



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

SEC/ F:25

November 4, 2025

BSE Limited

Corporate Relationship Department,
2nd Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001.

National Stock Exchange of India Ltd.

5th Floor, Exchange Plaza,
Bandra (East),
Mumbai – 400 051.

(BSE Scrip Code – 500241)

(NSE Symbol - KIRLOSBROS)

Dear Sir/Madam,

Sub: Approval of the Scheme of Amalgamation between wholly owned subsidiaries
Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015

In terms of the subject referred regulations and further to our intimation of October 15, 2024, we wish to inform you that the Scheme of Amalgamation between The Kolhapur Steel Limited (TKSL/Transferor company), a 'step down wholly owned unlisted subsidiary' of the Company with Karad Projects And Motors Limited (KPML/Transferee company) a 'material wholly owned unlisted subsidiary' of the Company and their respective shareholders (Scheme of Amalgamation) pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013, has been approved by the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) vide its order dated November 03, 2025. The appointed date of the Scheme of Amalgamation is October 3, 2024.

The NCLT Order was uploaded on its website at 17:47 hrs (IST) on November 03, 2025. A copy of the said order is enclosed herewith.

The Scheme will be made effective upon filing of certified copy of the said order of NCLT under Section 230 to 232 and other applicable provisions of the Act sanctioning the Scheme, with the Registrar of Companies, Maharashtra at Pune by both the Transferor Company and Transferee Company.

The details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular SEBI/HO/CFD/CFD-PoD1/P/CIR/2023/123 dated July 13, 2023 were furnished by the Company vide its letter Ref. Sec:/F24 dated October 15, 2024, which is enclosed as Annexure 1 to this letter.

You are requested to take the same on your records.

The above is also available on website of the Company at www.kirloskarpumps.com.



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Thanking you,

Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**

Devang Trivedi

Company Secretary

Encl.: As above.



**IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH
COURT- IV**

**C.P.(CAA)/76(MB)2025
IN
C.A.(CAA)/221(MB)2024**

*In the matter of
the Companies Act, 2013*

AND

In the Matter of

*Section 230-232 of the Companies Act,
2013 read with the Companies
(Compromises, Arrangements and
Amalgamations) Rules, 2016*

AND

*In the Scheme of Amalgamation
(Merger by Absorption)
Between*

THE KOLHAPUR STEEL LIMITED

(Transferor Company)

And

KARAD PROJECTS AND MOTORS LIMITED

(Transferee Company)

AND their Respective Shareholders

The Kolhapur Steel Limited
[CIN: U27106MH1965PLC013212]

...First Applicant Company

Karad Projects And Motors Limited
[CIN: U45203PN2001PLC149623]

...Second Applicant Company

Pronounced: 03.11.2025



CORAM:

SHRI. ANIL RAJ CHELLAN
HON'BLE MEMBER (TECHNICAL)

SHRI. K. R. SAJI KUMAR
HON'BLE MEMBER (JUDICIAL)

Appearance: (Hybrid)

For the Applicant Companies: Adv. Hemant Sethi a/w Adv. Tanaya Sethi

For Regional Director (WR): Rujuta Bankar, Authorised Representative of the Regional Director Western Region, Ministry of Corporate Affairs.

ORDER

1. Sanction of this Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013 (Act) read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (CCAA Rules) to the Scheme of Amalgamation (Scheme) of The Kolhapur Steel Limited (Transferor Company) with Karad Projects And Motors Limited (Transferee Company) and their respective shareholders.
2. Heard the Ld. Counsel for the Applicant Companies. Neither any objection has been received by the Tribunal opposing the Company Scheme Application, nor has any party controverted any averments made in the Company Scheme Application.
3. The registered offices of the Applicant Companies are situated in the State of Maharashtra and hence the subject matter of the Application is within the jurisdiction of the National Company Law Tribunal, Mumbai Bench.



4. The Ld. Counsel for the Applicant Companies submits that the First Applicant Company is primarily engaged in the business of various products made from steel by installing steel castings, alloy castings, steel forging and steel fabrication and steel structures, etc., and to sell the articles so manufactured, and the Second Applicant Company is primarily engaged in the business of manufacturing of energy efficient motors (IE2, IE3, IE4) for various applications as per IS/IEC standards. The Second Applicant Company is having expertise in manufacturing of electrical stampings, stators, Rotors, Shafts, rotor fitted shafts, AC rotating machines, Mini water handling pumps, connecting rods and drive units.
5. The Ld. Counsel for the Applicant Companies submits that the First Applicant Company is a 100% subsidiary of the Second Applicant Company. The Second Applicant Company is a wholly owned subsidiary of Kirloskar Brothers Limited. Both Companies are part of the Kirloskar Brothers Limited group.
6. It is observed that the Board of Directors of the Applicant Companies in their respective Board meetings held on 15.10.2024 have approved the Scheme, and the relevant Board Resolutions are annexed to the Company Scheme Application.
7. The Ld. Counsel for the Applicant Companies submits that the circumstances and/or reasons and/or grounds that have necessitated and/or justified the Scheme and some of the major benefits which would accrue from the Scheme are extracted from the Scheme and stated below:

Rationale for the Scheme

- a. *The Transferor Company is 100% subsidiary of the Transferee Company. The Transferee Company is Wholly owned subsidiary of Kirloskar Brothers Limited. Both the Companies are part of Kirloskar Brothers Limited group. The Transferee Company is engaged in the business of manufacturing of electric motors and the Transferor company is engaged in the business of*



steel casting. The Transferor Company has surplus land at Survey No. 10/1, Village Shirol, Tal – Hatkanangale, Dist- Kolhapur, Pune Bangalore Highway, which post-merger will be partially utilized to expand manufacturing operations of the business being carried on by the Transferee and the Transferor Company under one umbrella under direct control of its parent company i.e. Kirloskar Brothers Limited. This Scheme (as defined hereinafter) forms an integral part of the integration of the business of the Transferor Company into the Transferee Company. With the commercial intent, the Transferor Company and the Transferee Company through this Scheme, seeks to consolidate the business of the Transferor Company with the Transferee Company.

- b. This Scheme shall be in the interest of the shareholders, creditors, employees and other stakeholders of the Transferor Company and the Transferee Company, and is expected to result in, inter-alia following benefits:*
- i. Simplification of the corporate structure by elimination of multiple entities in the group driven with single focused management team.*
 - ii. Incremental operational efficiencies and administrative synergies by pooling of financial, human, technological, managerial resources & expertise*
 - iii. Cost reduction as a result of elimination of duplication of administrative expenses, overheads, compliances etc., and optimum utilization of the resources.*
 - iv. Better alignment, coordination and streamlining of day-to-day operations.*
 - v. Unlocking potential synergies across products, customers, technology and manufacturing excellence.*
- c. The Scheme shall not be prejudicial to the interests of the concerned shareholders and creditors or the general public at large in any manner.*



8. The Application is filed in consonance with Sections 230 to 232 of the Act read with Section 2(1B) of the Income-tax Act, 1961, and the Order passed on 29.01.2025, in the C.A.(CAA)/221/MB/2024 by this Tribunal.

9. It is submitted that the Applicant Companies have complied with all the requirements as per the directions of this Tribunal. Moreover, the Applicant Companies undertake to comply with all statutory requirements, if any, as required under the Act and the rules and regulations made thereunder. The said undertaking is taken on record.

10. Upon the Scheme becoming finally effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme:

As the Transferor Company is wholly owned subsidiary of the Transferee Company, the entire issued, subscribed and paid-up share capital of Transferor Company is held by the Transferee Company and its nominee(s). Upon this Scheme becoming effective, the Transferee Company would not be required to issue shares.

11. The Regional Director, Western Region, on behalf of the Central Government has filed his Report dated 25.07.2025, *inter-alia*, stating its observations on the Scheme in Paragraphs 2(a) to (k) of the Report. In response to the observations made by the Regional Director, the Applicant Companies have filed an affidavit in rejoinder dated 23.09.2025 and have given necessary clarifications and undertakings as shown in the table below:



Para	Observation by the Regional Director	Undertaking of the Applicant Company/Rejoinder
(a)	<p>That the report of the Registrar of Companies, Pune in relation to the Amalgamation of the company u/s 230-232 of the Companies Act, 2013 has not been received by the Directorate till date. Therefore, ROC, Pune has been advised to file his report separately before Hon'ble NCLT u/s 230-232 of Companies Act, 2013 along with his observations on the scheme, including status of inquiry/inspection/investigation/follow up action, complaints, and prosecution if any pending against the Petitioner Companies before deciding the present scheme. However, the Directorate reserves the right to file affidavit /report on receipt of ROC, Pune report in the matter.</p>	<p>It is submitted that the Regional Director has filed a supplementary report dated 13.08.2025, bringing on record the observations of the ROC; the observations of the ROC are replicated herewith;</p> <p><i>The Petitioner Companies fall within the jurisdiction of ROC, Pune. It is submitted that no complaint and /or representation regarding the proposed scheme of Arrangement has been received against the Petitioner Companies. Further, the Petitioner Companies have filed Financial Statements up to 31.03.2024.</i></p> <p><i>Further the ROC Pune in its report dated 22.07.2025 has stated that No Inquiry, Inspection, Investigations, Prosecutions, Technical Scrutiny and Complaints under the Companies Act 2013 are pending against the Petitioner Companies.</i></p>



		<p>111. <i>As per MCA-21 records, certain charges of the Transferor Company are open, details of which are as per annexure (MCA master Data) attached.</i></p> <p><i>In view of the above, the matter may be decided on merits.</i></p> <p>The observations of the ROC are merely factual in nature, and that all charges in the Second Applicant Company will be continued by the Transferee Company.</p>
(b)	<p><i>Transferee Company should undertake to comply with the provisions of section 232(3)(i) of the Companies Act, 2013 through appropriate affirmation in respect of fees payable by Transferee Company for increase of share capital on account of merger of transfer of companies.</i></p>	<p>The Second Applicant Company undertakes to comply with the provisions of Section 232(3)(i) of the Companies Act, 2013 in respect of fees as may be applicable for the increase of share capital on account of the merger of transfer of companies.</p>



(c)	<i>In compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, the resultant company shall pass on such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards including AS-5 or IND AS-8 etc.</i>	In addition to compliance with IND AS-103, in connection with the Scheme, the Applicant Companies shall pass such accounting entries which are necessary to comply with all other applicable Accounting Standards such as IND AS-8 etc. to the extent applicable.
(d)	<i>The Hon'ble Tribunal may kindly direct the Petitioner Companies to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and the same and there is no discrepancy, or no change is made.</i>	The Scheme enclosed to the Company Application and the Company Petition are one and the same and there is no discrepancy, and no change is made.
(e)	<i>The Petitioner Companies under provisions of section 230(5) of the Companies Act 2013 have to serve notices to concerned authorities which are likely to be affected by the Amalgamation or arrangement. Further, the approval of the scheme by the Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising</i>	The Applicant Companies confirm that notices have been served to all concerned regulatory authorities i.e. concerned Income Tax Department, Income Tax Nodal Officer, Regional Director Western Region, Mumbai, Registrar of Companies, concerned GST Authorities, Official Liquidator Bombay High



	<p><i>after giving effect to the scheme. The decision of such authorities shall be binding on the petitioner companies concerned.</i></p>	<p>Court under the provisions of section 230(5) of the Companies Act, 2013. Proof of service of notice served is annexed to the Affidavits of Service dated 18.03.2025 and 21.07.2025 filed with the Tribunal.</p>
(f)	<p><i>As per the Definition of the Scheme,</i></p> <p>“Appointed Date” for the purpose of this scheme and Income Tax, Appointed date means October 3rd 2024.</p> <p>“Effective Date” means the date on which the Scheme shall become effective pursuant to Clause 26 of this Scheme. Any references in this scheme to the date of “Scheme becoming effective” or “coming into effect of this Scheme” or “effectiveness of the scheme” or “Scheme taking effect” shall mean the Effective Date.</p>	<p>The Appointed Date is October 03.10.2024 as per the Scheme. The Company Scheme Application was filed on 30.10.2024 and hence the Applicant Companies are in compliance with the requirements as to Appointed Date and Effective Date, as clarified vide circular no. F. No.7/12/2019/CL-1 dated 21.08.2019 issued by the Ministry of Corporate Affairs.</p>



	<i>The Petitioners may be asked to comply with the requirements and clarified vide circular no. F No. 7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs</i>	
(g)	<i>Petitioner Companies shall undertake to comply with the directions of the concerned sectoral Regulatory Authority, if so required.</i>	The Applicant Companies undertake to comply with the directions of the sectoral Regulatory Authority concerned, if any.
(h)	<i>Petitioner Companies shall undertake to comply with the directions of the Income Tax Department & GST Authorities, if any.</i>	The Applicant Companies undertake to comply with the directions of the Income Tax Department and GST Authorities, if any.
(i)	<i>The Petitioner Companies states that the Transferee Company shall be in compliance with the provisions of Section 2(J B) of the Income Tax Act, 1961. In this regard, the petitioner company shall ensure compliance of all the provisions of the Income Tax Act and Rules thereunder.</i>	The Applicant submits that they shall comply with provisions of Section 2(1B) of the Income Tax Act, 1961 and all other provisions of the Income-tax Act, 1961 and Income-tax Rules, 1962, to the extent they are applicable to the Applicant Companies in relation to the Scheme. Further, the approval of the Scheme by this



		<p>Tribunal may not deter the Income-tax authorities from dealing with Income-tax related issues arising after giving effect to the Scheme. All tax issues arising will be met and answered in accordance with law.</p>
(j)	<p><i>Petitioner Companies may satisfy the Hon'ble NCLT that the interest of Creditors & Employees shall be protected on implementation of the scheme.</i></p>	<p>The Applicants undertake to protect the rights of the Creditors and Employees. Further it is stated that vide order dated 29.01.2025, the meetings of the Equity Shareholders and Secured Creditors of the First Applicant Company were dispensed with on the basis of consent affidavits obtained. The First Applicant Company was directed to serve notice to all unsecured creditors whose consent affidavits were not obtained. The meeting of the Equity Shareholder was dispensed with on the basis of the consent affidavits, there were NIL Secured Creditors in the Second Applicant Company. Further, the meetings of the unsecured creditors of Second Applicant Company were dispensed but</p>



		<p>directed to serve individual notices to all its unsecured creditors as on 03.10.2024.</p>								
<p>(k)</p>	<p><i>It is observed from the financial statements for the year ending 31.03.2024 filed by the petitioner companies that have following corporate body shareholders having more than 10 % shareholding, but form BEN-2 has not been filed: -</i></p> <table border="1" data-bbox="323 1843 759 2011"> <thead> <tr> <th><i>Nam e of the</i></th> <th><i>Nam e of the</i></th> <th><i>Perc enta ge</i></th> <th><i>Statu s of Ben-</i></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	<i>Nam e of the</i>	<i>Nam e of the</i>	<i>Perc enta ge</i>	<i>Statu s of Ben-</i>					<p>It is submitted that the First and Second Applicant Companies were/are wholly owned subsidiaries of Kirloskar Brothers Limited as on 31.03.2024. Further it is submitted that since there is no individual shareholder in Kirloskar Brothers Limited having majority shareholding, the requirement of filing Form BEN-2 does not apply to the Applicant</p>
<i>Nam e of the</i>	<i>Nam e of the</i>	<i>Perc enta ge</i>	<i>Statu s of Ben-</i>							



<i>Com pany</i>	<i>shar ehold er</i>	<i>shar ehold ing</i>	<i>2</i>	
<i>The Kolh apur Steel Limit ed. (Tra nsfer or Com pany)</i>	<i>Kirlo skar Broth ers Ltd.</i>	<i>100 %</i>	<i>Not Filed</i>	Companies. The shareholding pattern of Kirloskar Brothers Limited is annexed and marked as Annexure – A to the Affidavit in Reply.
<i>Kara d Proje cts And Moto rs Limit ed (Tra nsfer ee Com pany)</i>	<i>Kirlo skar Broth ers Ltd. (Hold ings) Limit ed</i>	<i>100 %</i>	<i>Not Filed</i>	



12. The Pr. Commissioner of Income Tax, Satara has filed the report dated 29.07.2025 (IT Report) making certain observations qua the Petitioner/Transferor Company with respect to the Scheme. In response to the said observations, the Applicant/Transferor Company has given necessary undertakings and clarification as per the affidavit in reply dated 23.09.2025 (IT Reply). The observations of the Pr. Commissioner of Income Tax, Satara, and responses of the Applicant/ Transferor Company are as under:

S. No.	Observation by the Income Tax Commissioner	Undertaking of the Applicant Company/Rejoinder
4.1	That according to the Scheme of Merger by Absorption, the purpose of the merger is to consolidate assets and liabilities, easier financial support, and achieve benefits such as improved synergies efficient capital utilization, growth opportunities for employees and reduced administrative costs through elimination of multiple entities.	These are merely factual and hence merit no reply.
4.2	That in order to ascertain implication of income tax due to such merger of the companies a) The Kolhapur Steel Ltd. (For short Transferor) & b) Karad Projects and Motors Ltd. (For short Transferee) the financials are perused and following could be called: Transferor:	These are merely factual and hence merit no reply.



	<p>2024-25: (-) 19,39,65,246 2023-24: (-) 18,86,78,217 2022-23: (-) 14,89,35,036 2021-22: (-) 12,63,00,924 2020-21: (-) 11,61,00,093</p> <p>Transferee:</p> <p>2024-25: 77,60,21,000 2023-24: 56,83,65,650 2022-23: 51,44,36,743 2021-22: 25,19,84,284 2020-21: 3,54,57,230</p>	
4.3	<p>That as per the Scheme of Amalgamation submitted, the assessee has mentioned following:</p> <p><u>20. Consideration</u></p> <p>12</p> <p>13</p> <p>20.1 <i>As the Transferor Company is wholly owned subsidiary of the Transferee Company, the entire issued, subscribed and paid-up share capital of Transferor Company is held by the Transferee Company and its nominee(s). Upon this Scheme becoming</i></p>	<p>The facts are merely factual and hence merit no reply. Since the merger of wholly owned subsidiary with the holding company there will be no issue and allotment of shares.</p>



effective, Transferee Company would not be required to issue and allot any shares to the shareholders of Transferor Company.

20.2 Upon the Scheme becoming effective, no shares of the Transferee Company shall be allotted in lieu or exchange of the holding of the wholly owned subsidiary company of the Transferee Company in the Transferor Company and the stated capital/issued and paid-up capital of the Transferor Company shall stand cancelled on the Effective Date. The said cancellation of the existing share capital of the Transferor Company shall be effected as an integral part of this Scheme. It is hereby clarified that no consideration shall be discharged by the Transferee Company



*pursuant to amalgamation
with Transferor Company.*

**21. Clubbing of Authorized
Share Capital**

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21.1 Upon this Scheme becoming effective, the authorized share capital of the Transferor Company as on the Effective Date, shall be reclassified and deemed to be added to & combined with the authorized share capital of the Transferee Company and the Clause V of the Memorandum of Association of the Transferee Company shall, without any requirement of a further act, deed, be and stand altered, modified amended and be substituted to read as follows:

“The Authorised Share Capital of the Company is



	<p><i>INR 98,00,00,000 (INR Ninety-Eight Crores only) divided into Equity Share Capital of INR 63,00,00,000 (INR Sixty-Three Crores only) and Preference Share Capital of INR 35,00,00,000 (INR. Thirty-Five Crores only).</i></p> <p><i>Equity Share Capital of INR 63,00,00,000 (INR Sixty-Three Crores only) is divided into 1,80,00,000 Equity shares of INR 10/- each and 45,000 Equity shares of INR 10,000/- each.</i></p> <p><i>Preference Share Capital of Rs. 35,00,00,000 (INR Thirty-Five Crores only) is divided into 2,50,00,000 Preference Shares of INR 10/- each and 10,00,00,000 Preference Shares of INR 1/- each.</i></p>	
4.4 (a)	It is submitted that the proposed Scheme of Amalgamation is structured primarily to evade taxes. The sole purpose behind the amalgamation is to merge the Transferor Company with the	The Applicant Companies deny the contents and state that the purpose for the present Amalgamation is as follows:



<p>Transferee Company, which has significant brought forward business losses and unabsorbed depreciation. The amalgamation would allow any gains from the Transferee Company to be offset against these losses, thereby reducing the tax liability substantially. The manoeuvre result in a substantial loss of revenue to the public exchequer.</p> <p>(b) It is submitted that to substantiate this point, it is observed by Income Tax Authority that the available financials along with the scheme document syndicate that the Transferor Company with the Transferee Company is profitable. The Transferor Company has huge losses to be carried forward.</p> <p>(c) It would also be appropriate to induct on record that as per income tax laws, losses can be carried forward for the next 8 years from the year the loss was incurred. The carried forward losses of the Transferor Company begin from AY 2017-18. The fact that</p>	<p>a) The proposed merger of the Transferor Company with Transferee Company is on account of the following commercial considerations –</p> <ol style="list-style-type: none">i. Simplification of the corporate by elimination of multiple entities in the group driven with single focused management teamii. Incremental operational efficiencies and administrative synergies by pooling of financial, human, technological, managerial resources & expertiseiii. Cost reduction as a result of elimination of duplication of administrative expenses, overheads, compliances etc. and overheads, compliances etc. and optimum utilization of resourcesiv. Better alignment, coordination and streamlining of day-to-day operationsv. Unlocking potential synergies across products, customers, technology and manufacturing excellence.
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<p>amalgamation is being pursued in this year indicates an intention to continue the carry forward losses of the Transferor company for a further 8 years by merging the loss-making Transferor Company with Transferee Company. It may amount to deferment of tax liabilities for further 9 next years. Hence, the primary motive behind the amalgamation is to avoid tax payments by significantly reducing the profit margin by offsetting the profit of the Transferee Company with the carried forward losses of the Transferor company.</p>	<p>b. As it could be noted from the above, the proposed merger is aimed at achieving the following –</p> <p>i. Financial Stabilization: The Transferor Company has been consistently defaulting on its vendor payment commitments outstanding payable as on 31st March 2025 is ~Rs. 84 Crores which works out to be average payment days to vendor ~2500 days and is reliant on loans from the holding company to sustain operations. This ongoing financial distress poses reputational and operational risks. Merging with the Transferee Company, being holding company, which has a robust balance sheet and strong cash reserves of ~Rs. 78 Crore as on 31st March 2025, will stabilize the Transferor Company's financial position and ensure timely fulfilment of obligations.</p> <p>ii. Operational Efficiency: Integration will eliminate redundant administrative and financial processes, reduce</p>
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		<p>overhead costs, and streamline decision-making. This will enhance overall operational efficiency and allow better resource allocation.</p> <p>iii. Improved Creditworthiness: Post-merger, the combined entity will benefit from the holding company's stronger credit profile, enabling better access to financing and improved terms with vendors and financial institutions.</p> <p>iv. Strategic Alignment: The merger will align the subsidiary's operations more closely with the holding company's strategic objectives, allowing for better oversight, governance, and long-term planning.</p> <p>v. Risk Mitigation: Continuing to operate the subsidiary as a standalone entity increases financial and compliance risks. A merger will consolidate liabilities and enable more effective risk management under a unified structure.</p>
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		<p>None of the objectives hereinabove provide for obtaining tax benefits as a rationale for the merger.</p> <p>Further, it can be observed referring to</p> <ol style="list-style-type: none">1. Hon'ble Finance Minister in the budget speech for Finance Bill (No. 2), 1977 which introduced section 72A and2. Memorandum to Finance Bill, 1999, in which section 72A was relaxed <p>that the intention of the introduction of section 72A is to incentivise the amalgamated company by providing benefit of utilisation of the brought forward losses of the amalgamating company if the amalgamated company satisfies the stringent conditions of section 72A in order to save loss of production, employment & capital. In order to restrict benefit of loss and prevent misuse of the benefit, section 72A of ITA read-with Rule 9C of the Income-tax Rules, 1962 provides satisfaction of stringent conditions with an intent that the benefit of loss to amalgamated</p>
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		<p>company is available only if it results into revival of business thereby saving the loss of employment and capital. Since there are conditions that the Transferee Company is required to follow for a period of 5 years in future, it cannot be said that the purpose of amalgamation is to evade taxes as the amalgamated company cannot be in a position to fully predict the future to be able to conclude that all the required conditions shall be satisfied. Primary objective of merger remains saving of employment & capital and revival of business by reducing the overheads, duplicate costs, bringing operational efficiencies with lean cost structures & better management.</p> <p>If any tax benefit accrues to the assessee in accordance with the provisions of ITA, it cannot be concluded that the said benefit is obtained by the assessee for evasion of tax specifically in a case where the benefit is conferred by the ITA itself with after satisfaction of elaborative and stringent</p>
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		<p>conditions.</p> <p>The DCIT has framed the observation that the present scheme is structured to evade taxes solely because the Transferor Company has brought forward losses and if such losses are set-off by the Transferee Company, it will result into a substantial loss of revenue to the public exchequer.</p>
4.5	<p>That it is further submitted that the IT Act has been amended vide Finance Act, 2025 so as to preclude such practice of evergreening of loss by business restructuring. The same is produced hereby:</p> <p>“72A</p> <p>Following sub-section (6B) shall be inserted after sub-section 6(A) of section 72A by the Finance Act, 2025 w.e.f 1-4-2026:</p> <p>(6B) Where any amalgamation or business reorganization, as the case may be, is effected on or after the 1st April, 2025, any loss forming part of the accumulated loss of the predecessor entity under sub-section (1), (6) or (6A), being –</p>	<p>The Second Applicant Company submits that it undertakes to comply with the amendments in section 72A of the Finance Act, 2025 and comply with the directions as stated in sub-section 6(B) to the extent applicable.</p>



	<p>(a) The amalgamating company; or</p> <p>(b) The firm or proprietary concern; or</p> <p>(c) The private company or unlisted public company,</p> <p>as the case may be, which is deemed to be the loss of the successor entity, being-</p> <p>(i) The amalgamated company; or</p> <p>(ii) The successor company; or</p> <p>(iii) The successor limited liability partnership.</p> <p>As the case may be, shall be carried forward in the hands of the successor entity for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity”.</p>	
4.6	<p>That it can be discerned that if the amalgamation is effected on or after 01.04.2025, the carry forward of loss cannot exceed the duration of 8 years as allowed under the Act.</p>	<p>The Petitioner Transferee Company submits that it undertakes to comply with the amendments in section 72A of the Finance Act, 2025 and undertakes</p>



	<p>That is to say, the transferor will at best avail the remaining of the 8 years period only. The word “is effected” is of the widest import and the same is required to be distinguished from the appointed date. It is the intention of the lawmakers to curb such misadventure which seeks to evade tax liability arising out of the carry forward losses that should be prioritized while interpreting the language of the amended statute.</p>	<p>that the carry forward of loss will not exceed the durations of 8 years as allowed under the Act and that the Transferor Company will avail the only the remaining of the 8 years period once the scheme becomes effective.</p>
4.7	<p><i>That the benefits mentioned by the assessee which is contemplated out of this merger are as below:</i></p> <ul style="list-style-type: none"><i>i) Simplification of the corporate by elimination of multiple entities in the group driven with single focused management team.</i><i>ii) Incremental operational efficiencies and administrative synergies by pooling of financial, human, technological, managerial resources a& expertise.</i>	<p>The contents are mere reproduction of the rationale and hence merit no reply.</p>



	<p><i>iii) Cost reduction as a result of elimination of duplication of administrative expenses, overheads, compliances etc. and overheads, compliances etc and optimum utilization of the resources.</i></p> <p><i>iv) Better alignment, coordination and streamlining of day-to-day operations.</i></p> <p><i>Unlocking potential synergies across products, customers, technology and manufacturing excellence.</i></p>	
4.8	<p>That it is to submit that the transferor is 100% owner of the transferee, there is no serious implication on Corporate Structure which can emerge out of this merger. Rather, the ownership pattern would indicate that all the prospective benefits as enumerated by the assessee could have been achieved by the assessee at its will anytime earlier also. A prudent business concern would not wait for any such merger for lifting its 100%</p>	<p>The Applicant Companies submit that it is alleged by DCIT that the intended commercial objectives could be achieved by the Petitioner Companies without a need to resort to merger. This observation is incorrect in facts considering that the benefits as enumerated in Para 2(b) above are not possible unless business of both the entities are in one combined entity. It is commercial decision of the Applicants which cannot be</p>



<p>subsidiary from losses. In cases of 100% owned companies where the shares of the amalgamating company is to be extinguished and the restructuring is not driven by market forces, the onus remains heavily on the companies to substantial carry forward of losses of the transferor company. A clear case of all the efforts and impracticality has to be made which created an embargo to improve the financials of the loss-making company even after owning the same substantially and it required an elucidation as to how the merger would create changed circumstances for such achievement other than causing loss to the government exchequer. As stated above, to collect tax is a prominent public policy of the government. The Hon'ble Apex Court in the case of KESHAVJI RAVJI & CO.ETC vs CIT in 1990 SCR (1) 243 has discusses the purposed of taxation in following terms:</p> <p><i>In Daypack Systems Pvt. Ltd vs. Union of India, [1988] SCC 299 it was observed:</i></p>	<p>challenged therefore the sole intention is not to take benefit Section 72A of IT Act as alleged.</p> <p>Basis the above, the Transferee Company shall endeavour to revive the business of Transferor Company in order to save loss of production, employment and capital. The Transferee (Holding Company) being in a strong financial position will take over all the labilities of the Transferor (Subsidiary) Company.</p>
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<p><i>“The words in the statute must, prima facie, be given their ordinary meanings.</i></p> <p><i>Where the grammatical construction is clear and manifest and without doubt, that construction ought to prevail unless there are some strong and obvious reasons to the contrary....”</i></p> <p><i>(p.33 1)</i></p> <p><i>“It has to be reiterated that the object of interpretation of a statute is to discover the intention of the Parliament as expressed in the Act. The dominant purpose in construing a statute is to ascertain the intention of the legislature as expressed in the statute, considering it as a whole and in its context. That intention, and therefore the meaning of the statute, is primarily to be sought in the words used in the statute itself, which must, if they are plain and unambiguous, be applied as they stand”</i></p> <p><i>(Emphasis Supplied)</i></p> <p><i>(p.332)</i></p> <p><i>Artificial and unduly latitudinarian rules of construction which, with</i></p>	
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<p><i>their general tendency to “give the tax-payer the breaks”, are out of place where the legislation has a fiscal mission. Indeed, taxation has ceased to be regarded as an “impertinent intrusion into the sacred rights of private property: and it is now increasingly regarded as a potent fiscal-tool of State policy to strike the required balance-required in the context of the felt needs of the times – between citizens’ claim to enjoyment of his property on the one hand and the need for an equitable distribution of the burdens of the community to sustain social services and purposes on the other – These words of Thomas M. Cooley in ‘Law of Taxation’ Vol.2 are worth mentioning:</i></p> <p><i>“Artificial rules of construction have probably found more favors with the courts than they have ever deserved. Their application in legal controversies has often times been pushed to an extreme which has defeated the plain and manifest purpose in enacting the laws. Penal laws have sometimes had all their meaning construed away and in</i></p>	
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	<p><i>remedial laws. Remedies have been found which the legislature never intended to give. Something akin to this has befallen the revenue laws....”</i></p>	
4.9	<p>v) That the construction of the effective date may be made such that the merger if at all approved be made subject to the amended provisions of section 72A so as to restricted the carry forward of loss from business to 8 years combined.</p>	<p>The Second Applicant Company submits that it undertakes to comply with the amendments in section 72A of the Finance Act, 2025.</p>
4.10	<p>That it would be pertinent to note that in such financial circumstances, there are serious concerns about the genuineness of the claimed improvements. There is no indication that the proposed amalgamation would provide economies of scale and cost reduction when the Transferor Company is a loss-making entity across the years. As per return of income of AY 2024-25, the Kolhapur Steel Ltd. has total balance carried forward to the next</p>	<p>DCIT has framed the observation that the scheme is unlikely to achieve the intended commercial objectives. DCIT has also argued that a prudent business concern would not wait merger for lifting the subsidiary from losses, the Applicant Companies submit that the observations are invalid in nature and commercial rationale has already been recorded by DCIT in paragraph 4.7 of their report. Further it is stated that the management of the Applicant</p>



	<p>year w.r.t unabsorbed depreciation and allowable u/s 35(4) of the Act at Rs. 13,18,58,577/- and total business loss carried forward to future year at Rs.83,33,83,851/-. Hence, it is again submitted that the primary and sole purpose of the proposed amalgamation is to utilize the significant amount of carry forward losses and unabsorbed depreciation in setting off the profit of the Transferee Company, thereby evading tax liability. Therefore. It is clear that the scheme of amalgamation is in the nature of colorable device aimed at tax evasion.</p>	<p>Companies have decided to pursue amalgamation as the optimum way to revive the business of Transferor Company and to save loss of production, employment and capital. The business decision that merger is the best way to revive the business of Transferor Company cannot be negated by the tax officer as the tax officer cannot question rationale of the business decision of the assessee.</p>
4.11	<p>That it is to further submit that it is a well-settled law that any scheme of amalgamation or merger must satisfy the criterion of public interest. Indian Courts and statutes have repeatedly held that any scheme of arrangement must serve the public interest. In cases of amalgamation between related companies, public interest is best secured when the scheme does not adversely affect public tax revenues through its design. Only in cases where a scheme demonstrates</p>	<p>The Applicant Companies reiterate that as provided in erstwhile Para, mere availability of carry forward of losses in the hands of Transferee Company cannot be considered to conclude that the scheme is designed for tax avoidance & hence opposed to public interest as the carry forward & set-off of losses are subject to stringent conditions (to be satisfied for future 5 years as well) provided in section 72A of ITA read-with Rule 9C of Income-tax Rules, 1962. Additionally, as</p>



<p>substantial output gains and efficiencies post-merger can it be said that the loss of public interest through unpaid or saved public taxes and duties has been compensated to an extent. However, in the instant case, the only interest served is to facilitate tax evasion by offsetting the substantial losses and unabsorbed depreciation of the Transferor Company against the profit of the Transferee Company. There is further no proof that substantial output gains and efficiency will be achieved when business of the transferor company is merely 4.8% that of the Transferee Company.</p>	<p>provided in earlier Para, section 72A of ITA does not prohibit the merger of loss-making company. In fact, in order to revive such companies and for saving loss of employment and capital, the income-tax department incentivises the Transferee Company by providing benefit of carry forward and set-off of losses in the hands of Transferor Company albeit after satisfaction of stringent conditions.</p> <p>Accordingly, the carry forward and set-off of losses in the hands of Transferee Company is a right conferred by the law itself and is in accordance with the policy & intent with which section 72A has been introduced. In view of this, the benefit (if any) arising to the Transferee Company is as per policy framed & approved by the Parliament. Recently, the Hon'ble National Company Law Tribunal, Mumbai bench in case of AMNS Khopoli Limited [C.P. (CAA) No. 50 (MB) of 2024] upheld as follows –</p> <p><i>“Further, the mere assertion that</i></p>
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		<p><i>the Transferee Company would be able to take the benefit of Section 72A of the IT Act would not make the merger to be considered as against the public interest.”</i></p> <p>In view of the above, the scheme is not opposed to public interest and shall be allowed.</p>
4.12	<p>That it is worthwhile to place reliance on the case of Wood Polymer Ltd. In re [197] 109 ITR 177 (Gujarat) [31-01-1977], which has been followed by Indian Court in many other cases, wherein Hon’ble Gujarat HC, in the context of merger and amalgamation, observed that: “In the context in which the court is called upon to examine whether the affairs of the company were carried on in a manner prejudicial to the members of the company or public interest, it would be necessary to determine the wider philosophical context why the State is permitted to levy tax. It is not necessary for me to dive deep into the philosophy of taxation. Suffice it to say that all the taxes are</p>	<p>The Applicant Companies has dealt with the same in their response to para 4.11 of the Report. I further submit that wood polymer is no more good law.</p>



	<p>levied by the State in public interest. No tax is levied for merely enriching the state or for the private use of some private individual. The State represents the common will and is devoted to common good and all powers are conferred on the State for the private use of some private individual. The state represents the common will and is devoted to common good and all powers are conferred on the State for achieving common good. That is equally true of police powers of the State. For carrying out all the activities expected of a welfare state, the State must have funds and to get them, it has to levy taxes. It would, therefore, be indisputably be in public interest. If such be the philosophy behind the taxing power of the State could it be said that when by a device resorted to, in which success can be achieved with the aid of the court, a subject seeks to defeat tax, such action could ever be in public interest?</p>	
4.13	<p>That in such a context, it is to submit that any scheme of arrangement created with the purpose of avoiding tax liability is against</p>	<p>The Applicant Companies have dealt with the same in their response to para 4.11 of the Report. Facts of Ajanta pharma are</p>



	<p>public interest and must not be sanctioned. A similar approach was followed by the Hon'ble NCLT in the case of Re'Gabs Investment Pvt. LTd & Ajanta Pharma Ltd. (CSP No. 995 and 995 of 2017)'. Wherein the NCLT Mumbai Bench in an order passed by 30.08.2018, rejected the proposed scheme of amalgamation on the grounds that the scheme facilitated tax avoidance and served no public interest. Therefore, the application of amalgamation may not be approved sans any public interest.</p>	<p>different from facts of the present case. Ajanta pharma was not a merger of subsidiary with holding company. The rationale for the scheme is set out in detail in the petition. Therefore, Ajanta Pharma is not applicable in the facts of the present case.</p>
4.14	<p>That without prejudice to the above and considering that the transferee is 100% subsidiary in the instant case, it is pleaded that the merger, if at all approved, may be made subject to the provisions of the GAAR so that if any avoidance of tax is ascertained subsequently which goes without saying that, it can only be ascertained and crystallized during assessment or re-assessment proceedings, the same may be brought within the ambit of taxation and the provisions of GAAR or any other relevant tax implication necessitating remedy</p>	<p>Without prejudice to any of the other paragraphs of this response, it is submitted that any allegations made by the Department to trigger the 'General Anti-Avoidance Rules' set out in chapter X-A of the Act, in Paragraph 6 of the Report, is unfounded, premature, and contrary to the procedural provisions set out in Chapter X-A of the Act. It is submitted that Section 144BA of the Act sets out a strict procedure for the applicability of the GAAR provisions (i.e., for an arrangement to be deemed as an 'impermissible avoidance</p>



	<p>may not get compromised for the reason that the scheme would be approved by the NCLT.</p>	<p>arrangement'), and requires such determination of an 'impermissible avoidance arrangement' to be made by an 'Approving Panel' (in accordance with the procedure under Section 144BA). Thus, it is submitted, that the Department (in the absence of having strictly adhered to the procedure set out in Section 144BA) does not have the power to declare an arrangement as being an 'impermissible avoidance arrangement' for the purposes of Chapter X-A of the Act. In addition, it is also submitted that the power of the Department to follow the procedure under Section 144BA (to deem the impugned arrangement as an 'impermissible avoidance arrangement') will in no way be impacted or prejudiced on account of the NCLT sanctioning this Scheme.</p>
4.15	<p>That pertinently, at the moment this scheme is not being examined with reference to the taxation aspect vis-a vis other such scheme/s, if any. In future, if it is discovered that this scheme or similar such schemes are in any way acting as device for</p>	<p>In relation to Para 4.15 and 4.16, the Petitioner Companies submit & undertake that post approval of the scheme, the income-tax department shall have liberty to examine the tax implications on the merger in the relevant assessment</p>



	tax-avoidance, then the Department will be at liberty to initiate the appropriate course of action as per law.	proceedings initiated in accordance with the provisions of ITA. The Applicant Companies further submit & undertake that the approval of the scheme shall be without prejudice to and without affecting the rights of the income-tax department and the Transferee Company in relation to present or future proceedings initiated in accordance with the provisions of ITA. All issues arising thereunder will be met and answered in accordance with law,
4.16	That Income-Tax Department will be free to examine the aspect of any tax payable as a result of the Scheme in case it is found that the Scheme ultimately results in tax avoidance or is not in accordance to the provisions of the Income Tax Act, then the Department will be at liberty to initiate the appropriate course of action as per law.	The Applicant Companies have dealt with the same in their response to para 4.15 of the Report.

- I. The Applicant Company further submitted in their Affidavit in Reply to the Income Tax Department that if any tax benefit accrues to the assessee in accordance with the provisions of the Income-tax Act, 1961, it cannot be concluded that the said benefit is obtained by the assessee for evasion of tax specifically in a case where the benefit is conferred by the Income-tax Act, 1961 itself with after satisfaction of elaborative and stringent conditions. With that interpretation of provisions of



Income-tax Act, 1961, every exemption and deduction resulting into loss of revenue to the exchequer would be looked at with a tainted intention that exemption or deductions are claimed for avoidance of tax albeit even if such deductions or exemptions are conferred by the specific provisions of the Income-tax Act, 1961, itself.

- II. In a similar fact pattern, the Hon'ble High Court of Karnataka in *Sadashiva Sugars Ltd.* [2017] 80 taxmann.com 352] held that section 72A of the Income-tax Act, 1961, does not prohibit amalgamation of loss-making companies. A copy of the order passed by the Hon'ble High Court of Karnataka in *Sadashiva Sugars Ltd.* is annexed and marked as Annexure "B" to the Affidavit in Reply. The benefit of carry forward of losses cannot be denied ostensibly on the ground that it is the Revenue Department that would suffer. Relevant para of the judgment is reproduced as follows –

"9. Sub-section (3) of Section 72A of the Act further states that in case any of the conditions laid down in sub-section (2) are not complied with, then, in fact, the set off of loss, or allowance of depreciation shall be deemed to be the income of the amalgamated company chargeable to tax in the year in which such condition has not been complied with. Therefore, Section 72A of the Act, in fact, deals with the post-amalgamation scenario. By no stretch of imagination, does Section 72A of the Act debar two companies from amalgamating. In fact, Section 72A of the Act deals with the relationship between the Income Tax Department, and the assessee in the post-amalgamated period. Therefore, the contention being raised by the learned counsel for the Revenue that under Section 72A of the Act, amalgamation between two companies suffering from losses is prohibited, the said argument is highly misplaced.

10. Since Section 72A of the Act does entitle the amalgamated company to claim set off and carry forward of losses and allowance depreciation, therefore, if any benefit accrues to the amalgamated company, that benefit cannot be denied ostensibly on the ground that it is the Revenue Department that would suffer. Hence, the contention being raised by the learned counsel for the Revenue that in



case the amalgamation were allowed, it is the Revenue Department that would suffer, as it would not be able to recover the tax, as it will be entitled to, even the said argument is unacceptable.”

- III. It is well settled principle that any benefit arising to the assessee within the framework of law cannot be denied only for the reason that there would be a loss of revenue. The Hon’ble Karnataka High Court in *Bhoruka Engineering Inds. Ltd.* [2013] 356 ITR 25] has summed up this principle and the relevant para is reproduced as follows –

“Tax planning may be legitimate provided it is within the framework of law. The intention of the legislature in a taxation statute is to be gathered from the language of the provisions particularly where the language is plain and unambiguous. In a taxing Act, it is not possible to assume any intention or governing purpose of the statute more than what is stated in the plain language. Therefore, as long as the arrangement of the assessee to avoid payment of tax do not contravene any statutory provision and is achieved within the four corners of law, it cannot be found fault with.”

A copy of the order passed by the Hon’ble Karnataka High court in *Bhoruka Engineering Inds. Ltd.* is annexed to the Affidavit in Reply.

- IV. The Hon’ble Supreme Court in *Union of India Vs. Azadi Bachao Andolan* [(2003) 263 ITR 706] and in *Walfort Share and Stock Borkers Pvt Ltd* [(2010) 326 ITR 1] upheld that legitimate acts of a taxpayer in the ordinary course and under a law he is entitled to cannot be considered tax avoidance through colourable device. Following these principles, the Hon’ble High Court in *Vodafone Essar Gujarat Ltd.* [35 taxmann.com 397] [affirmed by the Hon’ble Supreme Court in 66 taxmann.com 374] also held that if in its commercial wisdom, a company has decided to have a particular arrangement by which there may be even benefit of saving income-tax or other taxes, that itself cannot be a ground for coming to the conclusion that the sole object of framing the scheme is to defraud the Income Tax Department or other taxing authorities. Copies of the order passed by the Hon’ble Supreme Court



in *Union of India Vs. Azadi Bachao Andolan* [(2003) 263 ITR 706] and in *Walfort Share and Stock Borkers Pvt Ltd* are annexed to the Affidavit in Reply.

- V. Recently, the National Company Law Tribunal, Mumbai Bench also in *AMNS Khopoli Limited* [C.P. (CAA) No. 50 (MB) of 2024] and in *PCA Motors Private Limited* [CP(CAA) No. 231/MB-II/2023] approved the amalgamation of loss-making company with profit making company by dismissing the argument of the income-tax department that the scheme is colourable device for reducing tax liability by holding that just because the transaction results in tax benefit does not imply that scheme of merger is a tax planning in the nature of colorable device aimed at tax avoidance. The Hon'ble National Company Law Tribunal upheld that objections raised by income-tax authority cannot be impediment in approval of the scheme since sufficient safeguards are built in the concerned provisions of the Income-tax Act, 1961. Copy of the order is annexed to the Affidavit in Reply.
13. Strategic business and financial planning through mergers among the group companies, aimed at reviving the business of Transferor Company and to save the loss of production, employment, and capital, should not be assumed as a device to avoid tax just because the transaction yields a tax benefit to the Transferee Company in accordance with the provisions of law. Sufficient safeguards are built into the Income Tax Act, 1961, to test genuine business revival to qualify for tax benefits. Thus, we are satisfied with the reply provided by the Applicant Companies to the objections raised by the Income Tax Department.
14. The Official Liquidator has filed his Report dated 25.08.2025 (OL Report) before this Tribunal for consideration. The observations of the Official Liquidator are that the affairs of the Transferor Company have been conducted in a proper manner and the same are not prejudicial to the interests of its members or to the public interest and that the report may be taken on record.



15. We observe that no adverse comments have been made regarding the state of affairs of the Transferor Company. Accordingly, the reply filed by the Applicant Companies to the aforementioned report is taken on record. We conclude that the objections/ observations to the scheme raised by the RD, ROC and OL have been adequately replied.
16. That the Income Tax Department will be at liberty to examine the aspect of any tax payable as a result of this Scheme and it shall be open to the income tax authorities to take necessary action as possible under the Income-Tax Act, 1961.
17. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.
18. The Applicant Companies are directed to file a certified copy of this Order along with a copy of the Scheme of Amalgamation with the concerned Registrar of Companies, electronically along with E- Form INC – 28, in addition to physical copy within 30 days from the date of receipt of the Order from the Registry of this Tribunal.
19. The Applicant Companies are further directed to provide a copy of this Order, along with the Scheme duly certified by the Designated Registrar of this Tribunal, with the concerned Superintendent of Stamps for the purpose of adjudication of stamp duty payable, within a period of 30 working days from the date of receipt of the certified Order from the Registry of this Tribunal.
20. All concerned regulatory authorities to act on a copy of this Order along with the Scheme duly certified by the Designated Registrar of this Tribunal.
21. Any person interested shall be at liberty to apply to this Tribunal in the above matters for any directions that may be necessary.
22. The Appointed Date of the Scheme is **03.10.2024**.



23. Accordingly, the above **C.P.(CAA)76/MB/2025** is **allowed** and **disposed of**.

Sd/-

ANIL RAJ CHELLAN
MEMBER (TECHNICAL)

Sanika, LRA

Sd/-

K. R. SAJI KUMAR
MEMBER (JUDICIAL)



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KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

SEC/ F:24

October 15, 2024

BSE Limited

Corporate Relationship Department,
2nd Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001.

National Stock Exchange of India Ltd.

5th Floor, Exchange Plaza,
Bandra (East),
Mumbai – 400 051.

(BSE Scrip Code – 500241)**(NSE Symbol - KIRLOSBROS)**

Dear Sir/Madam,

Sub: Intimation of Scheme of Amalgamation between wholly owned subsidiaries**Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In terms of the subject referred regulations, we wish to inform you that a Scheme of Amalgamation of The Kolhapur Steel Limited (TKSL/Transferor company), a 'step down wholly owned unlisted subsidiary' of the Company with Karad Projects And Motors Limited (KPML/Transferee company) a 'material wholly owned unlisted subsidiary' of the Company and their respective shareholders (Scheme of Amalgamation) has been approved by the Board of Directors of TKSL and KPML on October 15, 2024 pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013.

The intimation of the same was received by the Company at 17.09 hrs (IST) on October 15, 2024.

The said Scheme of Amalgamation is subject to necessary regulatory and other approvals.

The details as required under SEBI's Circular No. SEBI/HO/CFD/CFD-PoD1/P/CIR/2023/123 dated July 13, 2023, are attached herewith as Annexure.

You are requested take the same on your records.

The above is also available on website of the Company at www.kirloskarpumps.com.

Thanking you,

Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**

DEVANG
BHARATKUMAR
TRIVEDI

Digitally signed by DEVANG
BHARATKUMAR TRIVEDI
Date: 2024.10.15 17:45:16
+05'30'

Devang Trivedi

Company Secretary

Encl: As above.



KIRLOSKAR BROTHERS LIMITED

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Annexure

Sr. No.	Particulars of Disclosure	Description of Event
a.	Name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.	<p>The Kolhapur Steel Limited (TKSL) – the Transferor Company, incorporated in 1965, has its manufacturing facility at Kolhapur, Maharashtra, INDIA.</p> <p>Karad Projects and Motors Limited (KPML) – the Transferee Company, incorporated in 2001, has its manufacturing facilities in Karad, Maharashtra, INDIA.</p> <p>The turnover for the financial year ended March 31, 2024:</p> <p>TKSL: Rs. 534 Million KPML: Rs. 5,065 Million</p>
b.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at “arm’s length”	<p>Yes, the transaction is a related party transaction. The Transferor company is a wholly owned subsidiary of the Transferee company. Both the Transferor and Transferee companies are indirect/direct wholly owned subsidiaries of the Company.</p> <p>The Ministry of Corporate Affairs has clarified vide its General Circular No. 30/ 2014 dated 17th July, 2014 that transactions arising out of Compromise, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 2013, will not fall within the purview of related party transaction in terms of Section 188 of the Companies Act, 2013.</p> <p>Pursuant to Regulation 23(5)(c) of the Listing Regulations, the related party transaction provisions are not applicable to the Scheme as the Transferor company and Transferee company are indirect/direct wholly owned subsidiaries of the Company.</p>



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c.	Area of business of the entity(ies)	<p>TKSL, the Transferor Company is engaged in the business of manufacturing steel castings and other metal castings etc.</p> <p>KPML, the Transferee Company is engaged in the business of manufacturing motors, stators, rotors, pumps etc.</p>
d.	Rationale for amalgamation/ merger	Amalgamation will result into operational efficiencies, simplification of corporate structure, administrative synergies, optimum utilization of resources and better alignment of operations.
e.	In case of cash consideration – amount or otherwise share exchange ratio.	TKSL, the Transferor company is a wholly owned subsidiary of the KPML, the Transferee company and hence there will be no cash consideration or issuance of new shares involved in the Scheme of Amalgamation. The investment of KPML in TKSL will get cancelled on the Scheme becoming effective.
f.	Brief details of change in shareholding pattern (if any) of listed entity	Amalgamation is between the wholly owned subsidiaries of the Company and hence there is no change in the shareholding pattern of the Company.