



Report adopted by the Board of Directors of Birla Precision Technologies Limited [or BPT Limited] on Monday , 29th August, 2022 on the Scheme of Arrangement between Birla Precision Technologies Limited or BPT Limited ('Demerged Company') and Birla Accucast Private Limited [or BAPL] (Resulting Company') and their respective shareholders

Background

- i. The Board of the Company at its meeting held on **29th August, 2022** had considered and approved the Scheme of Arrangement ('Scheme') in the nature of Demerger of Foundry Division of Birla Precision Technologies Limited (or BPT Limited) into Birla Accucast Private Limited (or BAPL) and their respective shareholders.
- ii. As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders, is required to be circulated to the shareholders along with the notice convening the meeting.
- iii. At the Board Meeting, the following documents were placed before the Board of Directors for their consideration:
 - a. Composite Scheme of Arrangement;
 - b. Memorandum of Association and Article of Association of the Resulting Company and the Demerged Company;
 - c. Audited financial statements of the Transferor Company and the Demerged Company as on 31st March, 2022;
 - d. Valuation report dated August 29, 2022 issued by Mr. Snehal Shah, Registered Valuer, Securities or Financial Assets, prescribing the Share Entitlement Ratio with respect to the Scheme ("Valuation Report");
 - e. Report of the Audit Committee dated **29th August**, recommending the Scheme to the Board for approval.

Benefits of the Scheme

The Scheme will have the following benefits to the companies and the shareholders:

(i) The proposed Demerger will create opportunities for pursuing independent growth and expansion strategies in the segregated businesses and effectively unlock value of each of the manufacturing units. The Demerger also represents an opportunity for the public shareholders to exploit the individual potential of both Companies.

(ii)The segregation will allow each of the Companies to create a strong and distinctive platform with more focused management teams, which will enable greater flexibility to pursue long-term objectives and independent business strategies. The structure will streamline management and provide diversity in decisions regarding the use of respective cash flows for dividends, in capital expenditure or other reinvestment in their respective

Birla Precision Technologies Limited

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business, and in being able to explore varied investment opportunities and attract various investors and strategic partners.

(iii) The business units of the Demerged Company are independent, self-sufficient in raw material, and standalone integrated, and would continue to function with efficiency, efficacy and synergies after the Demerger, and transition will be largely seamless.

(iv) The Demerger at this juncture will also create a framework for succession planning including long term leadership of each Company with a view to ensure that the management and ownership model of the Demerged Company is not hindered by fragmentation of ownership and dispersed leadership over time as the promoter manager families move closer to a generational shift, which may be detrimental to the Demerged Company, business and stakeholders. Instead, following the Demerger, the management of each Company and ownership of the promoter-managers in each Company will remain consolidated with in a family group and will be lean and agile. This will also ensure long term stability including through continued maintenance of goodwill and harmony and allow for succession planning in an orderly and strategic manner without any business disruption.

(v) Pursuant to Demerger, the wholly owned subsidiary (i.e. BAPL/ Resulting Company) will be converted into a public company. The shareholding of public shareholders following the Demerger will remain the same in both Companies and shareholder value, across Companies, will be preserved and remain unchanged.

BPT Limited will remain a publicly listed company that will focus exclusively on tool & tool holder businesses while BAPL will be an unlisted company that will focus on the Foundry business which would provide fresh impetus to both BPT Limited and BAPL to pursue their individual growth strategies and improve competitiveness in their respective market segments. Further, the Birla brand will be jointly owned by both the companies. The Demerger also represents an opportunity for the public shareholders to exploit the individual potential of both Companies. The arrangement would also be beneficial for the investors/ shareholders.

Valuation

The report on valuation has been obtained from Mr. Snehal Shah, Registered Valuer, Securities or Financial Assets. The Valuation Report states that Share Entitlement Ratio would be:



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Valuation Approach	BPTL		BAPL	
	Value of Foundry Division (Rs.)	Weight	Value Per Share (Rs.)	Weight
Income Approach	3,26,36,000	1	NA	NA
Market Approach	NA	NA	NA	NA
Asset Approach	NA	NA	2	1
Relative Value Per Share	3,26,36,000		2	
Entitlement Ratio (R'off)			1,63,18,000	

• **For Part II of the Scheme:**

The Resulting Company shall issue and allot 1,63,18,000 (One Crore Sixty Three Lakh and Eighteen Thousand) equity shares of Rs. 2 (Rupees Two) each to the shareholders of the Demerged Company, whose name is recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, in the ratio of (1) one equity share of Rs. 2 (Rupees Two) each of Resulting Company credited as fully paid up for every (4) Four equity share of Rs. 2 (Rupees Two) each held by such shareholder in the Demerged Company ("New Equity Shares") in the Demerged Company, pursuant to the transfer and vesting of Foundry Division, by way of demerger such that the shareholding in the Resulting Company on such issuance of shares is the mirror image of the shareholding in the Demerged Company.

Impact on key stakeholders

Effect of the arrangement on:	
(a) Key Managerial Personnel	No Effect
(b) Directors	No Effect
(c) Promoters	No Effect
(d) Non-promoter members	No Effect
(e) Depositors	Not Applicable
(f) Creditors	No Effect
(g) Debenture holders	Not Applicable
(h) Deposit trustee and Debenture trustee	Not Applicable
(i) Employees	No Effect

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After taking on record the documents / confirmations referred above, the Board of the Company approved the Scheme of Arrangement.

**For and on behalf of the Board of Directors
Birla Precision Technologies Limited**

A handwritten signature in blue ink, appearing to read 'Parth Matolia'.



**Parth Matolia
Company Secretary & Compliance Officer
Place: Mumbai
Date: 29/08/2022**

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