



REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF BIRLA PRECISION TECHNOLOGIES LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN BIRLA PRECISION TECHNOLOGIES [BPT LIMITED] AND BIRLA ACCUCAST LIMITED AND THEIR RESPECTIVE SHAREHOLDERS

ID Meeting No.1 / FY 2022-23 /29.08.2022

In Compliance with the provisions of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, and Master Circular on Scheme of Arrangement by Listed Entities SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 November 23, 2021 a separate meeting of independent directors without the attendance of non-independent directors was held on Monday 29th August, 2022 at 2:40 P.M. And all the independent directors attended it, namely:

Name	Designation
Mr. Srinivasan Raghavan Dorai Rajan	Chairman and Non -Executive Independent Director
Ms. Raji Vishwanathan	Non- Executive Woman Independent Director
Mr. Vikas Thapa	Non -Executive Independent Director
Ms. Tulsi Jayakumar	Non -Executive Independent Director

Under the guidance of chairman, the Company Secretary had prepared in advance memorandum for this meeting containing items for consideration with background information and analysis. The agenda was circulated to the members of the Board (Independent Directors). The MD, Company Secretary, CFO and Auditors had provided all the relevant and necessary information as required.

QUORUM

All the Independent Directors were present. Mr. Vikas Thapa Chairman commenced the business of the Meeting.

1. Background

Meeting of the Committee of Independent Directors of BPT Limited ("the Company" or "the Demerged Company") was held on August 29, 2022 to consider and recommend the proposed Composite Scheme of Arrangement ("Scheme") between BPT Limited ("the



Demerged Company") and Birla Accucast Private Limited ("**the Resulting Company**") and their respective shareholders under Section 230 to 232 read with Section 52 and Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, inter alia, that the scheme is not detrimental to the shareholders of the listed entity, as per Para (A)(2)(i) of Part I of SEBI Master Circular. Independent Director's to ensure enhanced level of transparency and disclosure for the benefit of the public shareholders in relation to schemes of arrangement. To that extent, the changes appear to be in the right direction.

The Equity shares of the Demerged Company are listed on BSE Limited ("BSE"). The Demerged Company will be filing the Scheme along with necessary information/documents with the Stock Exchange.

The following documents were placed before the Committee:

- Draft of the Scheme of Arrangement duly initialed by the Company Secretary of the Company for the purpose of identification;
- Valuation Report dated August 29, 2022 prepared by Ms. Snehal Shah, Registered Valuer, Securities or Financial Assets, ("Valuers");and
- Certificate obtained from the Statutory Auditors of the Company viz. M/s. Valawat & Associates Chartered Accountants on the compliance of accounting treatment prescribed in the Scheme;

2. Proposed Scheme of Arrangement

The Scheme, inter alia, provides for:

Transfer and vesting of Foundry Division from Birla Precision Technologies Limited, the Demerged Company to Birla Accucast Private Company, by way of Demerger

The Committee noted the rationale and the benefits of the Scheme, which inter-alia include the following:

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



Birla Precision Technologies Limited

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An ISO 9001:2015 & ISO 14001:2004 Company CIN: L29220MH1986PLC041214



(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.

3. The Committee reviewed the Valuation Report and noted the recommendations made therein. Further confirmed that the Share Entitlement Ratio in the Valuation Report is fair to the shareholders of the Company.
4. Further, M/s. Valawat & Associates, Chartered Accountants, Statutory Auditors of the Company have confirmed that the accounting treatment as specified in the Scheme are in accordance with applicable Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013.



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5. Recommendation of the Committee

The Committee after taking into consideration the draft Scheme & its rationale and benefits, the Valuation Report and other documents, recommends the same to the Board of Directors of the Company, the BSE and SEBI for favorable consideration.

By order of the Committee of Independent Directors

For and on Behalf of

BIRLA PRECISION TECHNOLOGIES LIMITED



Mr. Vikas Thapa
Chairman, Committee of Independent Directors

Place: Mumbai

Date: 29.08.2022

Commenced at: 2:40 p.m.

Concluded at: 3.15 p.m.