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KIRLOSKAR PNEUMATIC COMPANY LIMITED

A Kirloskar Group Company
SEC/181

May 9, 2017

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001
Scrip Code - 505283

Kind Atten.: Mr. Amol Hosalkar
Mr. Mangesh Tayade

Dear Sir,

Sub.: Fixing of May 23, 2017 as Record Date pursuant to the Scheme of Arrangement and Amalgamation between Kirloskar RoadRailer Limited ("Transferor Company I") and Pneumatic Holdings Limited ("Transferor Company II") and Kirloskar Pneumatic Company Limited ("Transferee Company") and their respective Shareholders ("Scheme").

As per telephonic discussions had with you, please find enclosed herewith the following documents related to the said Scheme :

- a) Certified copy of the Order of Hon'ble National Company Law Tribunal, Mumbai Bench dated April 19, 2017 sanctioning the said Scheme.
- b) Synopsis of the said Scheme.

With reference to the above, request you to consider and accord your confirmation to the record date as Tuesday, May 23, 2017 (as advised by you) for the purpose of determining shareholders of Pneumatic Holdings Limited to whom equity shares of Kirloskar Pneumatic Company Limited shall be allotted pursuant to the said Scheme.

Thanking you.

Yours faithfully,
For Kirloskar Pneumatic Company Limited

Jitendra Shah
Company Secretary
Membership No. 17243

Encl.: As above





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Synopsis of the Scheme of Arrangement and Amalgamation between Kirloskar RoadRailer Limited ("Transferor Company I") and Pneumatic Holdings Limited ("Transferor Company II") and Kirloskar Pneumatic Company Limited ("Transferee Company/ Company") and their respective Shareholders.

Sr.No.	Point	Particulars
1	Brief Particulars of the Scheme of Arrangement and Amalgamation	<p>The Scheme of Arrangement and Amalgamation envisages amalgamation of Kirloskar RoadRailer Limited ("Transferor Company I") and Pneumatic Holdings Limited ("Transferor Company II") with Kirloskar Pneumatic Company Limited ("Transferee Company/ Company") and their respective Shareholders.</p> <p>The Transferor Company I is in the process of setting up business of carrying on multimodal transport using RoadRailer technology of the Transferee Company.</p> <p>The Transferor Company II is in the business of Investment in Kirloskar group companies and leasing.</p> <p>The Transferee Company is in the business of manufacturing and selling air, gas and refrigeration compressors and packages thereof, hydraulic and mechanical transmission including gears and gear box and RoadRailer equipments.</p>
2	Rationale for the Scheme	<p>(a) The amalgamation of the Transferor Company I with the Transferee Company shall integrate RoadRailer manufacturing technology with RoadRailer service operations thereby providing complete business solution.</p> <p>(b) The amalgamation of the Transferor Company I with the Transferee Company shall provide greater financial strength to the RoadRailer service operations.</p> <p>(c) The amalgamation of the Transferor Companies with the Transferee Company shall create a diversified company having a portfolio of manufacturing and service businesses.</p> <p>(d) The amalgamation of the Transferor Company II with the Transferee Company will result in an increase in the public float of the Transferee Company's shares by approximately 15%. This will in turn increase the trading stock of the shares of the Transferee Company.</p> <p>(e) Increase in the public float and trading stock of the</p>





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		<p>shares of the Transferee Company will positively impact the liquidity of the shares of the Transferee Company.</p> <p>(f) The amalgamation will result in the promoter group of the Transferee Company directly holding shares in the Transferee Company, which will lead not only to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the promoter group's direct commitment to and engagement with the Transferee Company.</p> <p>(g) Pursuant to the Scheme, all the shareholders of the Transferor Company II will get shares of the Transferee Company and there will be no change in economic interest of any of the shareholders of the Transferee Company pre and post scheme.</p> <p>(h) Pursuant to the scheme number of shares in the paid-up share capital of the Transferee Company shall remain same, thus not affecting economic interest of other shareholders of the Transferee Company.</p> <p>(i) Cost savings are expected to flow from more focused operational efforts, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.</p> <p>(j) The amalgamation of the companies shall result in achieving economies of scale.</p>
3	Exchange Ratio	<p>53 fully paid equity shares of Rs. 10 each of the Transferee Company for every 40 fully paid equity shares held by the shareholders in Pneumatic Holdings Limited, Transferor Company II.</p> <p>No shares will be allotted to shareholders of Kirloskar RoadRailer Limited being wholly owned Subsidiary of the Transferee Company.</p>
4	Cancellation of Shares	<p>Upon the Scheme becoming effective, the Equity Shares held by the Transferor Company II in the Transferee Company shall stand cancelled and accordingly, the Paid-up Equity Share Capital of the Transferee Company shall stand reduced to that extent, as an integral part of the Scheme.</p>
5	Allotment shares	<p>The new equity shares to be allotted by the Transferee Company in terms of this Scheme shall inter-se rank pari passu in all respects with the then existing equity shares</p>





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		of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date;
6	Fractional Entitlement	Pursuant to the Scheme of Arrangement and Amalgamation, no fractional certificates shall be issued by the Transferee Company in respect of fractional entitlements, if any, to which the Equity Shareholders of the Transferor Company II may be entitled. Instead the Board of Directors of the Transferee Company shall consolidate such fractions and issue consolidated Equity Shares to separate Trustees nominated by the Transferee Company in that behalf, who shall sell such shares in the market at such price and at such time, as the Trustees may deem fit, and distribute the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same, in proportion to the respective fractional entitlements in the Transferee Company.
7	Listing of equity shares	On formalities being fulfilled, the new equity shares allotted pursuant to this Scheme shall be listed and/or admitted on BSE Limited.
8	Appointed Date of the Scheme	The Appointed Date of the Scheme is April 1, 2016.
9	Effective Date of the Scheme	"Effective Date" means the last of the dates on which the certified or authenticated copy of the orders of the High Court / NCLT sanctioning the Scheme are filed with the Registrar of Companies by the Transferor Companies and by the Transferee Company. All three Companies have filed Certified Copy of the NCLT Order with the Registrar of Companies on April 28, 2017. Hence, the Effective Date of the Scheme is April 28, 2017.

For Kirloskar Pneumatic Company Limited



Jitendra Shah
Company Secretary
Membership No. 17243

Place : Pune
Date May 9, 2017