

ISMT/SEC/22-23

November 5, 2022

Listing Department
BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001
Scrip Code: 532479

Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051
Symbol: ISMTLTD

Dear Sirs,

Sub: Outcome of Board Meeting

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

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), we wish to inform you that the Board of Directors of the Company at its meeting held on November 4, 2022 and adjourned to November 5, 2022, inter alia, has considered and approved today the Scheme of Arrangement and Merger of the Company (“Transferor Company”) with Kirloskar Ferrous Industries Limited (“Transferee Company”) and their respective shareholders (“Scheme”).

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 Listing Regulations read with SEBI Circular No CIR/CFD/CMD/4/2015 dated September 9, 2015, we are enclosing herewith the details of the Scheme as **Annexure I**.

You are requested to take the same on record.

Thanking You,

Yours faithfully,
For ISMT Limited

Chetan Nathani
Company Secretary
Encl.: As above



SCT-0123, 5L-0102



ISO/IRATF : 16949:2016

Corporate & Registered Office
Panama House (Earlier known as Lunkad Towers),
Viman Nagar, Pune - 411 014, India.
Phone : +91 20 41434100 / 66024901 - 04 | Fax : +91 20 26630779
www.ismt.com
CIN : L27109PN1999PLC016417
E-mail id: secretarial@ismt.co.in



ISO : 9001:2015



BS OHSAS 18001:2007
ISO : 14001:2015

Annexure I: Brief details of Merger

a)	Name of the entities forming part of the merger, details in brief such as size, turnover etc	<p>ISMT LIMITED (“Transferor Company/ ISMT”) (CIN: L27109PN1999PLC016417) is a public listed 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 BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).</p> <p>Kirloskar Ferrous Industries Limited (“Transferee Company / KFIL”) (CIN: L27101PN1991PLC063223) is a 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 BSE and permitted to trade on NSE. Unsecured redeemable listed rated non-convertible debentures issued by KFIL are listed on the wholesale debt market segment of BSE.</p> <p>As on September 30, 2022 (for the half year ended), the net assets and revenue (un-audited consolidated) of KFIL and ISMT are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <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											
b)	Whether the transaction would fall within related party transactions? If yes, whether the same is done at ‘arm’s length’	<p>Yes, the Transferee Company is a holding company of ISMT 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, 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 Merger is being discharged on an "arm's length" basis.</p>												

c)	Area of business of entities	<p>The Transferor Company is mainly engaged in the business of manufacturing of speciality alloy, bearing steel and seamless tubes.</p> <p>The Transferee Company is engaged in the business of manufacturing pig iron and grey iron castings and caters to industry sectors such as tractors, automotives and diesel engines.</p>
d)	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> <ol 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. 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. g. The merger would result in mitigating the risks of the Transferor Company relating to procurement of certain input raw material. 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.



SCT-0123, 5L-0102



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e)	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 Rs. 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 Rs. 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 November 5, 2022, issued by Mr. Amit Suresh Jain, Registered Valuer (Registered Valuer Number – IBBI/RV/05/2019/12675) and Fairness Opinion issued by Keynote Financial Services Limited (Reg No. INM000003606) an independent SEBI Registered Category I Merchant Banker, vide its report dated November 5, 2022 on the fairness of the aforesaid valuation report.</p> <p>Upon 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>									
f)	Brief details of change in shareholding pattern (if any) of listed entity	<p style="text-align: center;">Kirloskar Ferrous Industries Limited:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Category</th> <th style="width: 35%;">Number of Shares and % of Voting Rights Pre-Arrangement</th> <th style="width: 35%;">Number of Shares and % of Voting Rights Post-Arrangement</th> </tr> </thead> <tbody> <tr> <td>Promoter & Promoter Group</td> <td style="text-align: center;">7,86,85,182 56.68%</td> <td style="text-align: center;">7,86,85,182 48.06%</td> </tr> <tr> <td>Public</td> <td style="text-align: center;">6,01,41,662 43.33%</td> <td style="text-align: center;">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 & 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%
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