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Supangita
ENGINEERS PVT. LTD.



REPORT ON EFFECT OF SCHEME OF DEMERGER

Pursuant to Section 232(2) (c) of Companies Act, 2013 and Rules 6(3)(vi) and (vii) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

I. Background:

Supangita Engineers Private Limited (“**the Company**”) is proposing to enter into a Scheme of Demerger with CADM Tools and Components Private Limited (“**CADM**”) wherein it is, *inter alia*, proposed, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 to demerge the business of mechanical engineering and manufacture of tools and components for use in machinery, of the Company (“**Business**”) into CADM, as on the Appointed Date (as defined under the Scheme), subject to the requisite approval of the National Company Law Tribunal (“**NCLT**”).

The Board of Directors of the Company (“**Board**”), at its meeting held on 10th June, 2020 at 4.30 pm, approved the draft Scheme of Demerger for the demerger of the Business into CADM (“**Scheme**”).

II. Applicable Provisions:

In terms of Section 232(2) (c) of the Companies Act, 2013, the Company is required to submit a report adopted by the directors of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel (“**KMPs**”), promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties. Additionally, according to Rules 6(3)(vi) and (vii) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Company is also required to disclose the effect of the Scheme on the KMPs, directors, promoters, non-promoter members, depositors, creditors, debenture-holders, deposit trustee and debenture trustee and employees of the Company, and the effect of the Scheme on material interests of directors, KMPs and debenture trustee.

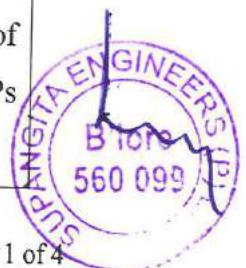
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Accordingly, this report is placed before the Board detailing the effect of the Scheme on the stakeholders mentioned above.

III. Effect of Scheme:

On the shareholders of the Company

1. The Scheme does not adversely affect the interests of the shareholders of the Company. The promoters of the Company shall continue to be the promoters of the Company upon the Scheme becoming effective.
2. As part of the Scheme and in accordance with the Share Entitlement Ratio Report dated 12th October, 2020 issued by CA U M Sunil Rao with Membership No.207753 and subsequently Valuation Report by the registered valuer, CA Roshan Nilesh Vaishnav (RV No: IBBI/RV/06/2019/11653) and, in consideration for the Business, CADM shall, upon this Scheme becoming effective, without any further application or deed, issue and allot 19,000 equity shares of Rs. 100/- (Rupees One Hundred only) each, credited as fully paid-up, to the shareholders of the Company holding fully paid-up equity shares in the Company and whose names appear in the register of members of the Company, on the Effective Date or to such of 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 Company. Thus, CADM shall issue a total of 19,000 fully paid-up equity shares of Rs. 100/- (Rupees One Hundred only) each to the shareholders of the Company. There are no non-promoter shareholders of the Company.

On the creditors of the Company in relation to the Business

3. The interests of the creditors of the Company in relation to the Business will not be adversely affected by the Scheme since there would be no reduction in their claims / interest, and dues, if any, will be paid off in the ordinary course of business.
4. Upon the coming into effect of the Scheme and with effect from the Appointed



Date, all debts and liabilities in relation to the Business of the Company, as on the Appointed Date, shall, without any further acts, costs or deeds, become the debts and liabilities of CADM on the same terms and conditions as were applicable to the Company, and CADM undertakes to satisfy the same to the exclusion of the Company.

On depositors, deposit trustee, debenture-holders and debenture trustee

5. There are no depositors, deposit trustee, debenture-holders or debenture trustee in the Company in relation to the Business, and hence, there is no question of the Scheme affecting their interests.

On directors of the Company

6. The interests of the directors of the Company will not be adversely affected by the Scheme.

On the key managerial personnel

7. The interests of the key managerial personnel of the Company will not be adversely affected by the Scheme.

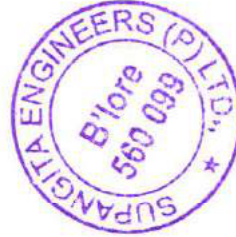
On employees of the Company

8. On the Scheme becoming effective, all staff, workmen and employees of the Business in service on the Effective Date who are willing to shift to CADM, shall be deemed to have become staff, workmen and employees of CADM, with effect from the Appointed Date, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with CADM shall not be less favourable than those applicable to them with reference to the Company immediately preceding the Demerger under this Scheme.
9. In the opinion of the Board, the said Scheme will be of advantage and beneficial to the Company, and its shareholders, creditors and other stakeholders and the terms thereof are fair and reasonable. It is for these reasons that the Board of the Company approved the Scheme at its meeting held on 10th June 2020.



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FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS




U. M. SURESH RAO

(Director)

DIN:00706209

Place: Bangalore

CADM TOOLS AND COMPONENTS PRIVATE LIMITED

CIN: U3699KA2018PTC116426

Registered Office: 7C, Bommasandra Industrial Area, Bangalore-56099

REPORT ON EFFECT OF SCHEME OF DEMERGER

[Pursuant to Section 232(2) (c) of Companies Act, 2013 and Rules 6(3)(vi) and (vii) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

I. Background:

CADM Tools and Components Private Limited (“the Company”) is proposing to enter into a Scheme of Demerger with Supangita Engineers Private Limited (“SEPL”) wherein it is, *inter alia*, proposed, pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 to demerge the business of mechanical engineering and manufacture of tools and components for use in machinery, of SEPL (“Business”) into the Company, as on the Appointed Date (as defined under the Scheme), subject to the requisite approval of the National Company Law Tribunal (“NCLT”).

The Board of Directors of the Company (“Board”), at its meeting held on 10th June 2020, approved the draft Scheme of Demerger for the demerger of the Business into the Company (“Scheme”).

II. Applicable Provisions:

In terms of Section 232(2) (c) of the Companies Act, 2013, the Company is required to submit a report adopted by the directors of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel (“KMPs”), promoters and non-promoter shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties. Additionally, according to Rules 6(3)(vi) and (vii) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Company is also required to disclose the effect of the Scheme on the KMPs, directors, promoters, non-promoter members, depositors,



creditors, debenture-holders, deposit trustee and debenture trustee and employees of the Company, and the effect of the Scheme on material interests of directors, KMPs and debenture trustee.

Accordingly, this report is placed before the Board detailing the effect of the Scheme on the stakeholders mentioned above.

III. Effect of Scheme:

On the shareholders of the Company

1. The Scheme does not adversely affect the interests of the shareholders of the Company. The promoters of the Company shall continue to be the promoters of the Company upon the Scheme becoming effective. There are no non-promoter shareholders of the Company.

On the creditors of the Company

2. The Company does not have any creditors, and hence there is no question of the Scheme affecting their interests.

On depositors, deposit trustee, debenture-holders and debenture trustee

3. There are no depositors, deposit trustee, debenture-holders or debenture trustee in the Company, and hence, there is no question of the Scheme affecting their interests.

On directors of the Company

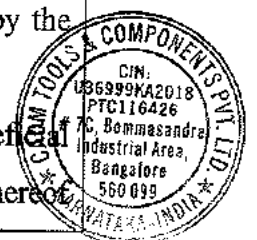
4. The interests of the directors of the Company will not be adversely affected by the Scheme.

On the key managerial personnel of the Company

5. The interests of the key managerial personnel of the Company will not be adversely affected by the Scheme.

On employees of the Company


6. The interests of the employees of CADM will not be adversely affected by the Scheme.
7. In the opinion of the Board, the said Scheme will be of advantage and beneficial to the Company, and its shareholders and other stakeholders and the terms thereof



are fair and reasonable. It is for these reasons that the Board of the Company approved the Scheme at its meeting held on 10th June, 2020.

FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS




U M Suresh Rao
(Director)
DIN:00706209

Date : 30/06/2020

Place: Bangalore