



**DUGAR**

**HOUSING DEVELOPMENTS LIMITED**

**REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF DUGAR HOUSING DEVELOPMENT LIMITED ("THE COMPANY") RECOMMENDING THE DRAFT SCHEME OF REDUCTION OF SHARE CAPITAL BETWEEN THE COMPANY AND ITS SHAREHOLDERS UNDER SECTIONS 66, 52 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH THE NATIONAL COMPANY LAW TRIBUNAL (PROCEDURE FOR REDUCTION OF SHARE CAPITAL OF COMPANY) RULES, 2016**

To,  
The Shareholders of Dugar Housing Development Limited  
BSE Limited

**1. BACKGROUND**

- 1.1. The meeting of the committee of Independent Directors was held on 31.05.2021 to give their recommendation on the proposed Scheme of Reduction of share Capital between the Company and its Shareholders under Sections 66, 52 and other applicable provisions of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 ("Scheme").
- 1.2. The Scheme is for setting off Accumulated Losses as indicated in the Audited Financial Statements for the Financial Year ending March 31, 2021 in full or to such extent as may be possible by utilizing the balance standing to the credit of Securities Premium Account of the said date (Resulting into reduction of share capital).
- 1.3. The Scheme been recommended by the Audit Committee of the Company at their meeting held on 31.05.2021 through their report dated 31.05.2021. The Scheme has also been approved by the Board of Directors of the Company at their meeting held on 31.05.2021 and is now to be field with the Stock Exchanges along with necessary information / documents.







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1.4. This report is made pursuant to the requirements of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time ("SEBI Circular"), read with SEBI (LODR) Regulations, 2015 in order to submit the same to the Stock Exchanges/SEBI for obtaining their Observation / No Objection Letter to the Proposal to Regulation 37 of the SEBI (LODR) Regulations, 2015, as amended from time to time.

## **2. DOCUMENTS PLACED BEFORE THE COMMITTEE**

2.1. The following documents / facts were placed before the Committee.

- 2.1.1 Draft Scheme, by the Company Secretary of the Company for identification;
- 2.1.2 Independent Auditor's Certificate in terms of Para (I) (A) (5) of Annexure I of the SEBI Circular No. CFD/DIL3/CIR/2017 /21 dated March 10, 2017 as amended from time to time, if any ("Accounting Treatment Certificate") issued by M N & ASSOCIATES, Chartered Accountants (Firm Registration No. 018167S);
- 2.1.3 Fairness opinion dated May 03, 2021 ("Fairness Opinion") prepared by M/s. Shreni Shares Private Limited, Independent Merchant Banker (SEBI Regn. No. INM000012759) providing the Fairness Opinion on the Scheme; and
- 2.1.4 Undertaking by the Company along with Auditor's certificate with respect to non-applicability of Para I (A) (9) (a) and Para I (A) (9) (b) of Annexure I of SEBI Circular No. CFD/DIL3/CIR//2017/21 dated March 10, 2017 as amended from time to time; and
- 2.1.5 Undertaking by the Company regarding non-applicability of valuation report.

## **3. PROPOSAL**







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- 3.1. The committee noted that the draft Scheme for reduction of share capital is the setting off of Accumulated losses of Rs. 2,70,00,000/- (Rupees Two Crores Seventy Lakhs only) by reducing the paid-up capital of the Company, to have a rational structure which is commensurate with its business and assets.

#### **4. NOTHING OF THE COMMITTEE**

- 4.1. The committee notes the rational and purpose of the draft Scheme, as under.
- 4.1.1 Accumulated Losses have wiped-off the value represented by the share capital of the Company;
- 4.1.2 Accordingly, it is proposed to set off Accumulated losses as on April 01, 2021 against paid-up equity share capital of the Company;
- 4.1.3 The Company believes that the proposed reduction of the capital is the most practical and economically efficient option available to the Company in the present scenario so as to present a true and fair view of the financial position of the Company.
- 4.2 The Committee notes the benefits/objects of the scheme as under:
- 4.2.1 Under this Scheme, if approved:
- 4.2.1.1. The Company will be able to represent its true financial position which would benefit Shareholders as their holding will yield better value;
- 4.2.1.2. Will place the Company in a better position to achieve its turnaround plan in a time-bound matter;
- 4.2.1.3 Will enable the Company to explore opportunities for the benefit of the shareholders of the Company; and
- 4.2.1.4. Will enable the Company to seek funds from various sources to meet its future funding requirements.







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- 4.3 The Committee notes that the impact of the scheme on Shareholder of the Company, as under:
- 4.3.1. The Proposed reduction of share capital does not involve extinction or reduction of any liability in respect of unpaid share capital of cancellation of paid up capital which is lost or its unrepresented by available asset or the payment to any shareholder of any paid up shares capital.
- 4.3.2. The proposed reduction of Share capital will not have any adverse effect on the shareholders of the Company.
- 4.4 The Committee notes the impact of the Scheme on Employees / workers as well as creditors of the Company, as under:
- 4.4.1. The proposed reduction of share capital will not affect the employees and workers of the Company in any manner and their services shall be continuous and they would continue to enjoy the same benefits as they used to before the reduction of Share capital.
- 4.4.2. The proposed reduction of Share capital would not in any way adversely affect the ordinary operations of the Company or the liability of the Company to honour its commitments or pay the debts in ordinary course of the business. The above proposal, does not in any manner, alter, vary, or affect the rights of the creditors of the Company. They would in fact be generally benefitted as the Scheme would help improving the financial positions of the Company.
- 4.4.3. The proposed reduction of Share capital in any manner whatsoever does not, alter, vary, or effect the payment of any types of dues or outstanding amounts including all or any of the statutory dues payable of outstanding.

**5. RECOMMENDATION OF THE COMMITTEE:**



- 5.1 The committee having noted the facts, the need, rationale, benefit and impact of the scheme on shareholders and in particulars the fact that the Scheme is not





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detrimental to the interests of Shareholders of the Company and after detailed deliberations and in consideration of the documents placed before it, Approves and recommends the Scheme.

**By order of the Independent Directors Committee of  
Dugar Housing Development Limited**

*M. Zakir Hussain*



**Name: Zakir Hussain Munavar**  
**Independent Director**  
**DIN: 07936297**  
**Date: 31.05.2021**  
**Place: Chennai**