

PNEUMATIC HOLDINGS LIMITED

20 October 2016

To,

National Stock Exchange of India Limited
Exchange Plaza, C – 1, Block G,
Bandra- Kurla Complex,
Bandra (E),
Mumbai – 400 051

Scrip Code : PNEUMATIC

Sub. : Outcome of the Board Meeting

Ref. : Para A of Part A of Schedule III of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 ("SEBI Circular")

With reference to the captioned subject, we hereby inform you that, the Board of Directors of the Company at its meeting held on 20 October 2016, which commenced at 12.30 p.m. and concluded at 1.00 p.m., have accorded approval to following business:

1. Unanimously approved Scheme of Arrangement and Amalgamation between Kirloskar RoadRailer Limited ('KRL' or the 'Transferor Company I') and Pneumatic Holdings Limited ('PHL' or the 'Transferor Company II') and Kirloskar Pneumatic Company Limited ('KPCL' or the 'Transferee Company') and their respective shareholders providing for the amalgamation of KRL and PHL with KPCL.
2. Took on record Valuation Report recommending Share Exchange Ratio submitted by M/s SSPA & Co. (Chartered Accountants).
3. Took on record the Fairness Opinion dated 20 October 2016 issued by Inga Capital Pvt. Ltd. on the valuation report recommending Share Exchange Ratio of M/s SSPA & Co. (Chartered Accountants).
4. Took on record the Auditor's Certificate dated 20 October 2016 issued by M/s. P. G. Bhagwat, Chartered Accountants on accounting treatment contained in the Scheme.



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5. Details required to be disclosed as per SEBI Circular are as under:

Disclosure of information as per the Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sr. No.	Particulars	Remarks
1.	Name of the entity forming part of the amalgamation/merger, details in brief such as size and turnover (as at 31 March, 2016).	Kirloskar Pneumatic Company Limited (Transferee Company / KPCL) (Standalone Financial Data) Size (Net-worth): Rs. 32,153.35 Lakhs Turnover: Rs. 52,997.80 Lakhs Kirloskar RoadRailer Limited (Transferor Company I / KRL) (Standalone Financial Data) Size (Net-worth): Rs. 413.04 Lakhs Turnover: Rs. 0.00 Lakhs Pneumatic Holdings Limited (Transferor Company II / PHL) (Standalone Financial Data) Size (Net-worth): Rs. 13,706.87 Lakhs Turnover: Rs. 1,231.46 Lakhs
2.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length".	Proposed transaction would not fall within related party transactions.
3.	Area of business of the entity(ies).	KPCL is engaged in the business of manufacturing and selling air, gas and refrigeration compressors and packages thereof, hydraulic & mechanical transmission including gears and gear box and RoadRailer equipments. KPCL is subsidiary of PHL. Presently 54.45% shares of KPCL are held by PHL. KRL is presently setting up business of carrying on multimodal transport business using RoadRailer technology of the KPCL. KRL is 100% subsidiary of KPCL.



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		The main operations of PHL are that of investment and majority of the investments of the Company are in the nature of strategic investments in Kirloskar group companies and leasing. The main source of revenue of PHL presently is in the form of dividends.
4.	Rationale for the amalgamation/merger	<u>Rationale for amalgamation:</u> The amalgamation of the Transferor Companies with the Transferee Company would <i>inter alia</i> have the following benefits: (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. (b) The amalgamation of the Transferor Company I with the Transferee Company shall provide greater financial strength to the RoadRailer service operations. (c) The amalgamation of the Transferor Companies with the Transferee Company shall create a diversified company having a portfolio of manufacturing and service businesses. (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.



- (e) Increase in the public float and trading stock of the shares of the Transferee Company will positively impact the liquidity of the shares of the Transferee Company.
- (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.
- (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 for any of the shareholder of the Transferee Company pre and post scheme.
- (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.
- (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.



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		(j) The amalgamation of the Companies shall result in achieving economies of scale.
5.	In case of cash consideration – amount or otherwise share exchange ratio	For the amalgamation of KRL with KPCL; KPCL will not issue and allot any equity shares to the shareholders of KRL as it is a wholly-owned subsidiary of KPCL. For the amalgamation of PHL with KPCL: “53 (Fifty Three) equity shares of KPCL of Rs. 10 each fully paid up for every 40 (Forty) equity shares of PHL of Rs. 10 each fully paid up”.
6.	Brief details of change in shareholding pattern (if any) of listing entity (<i>as per shareholding of September 30, 2016</i>)	<u>Existing shareholding of PHL:</u> Promoters – 72.51% Public – 27.49% <u>Post-amalgamation shareholding:</u> Not Applicable

For PNEUMATIC HOLDINGS LIMITED



Aniket Deshpande
Company Secretary &
Compliance Officer
M. No. A 23094

