

Ref No. 2827/22

5 November 2022

The Department of Corporate Services
BSE Limited
P. J. Towers, Dalal Street, Fort,
Mumbai 400001
(Scrip Code : 500245)

Kind Attention : Mr. Abhay Mungekar / Mr. Saurabh Poojari / Mr. Mangesh Tayde

Dear Sir,

Subject : Scheme of Arrangement and Merger of ISMT Limited with the Company and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme")

Pursuant to Regulations 30 and 51 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; we wish to inform you that the Board of Directors of the Company at its meeting held on 5 November 2022 has considered and approved the Scheme of Merger of ISMT Limited ("Transferor Company") with the Company ("Transferee Company") and their respective shareholders.

The Scheme is subject to receipt of necessary approvals from the Hon'ble National Company Law Tribunal, Stock Exchanges, the Securities and Exchange Board of India, shareholders, creditors and such other authorities, as may be required.

In terms of the SEBI LODR Regulations read with the SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9 September 2015; we are furnishing herewith the details of the Scheme as Annexure I.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Kirloskar Ferrous Industries Limited

R. V. Gumaste
Managing Director
(DIN : 00082829)

Encl : a/a

Page 1 of 5

Annexure I - Brief details of Merger

I.	Name of the entity(ies) forming part of the merger, details in brief such as size, turnover etc	<p>Kirloskar Ferrous Industries Limited ("Transferee Company / KFIL") (CIN: L27101PN1991PLC063223) is a public listed company incorporated under the Companies Act, 1956, having its registered office at 13 Laxmanrao Kirloskar Road, Khadki, Pune - 411003, Maharashtra, India. The equity shares of KFIL are listed on the BSE Limited (BSE) and permitted to trade on National Stock Exchange of India Limited (NSE). Unsecured redeemable listed rated non-convertible debentures issued by KFIL are listed on the wholesale debt market segment of the BSE.</p> <p>ISMT Limited ("Transferor Company / ISMT") (CIN: L27109PN1999PLC016417) is a company incorporated under the Companies Act, 1956, having its registered office at Panama House (earlier known as "Lunkad Towers"), Vimannagar, Pune 411014, Maharashtra, India. The equity shares of ISMT are listed on the BSE and NSE.</p> <p>As on 30 September 2022 (for the half year ended), the net assets and revenue (unaudited consolidated) of KFIL and ISMT are as hereunder:</p> <table border="1" data-bbox="703 1160 1369 1339"> <thead> <tr> <th>Sr No</th> <th>Company Name</th> <th>Net Assets (₹ in Crores)</th> <th>Revenue from operations (₹ in Crores)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>KFIL</td> <td>2,812.22</td> <td>3,251.36</td> </tr> <tr> <td>2</td> <td>ISMT</td> <td>1,436.74</td> <td>1,331.67</td> </tr> </tbody> </table>	Sr No	Company Name	Net Assets (₹ in Crores)	Revenue from operations (₹ in Crores)	1	KFIL	2,812.22	3,251.36	2	ISMT	1,436.74	1,331.67
Sr No	Company Name	Net Assets (₹ in Crores)	Revenue from operations (₹ in Crores)											
1	KFIL	2,812.22	3,251.36											
2	ISMT	1,436.74	1,331.67											
II.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at 'arms length'	<p>Yes, the Transferor Company is a subsidiary of the Company and as such both companies are related parties to each other.</p> <p>However, in terms of General Circular No. 30/2014 dated 17 July 2014, issued by the Ministry of Corporate Affairs (MCA Circular), the transactions arising out of compromises, arrangements and amalgamations under the Companies Act 2013, (the Act), will not attract the requirements of Section 188 of the Act.</p> <p>The consideration for the amalgamation is being discharged on an "arm's length" basis.</p>												

III.	Area of business of entity(ies)	<p>The Transferee Company is engaged in the business of manufacturing of pig iron and grey iron castings and caters to industry sectors such as tractors, automotives and diesel engines.</p> <p>The Transferor Company is mainly engaged in the business of manufacturing of specialty alloy, bearing steel and seamless tubes.</p>
IV.	Rationale for merger	<p>The merger / amalgamation of the Transferor Company including the Undertaking (as defined in the Scheme) of the Transferor Company into and with the Transferee Company would inter-alia have the following benefits for both the Transferor Company and Transferee Company and their respective shareholders, employees, creditors and other stakeholders:</p> <ul style="list-style-type: none"> a) Synergy arising out of the consolidation of the business of the Transferor Company and the Transferee Company will make the business activities more sustainable in the long term as well as grow at a faster pace; b) Create value for stakeholders including respective shareholders, customers, lenders and employees as the combined business would benefit from increased scale, expanded reach, higher cross-selling opportunities to a larger base of customers, improvement in productivity amongst other; c) Better administration and cost optimization are expected to flow from more focused operational efforts, standardization and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses as well as compliance cost; d) Pooling of resources and achieving economies of scale; e) Greater integration and flexibility to Transferee Company and strengthen its position in terms of asset base, revenues and service range; f) The Transferee Company has fully backward integrated operations ranging from iron ore mines to machined castings as well as a very strong client base across the globe.

		<p>The Transferor Company is one of the most diversified manufacturers of specialized seamless tubes in the world, producing tubes in the range of 6 to 273 mm diameter. Merging of the business of the Transferor Company will bring the benefits of forward integration and diversification of product portfolio to the business of the Transferee Company.</p> <p>g) The merger would result in mitigating the risks of the Transferor Company relating to procurement of certain input raw material.</p> <p>h) The Transferor Company's investments and business plan had not panned out as expected and that led to its debt obligations becoming stressed. However, with combining of operations of the Transferor Company with the Transferee Company, benefits of better terms of finance and availability of capital will help in streamlining and improving the financial operations of the merged entity.</p>
V.	In case of cash consideration - amount or otherwise share exchange ratio	<p>Upon the Scheme becoming effective, the Transferee Company shall without any further application, act, instrument or deed, issue and allot 17 fully paid-up equity shares of nominal value of ₹ 5 each, of the Transferee Company to the shareholders of the Transferor Company (except the Transferee Company) for every 100 fully paid-up equity shares of nominal value of ₹ 5 each held by the shareholders (except the Transferee Company) in ISMT, whose name(s) appear(s) in the register of members, including register and index of beneficial owners maintained by a depository(ies) under Section 11 of the Depositories Act, 1996, as on the Record Date (as defined in the Scheme) ("Share Exchange Ratio").</p> <p>The Share Exchange Ratio for the Scheme is based on the Valuation Report dated 5 November 2022 issued by M/s. BDO Valuation Advisory LLP [IBBI Registration Number IBBI/RV-E/02/2019/103], the Registered Valuer and the Fairness Opinion issued by M/s. JM Financial Limited [Registration Number INM000010361], an independent SEBI Registered Category I Merchant Banker vide its report dated 5 November 2022 on the fairness of the aforesaid</p>

		<p>valuation report.</p> <p>Upon the allotment of the New Equity Shares (as defined in the Scheme) by the Transferee Company in accordance with the terms of the Scheme, all the equity shares held by the shareholders in the Transferor Company shall stand cancelled.</p>									
VI.	Brief details of change in shareholding pattern (if any) of the listed entity	<p>Kirloskar Ferrous Industries Limited:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Number of Shares and % of Voting Rights Pre-Arrangement</th> <th>Number of Shares and % of Voting Rights Post-Arrangement</th> </tr> </thead> <tbody> <tr> <td>Promoter and Promoter Group</td> <td>7,86,85,182 56.68%</td> <td>7,86,85,182 48.06%</td> </tr> <tr> <td>Public</td> <td>6,01,41,662 43.33%</td> <td>8,50,46,897 51.94%</td> </tr> </tbody> </table> <p>Post the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up. Accordingly, change in shareholding pattern of the Transferor Company shall not be applicable</p>	Category	Number of Shares and % of Voting Rights Pre-Arrangement	Number of Shares and % of Voting Rights Post-Arrangement	Promoter and Promoter Group	7,86,85,182 56.68%	7,86,85,182 48.06%	Public	6,01,41,662 43.33%	8,50,46,897 51.94%
Category	Number of Shares and % of Voting Rights Pre-Arrangement	Number of Shares and % of Voting Rights Post-Arrangement									
Promoter and Promoter Group	7,86,85,182 56.68%	7,86,85,182 48.06%									
Public	6,01,41,662 43.33%	8,50,46,897 51.94%									