

## **Chairman's Speech**

### **Annual General Meeting on 8<sup>th</sup> August 2024**

Despite widespread uncertainty due to prolonged geopolitical conflicts, the global economy has demonstrated remarkable resilience throughout 2023-24.

India has sustained its position as one of the fastest-growing major economies. This growth has been underpinned by robust fundamentals, including increasing capital expenditure in stock exchanges, deleveraged balance sheets of leading businesses, fiscal consolidation, manageable external balance, and substantial foreign exchange reserves.

India is also attracting significant interest as a manufacturing hub. With the right support from the government and a conducive business environment, we are well positioned to seize this opportunity.

### **Business Segment Updates**

#### **B2B Segment:**

FY 2023-24 marked a successful transition from CPCB II to CPCB IV+ emission norms for our Powergen products. We are evolving from a diesel engine manufacturing company to a technological leader in

power and energy systems. This transformation is driven by our focus on internal R&D, progress on our defined technology tracks, and fostering innovation within our team.

We are significantly expanding our product range, both in terms of power ranges, and fuels. We also offer Internal Combustion Engine (ICE) products designed to run on a variety of fuels, including Hythane, Natural Gas, Ethanol, Methanol, and Hydrogen. Our aim is to ensure these products are ready as these fuels become more accessible. We have made significant strides in the High Horse Power segment with new products like OptiPrime, and we are hopeful that we will gain substantial market share due to this innovative solution. Additionally, we are actively researching and developing non-ICE power generation technologies, such as fuel cells, hybrid products, batteries, and microgrids.

On the industrial engines business, we won the biggest single order worth INR 768 crore from Nuclear Power Corporation of India Limited this year. We have also won a larger share of business from our existing construction OEM's as well as acquired new ones. Our Railways business has witnessed a very good turnaround, and has now crossed 107 Crores.

International expansion is a key strategic priority. During the year, we acquired 51% share of Engines LPG LLC through a wholly owned subsidiary Kirloskar Americas Corporation which is a step towards business expansion and to enable market development in Powergen applications for the North American markets. We also appointed MYSPAN POWER SOLUTIONS FZE as our exclusive GOEM for the Middle East and North Africa Region.

### **B2C Segment:**

This year, we witnessed a significant improvement in profitability due to our deepening and widening strategy coupled with operational alignments. We also completed amalgamation of Optiqua Pipes and Electricals Private Limited with LaGajjar Machineries Private Limited. We are optimistic about the potential this business holds and look forward to achieving operational efficiencies from the upcoming facility at Sanand, which will help us consolidate our manufacturing locations.

### **Business Highlights - FY 2023-24**

Now I will give an update of the standalone financial performance for the full year 2024. The sales for the year amounted to Rs 4,806 crores, that is an increase of 18% compared to the previous year's Rs 4,073 crores.

EBITDA was at Rs 564 crores in FY24 compared to Rs 429 crores in FY 2023, representing a 31% 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 2023-24**

La Gajjar Machineries private limited at the consolidated level reported total income of INR 557 crores and with net profit of INR 25 crores.

ARKA Financial Holdings Private Limited at the consolidated level reported total income of INR 572 crore and a net profit of INR 67 crore

Kirloskar Americas Corporation at a standalone level recorded revenue of USD 3 million and net loss of USD 11K.

This year we acquired 51% stake in Engines LPG LLC, i.e Wildcat, this company recorded revenue of USD 0.36 million and net loss of USD 0.67 million post acquisition.

## **Performance for Q1 FY 2024-25**

On a Standalone basis, the revenue from operations for the quarter ended 30 June 2024 stands at INR 1,343 crores as against INR 1,265 crores for the corresponding quarter last year. Profit before tax for the quarter is INR 181 crores, as against Rs. 139 crores for the corresponding quarter of FY 2023-24.

On Consolidated basis, the revenue from operations for the quarter ended 30 June 2024 stands at INR 1,636 crores as against INR 1,543 crores for the corresponding quarter last year. Profit before tax for the quarter is INR 211 crores, as against INR 170 crores for the corresponding quarter of FY 2023-24.

We are committed to enhancing shareholders' value and maintain regular distribution of dividends out of our earnings. In view of KOEL's strong performance in FY 2024, the Board has proposed a final dividend of INR 3.50 per Equity share, subject to shareholders' approval. Together with the interim dividend of INR 2.50 per Equity share paid, this brings our total dividend for the year to Rs 6.00 per Equity share (i.e. 300% dividend).

## **Note of gratitude**

On behalf of KOEL, I extend my heartfelt gratitude to all our shareholders, board of directors, business partners, customers, and employees for their unwavering commitment to the Group.

I wish the team all the very best.

Thank you, ladies and gentlemen!