



“Kirloskar Industries Limited 28th Annual General Meeting”

August 09, 2022



MANAGEMENT:

MR. ATUL KIRLOSKAR (CHAIRMAN, KIRLOSKAR INDUSTRIES LIMITED)

MR. MAHESH CHHABRIA (MANAGING DIRECTOR, KIRLOSKAR INDUSTRIES LIMITED)

MS. ADITI CHIRMULE – EXECUTIVE DIRECTOR, KIRLOSKAR INDUSTRIES LIMITED

MR. SATISH JAMDAR – INDEPENDENT DIRECTOR AND CHAIRMAN OF THE AUDIT COMMITTEE AND THE RISK MANAGEMENT COMMITTEE, KIRLOSKAR INDUSTRIES LIMITED

MR. A. N. ALAWANI – NON-INDEPENDENT DIRECTOR AND CHAIRMAN OF THE CSR COMMITTEE AND THE STAKEHOLDER RELATIONSHIP COMMITTEE, KIRLOSKAR INDUSTRIES LIMITED

MR. D SIVANANDHAN – INDEPENDENT DIRECTOR AND CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE, KIRLOSKAR INDUSTRIES LIMITED

MR. VINESH KUMAR JAIRATH – NON-INDEPENDENT DIRECTOR, KIRLOSKAR INDUSTRIES LIMITED

MR. TEJAS DESHPANDE – INDEPENDENT DIRECTOR, KIRLOSKAR INDUSTRIES LIMITED

MR. VIJAY VERMA – INDEPENDENT DIRECTOR, KIRLOSKAR INDUSTRIES LIMITED

MS. PURVI SHETH – INDEPENDENT DIRECTOR, KIRLOSKAR INDUSTRIES LIMITED

MR. ANANDH BAHETI – CHIEF FINANCIAL OFFICER, KIRLOSKAR INDUSTRIES LIMITED

MRS. ASHWINI MALI – COMPANY SECRETARY, KIRLOSKAR INDUSTRIES LIMITED

MR. PARAG PANSARE – PARTNER OF KIRTANE PANDIT LLP, CHARTED ACCOUNTANTS AND THE STATUTORY AUDITORS OF THE COMPANY, KIRLOSKAR INDUSTRIES LIMITED

MR. MAHESH J. RISBUD PRACTICING COMPANY SECRETARY AND SECRETARIAL AUDITOR OF THE COMPANY, KIRLOSKAR INDUSTRIES LIMITED

Moderator: Dear members, Good morning and a very warm welcome to you all to the 28th Annual General Meeting of Kirloskar Industries Limited through video conferencing mode. 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 the company. Over to you, Sir.

Atul Kirloskar: Thank you Tanvi and good morning to all of 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 hearty welcome to all of you at the 28th Annual General Meeting of the members of the Company. This AGM is being held through video conferencing facilities in compliance with the provision of the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India from time-to-time. It is always a pleasure to connect with all of you and although virtual it is a privilege to host you today and I trust all of you and your family members are well.

I would 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. Satish Jamdar – Independent Director and Chairman of the Audit Committee and the Risk Management Committee, Mr. A. N. Alawani – Non Independent Director, he is also Chairman of the CSR Committee and the Stakeholder Relationship Committee, Mr. D Sivanandhan is an Independent Director and Chairman of the Nomination and Remuneration Committee, Mr. Vinesh Kumar Jairath – Non Independent Director, Mr. Tejas Deshpande, Independent Director, Mr. Ashit Parekh, Independent Director, Mr. Vijay Varma, Independent Director and Ms. Purvi Sheth, Independent Director.

I would also like to inform you that the following persons are attending the meeting. Mr. Anandh Baheti, Chief Financial Officer, Mrs. Ashwini Mali – Company Secretary and Mr. Parag Pansare – Partner of Kirtane Pandit LLP, Chartered Accountants and the Statutory Auditors of the company, Mr. Mahesh J. Risbud Practicing Company Secretary and Secretarial Auditor of the company. The following registers, documents are available electronically for inspections during the meeting. The first one is the 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 and Auditor Certificate on Employee Appreciation Rights Plan, 2019.

The Notice of this AGM and the annual report for the Financial Year 2021-2022, have been facilitated by email to all the Members of the Company and are also available at the websites 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 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. Good morning to you, Ladies and gentlemen. It gives me great pleasure to once again to welcome you on behalf of my colleagues on the Board and the management of the Company to this Annual General Meeting through video conferencing. During the Financial Year 2021-2022 in spite of the continuous impact of COVID-19 the company managed its business with the support of the company's employee. During the year the Kirloskar brand underwent a logo refresh and adopted the 'limitless' business vision, which continuous to inspire the Company to perform for the benefit of the company's stakeholder and society.

As you must have seen from the Annual Report, there have been changes in the Board of Directors of the Company in the Financial Year 2021-2022. Mr. Vijay Verma joined the board as an Independent Director with effect from 15th October 21. Mr. Sunil Shah ceased to be Director of the Company with effect from 19th October 2021, on completion of his tenure as an Independent Director. Ms. Aditi Chirmule was reappointed as the Executive Director of the Company for the further period of five consecutive years with effect from 25th January 2022. Mr. D Sivanandhan was reappointed as Independent Director to hold office up to 2nd February 2026 with effect from 11th May 2022. Mr. Nihal Kulkarni resigned as a Director of the company with effect from 9th February 2022.

There have been additional changes in the Board of Directors of the Company in the current financial year. Mr. Mahesh Chhabria was reappointed as the Managing Director of the Company for a period of five consecutive years with effect from 4th July 2022, Mr. Ashit Parekh was reappointed as an Independent Director to hold office for a second term of five consecutive years with effect from 4th July 2022 up to 3rd July, 2027. Ms. Purvi Sheth joined the Board as an Independent Director with effect from 26th May 2022 and Mrs. Mrunalini Deshmukh resigned as an Independent Director of the Company with effect from 27th May 2022. I would like to take this opportunity to welcome the new members of the Board and also place on record the Company's appreciation of the contributions made by Mr. Sunil Shah Singh, Mr. Nihal Kulkarni and Mrs. Mrunalini Deshmukh to the development of the Company.

Let me now take you through the financial performance of the Financial Year 2021-2022:

You are all aware that your company has three main sources of income that is sale of wind energy, property licensing fees and dividend income. During the year ended 31st March 2022 your Company earned a total income of approximately ₹ 103 crores against ₹ 58 crores in the previous year. During the financial year 2021-2022 your company received a final dividend of ₹ 46 crores against ₹ 9.5 crores during the previous year. The total dividend inflow during the fiscal year under review was ₹ 66 crores against ₹ 25 crores in the previous year. Wind generated revenue of ₹ 2.32 crores in 2021-2022 as against ₹ 1.89 crores in 2020-2021 a growth of

approximately 20% on year-on-year, due to the corrective steps taken by the management for improving the monitoring systems of operations and maintenance of windmills 8,778 RECs were sold during the year which resulted in a revenue of around ₹ 1 crore and the Company continues to hold 7,676 unsold RECs as on 31st March 2022.

The Company owns land and building thereon and apartments and offices in Pune, New Delhi and Jaipur. The company has given most of these land and building and offices on leave and license basis to group and other companies which has generated a revenue of ₹ 27 crores as on 31st March, 2022 as against ₹ 25 crores as on 31st March, 2021. Company also earned treasury income of around ₹ 1 crore as interest on fixed deposits during this fiscal year. The Profit Before Tax for the Financial Year is ₹ 80 crores against ₹ 32 crores. The substantial increase in profit before tax is mainly due to the higher dividend income from the investee company.

I shall now appraise you of the other businesses of your Company. So, let me go to real estate first. Avante Spaces Limited a Wholly Owned Subsidiary is executing our vision of real estate development of land parcels owned by the Company and the Subsidiary. The development in Kothrud will result in the creation of a new destination for grade A office spaces in Pune which in turn will contribute to all around development of the area and community. I will now turn to the wind mill business as you are aware the company owns 7 windmills with a total installed capacity of 5.6 Megawatt.

In the Financial Year 2021-2022 our windmills generated net wind energy of around ₹ 0.82 crore units of electricity as against ₹ 0.68 crore units in the previous year showing an increase of 20% over the previous year. The Company has the necessary open access permissions and is selling the wind power unit generated to a leading electric power distribution company which has ensured regular monthly revenue realization. All wind mills are registered with the National Load Despatch Centre and are eligible for the renewable energy certificates which is RECs. We will explore opportunities in green energy development and walk the path of being an environmentally sustainable and socially responsible Company.

I will now turn to the other businesses. The Company continues to be an 'Unregistered CIC' and invests its surplus fund in fixed deposits and liquid funds. These investments stood at 12 crores on 31st March 22 as against Rs. 82 crores as on 31st March 21. During the year under review the Company liquidated its entire portfolio of mutual funds and used the proceeds to give a loan to Avante Spaces Limited, a Wholly Owned Subsidiary of the Company for the development of its real estate activities. During this fiscal year, the Company made investments of ₹ 15 crore in equity capital of Avante and also purchase one preference share of Kirloskar Proprietary Limited.

Now moving on to dividend. Your directors have maintained the dividend of ₹ 10 per equity share of ₹ 10 each that is 100% of dividend for this year the same as last year which will be paid to the eligible members subject to their approval.

Coming to business or subsidiaries of the Company Avante Spaces Limited has taken various measures for the development of land parcels in Kothrud in the following phases.

- Plot B and then
- Plot A and C and
- Plot D.

The work is continuing for project execution on plot B on design for plot A and C and on statutory funds for plot A and C and D.

The increase in commodity prices would have substantially impacted the project cost on plot B, however, with prompt mitigating efforts by Avante the total project cost on plot B has been contained to the budgeted cost and phase wise update let me go to the project on plot B. Despite the pandemic disturbance and the inflationary pressures Avante is on course to complete the first project by October 2023 and commencing leasing the mixed-use premises and measuring is about 1,55,000 square feet by December 2023.

Project on plot A and C on the basis of inputs received from various international property consultants and design consultants, Avante is in the process of finalizing the plans for the plot A and C under the Unified Development Control Regulation (UDCR) and execution strategy is being fine-tuned to maximize the revenue potential of the project.

The estimated leasable area from the planned project is about 1.4 million square feet.

Project on plot D has various reservations and Avante is in the process of planning a development strategy. During the year, Avante spent around ₹ 120 crores on real estate development activities. Recently, Avante has availed a construction finance facility from ICICI Bank amounting to ₹ 120 crores to complete the project on plot B.

Coming to Kirloskar Ferrous Industries Limited which is a subsidiary. During the year, Kirloskar Ferrous Industries Limited acquired management control over Indian Seamless Metal Tubes (ISMT) on 10th March 2022 and now holds 51.25% equity share capital of ISMT. Consequently, ISMT has become a subsidiary of KFIL with effect from 10th March 2022 and ISMT has also become a fellow subsidiary of the Company with effect from 10th March 2022. Through this acquisition of ISMT, KFIL is now in the business of steel manufacturing and seamless tubes. KFIL achieved net sales of ₹ 3,615 crores as against ₹ 2,038 crores in the previous year. KFIL maintained its leadership position in the casting business, which recorded a growth of 24% over the previous year. With substantial capacity utilization improvement in foundry line II at the Koppal plant. ISMT achieved a net sale of ₹ 2,124 crores as against ₹ 1,217 crores in the previous year.

Now I turn to the first quarter results for the financial year 2022-23 of the Company. The results for the first quarter were approved by the board yesterday that is on 8th August 22. I am sure most of you would have gone through the published results. For those of who have not been able to go through these results I would like to highlight them here. The total income for the first quarter ended 30th June 22 is ₹ 8.69 crores corresponding previous year quarter is ₹ 8.29 crores and the profit after tax for the quarter stands at ₹ 2.41 crores corresponding previous year quarter was ₹ 2.86 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. Mr. Mahesh Chhabria the Managing Director of the Company, will now present his presentation. Thank you very much.

Mahesh Chhabria:

Thank you Mr. Chairman. Welcome all of you shareholder to this AGM of Kirloskar Industries Limited. It is very clearly explained to each one of you all aspect of each of our business segments in all of the subsidiary company performance. I am only going to present snapshot what he just told you in a speech. As you are all aware we are practicing Kirloskar values. This slide actually presents a snapshot of our performance over the last decade. As is visible to all of you we have actually grown our revenues over the last 10 years and have delivered ₹ 103 crores of total income for 2021-2022. The profit after tax has also moved up to ₹ 61 crores in this fiscal year and so as the shareholder fund moved to around ₹ 1,614 crores in this period.

I now take you to the next slide which is a snapshot of all our business segments. Income from windmill and leasing was approximately ₹ 30 crores during 2021-2022 as against ₹ 27 crores the last year. Other income was ₹ 72 crores versus 31 crores last year and profit after tax moved to ₹ 61 crores from ₹ 27 crores last year.

Coming back to our windmill operations as the Chairman rightly pointed out 7 windmills in operation generating 5.6 megawatt in Ahmednagar District of Maharashtra all plans operated and generated 20.31% plant load factor. The revenue from windmill include energy sold to third parties and renewable energy credit realized. As a group we have a philosophy of investing in sustainable development and we will continue to explore options of investing in renewable energy space going forward. The total revenue that is received from leasing activities was ₹ 27.1 crores for the fiscal year 2021-2022. We have leased out 6,85,844 square feet of around real estate space to various companies in our group as is visible to you on this slide.

Now moving to our wholly owned subsidiary Avante Spaces as the Chairman rightly pointed out we are developing the Kothrud land parcel which has a potential of 1.8 million square feet. We are conscious that we got to be environment friendly and therefore are progressing towards investing in low energy consumption, decreasing carbon emissions and waste along with conserving water and prioritizing using safer materials and limiting our exposure to pollutants through sustainable design, construction and operations. We are also planning to obtain certification from the Indian Green Building Council IGBC. Our designs will be inspirational and will cover all future needs of our potential customers, for instance, with the rise in electric vehicle mobility and the government emphasis on reducing the dependence on fossil fuels. Our

blue prints will be designed to adapt to provide sufficient parking space with EV charging points in this development at Kothrud.

Now moving to plot B as the chairman has already eluded to it we will be ready with our first development of about 1,55,000 square feet area leasable area on this plot in the middle of 2023. On plot A and C based on input received from various consultants and design consultants we are in the midst of evaluating and finalizing our plan for plot A and C under the new UDCR Regulation and our execution strategy will be fine tuned to maximize the potential revenue targets of on this land parcel as well. The estimated leasing area on this project is going to be approximately 1.4 million square feet.

As talked about by the Chairman again on plot D there are various reservations and we are in the midst of examining and planning a strategy to maximize the full development potential on this land parcel as well. These are some of our side photograph of plot B. As can be seen on the left hand side, we are well and truly underway and the 6th floor slab has been fully cast and we are right now executing the 7 floor slab at the same site and the pictures on the right also depict of the work in progress on the same plot B.

Some more side progress photographs on plot B and as I said we would be ready to examine handing over for fit out of this land parcels towards July 2023. Of course, none of this is possible without full and cooperation from our employees and which is our family and an enlarge family. We have taken all employees on board; we have a team in place both for our managing our wholly owned business subsidiaries as well as our real estate development projects. We have also ensured that with the advent of COVID we conduct full vaccination drives and all our employees have been fully vaccinated. We also have ensured that we have health and life insurance policies. We have invested in skilling them and we also have annual get together and have also recognized value champions and consequent to all of this we have come out with an engaging score of 82%. Skilling is important because without skills we cannot actually execute our plans and be future ready and constant learning is an important tool to stay relevant to the times and to be relevant in business going forward and to succeed in whatever we plan to execute. Thank you.

Atul Kirloskar:

I now request Moderator to allow the speaker shareholders to ask their questions.

Moderator:

We do not have any registered speaker shareholders I request you to continue with the proceedings.

Mahesh Chhabria:

I have to give you some details about our general announcement. As per SEBI circular dated 3rd November 2021 read with the clarification dated 14th December 2021 it is mandated that all the listed companies to record the Pan nomination, KYC details of all the shareholders and bank account details of the first holder along with the KYC letters and requisite forms thereto which are available on the website of the Company and on the website of link in time India Private

Limited the Registrar and Share Transfer Agent of the Company. In view of the aforesaid we request you to submit the requisite investor service request form along with the requisite supporting documents as stated therein at the earliest.

Further, pursuant to the provisions of Regulation 40 into bracket one of the Securities and Exchange Board of India listing obligations and disclosure requirements Regulations 2015 request for affecting transfer of securities shall be processed only if the securities are held in the dematerialize form with our depository. Transposition of securities held in physical or dematerialized form shall be affected only in demat form.

Now I will provide the details about the e-voting. The remote e-voting period commenced on Saturday 6th August 2022 at 9 am and ends on Monday 8th August, 2022 at 5 pm. The facility for e-voting is available to those members who are present at the AGM and have not cast their vote by remote e-voting. Ms. Manasi Paradkar Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner and to provide the report thereon. The Scrutinizers report will be submitted to the Stock Exchange within 48 hours from the conclusion of the AGM and will also be updated at the website of the company and NSDL. I am grateful to all the shareholders for taking the initiative to join the meeting through this video conferencing facility. I wish you all and your family members good health and a safe future. Proceedings of the AGM we will conclude at the end of the e-voting period and with your permission members of the Board of Directors will log off now from the AGM. Thank you very much.