

Chairman's Speech

Annual General Meeting on 11th August 2023

The fiscal year 2023 has been characterized by a global economic recovery, marked by resilience and adaptation to the challenges posed by the unprecedented events of the past few years.

India's economy has also demonstrated remarkable resilience during FY 2023. The stable macroeconomic environment has provided a favourable backdrop for our operations, enabling us to explore new avenues for expansion while maintaining financial prudence.

We are also seeing a great amount of interest in India as a manufacturing hub. With the right push from the government and a conducive business environment, as a country, we are well poised to capture this opportunity.

On the B2B side, the CPCB4+ emission norms in the Power Gen industry and our readiness for it was the biggest highlight for the year. We had always stated as an organization our commitment to stay in the internal combustion engine space, and that we will make the technology transitions along with the industry. We were the first in the industry to certify our entire genset range to the latest CPCB4+ norms. These norms are on par with the most stringent diesel emission norms in the world. We will remain committed to our focus

on engineering and the industry transitions, whether with newer emissions norms or with alternate fuels, and fit for the markets that we operate in.

We have made progress in our roadmap for entry into the High Horsepower ranges and you will hear more about it from the business teams in the coming days.

On the B2C side, our focus on deepening and widening the channel is progressing well and we are beginning to see the results. The business has turned profitable, and I am confident the team can sustain and improve these results.

As a responsible corporate entity, we recognize the critical importance of sustainability. At the heart of our efforts, we are firmly committed to reducing our carbon footprint, conserving resources, and advocating responsible manufacturing practices as the core pillars of our initiatives. Our commitment to sustainable business practices extends across various aspects, including our products, manufacturing procedures, human resources protocols, and our rigorous adherence to elevated standards in accounting and financial practices. Notably, our Kagal factory operates as a carbon-neutral facility, underlining our dedication to sustainability within our manufacturing operations.

Our products, especially with the latest emission norms, are comparable to global standards in emissions, we have a wide range available for alternate fuel gensets, and options such as retrofitted emission control devices and dual fuel kits.

Business Highlights - FY 2022-23

Looking at the standalone financial performance for the full year 2023, there has been a significant improvement. The gross sales for the year amounted to Rs 4,073 crores, that is an increase of 25% compared to the previous year's Rs 3,268 crores.

EBITDA was at Rs 427 crores in FY23 compared to Rs 269 crores (excluding a one-time gain of Rs. 53 crores from Sale of shares Arka Fincap Limited) in FY 2022, representing a 59% year-on-year increase.

These results highlight the company's strong performance and strategic efforts, positioning it for continued success in the future.

Subsidiaries' Performance FY 2022-23

La Gajjar Machineries private limited at the consolidated level reported total income of INR 578 crores and turned profitable this year with net profit of INR around 5 crores. Please note that we acquired additional stake in LGM this year thereby making it our 100% subsidiary.

ARKA Financial Holdings Private Limited reported total income of INR 373 crore and a net profit of INR 61 crore

Kirloskar Americas Corporation recorded revenue of USD 3.5 million and net profit of USD 98,000.

Performance for Q1 FY 2023-24

On a Standalone basis, the revenue from operations for the quarter ended 30 June 2023 stands at Rs. 1265 crores as against Rs. 953 crores for the corresponding quarter of 2022-23. Profit before tax for the quarter is Rs. 139 crores, as against Rs. 87 crores for the corresponding quarter of 2022-23.

On a Consolidated basis, revenue from operations for the quarter ended June 30, 2023, stands at Rs. 1543 crores as against Rs. 1191 crores for the corresponding quarter of 2022-23. Profit before tax for the quarter is Rs. 170 crores, as against Rs. 110 crores for the corresponding quarter of 2022-23.

We are committed to enhancing shareholder value and maintaining the regular distribution of dividends out of our earnings. In view of KOEL's strong performance in FY 2023, the Board has proposed a final dividend of Rs 2.50 per Equity share, subject to shareholders' approval. Together with the interim dividend of Rs 2.50 per Equity

share paid in March 2023, this brings our total dividend for the year to Rs 5.00 per Equity share (i.e., 250% dividend).

Note of gratitude

On behalf of KOEL, I would like to thank all our shareholders, board of directors, business partners, customers, and employees for a long-term commitment to the Group.

I wish the team all the very best.

Thank you, ladies and gentlemen!