that the Real Estate Business is carried through a separate independent listed entity, which is directly owned by the shareholders of Lloyds Enterprises Limited.

1. The Real Estate Business requires long-term capital, project-specific financing and a different risk appetite as compared to the trading business. Housing both businesses under a single entity may not optimally serve the interests of investors, lenders and other stakeholders of either business. The segregation of the Real Estate Business into a separate entity would enable focused management attention, strategic clarity and operational independence for each business, allowing each to pursue its own growth objectives without being constrained by the requirements of the other.
2. The demerger would facilitate a business-specific capital structure, enable targeted fund-raising and enhance the ability of the real estate business to attract investors, strategic partners and lenders who are specifically interested in real estate development.
3. The proposed listing of LRL would unlock shareholder value by providing direct exposure to the Real Estate Business, whose intrinsic value is currently embedded within LEL, and would also provide enhanced liquidity to the shareholders.
4. The demerger would enable the shareholders of LEL to hold direct shareholding in both the trading business and the real estate business, thereby offering them flexibility to independently evaluate, hold

or monetize their investment in each business.

5. The consolidation would result in operational synergies, elimination of inter-company transactions, simplification of the corporate structure, improved utilization of resources and reduction in compliance and administrative costs.
6. The proposed structure would result in leaner, more transparent and focused corporate entities, aligned with industry best practices and governance expectations of listed companies.

7. Impact of the Proposed Scheme on the shareholders:

7.1. The Audit Committee discussed the rationale and expected benefits of the Proposed Scheme. In view of the various documents presented before the Audit Committee including Valuation Report, Fairness Opinion etc., it is observed that this Proposed Scheme will result in achieving greater efficiency.

7.2. The consideration for Part II and Part IV of the Proposed Scheme shall be discharged by the Transferee Company and the Resulting Company respectively by issuing their respective equity shares to the shareholders of Transferor Company 1 and the Demerged Company respectively based on Valuation Report dated 22nd December 2025 issued by Registered Valuer.

7.3. Upon Part II of the Proposed Scheme coming into effect, every shareholder of the Transferor Company 1 (except the Transferee Company itself and its subsidiaries) holding fully paid-up equity shares in the Transferor Company 1 and whose names appear in the Register of Members of the Transferor Company 1 on the record date will receive the equity shares of the Transferee Company in the Share Entitlement Ratio as per the Valuation Report.

Upon Part IV of the Proposed Scheme coming into effect, every shareholder of the Demerged Company holding fully paid-up equity shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on the record date will receive the equity shares of the Resulting Company in the Share Entitlement Ratio as per the Valuation Report.

Based on the above, the Audit Committee is of the view that the Proposed Scheme is in the best interest of all the shareholders of the Company.

8. Recommendation of the Audit Committee

The Audit Committee after taking into consideration the Proposed Scheme, its rationale and benefits, the Valuation Report, the Fairness Opinion and other documents, hereby recommends the same to the Board of Directors of the Company, BSE, NSE, and SEBI and other appropriate authorities for favorable consideration.

By and order of the Audit Committee,
For and on behalf of Lloyds Enterprise Limited

Lloyds Enterprises Limited

Mr. Vikram Shah
Chairman, Audit Committee
DIN: 00824376

Place: Mumbai
Date: 22nd December, 2025