

2 August 2024

BSE Limited
Corporate Relationship Department
1st Floor, P. J. Towers,
Dalal Street, Fort,
Mumbai 400 001.

BSE Scrip Code: 500243

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051.
NSE Scrip Code: KIRLOSIND

Sir / Madam,

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Kirloskar Industries Limited (“**Company**”) is a shareholder of Kirloskar Brothers Limited (“**KBL**”) and holds 23.91% of the paid-up equity share capital of KBL. The Company, as the largest minority shareholder of KBL, has been raising serious concerns pertaining to the affairs of KBL for the past 2 years. The said concerns were once again raised by the Company’s Managing Director, Mr. Mahesh Chhabria, on behalf of the Company, at the Annual General Meeting of the shareholders of KBL (“**KBL AGM**”) held on 2 August 2024, especially in light of the recent order passed by the Hon’ble NCLT holding oppression and mismanagement in the affairs of KBL.

Please see enclosed, the speech made by Mr. Mahesh Chhabria at the KBL AGM held on 2 August 2024.

We regret to note that once again, no satisfactory answers were provided to the questions and concerns raised by Mr. Chhabria on behalf of the Company.

Thanking you,

For Kirloskar Industries Limited

ASHWINI
VIJAY MALI

Digitally signed by
ASHWINI VIJAY MALI
Date: 2024.08.02
17:38:58 +05'30'

Ashwini Mali
Company Secretary &
Compliance Officer

Enclosed: As above.

August 2, 2024 @ 2:30 p.m.

I am Mahesh Chhabria, the MD of Kirloskar Industries Limited, the largest minority shareholder of KBL. I assure you that I will be brief and request you to not interrupt me.

Many of you may not be aware, Ld. NCLT has held that a case of oppression and mismanagement has been made out against KBL and has categorically held that the affairs of KBL are not being conducted in a transparent and independent manner. NCLT has held that the KBL Board has acted arbitrarily and that KBL is not a neutral party (as required by law) in the disputes amongst the Kirloskar family members and is siding with Mr. Sanjay Kirloskar. These are serious findings, which have not been truthfully and completely disclosed by KBL. Urgent corrective actions need to be taken by us as shareholders and the KBL Board in taking cognizance of the grave findings in the NCLT Order. I am sure Mr. Sanjay Kirloskar, and the partisan Board will be quick to point out that they have as expected appealed against this Order before the Ld. NCLAT. However, since the NCLT Order is not yet stayed or set aside, the shareholders need to know of it.

I had spoken at last year's AGM too as well as at the EGM requisitioned by KIL in December 2022 and had pointed out several irregularities and mismanagement instances including misuse of public money with a hope that the independent directors will finally wake up to their responsibilities and stop being puppets at the hands of Mr. Sanjay Kirloskar. However, I was disappointed to see absolutely no action being taken on even a single point that I had raised. I am duty bound to KIL's shareholders as a listed company to continue to raise such concerns. NCLT has made serious findings against KBL's Board, Mr. Sanjay Kirloskar, the CMD, his family as well as the Compliance Officer.

I would like to highlight the following key findings of the NCLT Order, since KBL has not thought it fit to be disclosed:

1. There are instances of mismanagement in the affairs of KBL.
2. The Compliance Officer of KBL and the KBL Directors (including independent directors) have acted arbitrarily in contravention of the Code of Conduct of KBL.
3. The affairs of KBL, being a listed public company, are not being conducted in a transparent and independent manner.
4. The DFS is a private agreement entered amongst the Kirloskar family to equalize the wealth amongst the different factions of the Kirloskar family.
5. There is no clause in the DFS that gives exclusive ownership of KBL to Mr. Sanjay Kirloskar and his family.

6. Section 58(2) of the Companies Act, 2013 is not applicable in respect of shares of KBL as the DFS does not have any provision that restricts any party thereto from transferring or dealing in the shares of KBL. The facts and circumstances and the manner in which the DFS was taken on record by KBL Board especially the timing of the same i.e., almost 7 (seven) years after the execution thereof, makes it evident that the DFS was taken on record at the behest of Mr. Sanjay Kirloskar to ensure that KBL is bound by the same in furtherance of Mr. Sanjay Kirloskar's claim of complete ownership and control thereof, without taking into consideration the purport of DFS.
7. The affairs of KBL are influenced and coloured by the aspirations of Mr. Sanjay Kirloskar and his family members.
8. KBL, a public listed company, has not remained a neutral party, contrary to settled law.
9. Mr. Sanjay Kirloskar and his family want to run the affairs of KBL, a public listed company, as per their whims and without any interference. This has impacted the independence and decisions of the KBL Board, KBL's Compliance Officer and KBL's participation in legal proceedings.

While the above are the actual findings of the NCLT, the same have been hidden from the public.

It was disappointing to note that the mismanagement in KBL has not ended. Despite the serious findings against KBL and its management, KBL has blatantly made an incorrect and misleading stock exchange disclosure stating that there is no *"material impact of the said Order of the Hon'ble NCLT on the business operations of the Company."* Such false and misleading statements have been made in complete contravention of the SEBI regulations. It may not be out of place to mention that one of the key grounds in the appeal filed by KBL is that the NCLT Order has serious ramifications, effects and consequences which are bound to adversely impact its large number of shareholders. It is disappointing to note that the Board including its independent directors are still continuing the unlawful actions, and they have yet again chosen to not discharge their fiduciary duties. Despite being called upon by KIL to rectify the said false and misleading disclosure, there has been no response from KBL till date and neither has KBL taken any steps to rectify the said disclosure. When will the Board wake up? We call upon this Board to resign after such direct and strong findings of the Ld. NCLT.

All the findings under the NCLT Order reinforce the lack of transparency and corporate governance issues in the affairs of KBL and misutilization of its funds and resources. **When will we see any action by the KBL Board in respect of the same, especially in light of the categorical findings of the Hon'ble NCLT?** Our repeated requests to KBL seeking explanations in this regard, remain unanswered.

I reiterate that **CRORES OF RUPEES** have been spent by KBL on these legal matters in addition to the enormous valuable management time and resources being spent on fighting these cases, merely to further the ulterior and personal motives of Mr. Sanjay Kirloskar. From the outcome of cases against KBL, you will agree that both money and time have been wasted and the machinery of a public listed company has been misused, at the cost of minority shareholders of KBL.

At the time of the KBL EGM held on December 8, 2022, one of the proxy advisory firms in its report, had recommended that the KBL Board should in good faith “claw back” from Mr. Sanjay Kirloskar, legal expenses incurred by KBL, if the courts decide against KBL and Mr. Sanjay Kirloskar. In light of the serious findings in the NCLT Order, we urge the KBL Board, especially its independent directors to immediately take steps to claw back from Mr. Sanjay Kirloskar, monies that have been spent by KBL on cases which have been decided and dismissed against KBL.

I hope we see some action from the Board now. I call upon the Chairman to address each of these points specifically in his reply to the shareholders’ queries in this AGM.

Thank you.

Mahesh Chhabria
Managing Director, Kirloskar Industries Limited