

**Report adopted by the Board of Directors of Rupa & Company Limited pursuant to section 232(2)(c) of the Companies Act, 2013 with regard to the effect of the Scheme of Arrangement between Rupa & Company Limited and Oban Fashions Private Limited**

---

1. Background

- 1.1. A Meeting of the Board of Directors ("Board") of Rupa & Company Limited was held on 9th December 2020, wherein the Board approved the proposed Scheme of Arrangement for the proposed demerger of Oban Fashions Private Limited ('Oban' or 'Demerged Company') with Rupa & Company Limited ('Rupa' or 'Resulting Company') under Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013, as applicable ("Scheme"). The Appointed date for the proposed demerger under the Scheme is 1st April, 2021.
- 1.2. In terms of Section 232(2)(c) of Companies Act, 2013, a Report from the Board of Directors ('the Report') of the Company explaining the effect of the compromise on each class of Shareholders, Key Managerial Personnel, Promoters, and Non-promoter Shareholders laying out in particular the share exchange ratio, specifying any special valuation difficulties has to be appended with the notice of the meeting of shareholders and creditors. This report of the Board is made in order to comply with the requirements of Section 232(2)(c) of Companies Act, 2013.
- 1.3. The proposed arrangement involving transfer and vesting of Demerged Undertaking of Oban to the Company by way of draft Scheme of Arrangement was approved by the Board of Directors *vide* resolution dated 9th December, 2020.

2. The following is the Report taking into consideration the aforesaid provisions:

2.1. Brief background of Oban Fashions Private Limited

Oban Fashions Private Limited, having its registered office at 102, VIP Plaza, B-7, Veera Industrial Estate, Off Andheri Link Road, Andheri (West), Mumbai, Maharashtra – 400053 and Corporate Identity Number (CIN) U18204MH2015PTC271385, a deemed public company, being a Wholly-owned Subsidiary of Rupa & Company Limited, was incorporated as a company limited by shares on 29th December, 2015 under the Companies Act, 2013 under the name and style of 'Oban Fashions Private Limited. The Demerged Company is a 'Company' within the meaning of the Companies Act, 2013. PAN of the Demerged Company is AACCO2626F. Email address of the Demerged Company is [info@oban.co.in](mailto:info@oban.co.in).

2.2. Rationale of Scheme

Rationale and Benefits of the Scheme of Arrangement

- a) The Resulting Company is engaged in the manufacturing, marketing, selling and distribution of men's and women's innerwear, thermal wear and fashion wear products, across economy, mid-premium, premium and super-premium categories. Resulting Company operates through its manufacturing facilities in the state of West Bengal, Tamil Nadu, Karnataka and Uttar Pradesh.
- b) The Demerged Company is primarily engaged in manufacturing, marketing and selling of hosiery items. The Demerged Company is also an authorized licensee with rights for whole of India with respect to innerwear (briefs, trunks, knit thermals, etc.) and outerwear (t-shirts, knit pants, vests, leggings, etc.) for premium brands French Connection UK ('FCUK') and Fruit of the Loom ('FOTL'). In one of its undertaking, Oban develops, manufactures, markets and sells innerwear and related products with the brand name "FCUK" in India as well as manufactures, distributes, advertises and sells innerwear, and outerwear products for men, boys, women, girls and toddler in India under their brand name and mark, "FOTL". The other undertaking of the Demerged Company is inter alia engaged in the trading of semi-finished hosiery items, etc. The Demerged Company is currently a Wholly-owned Subsidiary of the Resulting Company.
- c) The management of the companies have examined the relative business strengths and the potential commercial and other synergies of the consolidation and proposed to consolidate their Demerged Undertaking under a single entity. Accordingly, it is being proposed to transfer the Demerged Undertaking of the Demerged Company to the Resulting Company.
- d) The proposed demerger of the Demerged Undertaking would help in:

- i) Utilizing the current market presence and customer base of the Resulting Company which will lead to the presence of the Demerged Undertaking across various market segments leading to higher growth/ top line for the Resulting Company;
  - ii) Would enable consolidation of similar premium businesses and carry on the same more efficiently and effectively;
  - iii) Under a liberalized, fast changing and highly competitive environment, the demerger shall strengthen the business of the Demerged Undertaking and of the Resulting Company, by pooling up resources for common purpose;
  - iv) Will rationalize the management structure, reduce overhead costs and ultimately lead to streamlining the operations structure of the Demerged Undertaking;
  - v) The demerger will enable the future business activities to be carried on more conveniently and advantageously with enhanced flexibility in funding of expansion plans, improving profitability and stronger balance sheet of the Resulting Company;
  - vi) Synergies expected to bring in cost savings in the marketing, selling and distribution expenses as well as give benefits of the economies of scale and elimination of duplication of administrative expenses;
  - vii) The transfer and vesting of the Demerged Undertaking to the Resulting Company will enable better focus and management of the Remaining Undertaking of the Demerged Company and to achieve higher topline for the Remaining Undertaking;
  - viii) The Remaining Undertaking has significantly lower working capital requirement as compared to the Demerged Undertaking. Hence, demerger of the Demerged Undertaking would help in managing the different funding requirements of the two business, both in terms of type of funds and amount of infusion required for the businesses;
  - ix) Beneficial results for the Companies concerned, their shareholders, employees and all concerned.
- e) The Demerged Company and the Resulting Company believe that this Scheme is in the best interest of the relevant companies and their respective shareholders and creditors, and other stakeholders, as it is expected to provide greater financial strength and flexibility.

In view of the aforesaid, the Board of Directors of the Demerged Company and the Resulting Company have considered and proposed the transfer of the Demerged Undertaking of the Demerged Company to the Resulting Company in order to benefit the stakeholders of the Demerged Company and the Resulting Company.

### 2.3. **Salient Features of the Scheme**

The salient features of the Scheme are as under:

- a) The Scheme provides for the transfer of Demerged Undertaking of the Demerged Company to the Resulting Company;
- b) Appointed Date shall mean 1st April, 2021, or any other date as may be approved by the Appropriate Authority;
- c) Effective date means the later of the dates on which certified copies of the order of the relevant Benches of the NCLT, sanctioning the Scheme are filed with the jurisdictional Registrar of Companies by the Demerged Company and the Resulting Company;
- d) The proposed arrangement will be such that all the assets, liabilities, rights, entitlements, obligations, etc. of the Demerged Undertaking would stand transferred to and vested as a going concern in the Resulting Company.

This Scheme also provides for various other matters consequential or otherwise integrally connected with the above.

### 2.4. **Share Entitlement Ratio**

- a) Since the Demerged Company is a Wholly-owned Subsidiary of the Resulting Company, in accordance with the Clause 14 of the Scheme, upon the Scheme becoming effective, no new

shares of the Resulting Company shall be allotted in lieu of the transfer of the Demerged Undertaking, to the shareholders of the Demerged Company, as the Resulting Company itself is the shareholder of the Demerged Company. A certificate dated 9th December, 2020 from a Registered Valuer, Mr. Vikas Goel, (Regn. No. IBBI/RV/01/2018/10339) confirming that no shares would be issued by Resulting Company is enclosed.

- b) Also, a fairness opinion report dated 9th December, 2020 from a Merchant Banker, M/s Finshore Management Services Limited, a SEBI registered CAT-I Merchant Banker, Regn No. INM000012185, confirming the fairness of the report of the Registered Valuer is enclosed.
- c) No special valuation difficulties were reported in the aforesaid Report.

**2.5. Effect of the Scheme of Arrangement on Equity Shareholders and Directors and KMPs**

- a) Since under the proposed Scheme of Arrangement, the Demerged Undertaking of the Demerged Company would be transferred to the Resulting Company, there be no adverse effect of the said Scheme on the Equity Shareholders, Key managerial personnel, Promoters and Non-Promoter shareholders of the Resulting Company. .
- b) None of the Directors, Promoters, KMPs, non-promoter shareholders, respectively have any material personal interest in the Scheme, except to the extent of shares held in Resulting Company, if any.

Date: 9th December, 2020  
Place: Kolkata

Sd/-  
(Ramesh Agarwal)  
(Whole-time Director)  
DIN: 00230702