

SERVOTEACH INDUSTRIES LTD.

(Formerly Known as Servotech Engineering Industries Limited.)

Resd. Off. 5/11, Veerkrupa, Carter Rd. No. 3, Opp. Ambaji Mata Temple, Borivali (E), Mumbai - 400 066
Tel: +91-22-28669600/28624357/58, Fax: +91-22-28083296, Email: info@servotech-india.com
Website: servotechengineering.in
CIN: 128933MH1994PLC081857

Date: 5th April, 2018

To,
BSE Limited,
Department of Corporate Services,
P. J. Towers, Dalal Street,
Fort, Mumbai-400 001

Scrip Code: 531944

Sub: Outcome of Meeting of Board of Directors held on 5th April, 2018

Dear Sir,

With reference to the captioned subject, we would like to inform you that the Board of Directors at their meeting held on 5th day of April, 2018, have subject to the approval of the Hon'ble National Company Law Tribunal [NCLT], Mumbai Bench, Mumbai, Stock Exchange where the shares of the company are listed and other relevant regulatory authorities:

1. Approved the Composite Scheme of Arrangement and Amalgamation which includes Reduction of Equity Share Capital of Servotech Industries Limited (Transferee Company) from Rs. 3,92,90,000/- divided into 39,29,000 Equity Shares of Rs.10/- each fully paid up to Rs. 2,75,03,000/- divided into 27,50,300 Equity Shares of Rs. 10/- each fully paid up and such reduction be effected by cancelling 11,78,700 Equity Shares of Rs.10/- each amounting to Rs.1,17,87,000/- in the existing paid up Equity Share Capital by writing off part of the credit balance of Profit & Loss Account and Post reduction amalgamation of Servotech India Limited (Transferor Company) with Servotech Industries Limited (Transferee Company).

The Valuation Report has been given by Suresh Shah & Co., Chartered Accountants, Mumbai and fairness opinion by independent Merchant Banker Systematix Corporate Services Limited, Mumbai.



SERVOTEACH INDUSTRIES LTD.

(Formerly Known as Servotech Engineering Industries Limited.)

Regd. Off: 502, Triveni Krupa, Carter Rd. No. 3, Opp. Ambaji Mata Temple, Borivali (E), Mumbai - 400 066
Tel : +91- 22 - 28669600/ 28624357/58, Fax : +91-22 - 28083296, Email:- info@servotech-india.com
Website : servotechengineering.in
CIN:- L28933MH1994PLC081857

3. Approved Share Exchange Ratio for the proposed Composite Scheme of Arrangement and Amalgamation which is:

- 1 (One) Equity Share of Rs.10/- each of Servotech Industries Limited (Transferee Company) for every 1 (One) Equity Share of Rs.10/-

Annexure A

Disclosure of Event and Information pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with SEBI Circular number CIR/CFD/CMD/4/2015 dated 9th September, 2015

A. Name of the entities forming part of the Amalgamation/ merger, details in brief such as size, turnover, etc.

i. Servotech India Limited (Transferor Company)

"SERVOTECH INDIA LIMITED" (STIL), means a company incorporated under the provisions of the Companies Act, 1956 and having its Regi

The Transferor Company is engaged in the business of manufacturer and supplier of turnkey projects of solvent extraction plants, castor oil plants, edible oil plants, oil refinery plants, Vanaspati plants, and Dairy & Food processing plants.

The Transferee Company is engaged in the business of manufacture and dealing in all kind of Plant and machinery and equipment for solvent extraction, refining, vanaspati, oil milling etc. However, there is no much business activities.

D. Rationale for Amalgamation/Merger:

The background and circumstances which justify the said arrangement are inter- alia as follows:

- Continuous losses have substantially wiped off the value represented by the Share Capital, thus the financial statements do not reflect the correct picture of the health of the Company.
- For ensuring that the financial statements of the Company reflect the real picture and the Capital which is lost, is not continued to be shown on the face of balance sheet it is necessary to carry out reduction of capital of the Company.
- Since, writing off of losses has become inevitable for growth of the Company and its shareholders, the Company is now proposing to undertake a financial restructuring exercise whereby the Company would create a "Capital Restructuring Account" from its paid up Equity Share Capital.
- The reduction of capital in the manner proposed would enable the Company to have a rational capital structure which is commensurate with its remaining business and assets.
- This Composite Scheme of Arrangement and Amalgamation is presented with a view to achieve Restructuring of the Transferee company which would result in increase in the net worth of the Transferee Company and improvement in financial health as more business activities shall be brought into the Transferee Company thereby preventing it from becoming a



- The restructuring of the Transferee Company proposed under the Scheme does not envisage any payment to any shareholder of any paid-up share capital.

- Hence, the proposed reduction will be for the benefit of the Company and its shareholders, creditors and all concerned as a whole.

- SERVOTEACH INDUSTRIES LIMITED and SERVOTECH INDIA LIMITED both are with a view to take advantage of consolidation in the current competitive environment, and if it is proposed to consolidate operations and amalgamate the two companies, which would result in benefits from economies of scale of operations and increased market share.

- Simplified group and business structure.

- The existence of independent companies at times result in duplication of efforts and the integration and combination of such businesses will lead to greater and optimal utilization of resources. The amalgamation would, therefore, enable the Transferee Company to increase operations and confer a competitive advantage on the entire business. With integrated processes, the Transferee Company can achieve higher scales of operation.

- Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholders value, and will improve the competitive position of the combined entity.

- Better efficiency in cash management of the amalgamated entity, and unfettered access to cash-flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholders value.

- The amalgamated company will have the benefit of synergy, optimum use of manpower for executing and management of various projects, expertise, and stability of operations and would help to achieve economies of scale through efficient utilization of resources and facilities.



- Pursuant to the implementation of the Scheme, the objects of the Transferor Company and the Transferee Company can be conveniently, advantageously and economically carried on by a single entity.
- The restructuring proposed under the Scheme will not affect the normal business operations of the Transferee Company, but would improve the same.
- To achieve the desired objectives, a Scheme of Arrangement and Amalgamation has been arrived at by the Board of Directors of the aforesaid companies and it has been decided to make the requisite application before the Hon'ble National Company Law Tribunal Mumbai Bench, Mumbai under Sections 230 to 232 read along with Section 66 of the Companies Act, 2013 for the sanction of the following Scheme of Arrangement and Amalgamation (hereinafter referred to as the 'Scheme') of the aforesaid companies.

E. In case of cash consideration- amount or otherwise share exchange ratio;

Upon the Scheme becoming finally effective, in consideration of the transfer and vesting of the undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company subject to the provisions of this Scheme shall issue and allot to the equity shareholders of the Transferor Company, and whose name appears in the Register of Members as on the Record Date, his/her heirs, executors, administrators or the successors-in-title, as the case may be, One (1) Equity Share of the Transferee company (Servotech Industries) of Rs. 10/- each fully paid up for every One (1) Equity Share of Rs. 10 each fully paid up held in the Share Capital of the Transferor Company (Servotech India) and Eleven (11) Optionally Convertible Redeemable Preference Shares [OCRPS] of the Transferee Company (Servotech Industries) of Rs. 10/- each fully paid up for every Two (2) Equity Shares of Rs. 10/- each fully paid up held in the share capital of the Transferor Company (Servotech India).

F. Brief details of change in shareholding pattern (if any) of all entities:



The change in shareholding pattern of the Company consequent upon amalgamation of Transferor Company into Transferee Company is given

