

# SURAT TEXTILE MILLS LIMITED

REPORT OF THE AUDIT COMMITTEE OF SURAT TEXTILE MILLS LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN VARELI TRADING PRIVATE LIMITED (AMALGAMATING COMPANY), SURAT TEXTILE MILLS LIMITED (AMALGMATED COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

## Present

Shri Harishchandra Bharucha	Chairman
Shri Yogesh C. Papaiya	Member
Shri Ketan A. Jariwala	Member

## In attendance

Smt. Hanisha Arora	Company Secretary
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## 1. Background:

- (a) A meeting of the Audit Committee of Surat Textile Mills Limited ('Company') was held on 5th November, 2019 inter alia, to review the updates on the proposed Scheme of Arrangement ('Scheme') between Vareli Trading Company Limited (VTCL) and the Company in accordance with the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act 2013 read with relevant rules framed thereunder involving;
- The amalgamation of VTCL with the Company, and dissolution of VTCL without winding up and consequent issuance of equity shares of the Company to the shareholders of VTCL in accordance with the Scheme.
  - Various other matters incidental, consequential or otherwise integrally connected therewith,
- (b) As discussed earlier, the Securities and Exchange Board of India vide its Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular') has, amongst other requirements, sought a report from the Audit Committee of the listed company, recommending the draft Scheme, after taking into consideration, inter alia, Valuer's Report on Share Exchange/Entitlement Ratio and the Fairness Opinion. This report of the Audit Committee is made in order to comply with the requirement of the SEBI Scheme Circular.
- (c) In this regard, the audit committee considered, inter alia, the following:
- The Draft Scheme incorporating the necessary disclosures as required in compliance with SEBI Circular dated 10th March, 2017:

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- b. The Chairman stated that the Valuer's Report on Share Exchange/Entitlement Ratio dated 20th August, 2019 as obtained from Snehal Shah & Associates, Chartered Accountants ('Valuer's Report') for the purpose of determining the share exchange ratio ('**Valuation Report**'), has been modified in view of the suitable disclosure to be incorporated in accordance with the SEBI Circular 10th March, 2017 and therefore it was considered appropriate to review, discuss and recommend the addendum to the report for onwards filing with the stock exchange for its in principle approval. The same was placed before the Committee and the contents were approved and recommended for consideration of the Board of Directors. There was no change in the exchange ratio as approved earlier.

*521 equity shares of the Company of Rs.1 each fully paid up for every 1 equity share of VTCL of Rs.10 each fully paid up*

- c. Fairness Opinion dated 20th August, 2019 issued by from Kunvarji Finstock Pvt. Ltd. Registered Merchant Banker, on the equity shares to be issued by the Company to the shareholders of VTCL pursuant to the Scheme ('**Fairness Opinion**') was considered by the The fairness opinion was considered by the Audit Committee in its earlier meeting held on 10th September, 2019.

## 2. Recommendation of the Audit Committee:

The Audit Committee, having received the addendum / revised valuation report, considered, recommended and approved the suitable changes to the valuation report and the necessary information shared by the Chairman of the Committee, the revised text of valuation report is hereby recommended for favourable consideration by the Board of Directors of the Company, BSE Limited and the Securities and Exchange Board of India and other appropriate authorities.

By order of the Audit Committee.

For and on behalf of Surat Textile Mills Limited

*Kruti Kothari*  
Ms. Kruti Kothari  
Chairman of the Audit Committee



Date: 5th November, 2019  
Place: Surat



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