

SURAT TEXTILE MILLS LIMITED

Date: 10th September, 2019

The Listing Compliance Department,
BSE Limited,
First Floor, New Trading Wing,
Rotunda Building, PhirozeJeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400001
Scrip Code: 530185

Dear Sirs,

Sub.: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Scheme of Merger and Arrangement

The Board of Directors of Surat Textile Mills Limited ('the Company'), has upon consideration of the recommendations of audit committee approved the Scheme of Arrangement ('Scheme') under Sections 230 to 232 of the Companies Act, 2013 between Vareli Trading Company Limited ('VTCL' or 'Transferor Company') and the Company ('STML' or 'Transferee Company') which provides for amalgamation of VTCL with STML.

In consideration of the merger of VTCL with STML, in terms of the Scheme and based on the Valuation Report issued by Snehal Shah & Associates Independent Chartered Accountants along with fairness opinion provided by Kunvarji Finstock Pvt. Ltd., Merchant Banker, STML shall issue and allot to the equity shareholders of VTCL, equity shares of face value Rs.1/- each credited as fully paid up equity shares of STML in the ratio of 521 equity shares of the face value of Rs.1/- each of STML for every 1 equity share of Rs.10/- each of VTCL credited as fully paid up held on the Record Date. Pursuant to the said Scheme, VTCL's shareholding in STML to the extent of 34.94% of share capital of STML (i.e. 77580026) would stand cancelled.

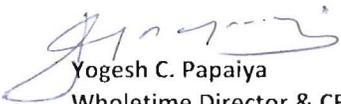
The Scheme is subject to the approval of the shareholders, creditors, Securities and Exchange Board of India, BSE Limited, Hon'ble National Company Law Tribunal (NCLT) and other regulatory authorities, as applicable.

The disclosure in respect of the Scheme as required under Regulation 30 of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015 is enclosed as **Annexure A**.

We request you to take the same on your record.

Thanking you,

Yours faithfully,
For Surat Textile Mills Limited


Yogesh C. Papaiya
Wholetime Director & CFO
(DIN: 00023985)



Encl.: As above.



Regd. Office : 6th Floor, Tulsi Krupa Arcade, Near Aai Mata Chowk,
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CIN : L17119GJ1945PLC000214 | Website : www.surattextilemillsLtd.com

Annexure A

Disclosure of Information pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015

1. Name of the entity(ies) forming part of the amalgamation / merger, details in brief such as size, turnover, etc.:

Transferor Company: Vareli Trading Company Limited is a public limited Company incorporated under the Companies Act, 1956 (CIN U65910GJ1987PLC009405), having its registered office at Dr Amichand Shah Wadi, Rampura Tunki, Surat 395003, Gujarat, India (herein after referred to as "VTCL" or "Transferor Company").

Transferee Company: Surat Textile Mills Limited is a public limited Company incorporated under the Companies Act, 1956, (CIN L17119GJ1945PLC000214), having its registered office at Tulsi Krupa Arcade, 6th Floor, Near Aai Mata Chowk Puna-Kumbharia Road, Dumbhal, Surat 395010, Gujarat, (herein after referred to as "STML" or the "Transferee Company"). The equity shares of the Transferee Company are listed on the BSE Limited ("BSE").

Set out below are brief details of the net worth and total revenue of the Transferor Company and the Transferee Company.

(Rs. in Lacs)

Particulars	Net Worth As at 31st March, 2019	Total Revenue As at 31st March, 2019
Surat Textile Mills Limited Transferee Company	12090.87	22034.75
Vareli Trading Company Limited Transferor Company	770.26	0.53

2. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm length":

The Transferor Company is a Promoter Group Company of the Transferee Company and therefore, the proposed amalgamation is a transaction between related parties.

The consideration for the proposed amalgamation will be discharged at an "arms length" basis. The shares to be allotted to the shareholders of the Transferor Company as consideration for the amalgamation, are based on the Valuation Report issued by M/s. Snehal Shah and Associates, Chartered Accountants, the Independent Valuers and a Fairness Opinion on the same has been issued by Kunvarji Finstock Pvt. Ltd., Independent Category-I Merchant Banker. The aforesaid Valuation Report and Fairness Opinion have been duly considered by the Board of Directors of the Transferee Company. The Valuation Report on share entitlement ratio has been duly considered by the Boards of Directors of the Transferor Company as well.

3. Area of business of the entity(ies):

The Transferor Company (VTCL) is primarily engaged in the business of trading in all types of textiles fabrics including finished, yarn and grey textile fabrics.



The Transferee Company (STML) is engaged in the business of manufacturing, cleaning, spinning, bleaching, knitting, dyeing in all kinds of chips and yarn, fibers and intermediaries, textiles, fabrics, etc.

4. Rationale for amalgamation / merger:

The proposed Scheme of Arrangement amongst the Transferor Company, the Transferee Company and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 provides for the amalgamation of the Transferor Company with the Transferee Company.

The amalgamation will help in elimination of the investment layer in the shareholding pattern of the Transferee Company and will be helpful to achieve the benefits of the synergy of large scale operations. It will improve the financial strength of the combined entity.

5. In case of cash consideration - amount or otherwise share exchange ratio:

The consideration is in the form of issue of shares and the exchange ratio is as follows:

1 (One) fully paid-up equity share of the face value of Rs.1 each of STML shall be issued and allotted as fully paid up equity shares to the equity shareholders of VTCL as on Record Date for every 521 (Five Hundred Twenty-one) Equity Shares of Rs.1 each held by them in VTCL.

The Transferor Company VTCL holds 7,75,80,026 number of equity shares (about 34.94%) of STML. On amalgamation the said shares shall be cancelled off and amount to reduction of share capital of STML to that extent. However, considering the issue of new shares in the aforesaid ratio, there will not be any net reduction in the Issued, Subscribed and Paid-up Share Capital of STML, the Transferee Company.

6. Brief details of change in shareholding pattern (if any)of listed entity:

Post amalgamation shareholding of the Company would remain similar to the pre amalgamation shareholding and the same would be as follows:

1. Promoter & Promoter group – 74.98%
2. Public shareholding – 25.02%

