

Royal Spinwell and Developers Private Limited (Formerly known as Royal Spinwell Private Limited)

CIN: U17120MH1991PTC062262

“Shlok” 60 – CD, Govt. Industrial Estate,
Charkop, Kandivali (W), Mumbai – 400 067
Tel : + 91 22 28603514, 16

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ROYAL SPINWELL AND DEVELOPERS PRIVATE LIMITED AT ITS MEETING HELD ON JANUARY 04, 2022 EXPLAINING THE EFFECT OF THE SCHEME OF ARRANGEMENT ON EACH CLASS OF EQUITY SHAREHOLDERS (PROMOTER AND NON-PROMOTER SHAREHOLDERS) AND KEY MANAGERIAL PERSONNEL, LAYING OUT IN PARTICULAR THE SHARE EXCHANGE RATIO

1. Background:

- 1.1. The Board of Directors of Royal Spinwell and Developers Private Limited (“**Board**”) at its meeting held on January 04, 2022 have approved the proposed Scheme of Arrangement in the nature of merger / amalgamation of Royal Spinwell and Developers Private Limited (“**Transferor Company**”) with Royal Cushion Vinyl Products Limited (“**Transferee Company**”) and their respective shareholders and creditors (“**Scheme**”) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Act**”).
- 1.2. In terms of provisions of Section 232(2)(c) of the Act, the Board is required to adopt a report explaining the effect of the Scheme on each class of shareholders (promoters and non-promoter shareholders) and key managerial personnel (“**KMPs**”) of the Transferor Company laying out in particular the share exchange ratio and special valuation difficulties, if any, and the same is required to be circulated as part of the notice for convening the meeting of the equity shareholders and creditors of the Transferor Company and/or the Transferee Company, if any and as applicable, to be held for the purpose of approving the Scheme.
- 1.3. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.4. The draft of the following documents were, inter alia, placed before the Board:
 - a. Scheme of Arrangement;
 - b. Valuation Report dated December 31, 2021 issued by CA Mayur Popat, an independent registered valuer (Registration No. IBBI / RV / 006 / 2019 / 11173) (“**Registered Valuer**”) appointed for recommending the fair share exchange ratio for the purpose of this Scheme.
 - c. Fairness Opinion Report dated January 4, 2022 issued by Khambatta Securities Limited, SEBI Registered Category-I Merchant Banker (Registration No. INM000011914) providing fairness opinion (“**Fairness Opinion**”) on the share exchange ratio recommended in the Valuation Report issued by Registered Valuer.



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2. Fair Share Exchange Ratio and Consideration pursuant to the Scheme

- 2.1. In the terms of the Scheme, it is proposed to amalgamate the Transferor Company with the Transferee Company. Pursuant to the proposed Scheme, the Transferee Company shall issue and allot its equity shares and Non-convertible Redeemable Preference Shares (“NCRPS”) on proportionate basis to the shareholders of the Transferor Company as on Effective date, in the following manner:

“7,807 equity shares of face value of Rs. 10/- each of the Transferee Company and 16,117 NCRPS of face value of Rs. 10/- each of the Transferee Company, for every 19 fully paid-up equity shares of face value of Rs. 10/- each of the Transferor Company.”

- 2.2. The Registered Valuer, Mr. Mayur Popat has opined that the above mentioned consideration for the proposed Scheme, is fair.
- 2.3. No Special valuation difficulties were reported.

3. Effect of the Scheme on interested stakeholders

The effect of scheme on various stakeholders viz. on Equity Shareholders (promoter and non-promoter members), Directors, KMPs, Employees, Creditors, Depositors, Debenture Holders and Debenture Trustees is summarized below:

3.1. Equity Shareholders (promoter and non-promoter members):

Pursuant to the Scheme, entire equity share capital of the Transferor Company shall stand cancelled and in lieu thereof, the equity shares and NCRPS of the Transferee Company are proposed to be issued to the shareholders of the Transferor Company on the basis of fair share exchange ratio, as mentioned above. The Scheme is expected to be beneficial to the Companies and its shareholders and all other stakeholders in large and is not detrimental to any of the shareholders of the Companies.

3.2. Directors and KMPs:

Pursuant to the Scheme, the Transferor Company shall be dissolved without winding up and therefore current Directors of the Transferor Company shall cease to hold their positions as directors of the Transferor Company. There are no KMPs in the Transferor Company.

3.3. Employees:

Upon the effectiveness of this Scheme and with effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, the employees of the Transferor



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Company, if any, on terms and conditions no less favourable than those on which they are engaged by the Transferor Company.

3.4. Creditors:

On the Scheme becoming effective, the creditors of the Transferor Company will become creditors of the Transferee Company and there will be no reduction in the claims of the creditors of the Transferor Company on account of the Scheme and will be paid in the ordinary course of business as and when their dues are payable. There is no likelihood that the creditors would be prejudiced in any manner as a result of the Scheme being sanctioned.

3.5. Depositors, Debenture Holders and Debenture Trustee

The Transferor Company have not taken any term deposits from depositors, therefore, no deposit trustees have been appointed. Neither there are any debenture holders nor there are any debenture trustees of the Transferor Company.

For, Royal Spinwell and Developers Private Limited



Jayesh Motasha
Director
DIN: 00054236

Place: Mumbai
Date: January 04, 2022