



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

SEC/ F:23

February 24, 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

Ref: Order issued by The Hon'ble National Company Law Tribunal, Mumbai Bench, dated February 23, 2024 with respect to The Kolhapur Steel Limited

This is to inform you that the Company has received a communication from its subsidiary, viz., The Kolhapur Steel Limited ('TKSL') intimating that –

The Hon'ble National Company Law Tribunal, Mumbai Bench, vide its Order dated February 23, 2024 has approved the Petition filed by TKSL pursuant to the provisions of Section 61(1)(b) of the Companies Act, 2013 for consolidation and division of its share capital into the shares of larger amount than its existing shares.

Resultantly, the Authorized Equity Share Capital of TKSL shall be Rs. 40,00,00,000/- divided into 40,000 Equity Shares of Rs. 10,000 each and its issued, subscribed and paid-up Equity Share Capital shall be Rs. 26,70,00,000/- divided into 26,700 Equity Shares of Rs. 10,000 each.

A copy of the said order is attached for your reference and records.

You are requested to take the above on your records.

Thanking you,

Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**

Devang Trivedi
Company Secretary

Encl: As above

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

BENCH AT MUMBAI, COURT-V

COMPANY PETITION 753 OF 2020

In the matter of the Companies Act,
2013

AND

In the matter of consolidation of the
equity shares of The Kolhapur Steel
Limited

AND

In the matter of Section 61(1)(b) of
the Companies Act, 2013 and other
Applicable provisions of the
Companies Act, 2013 and the rules
made thereunder.

THE KOLHAPUR STEEL LIMITED

(CIN:U27106MH1965PLC013212)

.....Petitioner

Order Dated: 23.02.2024

Coram:

Hon'ble Ms. Reeta Kohli : Member (Judicial)

Hon'ble Ms. Madhu Sinha : Member (Technical)

For the Petitioner(s):

Mr Hemant Sethi, Mrs. Devanshi Sethi i/b.
Hemant Sethi & Co.,

For the Regional Director: Mr. Tushar Wagh, Deputy Director (RD W)

Order

Per: Reeta Kohli, Member (Judicial)

1. We have heard the Learned Counsel for the Petitioner Company and the Representative of the Regional Director. No objector has come before this Tribunal to oppose the Company Petition for consolidation of Equity Shares of The Kolhapur Steel Limited.
2. The Petitioner Company namely M/s. The Kolhapur Steel Limited (hereinafter as “Petitioner”) has filed this petition under the provisions of Section 61(1)(b) of the Companies Act, 2013 read with Rule 71 of the NCLT Rules, 2016 to approve the re-organisation of capital structure by consolidation of issued, subscribed and paid-up Share Capital from ₹ 26,70,00,000/- divided into 26,70,00,000 Equity Shares of ₹ 1/- each to ₹ 26,70,00,000/- divided into 26,700 Equity Shares of ₹10,000/- each.
3. The Petitioner Company is an unlisted Public Company, incorporated on 26th May, 1965 under provisions of the Companies Act, 1956. The shares of the Petitioner Company are not listed with any stock exchange. The Registered address of the Petitioner company is situated at Pune Bangalore Highway Road, Shirol (Pulachi) Kolhapur 416122.

4. The Petitioner Company is primarily engaged in the business of steel manufacturers by installing steel furnaces and specially to manufacture steel castings, alloy castings, steel forging and steel fabrication and steel structures etc. and to sell the articles so manufactured.

5. The clause 30 (b) of the Articles of Association of the Petitioner Company authorize the company to consolidate or divide the shares of the Petitioner Company. The said Clause, for ready reference, is reproduced hereinbelow:

*“The Company may by resolution passed in the General Meeting:
Consolidate or divided all or any of its share capital into shares of
larger amount than its existing shares.”*

6. The rationale for consolidation is stated as follows:

- a) *The promoter of the Petitioner Company, viz. M/s. Kirloskar Brothers Limited, holds 26,63,15,115 equity shares, amounting to 99.74% of the issued, subscribed and paid-up share capital of the Petitioner Company. The remaining equity shares i.e. 6,84,885 equity shares, amounting to 0.26% of the issued, subscribed and paid-up capital, are held by 751 shareholders (hereinafter known as “other shareholders”).*
- b) *Since the shares of the Petitioner Company are not listed on any stock exchange, it is becoming difficult for the other shareholders to find buyers for their shares in the Petitioner Company, in case they wish to sell their shares and neither the buyer nor the seller have reference*

to the fair price / value for per equity share at which they may buy or sell their shares.

- c) *Beside this, considering the financial position of the Petitioner Company, it is a burden of incurring heavy cost for handling and serving these large number of members of Petitioner Company at the time of General Meetings and other meetings of the Members of the Petitioner Company and maintaining connectivity with the Depositories and subsequent engagement of R&T agent.*
 - d) *In order to provide an exit opportunity to other shareholders, the management of the Petitioner Company felt that the re-organisation of the Share Capital of the Petitioner Company by consolidating equity shares of the Company is in the interest of the other shareholders of the Company and also in the interest of the Company.*
 - e) *It is further stated and submitted that the proposed consolidation will result in providing the other shareholders an opportunity to liquidate their shareholding since the equity shares of the Company are not listed on the stock exchanges and consequently there is no exit route for such other shareholders, if they wish to do so.*
7. The Board of Directors of the Petitioner Company vide its resolution dated 19th October, 2018, has approved the consolidation of equity shares.
8. Subsequently, the Equity Shareholders of the Petitioner Company have passed an Ordinary Resolution through postal ballot approving the Consolidation of Equity Share Capital in their Extra Ordinary General Meeting held on 8th April 2019.

9. The Petitioner Company has also filed Form MGT-14 with the concerned Registrar of Companies i.e. Registrar of Companies, Pune for registering the Ordinary Resolution passed.

10. The learned Counsel for the Petitioner submits, that subsequent to filing the present Petition, the following events transpired:

The Petitioner in their meeting of its shareholders held on 15th September 2020, the Authorized Share Capital of Rs. 55,00,00,000/- (Rupees Fifty-Five Crores Only) comprising of 55,00,00,000 Equity Shares of Re. 1/- each was split into Rs. 40,00,00,000/- (Rupees Forty Crores Only) Equity Shares of Rs.1/- each and Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) Preference shares of Re.1/- each.

Further in the 58th Annual General Meeting of the Petitioner held on 18th July, 2023 and subject to sanction of aforesaid petition, Clause V of the Memorandum of the Petitioner Company would be deleted and substituted by virtue of which the Authorized Share Capital of the Petitioner will be Rs. 55,00,00,000/- comprising of 40,000 Equity shares of Rs. 10,000 each and 15,00,00,000 Preference shares of Re. 1/- each and which will be subject to approval of the aforesaid petition by this Tribunal.

11. It is also stated and submitted that all fractional entitlements will be aggregated and the shares arising out of consolidation shall be held by the trustees appointed by the Board of Directors of the Petitioner

Company who shall dispose-off the said shares and proceeds of sale of such shares will be distributed proportionately among the members who would otherwise be entitled to fractional entitlements or their respective legal heirs on record date, after deducting the taxes and expenses incurred in this regard, if any.

12. Pursuant to the directions, vide order dated 10th February, 2022 passed by this Bench, the Petitioner Company has issued a public notice in two local newspapers i.e. 'Lokmat Times', in English language and 'and translation thereof in Marathi language in Pudhari Express' both having circulation in Kolhapur, intimating the public at large about its consolidation and also serve notices to (i) office of Regional Director and (ii) concerned Registrar of Companies.
13. The Pre and Post consolidated capital structure of the Petitioner Company is represented as under-

	Pre Consolidation -	Post Consolidation -
Authorized Share Capital	Rs. 55,00,00,000 (Fifty-Five Crore) divided into 40,00,00,000 (Forty Crore) Equity Shares of Re.1/- (Rupee One Only) each and 15,00,00,000 (Fifteen	Rs. 55,00,00,000 (Fifty-Five Crore) divided into 40,000 (Forty Thousand) Equity Shares of Rs.10,000/- (Rupees Ten Thousand Only) each and 15,00,00,000 (Fifteen

	Crore) Preference Share of Re 1/- each	Crore) Preference Share of Re 1/- each
Issued, Subscribed and Paid-up Equity Share Capital	26,70,00,000 (Twenty-Six Crore Seventy Lakh) Equity Shares of Re.1/- (Rupee One) each	Rs.26,70,00,000/- (Rupees Twenty-Six Crore Seventy Lakh Only) divided into 26,700 (Twenty-Six Thousand Seven Hundred) Equity Shares of Rs.10,000/- each

14. The Regional Director has filed a Report dated 28th February, 2023 ('Report'). The observations therein were primarily factual, the primary objection is as follows:

In paragraph 2(a)

".....The ROC has submitted in his report dated 23.12.2022 which are as under:-

1. *No Inquiry, Inspection, Investigation, Technical Scrutiny, Complaint and Prosecution is pending against the subject of the Petitioner Company and interest of creditors shall be protected.*
2. *No Form GNL-1 filed by the Petitioner Company"*

In paragraph 2(g)

“...In view of the above, it is humbly submitted that, Petitioner Company shall satisfy the Hon’ble NCLT, the compliance of section 61 of CA, 2013 r/w applicable rules regarding consolidation of shares including rationale of the consolidation and clear picture of post consolidation paid up share capital of the company on in the explanatory statement in Resolution passed by the Board on 19.10.2018 u/s 61(1)(b) of the CA,2013 as stated as under....”

15. The Petitioner Company has filed affidavit in rejoinder dated 4th March 2023 to the report of Regional Director and clarified that:-
- a) In so far as observations made in paragraph 2(a)(b) of the Report of Regional Director is concerned, the Petitioner has filed GNL-1 under SRN NO F59396226. A copy of challan was annexed to the affidavit in rejoinder.*
- b) In so far as observations made in paragraph 2(g) of the Report of Regional Director is concerned, the Petitioner clarify that the present Petition has been filed in compliance of Section 61 of the Companies Act 2013 r/w rules framed thereunder.*
16. The Representative of the Regional Director (RD) submits that the replies of the Petitioner Company are satisfactory and Regional Director has no further observations/ objections to the proposed consolidation of Equity Shares of the Petitioner Company.
17. On the basis of the Valuation Report dated 29.08.2023, obtained from M/s Chandorkar and Limaye, an Independent Chartered Accountants

the fair value of the Petitioner Company is INR 0.42/- per equity share having face value of INR 1/- per equity share.

18. We have perused the material of the record and heard the counsel for Petitioner Company.
19. It is noticed that the Board of Directors and Equity Shareholders of the Petitioner Company have approved the consolidation of the Share Capital of the Petitioner Company. All objections raised by RD have been duly clarified by the Petitioner Company. Subsequent thereto, the notices have been duly served upon the RD, ROC, and no one has filed any objection before this Bench to oppose this Company Petition. The Petitioner Company has published the notice of consolidation in the newspaper and the requisite procedure prescribed u/s 61(1)(b) of the Companies Act, 2013 and under Rule 71 of the NCLT Rules has been followed.
20. The Petitioner Company has duly followed the process of law and passed the resolution of the consolidation of shares.

CONCLUSION:

21. In the light of the corporate structure of the Petitioner Company wherein the promoters hold 99.74% of the equity shares, some shareholders are not able to find buyers for their shares and hence, consolidation will be the best exit option available to the shareholders more particularly to the small shareholders. Each consolidated share

will rank *pari passu* in all respect of each other, with no impact on effective dividend yield of the company's shares and therefore, it can be said that the shareholders will have more liquidity in their hands and reasonable return on their investment.

22. The prayer of the Petitioner Company to consolidate equity shares by increasing the face value of the equity shares from the existing Rs. 1/- per equity share of the Petitioner Company to Rs. 10,000/- per equity share is hereby approved as provided under Section 61(1)(b) of the Companies Act, 2013.

a) The issued, subscribed, paid up Equity Share Capital of the Petitioner will be Rs. 26,70,00,000/- divided into 26,700 Equity Shares of Rs. 10,000 each.

b) Resultantly, the Authorized Share Capital of the Petitioner in so far as Equity Share Capital is concerned shall be 40,000 Equity Shares of Rs. 10,000 each and consequential changes in the share capital in the records of the Company and that of the Ministry of Corporate Affairs can be made.

c) The Petitioner Company is directed to lodge a certified copy of this Order with the concerned Registrar of Companies, electronically along with e-form INC-28, within 30 days from the date of receipt of the Order by the Registry, duly certified by the Assistant/Deputy Registrar of this Tribunal.

23. Accordingly, C.P./753/MB-V/2020 is **allowed** and **disposed of**.

Sd/-

Madhu Sinha
Member (Technical)
//VLM//

Sd/-

Reeta Kohli
Member (Judicial)