



Complete Comfort

October 21, 2020

National Stock Exchange of India Ltd.  
Listing Department  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051

BSE Limited  
Department of Corporate Services  
Floor 25, Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

Company Symbol : ICIL

Scrip Code No. : 521016

Dear Sir/Madam,

**Subject:** Scheme of Amalgamation of Pranavadiya Spinning Mills Limited, Subsidiary of Company ("Transferor Company/ PSML") with Indo Count Industries Limited ("The Company/ Transferee Company/ ICIL") and their respective Shareholders

We wish to inform you that at the Board Meeting held today i.e. on October 21, 2020, the Board of Directors of the Company has approved the Scheme of Amalgamation of Pranavadiya Spinning Mills Limited, Subsidiary of Company ("Transferor Company/ PSML") with Indo Count Industries Limited ("The Company/ Transferee Company/ ICIL") and their respective Shareholders ("Scheme") under Section 230 to 232 read with other applicable provisions of the Companies Act, 2013 and Rules framed thereunder.

In consideration for amalgamation of PSML with ICIL, in terms of the Scheme and based on the valuation report issued by AZR & Associates, Independent Chartered Accountant & Amit Kumar Singh, Registered Valuers and fairness opinion report issued by Ernst & Young Merchant Banking Services LLP, a Category-I Merchant Banker, ICIL will issue and allot 2 (Two) fully paid up equity shares of Rs. 2/- each to the Equity Shareholders of PSML, for every 15 (Fifteen) fully paid up equity shares of Rs. 10/- each held by them in PSML.

The equity shares of ICIL to be issued to the Shareholders of PSML shall be listed on the BSE Limited and the National Stock Exchange of India Limited ("Stock Exchanges") (subject to trading permission being granted by the Stock Exchanges). The Scheme would be subject to approval of the National Company Law Tribunal (Mumbai Bench), Stock Exchanges, Securities and Exchange Board of India ("SEBI") and various Statutory Approvals, Shareholders of each of the companies, as may be directed by the Hon'ble National Company Law Tribunal.

The details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular Ref. No. CIR/CFD/CMD/4/2015 dated September 9, 2015 are given in Annexure to this letter.

You are requested to take the above on record.

Thanking you,

Yours faithfully,  
For Indo Count Industries Limited

Amruta Avasare  
Company Secretary & Compliance Officer  
Membership No.: ACS 18844



Encl.: A/a

## Indo Count Industries Ltd

Head Office: 301, Arcadia, 3rd Floor, Nariman Point, Mumbai - 400 021, Maharashtra, India; T: 022 4341 9500, F: 022 2282 3098

Marketing Office: Dosti Imperia, 2nd floor, Manpada, Ghodbunder Road, Thane (w) - 400 607, Maharashtra, India; T: 022 4151 1800, F: 022 2172 0121

Home Textile Division: T3, Kagal - Hatkanangale Five Star, MIDC Ind. Area, Kolhapur - 416216, Maharashtra, India; T: 0231 662 7900, F: 0231 662 7979

Spinning Division: D1, MIDC, Gokul Shirgaon, Kolhapur - 416234, Maharashtra, India; T: 0231 268 7400, F: 0231 267 2161

Regd. Office: Office No. 1, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Dist. Kolhapur - 416 109, Maharashtra, India; T: 0230 2463100 / 2461929

CIN: L72200PN1988PLC068972, E: info@indocount.com, W: www.indocount.com

Sl. No.	Details to be provided	Information
1.	Name of the entities forming Part of the amalgamation/merger, details in brief such as, size, turnover, etc.	<p>I. Transferor Company: Pranavaditya Spinning Mills Limited</p> <p>II. Transferee Company: Indo Count Industries Limited</p> <p>III. PSML is the subsidiary company of ICIL, wherein ICIL holds 1,43,41,280 equity shares of face value Rs. 10/- each of PSML representing 74.53% of paid up share capital of PSML.</p> <p>IV. Revenue from operations for Financial Year ended 31<sup>st</sup> March, 2020:  ICIL: INR 1965.07 Crores (standalone) &amp; INR 2080.13 Crores (consolidated)  PSML: INR 69.41 Crores</p> <p>V. Appointed Date: 1<sup>st</sup> October, 2020 or such other date as directed by the Mumbai Bench of the National Company Law Tribunal ("NCLT").</p>
2.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at 'arm's length'	Yes, the transaction would fall within related party transactions and is done at 'arm's length'. Pranavaditya Spinning Mills Limited is the subsidiary of Indo Count Industries Limited.
3.	Area of business of the entities	ICIL is engaged in the business of manufacturing and trading of home textile products. PSML has been carrying out the business of manufacturing of cotton yarn.
4.	Rationale for amalgamation /merger	<p>Pranavaditya Spinning Mills Limited (PSML / Transferor Company) is a subsidiary of Indo Count Industries Limited ('the Company'/ ICIL/ Transferee Company) wherein the Company holds 74.53% of equity share capital of PSML. The main business of PSML is manufacturing of cotton yarn. It has a huge freehold land viz. 34 acres in Kolhapur which is proximity to Company's manufacturing facilities and other resources which are in excess of the current business requirements of PSML. The main operations of ICIL is its home textile business, which is continuously investing in facilities to support its business needs. ICIL needs additional space and infrastructure to expand its manufacturing activities, which PSML can readily provide. This arrangement is thus mutually beneficial. The land, machinery and other resources available with PSML can be utilized in cost effective and efficient manner to carry out Company's business expansion.</p> <p>The amalgamation of PSML and ICIL would inter alia have following benefits:</p> <p>a. Consolidation of the Transferor Company and the Transferee Company will achieve simplified corporate structure, rationalize the number of listed entities and result in a single listed entity with combined businesses.</p> <p>b. Provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, it will also enable optimal utilization of existing resources which are in excess of the current business requirements of the Transferor Company and provide an opportunity to fully leverage assets, capacities,</p>



		<p>experience and infrastructure of the Transferor Company and Transferee Company.</p> <p>c. Reducing managerial overlaps involved in operating multiple entities, enable cost savings and effective utilization of valuable resources which will enhance the management focus thereby leading to increase in operational and management efficiency; integrate business functions; eliminate duplication and rationalization of administrative expenses.</p> <p>d. Synchronization of efforts to achieve uniform corporate policy, greater integration and greater financial strength and flexibility for the Transferee Company.</p> <p>e. Better value creation for the shareholders of both the companies enabling the public shareholders to hold shares of the combined listed entity.</p> <p>f. Upon completion of the amalgamation, the Transferor Company will be dissolved. Consequently, there would be lesser regulatory and legal compliance obligations including accounting, reporting requirements, statutory and internal audit compliance requirements, tax filings, company law compliances, Stock Exchange compliances etc. and therefore reduction in administrative costs.</p>
5.	<b>In case of cash consideration – amount or otherwise share exchange ratio</b>	<p>The consideration is in the form of issue of shares of ICIL to the shareholders of PSML. The share exchange ratio based on the valuation report issued by AZR &amp; Associates, Independent Chartered Accountant &amp; Amit Kumar Singh, Registered Valuers which is confirmed by the fairness opinion report issued Ernst &amp; Young Merchant Banking Services LLP, a Category-I Merchant Banker is as follows:</p> <p>2 (Two) fully paid up equity shares of Rs. 2/- each of ICIL to the Equity Shareholders of PSML as on Record Date, for every 15 (Fifteen) fully paid up equity shares of Rs. 10/- each held by them in PSML.</p> <p>ICIL is the Promoter Company of PSML holding 1,43,41,280 equity shares of face value Rs. 10/- each representing 74.53% of paid up share capital of PSML. The said shares held by ICIL in PSML will stand cancelled pursuant to this scheme on account of amalgamation without any further application, act and deed.</p>
6.	<b>Brief details of change in shareholding pattern (if any) of listed entity</b>	<p>Pursuant to issue and allotment of shares of ICIL to the Shareholders of PSML, the Promoter/ Promoter Group shareholding in ICIL will reduce from 58.94% to 58.75%. The public shareholding of ICIL will increase from 41.06% to 41.25%.</p>

