



IT'S TIME TO ROLL



BTL/SE/Reg. 30/2021-2022

January 28, 2022

BSE Ltd. First Floor, New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400001	National Stock Exchange of India Ltd. “Exchange Plaza”, Plot no. C/1, G. Block Bandra-Kurla Complex, Bandra (E) Mumbai – 400051
<b>BSE Scrip Code – 542932</b>	<b>NSE Symbol – BIRLATYRE</b>

**Sub: Outcome of the Meeting of the Board of Directors of Birla Tyres Limited and disclosure under Regulation 30 of the SEBI (LODR) Regulations 2015**

**Ref: Our letters Ref. No. BTL/SE/Reg. 29/2021-2022 dated January 24, 2022 and BTL/SE/Reg. 30/2021-2022 dated December 21, 2021**

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI LODR Regulations, we hereby inform you that the Board of Directors of the Company, at its Meeting held today, i.e. January 28, 2022, has *inter-alia*, considered and decided to restructure the business of Birla Tyres Limited by way of a Scheme of Compromise and Arrangement (“Scheme”) involving (a) demerger of the PCR Business and allied activities of Birla Tyres Limited (“Demerged Company”) into Birla Tyre Radials Limited (the “Resulting Company”), on a going concern basis and (b) compromise and arrangement with Creditors and Members of the Demerged Company with effect from the Appointed Date, i.e. December 1, 2021. The transaction is proposed under the provisions of Sections 230 - 232 of the Companies Act, 2013. The Scheme entails cancellation of existing shares of the Resulting Company and issuance of shares to the Demerged Company. As such, the Resulting Company will become a wholly owned subsidiary of the Demerged Company.

The said Scheme would be subject to requisite approvals of the BSE Limited, National Stock Exchange of India Limited, Securities and Exchange Board of India and other statutory / regulatory authorities, including those from the Creditors and Shareholders of the respective Companies and approval of the National Company Law Tribunal, Kolkata Bench.

The information pursuant to Regulation 30 of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 is also enclosed herewith as **Annexure I**.

The Board has further authorized its “Restructuring Committee” to take all steps necessary including engaging of experts to make the Scheme tax efficient and law compliant, take the assent / approval of the concerned stakeholders, with or without modification(s), and to file the Scheme as finalized with the specified authorities and do such acts, deeds and things as necessary to give effect thereto.

Thanking you,  
**For Birla Tyres Limited**

  
**Saurabh Mantri**  
Company Secretary & Compliance Officer



Encl: as above  
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F + 91 33 2262 4359  
E: corporate@birlatyres.com

Birla Tyres Limited  
Registered & Corporate Office:  
8<sup>th</sup> floor, Birla Building, 9/1 R.N. Mukherjee Road, Kolkata – 700 001  
CIN – U25209WB2018PLC228915  
**CIN-L25209WB2018PLC228915**

**Annexure – I**

Disclosure of information pursuant to Regulation 30 of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015

Sl No.	Particulars	Details		
a.	Brief details of the division to be demerged	<p>The demerged company has two business segment i.e.</p> <ul style="list-style-type: none"> <li>- business of manufacture of tyres for the commercial vehicles and</li> <li>- passenger car radial business (“PCR Business”)</li> </ul> <p>The Demerged Company would demerge its PCR business and its allied activities (hereinafter referred to as the “Demerged Undertaking”) including assets, investments, liabilities, rights, benefits, interests and obligations (as specifically set out in the Scheme), into the Resulting Company. Demerged Company also includes business of manufacture of tyres for the commercial vehicles and would continue to run and operate the same business.</p>		
b.	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year/ based on financials of the last financial year.	Particulars	Total standalone revenue from Demerged undertaking (Rs. in Crs)	% to standalone turnover of Birla Tyres Ltd
		Demerged Undertaking (for Quarter ended September 30, 2021)	Nil	Nil
		Demerged Undertaking (for Year ended March 31, 2021)	Nil	Nil
c.	Rational for demerger	<p>Birla Tyres Limited (“BTL”) is a company within the meaning of the Companies Act, 2013 having corporate identity number (CIN) L25209WB2018PLC 228915. Its registered office is presently located at Birla Building, 8<sup>th</sup> Floor, 9/1, RN Mukherjee Road, Kolkata 700 001 in the State of West Bengal, India.</p> <p>BTL has been engaged in the manufacturing of tyres at its facility located at Balasore, Odisha catering largely to commercial vehicles and sells its products under the brand name of “Birla Tyres”.</p> <p>BTL has also been in the process for setting up a new plant for passenger car radial (PCR) tyres adjacent to its existing facility in Balasore, Odisha.</p> <p>BTL was part of Kesoram Industries Limited until 2018 and got demerged into a separate entity with effect from 1 January 2019. The scheme of arrangement filed before National Company Law Tribunal (“NCLT”), Kolkata Bench for the demerger of the Tyre business from</p>		



Kesoram Industries Limited (KIL) to Birla Tyres Limited (BTL) was approved by NCLT, Kolkata Bench vide its Order dated 8 November 2019. The certified copy of the order of NCLT was filed by KIL and BTL with the RoC on the 4th December 2019 (the "Effective Date") and consequently, in terms of the Scheme of Arrangement, the Tyre business of KIL stood transferred and vested with BTL on the Appointed Date of 1 January 2019.

The authorized share capital of BTL is presently Rs 6,99,90,00,000 (Rupees Six Hundred Ninety-Nine Crores and Ninety Lakhs) divided into 69,99,00,000 (Sixty-Nine Crores Ninety-Nine Lakhs) equity shares of Rs 10 (Rupees Ten) each. The issued and paid-up share capital of the Borrower is Rs 1,42,59,00,790 (Rupees One Hundred Forty-Two Crore Fifty-Nine Lakhs Seven Hundred Ninety Only) divided into 14,25,90,079 (Fourteen Crore Twenty-Five Lakhs Ninety Thousand Seventy-Nine Only) equity shares of Rs 10 (Rupees Ten) each.

The equity shares of BTL are listed on the Exchanges NSE and BSE.

The accumulated losses of BTL as on 31 March 2021 is Rs 709.44 crores (Rs 847.79 crores as on 30 November 2021) and the share capital of BTL stands fully eroded.

The business of BTL has been severely impacted for last few years which coupled with the ongoing pandemic has almost crippled its tyre business which has run into huge losses. The factory of BTL at Balasore needs immediate working capital injection and the piled-up debts need to be restructured for BTL to be put back on the rails.

A substantial part of the debt availed by BTL is invested in the PCR business which is yet to commence operations. The PCR business requires substantial investment for which it is necessary to attract investment partner(s). Therefore, as part of reconstruction, it is proposed that the PCR business be demerged out of BTL and transferred to and vested in Birla Tyre Radials Limited as a separate company.

The outstanding fund-based debt of BTL as on 30th November 2021 is Rs 1,057.87 crores detailed in the Schedule I attached hereto.

The Scheme envisages –

- (1) bifurcating the PCR business from the commercial tyre business with Rs 758 Cr of existing debt of the lenders moving along with the assets of the PCR business into a new company, Birla Tyre Radials Limited which has been specifically incorporated for the purpose so that the lenders have sufficient asset cover for the debt moving out; and
- (2) debt resolution and restructuring thereof in the manner such that for the debt of the secured creditors being the lenders remaining in BTL, a part will be paid upfront, part will be converted into equity and the rest would be converted into a long-term instrument; and
- (3) reduction of face value of equity share of BTL from Rs. 10 each to Rs. 5 each by reason of the demerger; and



		<p>(4) restructuring of the unsecured financial and operational dues (including worker and employee dues) for its resolution, such that the operating expenses of BTL curtailed and it can soon be brought back on the rails; and</p> <p>(5) infusion of working capital into BTL.</p>																																																		
d.	Brief details of change in shareholding pattern (if any) of all entities	<p>The shares will be issued by the Resulting Company to the Demerged Company. Further, the Demerged Company will issue equity shares and redeemable preference shares to the Financial creditors and unsecured creditors as per the Scheme, subject to receipt of regulatory approvals.</p> <p>Shareholding as on Appointed Date (i.e. December 1, 2021);</p> <p>Demerged Company (Pre &amp; Post Demerger);</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">Pre</th> <th colspan="2">Post</th> </tr> <tr> <th>Category</th> <th>No. of shares</th> <th>%</th> <th>No. of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Promoter &amp; Promoter Group</td> <td>7,25,86,340</td> <td>50.91</td> <td>7,37,02,493</td> <td>24.88</td> </tr> <tr> <td>Public</td> <td>7,00,03,739</td> <td>49.09</td> <td>22,24,96,177</td> <td>75.12</td> </tr> <tr> <td><b>Total</b></td> <td><b>14,25,90,079</b></td> <td><b>100.00</b></td> <td><b>29,61,98,670</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p>Resulting Company (Pre &amp; Post Demerger)</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">Pre</th> <th colspan="2">Post</th> </tr> <tr> <th>Category</th> <th>No. of shares</th> <th>%</th> <th>No. of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Promoter &amp; Promoter Group</td> <td>50,000</td> <td>100.00</td> <td>20,982</td> <td>100.00</td> </tr> <tr> <td>Public</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total</b></td> <td><b>50,000</b></td> <td><b>100.00</b></td> <td><b>20,982</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p>Note: In terms of the scheme, post Demerger 50,000 equity shares held by existing shareholders of the Resulting Company in the Resulting Company shall stand cancelled.</p>		Pre		Post		Category	No. of shares	%	No. of shares	%	Promoter & Promoter Group	7,25,86,340	50.91	7,37,02,493	24.88	Public	7,00,03,739	49.09	22,24,96,177	75.12	<b>Total</b>	<b>14,25,90,079</b>	<b>100.00</b>	<b>29,61,98,670</b>	<b>100.00</b>		Pre		Post		Category	No. of shares	%	No. of shares	%	Promoter & Promoter Group	50,000	100.00	20,982	100.00	Public	-	-	-	-	<b>Total</b>	<b>50,000</b>	<b>100.00</b>	<b>20,982</b>	<b>100.00</b>
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e.	In case of cash consideration-amount or otherwise share exchange ratio	<p>No cash consideration shall be payable under the scheme.</p> <p>Resulting Company will issue shares to Demerged Company towards net consideration of PCR business.</p> <p>Demerged Company will issue equity shares and redeemable preference shares to its financial creditors and unsecured creditors against part of their respective dues.</p>																																																		
f.	Whether Listing would be sought for the resulting Company	No																																																		

For Birla Tyres Limited

  
Saurabh Mantri

Company Secretary & Compliance Officer

