



Sybly Industries Ltd.

(Formerly known as Sybly Spinning Mills Ltd.)

Works & Regd. Off : Pawan Puri, Murad Nagar, Distt. Ghaziabad, Uttar Pradesh-201 206 (INDIA)
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CIN : L17111UP1988PLC009594, Web : www.sybly.com

Date: June 20th, 2016

To,
The Department of Corporate Services,
BSE Limited
Phiroz Jejeebhoy Towers,
Dalal Street, Mumbai – 400 001
BSE Scrip Code: 531761

SCRIP CODE: 531499 SCRIP ID: SYBLY

Dear Sir,

Outcome of the Board Meeting held on 20th June, 2016 - Disclosure under Regulation 30(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with sub-para 1.2 and 1.3 of Para A1 of Annexure I of Circular bearing number CIR/CFD/CMD/4/2015 dated 9th September, 2015 issued by Securities and Exchange Board of India.

In continuation to the decision taken by the board in their meeting held on 26th May, 2016, the board in its meeting held today, has considered and approved the composite scheme of arrangement comprising of the following activities –

1. Demerger of the non-core assets and related liabilities/ reserves of the Company to its wholly owned subsidiary, Space Incubatrix Technologies Limited (a Company under Incorporation) and listing of equity shares of Space Incubatrix Technologies Limited, thereof.
2. Reorganization of reserves of the Company by writing off its entire accumulated losses;
3. Amalgamation of Vortex Fabrics Private Limited and Dux Textiles Private Limited with the core business of the Company.

The above provisions of the Scheme shall be affected in accordance with the provisions of Section 391 – 394 of the Companies Act, 1956 (applicable as on date) or any corresponding provisions of the Companies Act, 2013.

The above scheme of arrangement shall be subject to the approval of High Court, Shareholders and Creditors of all the Companies.

The detailed disclosure as required under Regulation 30 of the Listing Regulations, 2015 read with Circular CIR/CFD/CMD/4/2015 dated September 9, 2015 is enclosed as Annexure to this Outcome.

Request you to take the same on your records.

Thanking you,

Yours Faithfully,
For Sybly Industries Limited


(Sahil Agarwal)

CS& Compliance Officer

ACS NO: A36817

Residential Address:

Gururdwara Road, Street No. 2

Anandipura, Modinagar-201204

Annexure

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

The proposed Composite scheme of arrangement provides for –

- Demerger of non-core assets and related liabilities/ reserves of the Company to its wholly owned subsidiary, Space Incubatrix Technologies Limited (a Company under Incorporation);
- Reorganization of Reserves of the Company by writing off its entire accumulated losses;
- Amalgamation of Vartex Fabrics Private Limited and Dux Textiles Private Limited with the Company;

The brief details of the entities forming part of composite scheme of arrangement as on 31st March, 2016 are as follows –

Name of the Companies	Turnover (Rupees in Lacs)	Net Worth (Rupees in Lacs)
Sybly Industries Limited (Demerged Company / Transferee Company/ SIL)	7,134.44	4,315.75
Space Incubatrix Technologies Limited (Resulting Company/ SITL) (a Company under Incorporation)	-	-
Vartex Fabrics Private Limited (Transferor Company-1/ VFPL)	28.93	285.54
Dux Textiles Private Limited (Transferor Company-2/ DTPL)	28.30	95.95

- b. **Whether the transaction would fall within related party transactions? If yes, whether the same is done at “arm’s length”.**

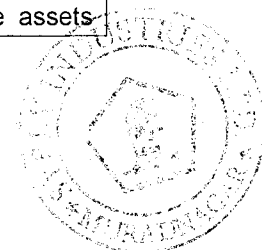
Yes, the Companies involved in proposed composite scheme of arrangement are controlled by same promoters. However, the transaction is based on independent fair valuation of shares of each of the companies and will be subject to approval of Shareholders and High Court.

Also, MCA vide its Circular No. 30/2014 dated 17th July 2014, has clarified that transactions arising out of compromises, arrangements and amalgamations dealt with under specific provisions of the Companies Act, 1956/Companies Act, 2013, would not attract the requirements of section 188 of the Companies Act, 2013.

- c. **Area of business of the entities**

Name of the Companies	Area of Business
Sybly Industries Limited	The Company is engaged in the business of manufacturing of 'Polyester Yarn'. The Company has certain non-core assets.

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	and related liabilities, which are directly or indirectly not linked to its core business.
Space Incubatics Technologies Limited	The Company would be engaged in the business to promote, manage, form or to float business ventures, technology ventures, manage all sorts of assets of venture capital and to encourage and develop first generation entrepreneurs.
Vartex Fabrics Private Limited	The Company is engaged in trading of 'Cotton Fabrics'.
Dux Textiles Private Limited	The Company is engaged in trading of 'Cotton Fabrics'.

d. Details of the division(s) to be demerged :

Demerged Division means the all the investments done in the subsidiary and the loans provided to the subsidiary and other entities and connected liabilities or reserves thereof, which do not pertain to the core activities i.e. manufacturing of 'Polyester Yarn' business of Sybly Industries Limited;

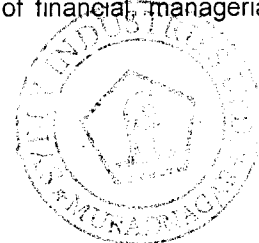
e. Rationale for Scheme of Arrangement:

- Sybly Industries Limited, the Demerged Company, is engaged in the business of manufacturing of 'Polyester Yarn', however, over a period of time, the company has invested funds in the shares in its subsidiary and has also provided loans to its subsidiary and other entities, which do not pertain to the core activities of the Demerged Company i.e. Manufacturing of 'Polyester Yarn' business of Sybly Industries Limited;
- Though, the invested funds in the subsidiary in form of its shares and the loans provided to the subsidiary / other entities and their connected liabilities and reserves thereof, are the non-core assets, for the Demerged Company, however, these assets can help the Resulting Company, SITL, to procure projects, win contracts/ tenders on the basis of strong financials.
- It is believed that the proposed segregation will enhance value for shareholders as there would be absolute clarity to the Investors in the business profile of the Demerged Company and the Resulting Company;
- The demerger shall also ensure, focused management on each set of business, thereby resulting in optimal utilization of the resources available and creation of better opportunities thereof;
- Further, the amalgamation of VFPL and DTPL with the SIL, shall result in the consolidation of similar line of business and result in saving of administrative costs and various other overheads. The amalgamation shall also improve the financial position of the SIL as the cross holding of loans & advances shall be wiped off.

Apart from above, the amalgamation shall result in following benefits -

- Financial strength and flexibility for the Transferee Company, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.
- Achieve greater efficiencies in operations with optimum utilization of resources, better administration and reduced cost.
- Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, and the elimination of duplication, and optimum rationalization of administrative expenses and utilization of human resources.
- Improved organizational capability and leadership arising from pooling of financial, managerial and technical resources.

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f. Share Entitlement Ratio for Demerger:

- Upon the coming into effect of the Scheme and in consideration of transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to Scheme, the Resulting Company shall, without any further act or deed and without any further payment, issue and allot equity shares on a proportionate basis to each member of the Demerged Company whose name is recorded in the register of members/List of Beneficial Owners for shares in dematerialized form of the Demerged Company on the Record Date to be fixed by the Demerged Company **in the ratio of 85 (Eighty Five) Equity Shares of Rs.10 (Rupees Ten) each at par in Resulting Company for every 100 (Hundred) Equity Shares of Rs.10 (Rupees Ten) each held by them in the Demerged Company.**

g. Share Exchange Ratio for Merger:

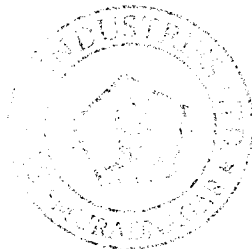
- Transferee Company, without further application, act or deed, shall issue and allot to each of the shareholders of 'Transferor Company 1' (other than the shares already held therein immediately before the amalgamation by Transferee Company, its Nominee or Subsidiary Company), shares in proportion of **501 (Five Hundred One) equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) equity shares of face value of Rs.10/- (Rupee Ten) each held by them in 'Transferor Company 1' pursuant to this Scheme of Amalgamation.**
- Transferee Company, without further application, act or deed, shall issue and allot to each of the shareholders of 'Transferor Company 2' (other than the shares already held therein immediately before the amalgamation by Transferee Company, its Nominee or Subsidiary Company), shares in proportion of **262 (Two Hundred Sixty Two) equity shares of face value of Rs.10/- (Rupees Ten) each in Transferee Company for every 100 (One Hundred) equity shares of face value of Rs.10/- (Rupee Ten) each held by them in 'Transferor Company 2' pursuant to this Scheme of Amalgamation.**

h. Whether listing would be sought for the resulting entity

Yes, the shares of the Resulting Company i.e. Space Incubatrix Technologies Limited, shall be listed at the stock exchange.

i. Pre and Post (Composite Scheme) Shareholding Pattern of the Company:

Particulars	Pre-Arrangement (% Holding)	Post-Arrangement (% Holding)
- Promoters	23.78	49.16
- Non- Promoters	76.22	50.84
Total	100.00	100.00



For Sybly Industries Ltd.

[Signature]
Company Secretary