



## “Kirloskar Industries Limited 27th Annual General Meeting Conference Call”

**August 10, 2021**



**MANAGEMENT:** MR. ATUL KIRLOSKAR – CHAIRMAN, KIRLOSKAR INDUSTRIES LIMITED  
MR. MAHESH CHHABRIA – MANAGING DIRECTOR  
MS. ADITI CHIRMULE – EXECUTIVE DIRECTOR  
MR. UMESH R SHASTRY – CHIEF FINANCIAL OFFICER,  
MRS. ASHWINI MALI – COMPANY SECRETARY

**BOARD OF DIRECTORS:**

MR. SUNIL SHAH SINGH – INDEPENDENT DIRECTOR & CHAIRMAN (AUDIT COMMITTEE)  
MR. SATISH JAMDAR – INDEPENDENT DIRECTOR & CHAIRMAN (NOMINATION & REMUNERATION COMMITTEE)  
MR. A. N. ALAWANI – NON-INDEPENDENT DIRECTOR & CHAIRMAN (CSR COMMITTEE & STAKEHOLDER RELATIONSHIP COMMITTEE)  
MR. NIHAL KULKARNI – NON-INDEPENDENT DIRECTOR  
MR. VINESH KUMAR JAIRATH – NON-INDEPENDENT DIRECTOR  
MR. ASHIT PAREKH – INDEPENDENT DIRECTOR  
MR. TEJAS DESHPANDE – INDEPENDENT DIRECTOR  
MR. D SIVANANDHAN – INDEPENDENT DIRECTOR

**AND MRS. MRUNALINI DESHMUKH – INDEPENDENT  
DIRECTOR.**

**MR. DILIP DIXIT – PARTNER, G. D APTE & COMPANY,  
CHARTED ACCOUNTANTS AND STATUTORY AUDITORS  
OF THE COMPANY**

**MR. UMESH S. ABHYANKAR – PARTNER, G. D APTE &  
COMPANY, CHARTED ACCOUNTANTS AND STATUTORY  
AUDITORS OF THE COMPANY.**

**MR. MAHESH J. RISBUD – PRACTICING COMPANY  
SECRETARY AND SECRETARIAL AUDITOR OF THE  
COMPANY**

**Moderator:** Dear shareholders, Good morning and warm welcome to you all to the 27th Annual General Meeting of Kirloskar Industries Limited through video conferencing or other audio-visual facility. As a reminder, for the smooth conduct of the meeting the members will be in mute mode and audio and video will be opened when they will speak at the AGM as per the preregistration. Please note that as per the requirements the proceedings of the Annual General Meeting will be recorded and available on the website of the Company.

I now hand over the proceedings to Mr. Atul Kirloskar – Chairman of Kirloskar Industries Limited. Thank you and over to you, sir.

**Atul Kirloskar:** Thank you Janis. The Company secretary has informed me that if the necessary quorum is present when I call the meeting to order. On behalf of the board of directors, I extend a very hearty welcome to all of you to the 27th Annual General Meeting of the members of the Company. It is a second year in a row that we are meeting virtually. These have been difficult times however we have come together as a country, as a society and as one family to raise above them. The virtual format has enabled our shareholders to participate in the AGM from the safety of their homes. I trust all of you and your family members are well and are following the government regulations and social distancing guidelines to ensure your own safety and that of others around you. Mr. Mahesh Chhabria – Managing Director, Ms. Aditi Chirmule – Executive Director, Mr. Sunil Shah Singh – Independent Director and Chairman of the Audit Committee, Mr. Satish Jamdar – Independent Director and Chairman of the Nomination and Remuneration Committee, Mr. A. N. Alawani – Non Independent Director, Chairman of the Corporate Social Responsibility Committee and Stakeholder’s Relationship Committee, Mr. Nihal Kulkarni – Non Independent Director, Mr. Vinesh Kumar Jairath – Non Independent Director, Mr. Ashit Parekh – Independent Director, Mr. Tejas Deshpande – Independent Director, Mr. D Sivanandhan – Independent Director and Mrs. Mrunalini Deshmukh – Independent Director.

I would also like to inform you that the following persons are also attending this meeting, Mr. Umesh R Shastry – Chief Financial Officer, Mrs. Ashwini Mali – Company Secretary, Mr. Dilip Dixit, and Mr. Umesh S. Abhyankar – Partner with G. D Apte & Company, Chartered Accountants and Statutory Auditors of the Company. Mr. Mahesh J. Risbud, Practicing Company Secretary and Secretarial Auditor of the Company.

The following registers and documents are available electronically for inspection during the meeting:

- A. the register of contracts or arrangements in which directors are interested;
- B. B the register of directors, key managerial personnel, and their shareholding;
- C. the statutory audit report;
- D. the secretarial audit report;

- E. the auditor certificate on employee stock option plan 2017 and finally the auditor certificate on employee stock appreciation rights plan 2019.

The notice of this AGM and the Annual Report for the Financial Year 2020-2021 have been facilitated by email to the members of the Company and are also available at the website of the Company, BSE Limited and the National Stock Exchange of India Limited. With the consent of the members, I will consider them as read. Pursuant to the provisions of Section 145 of the Companies Act, 2013, the Independent Auditors Report and the Secretarial Auditor Report need not be read at the AGM since the same do not contain any qualification, observations, or comments.

I will now commence my address:

Ladies and gentlemen, it gives me great pleasure once again to welcome you on behalf of my colleagues on the board and the management of the Company to this annual general meeting of your Company through video conferencing. I trust all of you have been vaccinated either partially or fully and are following social distancing guidelines to stay safe. The financial year 2020-2021 witnessed a lot of unexpected situations and circumstances caused by the COVID-19 pandemic. It has affected business and the way it is conducted as well as the way we lead our normal life. Their support and confidence in us even in uncertain times like these drive us to look for many more ways to do more, to push ourselves to overcome challenges and to create greater value.

Recently we initiated a big development which I wanted to bring to your attention. On Friday July 16th we announce the refresh of our Kirloskar brand with a new logo and a new business division Limitless. I hope you have seen the ads on TV, in the newspaper or on social media. We wanted to highlight something that has been at the core of our group for the last 130 years. It is something our forefathers always believed in, taught us and those teachings have been passed down across generations. We have been taught to always work towards the progress of society right from the beginning when our founders created India's first iron plough to today where our products range from agricultural machinery to compressors and to real estate.

At Kirloskar, we are engineered to always think about our customer, about society and what is next. When you think about what's next you inevitably unleash in it potential and it is this potential that makes opportunities limitless. We have undertaken several projects ranging from human resources to digitization and things and many more to keep pace with our fast-changing world to attract and retain the best talent to be the best-in-class employer and to provide the best solutions and services to our customers. This is not just an external change, but an internal transformation, in the way we conduct business with our customers, dealers, vendors, and suppliers as well as our own employees, our investors and you, our shareholders.

We have chosen the copper color palette for our new logo. This is to represent our 130-year-old story of both old and new while keeping ahead of an ever-changing world through

innovations and technology we proudly retain our legacy of values that have been unchanging. In copper both the shiny new and the burnished old which is the color teal coexist. Copper is a hardworking metal with minimal loss of energy and used widely in engineering product. This is who we are. Take you through the financial performance of financial year 2020-2021. We are all aware that your Company has three main sources of income that is sale of wind energy, property licensing fees received on renting out of our owned property and dividend income received from our investee Company.

During the period under review, your Company earned a total income of ₹ 58.11 crore against ₹ 86.09 crore in the previous year. During the period under review the Company received final dividend of ₹ 9.41 crores against ₹ 25.4 crores in the previous year declared by the investee Company for the financial year 2019-2020. In addition, the Company also received interim dividend of ₹ 15.36 crores against ₹ 22.94 crores in the previous year whereby the total dividend inflow during the fiscal year under review was ₹ 24.77 crores against ₹ 48.34 crores in the previous year.

The profit before tax is lower at ₹ 32.45 crores against ₹ 64.92 crores in the previous year mainly due to lower dividend income received, lower revenues from windmill business and reduced lease rental income in the year under review consequent to a reduction in lease rentals to our lessee due to the COVID crisis. The lease rentals have been reinstated from April 2021. I shall now appraise you of the other businesses of your Company. Let me come to real estate. Your Company acquired 100% equity share capital of Wellness Space Developers Private Limited on 19 December 2020. Consequently, Wellness Space Developers Private Limited became a wholly owned subsidiary of the Company with effect from 19 December 2020.

Further, Wellness Space Developers Private Limited was converted into a public limited Company with effect from 17 March 2021, and thereafter the name of Wellness Space Developers Limited has been changed to Avante Spaces Limited on 29 June 2021. To facilitate effective management of the real estate activities of the Company, the Company transferred its real estate business undertaking at Kothrud on a going concern basis by way of slump sale to Avante Spaces Limited for a lump sum consideration of ₹ 75 crores by executing a Business Transfer Agreement by and between the Company and Avante Spaces Limited dated 19 December 2020.

The entire purchase consideration has been settled by Avante Spaces Limited by issuing 6 crore unsecured optionally convertible debenture for a consideration other than cash amounting to ₹ 60 crore. The balance consideration of ₹ 15 crores out of a total payable of ₹ 75 crores has been paid in cash through the Company on 24 June 2021. The Unified Development Control Regulation or UDCR notified on 2 December 2020, has positively impacted the project development for floor space in that and leasable area whereby Avante Spaces Limited now stands to develop 1.8 million square feet against the earlier 1 million square feet at Kothrud land parcel.

Subsequent to the business transfer the momentum of work has also speeded up with the lessening of the COVID-19 impact. I will now turn to the windmill business. As you are aware the Company owns 7 windmills with total installed capacity of 5.6 megawatt during the year under 2020 and 2021 the wind energy generated a revenue of ₹ 1.89 crore as against ₹ 3.26 crores in the previous year. In the financial year 2020-2021, our windmill generated 30% lower units of electricity compared to the previous year due to lower wind speed and motor winding related to one of the seven machines in operation. These winding issues have since been addressed and all machines are now fully operational from the last week of June 2021.

The Company had identified a third-party consumer to sell Brown energy for the period from 1 April 2020 to 30 June 2020. However, due to the outbreak of COVID-19 plants of the identified third-party consumers were shut down. To avoid losses the Company sold the wind generated units for this period to the Maharashtra State Electricity Distribution Company Limited (MSEDCL) at a lower rate. Subsequently, the Company sold wind generated units to third party consumers for the period from 1 July 2020 to 31 March 2021, as per the Open Access Permissions received from MSEDCL.

The Company has also sold 271 Renewable Energy Certificate or RECs which have resulted in the revenue of ₹ 3 lakh previous year was ₹ 25 lakh. The Company is holding 7,179 unsold RECs as on 31 March 2021. The RECs remained unsold since the REC trading exchange is not an operation from Quarter 2 of the Financial Year 2020-2021 due to an ongoing litigation as on date it has still not opened for trading. I will now turn to the other businesses: the company owns land and building as well as apartments and offices in Pune, New Delhi, and Jaipur. The Company has given most of these lands, buildings and offices on leave and license basis to group and other companies which generated a revenue of ₹ 25.41 crores as on 31 March 2021, against ₹ 27.74 crores as on 31 March 2020. The revenue reduction was consequent to a 10% reduction in lease rental from July 2020 till 31 March 2021, owing to the COVID-19 pandemic. However, from the current financial year rentals have been restored to the pre pandemic rates.

The Company being a Core Investment Company or a CIC continues to invest the surplus funds in fixed deposits and liquid funds. These investments stood at ₹ 81.6 crores as on 31 March 2021, against ₹ 81.01 crores as on 31 March 2020. Surplus funds will be used for the development operations of the Company as and when required including real estate development activities of our subsidiary. As far as our treasury income is concerned the Company earned ₹ 1.91 crores as fixed deposit interest in 2020-2021. Now moving on to dividend: your directors have recommended a final dividend of ₹ 10 but it is 100% were equity share of ₹ 10 for the financial year ended 31st March 2021 and will be paid to the eligible members subject to your approval.

Coming to the Auditors as per the statutory provisions the Company has to change the Statutory Auditor of the Company after two terms of five years each. The second term of the

existing Statutory Auditors G.D. Apte is expiring today. The Board of Directors of your Company proposed the appointment of Kirtane & Pandit LLP as the new Statutory Auditors of the Company subject to the approval of the members of the Company in this AGM. The Board of Directors place on record its appreciation for the services rendered by G.D. Apte and Company as the Statutory Auditor of our Company for the last 10 years. Now I turn to the first quarter results for the financial year 2021-2022. The results for the first quarter was approved by the Board on 9 August 2021. The total income for the first quarter ended 30 June 2021, is ₹ 8.29 crore corresponding previous year quarter was ₹ 8.3 crores and the profit after tax for the quarter stands at ₹ 2.86 crores corresponding previous year quarter was ₹ 1.33 crores.

Coming to the COVID-19 impact: The recommended protocols and guidelines issued by the Central and State Governments as well as the regulatory bodies are being completely adhere to, to ensure safety and wellbeing of the employees of the Company continues to follow precautions against COVID-19 which include work from home policies, regular communication with employees, online meetings, travel restrictions and health advisory. The Company also encouraged vaccination for all employees details will be provided by the MD's and his presentation. I am grateful for the support given to us by you our shareholders, our bankers, our employees, and all other relevant stakeholders. I will now request Mr. Mahesh Chhabria – Managing Director to make his presentation. Thank you.

**Mahesh Chhabria:**

Thank you Chairman. Good afternoon members of the Board, dear colleagues and employees, dear shareholders, the auditors, and all other participants in this AGM. The Chairman has been pretty eloquent what he stated about the business of Kirloskar Industries and I am not going to repeat a lot what he said but try and give you a snapshot of how Kirloskar Industries have performed during the year ended 31 March 2021.

To begin with I am just sharing the first slide of the presentation which captures what the chairman talked about the brand refresh and how our new refresh brand will actually appear and look to all of you in the future as it stands today and this is a good representation both of the copper and the teal color combinations that you see on the very first slide with the new logo refreshing itself with the inverted looking forward into the future and encompassing all that change means for all of us.

Just a word of caution that we are now while we are making certain statements, some of the statements may be futuristic and therefore should be taken in accordance with the desired protocols and compliance statutes of this country. These are the values that we all live and breathe and want to work with and this exactly what we follow in our day-to-day life and will ensure that these are part and parcel of our journey right now as well as in the near future.

These are the snapshot of how we performed as a Company over the last decade. The Chairman has already talked about various divisions of the businesses that we run with the windmill business, the rental income that we get from renting our properties to group Company, the dividend income that we get from investing in companies because we are a CIC

and you also talked about our new business, which is the real estate, but this actually captures in a snapshot how we have actually done over the last decade. It is a fairly busy slide, but obviously it is going to put up on the site and will be shared with you as well.

This actually captures in a snapshot the performance of our companies for the year ended 31st March 2021. The Chairman has already talked about various streams of revenues that we generated in this year and the windmill, the dividend income and consequent to which the profit after tax. If you notice here as a Chairman rightly mentioned the income levels are slightly down compared to last year mainly on account of dividend income because last year quarter the Company gave the dividend split here as well and which is what gets resulted in the account exposure.

As you may also be aware that the profit this year has also been lower because we do give our properties and bank there was a rent reduction on account of COVID, that we have to implement to ensure that all our companies also are able to withstand the impact of the COVID pandemic. Having said so post the pandemic getting over on 1 April we revise the rental agreements up to the old, revised rental rates per square feet.

The Chairman also eluded to the fact that we are conducting a real estate business and we are in the development of real estate as you are already aware that we formed the new Company called Wellness Space Developers Private Limited which is subsequent renamed Wellness Space Developers Limited and now it is called Avante Spaces Limited. This business would undertake of all our real estate development activities going forward. The first land parcel at Kothrud of approximately 11 acres is now taken up for development, we were very fortunate that the Unified Development Control Rooms got amended during the last year consequent to which we had a positive impact on account of this change and now we are undertaking a mixed-use development of approximately 1.8 million square feet of reasonable area on this property.

I am going to share with you on the next few slides a glimpse of some of the work that is already undergoing at the Kothrud site.

This shows you the progress of the small land parcel called plot B for us at Q4 where you see the general contractor already instructing team on safety protocols before they begin work and on the right-hand side you see the quantum of amount the digging that we have done to go down in the basements and this is exactly what we see right now and some work on the basement foundations that is already visible to you in this slide.

These are some of the protocols that we do follow on account of safety, testing at site and some of the equipment that we have in a shed at the site all obviously all equipment and all machinery is bought by a contractors, but we have these protocols maintained so that all material bought in is tested before it is put to use.



These are few more snapshots of the site as the construction work keep space and keeps progressing on a day-to-day basis. Again, few more snapshots of the work in progress at the same plot B.

To ensure safety of even the workers who actually are involved in construction we actually utilize a part of a shed at Kothrud site to setup a COVID isolation center, we do monitor all workers on a daily basis, they are staying inside and we monitor their health on a daily basis at the site and we do prevent a check and should anyone have any issues is also kept at the isolation center on a separate shed at the site.

This is a status of our employee dashboard yes we also had some of our employees being hit by COVID fortunately there have been no casualties so far and this slide actually captures what the status of people impacted, people cured and out of it.

Knowing the fact that COVID is here to stay and it is likely to change the way we work we are pretty aware that work from home became a practice, we have been following the same, but those who also get into office as the relaxation do come in from various governments. So, we do have very detailed elaborate protocols in place for people who are coming into the office and do follow safety and hygiene standards, we do have clear policies for hospitalization and health insurance, we are undertaking and are vaccinated quite lot of employees 42% are fully vaccinated and 92% have already taken one dose and we hope to complete the entire balance by October 2021.

In addition, using digitization we also have programmed which are all on the mobile phones or on laptops of all our employees and we have created fairly elaborate health programs mid-programs for anybody which takes care of all aspects of health, be it mental, physical, and emotional.

We do recognize the fact that we get served by our employees and employees are what we do and we do keep them in mind even though they are working from home, we have tried to initiate various programs again virtually through use of technology and various technological solutions and software programs which actually recognizes how employees do all aspect of work and the values that I talked about in my previous slide. That is all from my side. Thank you very much. Over to you Jonas.

**Moderator:**

I now invite Kirti Shah to unmute his audio and video and ask the question or give comments in the interest of time may I request you to restrict your questions to three minutes please. Excuse sir we are just trying to get in touch with the speaker shareholder. Sir just allow us a minute please. We now have Mr. Kirti Shah sir you may please go ahead with your question.

**Kirti Shah:**

Chairman sir a very good working you have given in December quarter profit was about ₹ 2.73 crore and in March quarter profit is ₹ 13.55 crore that is a very good thing, so June quarter how is the profit can you please highlight because revenue is also increased ₹ 10 crore to ₹ 22 crore

in March quarter it has been done, so how is the current quarter can you please highlight. Chairman sir this is a very old Company Kirloskar is a very big name, a very good goodwill and price to book value only 1.70 that is very less price to book value around 1, it is very less what is the reason behind that, the properties of land which is there do the valuation then only you will come to know that what is in your side, Chairman sir your PE is 10 against is 38 why it is so low for our shares that is a very less value, Company valuation it is showing very less and chairman sir you have to give more importance in splitting the shares and for that also you have to think about that that Company should run properly and it should come forward and remaining I have mailed to you, you just give me the reply wish you all the best. Thank you very much.

**Moderator:** Thank you. Now all speakers have finished speaking I request the chairman to please answer the question please.

**Atul Kirloskar:** So, I will answer the questions that Mr. Shah asked his first question was what was the result in the June quarter. So, the current year the June quarter standalone revenues is revenue of ₹ 8.3 crores and PAT of ₹ 2.9 crores as against the previous year when revenue was ₹ 8.3 crores and the PAT was ₹ 1.3 crores. The consolidated June quarter revenue is ₹ 832 crores and PAT is ₹ 141 crores compared to last year ₹ 222 crores of revenue and a PAT of ₹ 16 crores. Then he mentioned that the price to book value was low and the PE was less. So, basically since we are a CIC holding shares of Kirloskar Group Company because holding companies normally go at a discount to the book value besides share price is always driven by market forces and where we do not have any play. As far as splitting of shares is concerned I think with the board in his digital meeting takes a decision at the right time and yes you have sent us a number of questions which will be replied to and thank you very much for your interest in the Company. If you have no other questions.

**Moderator:** Sir that was the last question I would now like to hand the proceedings back to you chairman sir.

**Atul Kirloskar:** So, I would like to provide the details about the eVoting the remote eVoting period commenced on Saturday 7 August 2021, at 9 AM and ended on Monday 9 August 2021, at 5 PM. The facility for eVoting is available to those members who are present at the AGM and have not cast their vote by remote eVoting. Ms. Manasi Paradkar Practicing Company Secretary appointed as the scrutinizer to scrutinize the eVoting process in a fair and transparent manner and to provide the report thereto. The scrutinizer report will be submitted to the stock exchange within 48 hours from the conclusion of the annual general meeting and will also be uploaded at the website of the Company and NSDL. I am grateful to all the shareholders for taking the initiative to join the meeting through the video conferencing facility. I wish you all and your family members good health and safe future. The proceedings of the AGM will conclude at the end of the eVoting period and with your permission members of the board will log off now from the AGM. Thank you very much again.

**Moderator:** Thank you. The icon for eVoting is available on the screens which will redirect you on a separate window to the eVoting portal of NSDL. The eVoting facility will be active for 30 minutes from now. Thank you very much. Dear members as instructed by the scrutinizers requesting all the members participating in the AGM and who have not cast their vote yet to cast their vote in the remaining period of 10 minutes. Thank you. Scrutinizer the timing for eVoting has elapsed and we are of the view that all members who participated in the Annual General Meeting have been given adequate time and opportunity to vote at the AGM. With this, we conclude the proceedings of the AGM. Thank you all for participating in the AGM and eVoting. Thank you.