



## **KIRLOSKAR INDUSTRIES LIMITED**

### **30<sup>th</sup> ANNUAL GENERAL MEETING**

**ON WEDNESDAY, 25<sup>th</sup> SEPTEMBER 2024 AT 11.30 A.M. (IST)**

Proceedings of the Annual General Meeting through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

#### **Moderator**

Dear members, Good Morning and a very warm welcome to you all to the 30th Annual General Meeting of Kirloskar Industries Limited being conducted through video conferencing or other audio visual facility. As a reminder, for the smooth conduct of the meeting, members will be on mute mode and the audio and video will be enabled when shareholders are invited to speak at the AGM as per pre-registration. 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 the Company. Over to you, Sir.

#### **Chairman**

Thank you. The Company Secretary has informed me that the necessary quorum is present and I call the meeting to order. On behalf of the Board of Directors, I extend a warm and hearty welcome to all of you at the 30th Annual General Meeting of the members of the company. This meeting is being held through a video conferencing facility in compliance with the provisions of

the Circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India from time to time.

It's always a pleasure to connect with all of you and although virtual, it's a privilege to host you today. I trust all of you and your family members are well. I'd now like to introduce your directors.

I am Atul Kirloskar, Chairman of the Board.

**Mr. Mahesh Chhabria**, Managing Director.

**Ms. Aditi Chirmule**, Executive Director.

**Mr. Anil Alawani**, Non-Independent Director, and he's also the Chairman of the CSR Committee and the Stakeholders Relationship Committee.

**Mr. Vinesh Kumar Jairath**, Non-Independent Director.

**Mr. Satish Jamdar**, Independent Director and he is the Chairman of the Audit Committee and the Risk Management Committee.

**Mr. D. Sivanandan**, Independent Director and Chairman of the Nomination and Remuneration Committee.

**Mr. Tejas Deshpande**, Independent Director.

**Mr. Ashit Parekh**, Independent Director.

**Mr. Vijay Verma**, Independent Director.

**Ms. Purvi Seth**, Independent Director.

And now I'd like to inform you that the following persons are also attending this. **Mr. Anand Behati**, he is the Chief Financial Officer.

**Mrs. Ashwini Mali**, Company Secretary.

**Mr. Parag Pansare**, partner of a partner of Kirtane Pandit LLP, Chartered Accountants and the statutory auditors of the company.

**Mr. Mahesh Risbud**, Practicing Company Secretary and the Secretary Auditor of the company.

**Ms. Mansi Paradkar**, Practicing Company Secretary, Scrutinizer appointed for this Annual General Meeting.

The following registers and documents are available electronically for inspection during the AGM at the NSDL e-voting portal. Register of contracts or arrangements in which directors are interested, register of directors, key managerial personnel and their shareholding, statutory audit report, secretarial audit report, auditor's certificate on employee's stock appreciation rights plan Certificate on Employee Stock Appreciation Rights Plan, 2019.

The notice of this AGM and the annual report for the financial year 2023-2024 have been facilitated by email to the members of the company and are also available at the websites of the company, the BSE Ltd and the National Stock Exchange of India Ltd. 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 auditor's report and the secretarial audit report need not be read at the AGM since the same do not contain any qualifications, observations or comments.

I will now commence my address. Ladies and gentlemen, it gives me great pleasure to welcome you once again on behalf of my colleagues on the board and the management of the company to this annual general meeting through video conferencing.

As you are aware, your company operates as an unregistered core investment company with a primary focus on investing in the

securities of our group companies. This strategic approach enables us to leverage the value generated by these entities, ultimately delivering favourable returns to our stakeholders.

Going through the financial performance for last year, during the financial year 2023-2024, to focus on the real estate business of the company and that of its wholly owned subsidiary, the company sold its windmill business as a going concern to ISMT Ltd, a related party of the company. This strategic move aims to optimise returns on its investment portfolio. As the company awaits the requisite statutory approval to complete the sale, the company has categorised the windmill business operations as discontinued operations in accordance with the relevant accounting standards. The requisite statutory approvals and permissions are currently being pursued to complete the transaction.

At present, there are two main sources of income, that is property licensing fees and dividend income. During the financial year ending 31st March 2024, your company earned a total income of approximately Rs.134 crores as against Rs.115 crores in the previous year. The profit before tax for the financial year was Rs.102 crores against Rs.93 crores in the previous year. The increase in profit before tax is mainly on account of interest income and better returns on treasury investments.

Further details will be covered in the MD's presentation. The Board of Directors in its meeting held on 27th May 2024 has recommended a dividend of Rs. 13 i.e. 130% per equity share of Rs. 10 each for the financial year 2023-2024, subject to shareholders' approval.

Now, I will update you on the key highlights of our subsidiaries. Avante Spaces Limited initiated the mixed-use development of the

land parcel in Kothroot, Pune, in the year 2020 and has continued to make satisfactory progress. Despite navigating various challenges, including COVID-related obstacles and regulatory changes, Avante has successfully completed its first real estate project, marking a significant milestone in the journey.

The building is now ready for occupancy and fit-outs. During the year under review, Avante started realizing the revenue generated from the sale of certain units in the first project. The profit before tax for the year under review stood at Rs.88 crores.

Avante's second project, which is significantly larger, is progressing as planned. Details of this project will also be covered in the MD's presentation.

Coming to Kirlosur Ferrous Industries Limited, on August 8, 2024, The scheme of arrangement and merger of ISMT Ltd. which is the transferor company with Kirloskar Ferrous Industries Ltd. which is the transferee company and their respective shareholders pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act 2013 became operative effective from 1st April 2023.

Accordingly, Kirloskar Ferrous Industries is in the business of manufacturing of pig iron, castings, seamless tubes and pipes and has its manufacturing facilities located at Bevanhali village and in Hiriyur in Karnataka and Solapur, Amadnagar and Baramati and Jejuri in Maharashtra.

During the year under review, KFIL achieved net sales of 6,134 crores as compared to 6,399 crores in the previous year. Profit before tax for the year under review stood at 477 crores as compared to 619 crores of the previous year.

Now I turn to the first quarter results for your company. The results for the first quarter were approved by the Board on 14th August 2024. The total income for the first quarter ending 30th June 2024 is Rs. 16 crores. Corresponding previous year quarter was Rs. 29 crores. The profit after tax for the quarter stands at Rs. 6 crores. Corresponding previous year quarter was 12 crores. I am grateful for the support given to us by all of you, the shareholders, our bankers, our employees and all other relevant stakeholders.

Now I will request Mr. Mahesh Chhabria, Managing Director of the company to present an update on the operational overview of the company.

**Managing Director**

Thank you Chairman and good morning shareholders and fellow colleagues on the board. Let me begin by highlighting our key achievements for the year.

Before I begin, this is a safe hour statement that is mandatory for us to showcase so that you are fully aware of what we are going to be stating. These are the values that we live and breathe and are now part of our culture. I now begin the key highlights for the year. This year, Kirloska Industries Limited adopted the Integrated Reporting Framework. This step marks our commitment to transparency and comprehensive reporting. By aligning with global standards, we are providing stakeholders with a clearer view of how our investments create value over time. We strengthened our investment portfolio by making strategic investments. We acquired an additional 4.99% stake in ISMT for Rs. 121 crores, reflecting our confidence in its long-term growth.

Additionally, we invested Rs. 104 crores in Avante, signalling our commitment to the real estate sector. Treasury income primarily

received through dividends from group companies amounted to 60 crores. This steady income underlines the strength of our group entities.

Moving to ESG, our focus on environmental sustainability is evident through our subsidiary companies' approach towards ESG commitments. Kirloska Ferrous Industries Limited invested in a 200-megawatt renewable energy solar project. Avante, our real estate company, is focused on building a grade A building, which will strive for the highest standards of sustainability. Our project, one Avante, has earned prestigious certifications, IGBC platinum and lead gold.

I'll now begin with the KIL journey and roadmap. Our journey began with the demerger of Kirloskar Oil Engines Limited in 2010. This marked a significant transition where Kirloskar Industries took on the role of a holding company overseeing strategic stakes in various group companies.

KIL holds substantial stakes in leading companies like KFIL, which where the stake is 46.1% and owns 100% of Avante Spaces Limited, the key player in the real estate play. Over the years, we have evolved into a diversified holding company with investment across sectors. Post the merger of ISMD into Carefile, our combined shareholding stands at 46.1% as of June 30, 2024. We will continue to hold controlling stakes in the merged entity. Looking forward, our focus will remain on strengthening these investments and expanding our real estate portfolio through Avante.

This slide captures at a glance what we delivered over the last decade. Over the past decade we have seen a remarkable increase in KAL's book value from Rs 713 to INR 3901 per share. This

underscores the value we have been able to generate for our stakeholders. Our revenue model is built around three pillars – dividend income from our investments, income from lease premises and treasury income. Each of these have contributed to our steady financial growth over the years. Despite the challenges in the economic environment, we have maintained a diversified and resilient business model that continues to deliver stable returns. All our investing companies are on a growth trajectory and we expect to benefit from their sustained performance in the future.

Now over to the performance for FY23-24. The company owns lands and buildings thereon and apartments and offices in Pune, New Delhi and Jaipur. The company has given most of these lands and buildings and offices on lease and license basis to group and other companies. This income is reported under other income which was Rs. 26 crores for FY23-24. We are assessing the leased asset portfolio from monetization and potential development opportunities. During the year under review, the company received a total dividend of Rs. 61 crores. The revenue generated from discontinued operations of the windmill business remained consistent at around Rs. 3 crores in the fiscal year 2023-2024. The total income for the year was thus Rs. 134 crores. The profit after tax for the year was Rs. 75 crores.

This slide actually takes you through the evolving capital allocation that we do at the board level. Over the years, we have optimized our capital structure. Our investments in ISMT and KFIL, for example, reflect our focus on long-term growth. ISMT's recent merger with KFIL further strengthens the group.

As you are fully aware, we are an unregistered CIC, so we invest in only group companies. Our investment in listed companies have



performed well over the last few years. We continue to see significant value appreciation, further enhancing our ability to deliver returns to shareholders. Our listed investment spanning companies like Kirloskar Brothers, Kirloskar Oil Engines Ltd and Kirloskar Ferrous Industries have a combined market value of over 10,566 crores as of August 2024 against a book value of Rs 889 crores.

The merger of ISMT into KFIL completed in August 2024 highlights our ability to optimise the value from our investments through strategic mergers and acquisitions.

I now move over to the 100% subseries Avante Spaces Ltd. a Real Estate Company. This slide actually gives you a full layout presentation and an architectural impression of our first real estate project planned in the Kothrat area of Pune City. It is a mixed use development project. Plot A and C is a mixed use commercial building project with a completion timeline of 2028.

This slide captures the flavor of our first project which is called Van Avante. I am happy to report that Van Avante is now complete with an occupancy certificate received in March 2024. This project has earned prestigious certifications, IGBC Platinum and Lead Gold which reflects its adherence to the highest standards of sustainability. The building is designed to meet future needs, focusing on sustainability and modern design principles. These visuals show you both day and night views of the project, giving a glimpse of its aesthetic and architectural appeal.

This next slide actually shows you the actual picture of Vanavante. 1.76 lakh square feet commercial building in the heart of Pune city. The total cost of this full project was Rs. 221 crores. We sold 1.2 lakh square feet and realized a value of Rs. 233 crores resulting in

a gross profit of Rs. 96 crores. We have retained 0.6 lakh square feet for future leasing adding long term value. The details are covered in the following slides.

This is a detailed break-up for Vanavante. As you can see from the slide, the total sellable area is 0.18 million square feet. Of that, 0.12 million square feet has been sold and the balance 0.06 million is retained. The overall gross profit on sold and unsold area would have been 116 crores. In addition, occupants will benefit from common amenities, ensuring a premium experience and contributing to the ongoing revenue streams. We also plan to lease out portions of the building, which should generate additional rental income of around 15 lakhs per month.

The next slide is a plot A and C is a mixed-use commercial building. Like Vanavante, this project is being developed with green building standards in mind, holding IGBC Platinum and Lead Gold certifications.

It will also adopt well-being standards, further enhancing its sustainability credentials. This project is set to begin generating rental income from June 2028 with peak occupancy of 90% across office and retail spaces.

This is the actual progress on site for plot ANC. As you can see, significant progress has been made on plot ANC. The groundwork and basement levels are complete and we are now on track to meet the 2028 completion timeline.

I now move over to Kirloskar Ferrous Industries Limited, our subsidiary company. Kirloskar Ferrous Industries Limited continues to be at the forefront of India's manufacturing industry specialization in the production of pig iron and castings. Post the merger with ISMT Limited, the KFIL portfolio also includes steel

and seamless tubes. KFIL is now an integrated business model company encompassing mines to machine castings to steel and seamless tubes. KFIL is becoming a value added player in the steel value chain. These are the key manufacturing footprints of KFIL as visible on the slides.

The operations are spread across various locations in India including Pune, Jejuri, Baramati and Kopal with a total capacity ranging across different products as shown on the slide. With KFIL recent acquisition of Oliver Engineering, a 100% subsidiary of KFIL, KFIL now has 7 factories in 3 states.

This slide talks about the financial performance of KFIL. KFIL holds a leadership position in the casting business. It is ranked number one in India. It is also the second largest player in the pig iron business, reinforcing a strong market presence. Following the merger with ISMT, we expect further consolidation in our financial performance and an increase in market share. Overall, if you look at the long-term performance of KFIL, the 10 year CAGR is 20% for sales, EBITDA and PBT.

This slide outlines KFIL financial performance, shareholder funds and long term debt figures, all of which reflect the company's sound financial position. Prudent capital management and strategic creation for all shareholders.

Our people and community matter a lot to us. We recognize the importance of nurturing our talent. This year we have invested in leadership development programs and supported employees pursuing postgraduate courses to enhance their skills.

For attention to foster loyalty and a sense of ownership, we introduced the employee stock appreciation rights, ESARs. This aligns employee growth with company's growth. Through the SL

Kirloskar CSR Foundation, we continue to promote vocational training, benefiting over 100 economically disadvantaged youth in FY 2024. Thank you.

**Chairman**

Thank you, Mahesh. Now I request the moderator to allow speaker shareholders to ask their questions.

**Moderator**

Thank you Mr. Chairman. We will now invite questions and comments from our shareholders who have registered to speak at the AGM. Dear shareholders, when your name is announced, you will be sent an invitation to unmute your microphone. Kindly unmute your microphone, switch your camera on, and speak.

In the interest of time, may I request you to kindly limit your remarks to a maximum of two minutes. The management will provide collective responses to all questions received via email before the meeting, as well as those raised by speaker shareholders during this session.

Our first speaker shareholder is Mr. Sunil Kothari. Mr. Kothari, could you kindly unmute your microphone, switch your camera on and speak.

**Sunil Kothari**

Good morning and thanks for this opportunity. My hearty congratulations to you and your team, led by Mr. Chhabria, for very expectable performance during a little challenging time of 2023-24. My hearty congratulations are mainly also that from the Kirloskar group, Avente team has successfully delivered this first real estate project. I'm sure we'll be delivering many more over the

years. I've sent some queries just briefly I'm repeating this. We have spoken in the annual report about the increasing of stake in group companies including in the Kirloskar industries and we are also planning to continue exploring the opportunity to apply incremental capital. So a little bit more thought process on this will be really helpful.

Secondly, sir, what is your thought process on demerging our major subsidiaries of this holding company as well as listing real estate entities separately because real estate business also can create a respectable value over a time so your thought process on will be really helpful.

Considering our plans to scale up the real estate business, how are we preparing for this growth? Because it seems that we are very successful in the dealing with first project and second project is already on the way, but it is taking maybe a little longer in my or our opinion. So, to expedite the utilization of the real estate ability we have, the land we have, and what are our plans to bring the specialized team of a real estate industry. So thought process will be really helpful. We are basically experts of creating and building a very good innovative and a really useful real estate. One thing I'm not able to understand is why we are preferring leasing at not outright selling. Some clarification on your thought process will be really helpful.

And as yesterday I requested one analyst or investor day at Pune or Mumbai, offer a group company really will be helpful for all of the investors and existing surroundings. So just last point I would like to understand from you is, we have been given, I think, permission to sell some group companies like Kirloskar Brothers Sales. So what is the status and how we want to utilize those proceeds

whenever we were able to sell? That would be really helpful. My good luck and thanks a lot for opportunity.

**Chairman**

Thank you, Mr. Kothari.

**Moderator**

Our next speaker shareholder is Mr. Hardik Jain. Mr. Jain, could you kindly unmute your microphone, switch your camera on and speak. Hello, can you hear me?

**Hardik Jain**

Thank you for the opportunity. Basically, I am attending this AGM for the first time for Kirloskar Industries. Some of my questions are basic questions to understand the real estate business of our company. In the investment property on the standalone entity, we have mentioned that we have land building and some offices which we have leased out to group companies and we have earned a 27 crore rent income.

So, what would be the size of all these investment properties and let us say whenever you plan for redevelopment of these properties, what could be the potential square feet if you can mention.

My next question is regarding the Avante project. So, you have mentioned that 0.17 million we have already completed and 1.56 million will be developed by FY28. And other than that, we have mentioned 40 million square feet for future potential. So, will this be a part of this project only, the Kothrud land, this 40 million square feet which you have mentioned and all of this land is currently owned by Avante, Avanti to understand that.

We also have a plan to develop 75 acre at Khadki Pune which is owned by Kirloskar Industries. So, whether that is included in this 40 million square feet or this is a separate project itself.

And we are also exploring a development of a group company's land. So, all of, so how much would be the potential of those land banks and whether we have considered those also in this 40 million square feet. So, basically this 40 million square feet considers which projects if you can elaborate.

And we have planned to do JDA, JV also. So, what kind of size we are looking at and are we going to sign anything in near future, maybe this year or next year or this is more kind of a long-term aspiration. Thank you. Those were my questions. Thank you.

**Moderator**

Our next speaker shareholder is Mr. Vivek Rama. Sir, could you kindly unmute your microphone?

Sir could you kindly unmute your microphone?

Sir could you kindly unmute your microphone?

Mr. Ram. Could you kindly unmute your microphone?

We appear to have a technical and connectivity issue here. With that, all shareholders who registered to speak at this AGM and did log in have now been given an opportunity to express themselves. And I hand the proceedings back to our chairman. Over to you, sir.

**Chairman**

Thank you very much. Mr. Kothari, thank you for all your questions.

Your first question was about whether we want to increase our stake in group companies. You know that KIL or Kirloskar Industries is a core investment company and we can only invest in our group companies. I'm sure the board at the appropriate time and when the conditions are right will take a measured decision as to what the opportunities are in the market and take the decision at an appropriate time.

The second question that you had was similar. It was on demerging and any of the companies that we hold to release some shareholder value. Again with the distinguished board that we have, I am sure at the right time they will consider such a move and they will take this decision when the conditions are right.

You again mentioned something about scaling up of real estate business and you asked whether there is a specialized team in place. Yes, and in order to answer the question of Mr. Jain also at the same time, currently we are working on our first project which has two parts. It is covering an area of 7 acres. The first building is about 1,76,000 square feet which is complete. The second building which is a building in progress is about 18 lakh square feet. So it's almost 10 times the size. It will be completed in the year 2028. And at the present moment, we are looking at completing these two projects. Certainly, we have moved from a small building to a larger building. So yes, we will be looking at some more, let's say, qualified people to get into our team.

The fourth question you had was on why leasing and why not some other financial model. So one thing we would like to explain is that when you do, there are two types of buildings, one is commercial and the other one is residential. Residential buildings are normally sold but commercial buildings are leased and that is why since these are commercial buildings, we are in the leasing model. Your



last question was of course one that you also asked on the other company on attending some analyst meet. Yes, the analyst meet are held for analyst and for shareholders what I like to suggest Mr. Kothari is that on our company website all the question asked by the analyst and all the answers given by the management team are uploaded on our website as a matter of good governance. I would request you to please go through that so that you get a better flavor of the operations of the company.

Coming to Mr. Jain's questions.

Yes, the company has this first project which is on 7 acres and certainly has land area in Khadki, but that is much further down the road. I think our goal just now is to make sure that we complete the next project that we have which is 18 lakh square feet. It is a much bigger jump than our first project which was 180000 square feet let's say. So all our concentration just now is on this project. And in the future, yes, we would certainly look at some of the other land parcels that we hold or we can access.

I think that covers the questions that were asked. I would now like to give you details regarding the other general announcement. The members who are holding shares physically are requested to furnish their PAN, KYC details and nomination details through standardized forms available on the company's website, if not already done. This will help avoid these shares from being transferred to the IEPF. The company has sent individual reminder letters to all the members holding shares of the company in the physical form for furnishing the said details.

Now I'll come to e-voting. The remote e-voting period commenced on Sunday, 22 September 2024 at 9 am and ended on Tuesday, 24 September at 5 pm. The facility for e-voting is available to those

members who are present at the AGM and have not cast their votes by remote e-voting. Members may note e-voting on the NSDL platform will continue to be available for the next 30 minutes.

Ms. Mansi Paradkar, the Practicing Company Secretary, has been appointed as the scrutiniser to scrutinise the e-voting process in a fair and transparent manner and to provide the report thereto. A scrutinizer's report will be submitted to the Stock Exchange within 48 hours from the conclusion of the AGM and will also be uploaded at the website of the company and NSDL.

I am grateful to all of you, the shareholders, for taking the initiative to join this meeting through the video conferencing facility. I wish you all and your family members good health and a safe future. The proceedings of the AGM will conclude at the end of the e-voting period. Thank you very much.

**Moderator**

Thank you Mr. Chairman. The directors of the company may now log out of the meeting. E-voting is currently being conducted and will remain open for the next 30 minutes.

Thank you for voting at this AGM.

The time for e-voting has now elapsed. Thank you, dear shareholders, for joining this Annual General Meeting and for voting.