

Kirloskar Oil Engines Limited

Transcript of 12th Annual General Meeting held on 12th August 2021

12th Annual General Meeting of the Members held on Thursday, 12th August 2021 through Video Conferencing facility

Board of Directors:

Sr. No.	Name of Director	Designation
1	Mr. Atul C. Kirloskar	Executive Chairman
2	Mr. Sanjeev Nimkar	Managing Director
3	Mr. M. Lakshminarayan	Independent Director (Chairman of Audit Committee and Risk Management Committee)
4	Mr. Satish Jamdar	Independent Director (Chairman of Nomination and Remuneration Committee)
5	Mr. Rahul Kirloskar	Non Independent Director (Chairman of Corporate Social Responsibility Committee)
6	Mr. Nihal Kulkarni	Non-Independent Director
7	Mr. Mahesh Chhabria	Non-Independent Director
8	Ms. Gauri A. Kirloskar	Non-Independent Director
9	Mr. Vinesh Kumar Jairath	Non-Independent Director
10	Mr. Sunil Shah Singh	Independent Director (Chairman of Stakeholders Relationship Committee)
11	Mrs. Mrunalini Deshmukh	Independent Director
12	Mr. K. M. Abraham	Additional Independent Director
13	Dr. Shalini Sarin	Additional Independent Director

Moderator:

Dear shareholders, Good morning and warm welcome to you all to the 12th Annual General Meeting of Kirloskar Oil Engines Limited through video conferencing or other audio-visual facility. 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 would now like to hand the proceedings over to Mr. Atul

Kirloskar – Executive Chairman of Kirloskar Oil Engines Limited. Thank you and over to you, sir.

Atul Kirloskar:

Thank you Janis. Good morning to everyone. The Company secretary has involved in the someway that the necessary quorums 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 12th Annual General Meeting of the members of the Company. I hope all of you are safe and in good health. The present AGM is being held through video conferencing facility in compliance with the circulars issued by the ministry of corporate affairs and the securities and exchange board of India from time-to-time.

I would now like to introduce directors. I am Atul Kirloskar – Executive Chairman, Mr. Sanjeev Nimkar – Managing Director, Mr. M Lakshminarayan and Chairman of the Audit Committee as well as the Risk Management Committee, Mr. Satish Jamdar is an Independent Director and Chairman of the Nomination and Remuneration Committee, Mr. Rahul Kirloskar – Non Independent Director and Chairman of the Corporate Social Responsibility Committee, Mr. Nihal Kulkarni – Non Independent Director, Mr. Mahesh Chhabria – Non Independent Director, Ms. Gauri Kirloskar – Non Independent Director, Mr. Vinesh Kumar Jairath – Non Independent Directors, Mr. Sunil Shah Singh – Independent Director and Chairman of the Stakeholder Relationship Committee, Mrs. Mrunalini Deshmukh – Independent Director, Mr. K. M. Abraham – Independent Director and Dr. Shalini Sarin – Independent Director. Mr. Pradeep R. Rathi has tendered his resignation as an Independent Director of the Company due to the likelihood of conflict of interest with effect from 9th of July 2021.

I would also like to inform the members about the presence of the following persons at the AGM. Mr. Pawan Kumar Agarwal who is the Chief Financial Officer, Ms. Smita Raichurkar – Company Secretary, Mr. Sanjay Athavale – Parnter of P G Bhagwat LLP, Chartered Accountants Pune being our Statutory Auditors, Mr. Mahesh Risbud – Practicing Company Secretary being

Secretarial Auditors and Mrs. Manasi Paradkar Practising Company Secretary being a Scrutinizer of the E-voting process.

The following registers and documents are available electronically for inspection during the AGM at the NSDL E-voting portal:

Register of Directors, Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested, Statutory Auditors report, Secretarial Audit Report and Auditor Certificate on Employee Stock Option Plan pursuant to the SEBI regulations 2014 and circular issued there under.

The notice of the AGM and the annual report for the financial year 2020-2021 have been circulated by email to the members of the Company and are also available at the websites of the Company, BSE Limited and National Stock Exchange of India Limited. With the consent of the members the same are considered as read. Pursuant to 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 and the observations are self explanatory.

I will now commence my address to you.

So good morning ladies and gentlemen on behalf of the Board of Directors and my colleagues at Kirloskar Oil Engines Limited it is my pleasure and privilege to welcome you to this 12th Annual General Meeting of your Company by a video conferencing.

I trust you and your family are safe in the midst of the COVID-19 pandemic like last year we have shared the annual report by electronic mail and are conducting the AGM through video conferencing. Financial year 2021 will always be remembered as the year of unprecedented changes. The world was confronted by a global pandemic the likes of which we have not seen over a century. The COVID-19 pandemic affected everybody. We are a safety-first Company and during the pandemic our priority has been the health and

wellbeing of our employees, their families and the communities which we are a part of. Thanks to our careful and talented staff who have remained stable and our product development projects have move forward according to the plan during the pandemic.

Our operational performance during financial year 2021 was satisfactory despite the unusually challenging conditions.. KOEL engagement will be supplier base and useful associations in many cases has come handy in tiding over these challenging times. Our countermeasures to Coronavirus was successful, our employees generally stayed healthy and the performance of our plants was good. Our employees have adapted impressively to new routines despite sudden and unforeseen obstacles. High adaptability to virtual collaboration among our customers and our employees have enabled us to continue doing business and many customers have completed product inspections and given their approvals with the assistance an indication of the abilities of KOEL personnel and the flexibility of KOEL cost structure.

This is the ultimate test of resilience and we are grateful to our loyal customers and committed employees who have made this possible. There was another change I wanted to bring to your attention. On Friday July 16th we announced a refresh our Kirloskar brand with a new logo and a new business vision Limitless. I hope you have seen the ads on TV, in the newspaper or on social media. We wanted to highlight something that has been at the core of our group for the last 130 years. It is something our forefathers have always believed in, taught us and those teachings have been passed through generations. We have been taught to always work towards the progress of society. Right from the beginning, when our founders created India's first iron plough to, where our product range from engines to agriculture, machinery to compressors and to real estate.

At Kirloskar we are engineered to always think about our customer, about society and what is next. When you think about what is next you inevitably unleash innate potential and it is this potential that makes opportunities limitless. We have undertaken several projects ranging from human resources

to digitization and 3D printing and many more to keep pace with our fast changing world to attract and retain the best talent to be a best in class employer and to provide the best solutions and services to our customers. This is just not an external change, but an internal transformations in the way we conduct business with our customers, dealers, vendors and suppliers as well as our employees, our investors and you our shareholders.

Coming to the economical industrial scenario:

India's GDP growth contracted by 7.3% in 2020-2021. Several sectors such as real estate, aviation, hospitality and construction sector suffered the decline in demand. On the other hand the banking sector and financial services witnessed serious crisis due to rising NPAs, bad loans and squeezed credit limit. At the end of the financial year 2019-2020 the COVID-19 pandemic has further stressed the Indian and the global economy. In today's changing world companies have to continuously evolve and find new ways of doing business. We at Kirloskar practice change management with an attitude of - gratitude and embrace change as an opportunity for continuous renewal and growth.

As a Company we also work diligently to continually improve our guidelines and policies for corporate governance always taking into account trends in international and domestic requirements and recommendations. This commitment to corporate governance is based on ethics and integrity. Our commitment to corporate governance also forms the basis of our efforts to strengthen the confidence at existing and future shareholders, partners, employees and other stakeholders have been provided. Welcome to the business highlights of 2020-2021 during the first half the economy and various industries were severely impacted. Thereafter business activity started to recover on the backdrop of improved customer sentiment and the visibility of our vaccination program. FY2020-2021 saw the full impact of COVID-19 on life and business in a manner we could have never imagined. We quickly adapted to the new normal for working and ensured continued supplies to our customers without any major interruptions or shortages.

In the financial year 2020-2021 the overall Genset industry witnessed a slowdown owing to the ongoing pandemic. The overall Genset retail market excluding telecom witnessed a 25% decline while telecom segment shrunk by 50%. Even with unfavorable economic circumstances your Company held its prominent market share in the low and medium KVA segments with its flagship product i-Green and gained a 3% market share in the high horsepower KVA market. Your Company is rapidly transitioning itself from being a source of reliable products to a solution provider offering turn-key solutions for diverse customer applications. The electronic pump segment, however, grew by 44% and our tiller range under farm mechanization solutions has recorded a growth of 44% in revenue as against an overall market growth of 13%.

In the industrial business your Company was able to strengthen its market presence across operating segments by providing the right fit for market product with assured deliveries at competitive prices backed by a strong after sales support network of KOEL Care across India. KOEL is a leading independent engine manufacturer in India and the preferred choice for construction equipment OEMs in India domestically as well as globally. There was an all-time high demand for of highway machine, the tractor market also picked to an all-time high in volumes in this financial year due to the buoyant rural economy. It has registered a 15% growth as compared to the previous year. Despite challenging market due to the pandemic our speedy services responds to all our essential category customers continued without interruption. Many customer initiated the service support provided during lockdown.

Despite unfavorable market situations proactive services helped the customer support business to maintain its revenues. Many digital initiatives taken by a Company to enhance customer experience are the benchmark in the service industry and set your Company apart from competition. The Company has extended soft loans to dealers which helped them from cash flow crisis. This also resulted in continued support for the business. The global economy is growing again after a contraction of 4.3% in 2020. The past of

recovery is increasingly visible. Fiscal support by many countries has been an economy booster. This has helped the agricultural segment. The revenues from international business increase marginally as compared to the previous year.

The main contributors to growth were market coverage in focus countries, new product development and the addition of new OEMs to our portfolio. The Company has made significant steps in gaining market share for listed firefighting pump sets in the international market. Even our agricultural segment gain substantial market share in the international markets and new products accounted for 21% of the export revenue. The major focus area of R&D wherein the team is putting in efforts for sustainable future cost-effective emission solutions for Tier-4 final BS IV CEV norms and the emissions that strategy for CPCB IV + norms. Continuing our focus on operational excellence the Company released its 9th Corporate Sustainability Report which focuses on being future ready at every level of business.

The Company continues to take initiative for Industry 4.0 implementation with the help of the latest technology for example artificial intelligence and machine learning. KOEL is well equipped to meet the challenges in the coming days by building a future ready supply chain which is aligned to the modern concepts of Internet of Things. I will now cover the subsidiary companies performance as on 31st March 2021. KOEL has four subsidiaries. The first one is La-Gajjar Machineries Private Limited in Ahmadabad which is called LGM. Second one is Kirloskar Americas Corporation USA it was earlier known as KOEL Americas Corporation. The third one is ARKA Fincap Limited and it is in Mumbai and the fourth one is Optiqua Pipes and Electricals Private Limited, Ahmadabad and Optiqua is a wholly owned subsidiary of LGM. LGM continued to focus on quality standards and has developed energy efficient pumps that consume less power, save electricity and thereby give higher returns on initial investment. Given the need to manage the business dynamically in the wake of far-reaching effect of the pandemic the Company took prudent decision early in the year to focus on growth and the delivery of underlying operating profit.

During the financial year LGM has incorporated a wholly owned subsidiary named Optiqua Pipes and Electricals Private Limited based in Ahmadabad on 19th February 2021 with a view to backward integrate and is also developing its allied products business verticals. The business of pipes, cables and wires of M/s. Optiflex Industries, partnership firm, based in Ahmadabad has been transferred (on a slump sale basis as a going concern) to Optiqua Pipes and Electricals Private Limited on 16th April 2021. The revenues of Kirloskar Americas Corporation grew by 49% especially with a boost in the last quarter for the agricultural segment. During the financial year KOEL has invested 124.82 crores in the equity shares of ARKA Fincap Limited.

Given the impact of COVID-19 on the economy along with its impact on the financial services business ARKA Fincap adopted a cautious and conservative approach in building till the economy shows signs of stabilizations.

The financial highlights your Company posted the following results on a standalone basis: Your Company delivered the following:

Total sales for the year at Rs. 2,667 crores compared to previous year figure of Rs. 2,831 crores, Profit from operations was at Rs. 231 crores as against Rs. 225 crores in the previous year. Profit after tax was at Rs. 169.7 crores as against Rs. 58.4 crores in the previous year.

Subsidiary performance is as below the additional sales revenue from Kirloskar Americas US \$3.8 million and the profit after tax was US \$2,00,000. The additional sales revenue from La-Gajjar Machineries Private Limited was Rs. 520 crores. The net profit was Rs.19.53 crores and the revenue from operations of ARKA Fincap Limited was Rs. 101.88 crores and the net profit was Rs. 16.88 crores.

Coming to dividend:

The directors have declared an interim dividend of 75% i.e. Rs 1.50 per share and also recommended a final dividend of 125% which is Rs. 2.50 per share for a total of 200% for the year ended 31st March 2021.

Now I will come to the performance of Quarter 1 2021-2022

KOEL managed to deliver on its strategic priorities especially amidst the second wave of COVID-19 at the beginning of the financial year and of course the third wave in the coming months. The acceleration in sales performance was mainly driven by an impressive year-on-year growth in all business segments except in the institutional and project sales segment of course a low base of last year has delivered substantially year-on-year growth in sales in the first quarter that the buoyancy in the market sentiments was visible generally across all business segments that said the overall business outlook for KOEL in the quarters ahead will be influenced by the recovery of the industry that it serves and we will remain optimistic about the same. KOEL will continue to monitor the changing trends in post COVID-19 world set its sights on adopting and developing new capabilities especially in the emerging areas such as green energy and water management solutions.

We will continue to closely follow the situation in the markets where we operate and will continue adhering to national guidelines and regulations to help minimize the spread of the pandemic and keep our employees and other stakeholders safe. Even in this time of significantly increase global uncertainty KOEL business model has once again demonstrated its resilience. On a standalone basis revenue from operations for the quarter ended 30th June 2021 stand at Rs. 647 crores as against Rs. 320 crores for the corresponding quarter of last year. Profit before tax for the quarter is Rs. 33.5 crores as against a loss for the quarter last year of Rs.15 crores.

On a consolidated basis revenue from operations for the quarter ended June 30th 2021 stands at Rs. 821 crores as against Rs. 422 crores for the period last year and the profit before tax for the quarter is Rs. 44 crores as against a loss for the quarter last year of Rs. 9.24 crores.

Challenges and Opportunities going forward

The new emission norms for power generating sets are likely to be implemented in the next financial year that is 2022-2023 and your Company

is fully geared of for this transition and will support the government of India drive towards green energy. Government has a clear focus in the long term on road construction and infrastructure projects to bring the economy back on track therefore your Company believes that in the long-term India's growth story remains intact. The Company has also taken initiatives for capability building to handle new emission norms for BS-IV and CPCB IV technology through structured service training throughout the year. Agriculture and related industries are expected to be on priority for the government and will most likely benefit the overall farm mechanization sector. The institutional and project solutions business unit will be focusing on various projects as the system integrator and complete solutions provider by increasing product offerings which will ensure growth in defense and marine power and propulsion segments and the fishing engine segment. A steep increase in virtual collaboration during COVID-19 has fast tracked the need for digitization both at our customers and at KOEL.

Looking ahead, your Company will continue to make investments in digitalization and technology which will also be crucial in a post COVID-19 environment in order to keep ensuring the wellbeing of our employees and to better serve our customers. In the end I would like to mention that we are at the beginning of an exciting future and with a business model relying on sustainability resource and time efficiency, digital and sharing benefits with our customers we have a solid foundation. After a challenging FY fiscal year 2021 the world economy seems to be back on track to recover recharging the worlds need for energy and stimulating the demand pipeline in our key markets. While the commercial landscape is beginning to stabilize the market continuous to be volatile and this calls for a fundamental transformation of the industry we operate in. KOEL is determined to take a winning position in tomorrow's energy market.

Acknowledgements

Finally I would like to conclude by thanking all the stakeholders for their continued support. We are especially grateful to our customers for returning

and trusting us following the reopening of the economy. Our top priority of providing quality products and services to all our customers remains unchanged in these difficult times.

I would like to thank our employees for their professionalism as they responded and adapted to the changes to their work and work place brought about by the pandemic our people rose to the challenge of ensuring the continued delivery of products and services to customers in all circumstances. I thank all our suppliers, vendors and bankers who have unconditionally supported various initiatives undertaken by your Company during the year. I look forward to your continued support as we strive to reach greater heights and I thank you all the shareholders for supporting us. Thank you ladies and gentlemen.

I would now like to request our Managing Director Mr. Sanjeev Nimkar to make his presentation.

Sanjeev Nimkar:

Thank you sir. Good afternoon to all the shareholders and all the directors of the Company in next 10 to 12 minutes I will try to take you through all the new products in different businesses what we have launched in last year. These are our values, these values we launched last year looking the decade 2021 to 2030 in front of us for their excellent, integrative, collaboration, empathy, value creation, innovative thinking. In our views these values will help our business to capture the opportunities coming our way in the coming decade myself and my team abide by these values.

Decade at a glance the last decade 2011, 2012 to 2021 in the year 2018-2019 was remarkable wherein 3,000 mark in that year, but overall, the decade was reasonably stable in terms of top line, but the cash in hand we continued to grow with us and in spite of our investments what we have done in last three, four years the cash continues to grow with us. Given the applications in which Kirloskar Oil Engines operates on the first you can see the Kirloskar iGreen this is the product in the PAT in the country right now IoT enabled products and the changed color and the logo as well after that you are seeing lot many industrial applications where our industrial engines are being used right from

backhoes, excavators, loaders to self-loading transit mixers to tractors. Then we are a leading engine suppliers in firefighting segment last four years you Company has done good inroads in the railways we have supplied in more than 500 power cars to the Railways by now.

Last four years we are in the business of power tiller so that is one of the unique power tiller we have launched in the market, we specialized sets to our Indian Air force Indian Army and overall defense and of course our traditional agricultural pump sets. There has been a big transition we have undergone in last four, five years from organization of selling only engines to giving complete products and moving from there to a solution providing Company. So, Kirloskar Oil Engines a refresh Company is a solution Company in different segments. So, Prime Power Solutions is a segment where primarily we grew engine-based solutions, water management solutions primarily on the electric motor-based solutions, farm mechanizations specifically for the small and marginalized farmers we are taking care of them and institutional and projects solution primarily looking into the PSU and the government requirements.

So, this transformation is happening and it is underway right now. The different products what we have manufacture the full Gensets we are providing right from 2 KVA to, 1,010 KVA and we are the widest range of Gensets as a single brand probably in Asia. The DV range which is our highest power range which is being used in industrial engines as well as power generation side. We also provide a liquid cooled and air cooled both varieties of engines. Our air-cooled engines are being used by different industrial application as well as lot of places in defense and firefighting segment as I mentioned we are leading engine manufacturer and recently from last year we have started giving a full solution that means engine as well as the complete solutions to our customers.

These are some awards we received last year 'Golden Peacock Award' in 2020 also received, but I am happy to share that in 2021 also the third consecutive

year we received this award and 'Exporter of the Year Award' we received last year for our Exports division.

Now I will take you through one-by-one different businesses:

Power generation business for our high horsepower and ultra-high horsepower solutions. So, on the screen there are some very high-end solutions, some of these solutions are such where some of our competitors were not able to give complex solution, but our team has given solutions and in time and in competitive way. We are continuously gaining market share in ultra-high horsepower. As our chairman sir just mentioned sometime back that we are fully geared up to handle the transition of initial norms in this segment which is coming our way CPCB IV + most likely we expect this transition to happen in our country in the next financial year.

Coming to industrial engines:

FY2021 was a very crucial year for this segment. Last initial transition has happened in this segment almost 10 years back and recently this domain has undergone from BS-III to BS-IV and I am happy to say our all stakeholders here that this is one of the smoothest transition that we have undergone and our customers are more than happy to accept our this four engines and we are constantly gaining share the demand for this product is constantly going up.

On mechanization side last year was a challenging year for us because there were some norms that declared in the country where ports were banned so quite a few components for this product were coming from outside. So, we use the pandemic year with domestically developing, we have driven this solutions and we utilize increased opportunity. So, actually cash on the indigenous strength of our companies here and this products are well accepted in the market.

In our institutional and project solution division this 490 KWA solution it is one of the most challenging technically and very complex solution were

expected by our Indian **Navy** solutions to them in this. It was a very proud moment for our engineering team to give this congratulations to government.

Coming to the pandemic related action what your Company has taken last year:

we have created a COVID related care portal and we have taken multiple sessions internally to educate all our employees including our channel partners throughout the year multiple awareness sessions and the government guidelines we are continuously following up throughout the year. On the screen you are seeing the vaccination drive which we have undertaken and I am happy to report right now that the first dose all our premises 100% vaccinated and we are closely monitoring this entire program because we know this is the only solution available against pandemic in the hands of mankind at the moment.

On the screen we are seeing the numbers that we have gone ahead and vaccinated not only our own employees, but all the indirect employees working on our premises at all locations so those are also part of our vaccination drive and these are the numbers. Unfortunately, in the last pandemic we have also lost a few of our colleagues as a part of this pandemic so that was an unfortunate event, but whatever best possible precautions we could take we are continuously about that.

Chairman sir already touched upon the Industry 4.0 in our factory at Kagal. We take pride in driving this connected machines and connected engine assemblies. So, our endeavor is to see that in these domain we remain in the highway segment we remain the flagship Company as far as Industry 4.0 or futuristic drives are concerned. This is continuation of the same smart manufacturing factories so where we have connected stores, we have connected robots for some of the subassembly segment sector manufacturing implemented this last year.

On the screen you are seeing the India map which is a live photograph which you have picked up and put it here. I am very happy and proud to report to all

our stakeholders as we speak we have 48,000 plus Gensets connected with internet of things divide in that and communicating with our central hub with us as well as to the customers online. So, we are the only brand in India and probably globally to have this kind of a fleet connected with this and this is providing enormous comfort to our customers not only that this also gives confidence to our customers that we are a technically futuristic organization giving advance solutions to our solutions and going forward you will also be utilizing this information for proactive approach and proactive health providing to our customers.

So, these are really proud moment for us. So, with that I thank all the shareholders and also I thank my employees who have been standing with us throughout the pandemic year and to our customers. Thank you so much.

Atul Kirloskar: Now I request Janis to invite speaker shareholders one by one.

Moderator: Thank you very much. We will now begin the question-and-answer session. Speaker shareholders who have registered themselves earlier will be allowed to speak one by one to ask questions or express their views. I would now like to invite Mr. Manoj Kumar Gupta to unmute his audio and video and ask the questions or give comments. In the interest of time may I please request you to restrict your questions or comments to three minutes please.

Manoj Kumar Gupta: Good afternoon respected chairman, board of directors, fellow shareholders. My name is Manoj Gupta I joined this meeting from Calcutta. I am very happy to see you again after the Kirloskar Ferrous. We had meet you in Kirloskar Ferrous and today I am very happy to see the MD presentation because on the day due to some technical mistake we have made, but we are here to your speech of 25 minutes and 10 minutes MD presentation. You have covered mostly things about what is your plan and what is your future outlook for the Company. Being a shareholder of Kirloskar I am proud under your leadership that Company is going on high under your leadership and Company is performing well and good with your all employees and I pray God for your and all employees healthy and prosperous, safe long life and their families. Now I thanks to a Company secretary and her team to help us to join this

meeting through VC by a chorus call. It is a COVID impacted already MD has covered dividend is 200% very good because in this pandemic you are saying that being a engineering Company otherwise being a shareholders of several engineering companies due to pandemic COVID we are unable to pay the dividend, but you are seeing the dividend and sir what is your future outlook for engineering business, can you throw some more highlights about that you have given some highlights, but can you highlight them and CSR you are doing a wonderful job in the CSR and your capital is Rs. 29 crores and reserve is more than 1,000 crore sir either you split the shares to increase the market capitalization and liquidity in the market and reward the shareholder like a way of homework because you have not issued the bonus right so try to consider that and sir how much your order book as on today after 1st April how much your order book as on today and sir your nearest competitor is Duncan Engineering and several small competitors are there, but they cannot compete with you because you are the master to supply in the defense, railway, agriculture and if any Company is under the NCLT so you have a cash flow are you interested to get only Company which is under the NCLT so does any plant require any engineering Company which can help you to boost your market share and sir I totally agree with you that Kirloskar brand is very old brand and this Company was founded by our forefather so you take the Company on new height in future and sir put the solar power plant in all plants to save the energy cost in future and your market cap is Rs. 3,295 crore and expenses has gone up try to reduce the expenses and before sent the unclaimed dividend to the investor education protection fund, send a notice to the shareholders that they can reflect their dividend from the Company and what is your view on the export with the logo of Make in India and have you any plan to reduce the subsidiaries by way of merged the 100% subsidiaries to reduce that and try to innovate new machines for some municipal corporations of the country to save people from Malaria, Dengue by spreading the medicines from that machine. Now several municipal corporations are purchasing some machines and with that machine they are spreading the medicines in the area of municipal areas. So save the people from Malaria, Dengue and others so you can innovate such machines and sir it is my pleasure to meet you to offer a bouquet because we have got a good

return on our investment. I have waited for 25 years in Kirloskar Ferrous to get return, but ultimately we have got return a threefold return so we want to give a bouquet and sir try to arrange a plant visit and come to Calcutta this side, this side is vacant for Kirloskar come to this side Eastern and Northeast. East and Northeast are growing and bring some small investments either subsidiary or either direct Company so think about that and do not forget us and try to meet us sir. Thank you sir.

Moderator: Thank you. I would now like to invite Celestine Elizabeth Mascarenhas to unmute her audio and video and ask the questions and give comments. In the interest of time may I request you to please restrict your questions or comments to three minutes.

Celestine E. Mascarenhas: Thank you. Respected Executive Chairman, the honorable Mr. Atul Kirloskar, Executive Chairman Mr. Sanjeev Nimkar, Managing Director and various other directors who are attending this virtual meet my fellow shareholders. My name is Celestine Elizabeth Mascarenhas. I thank Ms. Smita Raichurkar, Company Secretary and her team for sending me the copy of annual report and also registering my request for speaking. Thank you so much. I am very happy with the dividend of Rs. 4 and moreover our cash in hand is growing that is also showing a very good sign also I admire the vision mission and values statement. Next, I congratulate for all the awards received by our Company as given in the annual report also I appreciate the CSR work done especially in the days of this calamity of COVID. Thank you so much. Now sir my query we have many products as shown in the annual report what is the market share of these product averaging you do the demand level especially the products which are connected with the railways because I feel the railways will be a big growth story and next will be agriculture also and the margins we enjoy in this products. In the presentation I saw some smart manufacturing that is robots sir how much of these robots are price and what is the demand level for these robots. Sir for inorganic growth we always acquiring something or the other so inorganic growth any acquisition further acquisition is there. Sir, what is the CAPEX for the next three years I would like to know whether we will or we will get PLI scheme benefit under the Aatma

Nirbhar program also we have power generating sets sir what is the demand has gone down now what is the position still the demand is low or it has picked up maybe due to the lockdown the demand must have gone down so what is the position. Now our LGM continues to focus on quality standards and has developed energy efficient firm that consume less power, save electricity and thereby give a very high return. Sir how much is these priced, how much is the margin we are enjoying what is the demand level, what is the market share in such products rest I do not want to ask anything there maybe two minutes constraints and there may be many shareholder after me so I support all the resolutions. I am very happy this Kirloskar is always whole group is going up and up. So I thank you very much I spoke in the Ferrous also in Ferrous I have still physical share, but in this I have got demat because subsequently I have given so with this I wish our Company, our staff and all our who are taking our connected people all the best of health and may this third wave does not come anyway it becomes just a flu I am only praying for that with this thank you very much for giving me this occasion to speak. Thanks once again.

Moderator:

Thank you. I now invite Mr. Shrikant Marathi to unmute his audio and video and ask the questions or give comments. In the interest of time may I please request you to restrict your questions or comments to three minutes.

Shrikant Marathe:

I am Shrikant Marathe from Pune. I wish safe and good day to all participants of this meeting. Chairman sir you did exceedingly well in pandemic, you took care of employees, customers and excel in the second half of 2021, maintained the dividend at 200% and effective though the top line PBT, EPS are tapering since last three years. Your theme for this year balance sheet is bound to inspire all stakeholders. The bank building exercise is a welcome step this will provide our marketing a cutting edge to tap more or else. You have really imbibed the caption in balance sheet of the importance of common goods is likely to in bound to satisfy all stakeholders. You did spent a little more than mandatory amount under CSR . It is noted that no options under ESOP were lost, the subsidiaries have performed better than the holding Company. Kagal unit has set an example for green movement and is

helping the Company with 51% of energy requirements by non-conventional energy it saved few crores per year. This unit is ultra-modern and it makes other units better than Kagal all the areas open spaces be utilized for producing solar energy there is a lot of scope at Pune unit. On foreign exchange you did help the country with positive gains let R&D to reduce outgo for imported raw materials. I have read from the balance sheet of Laxmi Metal Works that they are changing to aluminum casting which are very light and also durable. So, think of such thing through Kirloskar Ferrous that aluminum casting will reduce the weight of our product and most of our products are on cast iron or steel based. The net profit margin is at 6.3% increasing. Our first quarter results for 2021-2022 are very good keep this up which segment we will concentrate for speed recovery. The farm equipment has potential to add in key financial ratios two points to be addressed by the management. There is a drop in return on networth, the tapering be corrected quickly, what competition you faced from VS Tillers and out of box thinking the weight of all products are heavy in lieu of the best made of cast iron. Can we have R&D to innovate a light but stronger base made out of sale hard and plastic of any suitable material which is light yet they are higher loads. Sir we have a confidence in you and your team and wish ever increasing performance year after year. Your brand building exercise is really good. Kirloskar was known for last 130 years let us see that we progress further I am indeed obliged as I got an opportunity to express myself.

Moderator: Thank you. Now as all speakers have finished speaking I would request chairman to answer the question raised. Thank you, over to you, sir.

Atul Kirloskar: Thank you Janis. I will start with Mr. Manoj Kumar Gupta. Mr. Gupta again thank you very much for connecting for this shareholder meeting all the way from Calcutta yes I remember you from the meeting at Kirloskar Ferrous and thank you for all your kind words. Generally, for all three of you who mentioned that the brand exercise was good. Thank you very much it is very nice to know that it has been appreciated by our shareholders so thank you for that. Let me just come to some of the questions you mentioned Mr. Gupta about capital of Rs. 29 crores in reserves of Rs. 1,000 crores and splitting of

shares and bonus and drives yes we have a low capital and we have cash, but that cash has been actually allocated for our venture in our NBFC area and as far as splitting of shares and bonus and rights issues I am sure the board and its wisdom will take that decision at the right time.

As far as order book is concerned we do not operate on an order board system, we operate on a theory of constraint system where we supply customer's requirements very quickly and running situation because most of our suppliers are OEMs who have their own equipments that they are selling. He also requested if there is any NCLT acquisitions and things like that so merger and acquisitions is a subject that is always under a scanner as far as the board is concerned and they are looking at various opportunities, but whenever such an opportunity fructifies I am sure we will be announcing it in the press. You mentioned solar panel and I think Mr. Marathe also mentioned solar power as far as Kagal is concerned all the land the rooftops have been covered by solar I think is close to 7.5 megawatts or so that we get from solar.

As far as unclaimed dividend is concerned yes we keep reminding all this shareholders about the unclaimed dividend and we put in that extra effort it is only after lot of effort that we finally send the dividend to our EPS. Our exports we are exporting in some focus countries, countries have also been coming out of pandemic and we expect our exports to start moving up especially in countries like the US where we are getting the emission standards or the certificates from those countries. You also mentioned very interesting thing about can you be innovative and make a machine that will help the municipal areas to make sure that some diseases are not spread. In fact when the pandemic started our pillar was converted for spraying so that we could ensure that sanitization as well as spraying for some of the other diseases you mentioned is made possible and that item is also being sold in the market.

Thank you for your sentiments of giving flowers yes plant visits are possible, but I think we have to wait for the pandemic and the various states to have their restrictions lifted. We do sell our trailers in the Northeastern market and

we also sell our pump set in Northeast. As far as investment is concerned I think nothing is on the annual yet, but if it comes up I am sure we will have a hard look at the Northeast. As far as Mrs. Mascarenhas is concerned our CAPEX for the next three years generally we have a CAPEX of close to Rs.100 crores every year and we are seriously looking at the PLI scheme to see if there are any opportunities that we can look at currently it is under study. Yes the power generation demand there are two issues to it one is the pandemic that because of the pandemic none of the factories or business were working and therefore the use of Gensets or the demand for Gensets was low and certainly because the availability of electricity has gone up the move has happened between prime power to stand by power. So to a certain extent yes there is a drop in the power generation market, but we expect that as soon as the business activity goes up the demand for Gensets will also go up.

As far as LGM is concerned LGM works in certain markets and they have done extremely well when you have a 44% increase in sales we are gaining market share of course it is a highly fragmented market and when we are growing it obviously means we are growing at the cost of somebody else and therefore our market share is going up. So very difficult to give you a market share number because we go district wise state by state and since we are not present in all the districts and all the states it is the number that probably is in the low teens. Thank you for your wishes to our staff for helping you connect and I think everyone in our Company has done just a fabulous job when they have been handicapped by moving towards system which is new and we have very quickly digitized our factor and that is why we are able to speak on these videos.

Mr. Marathe I hope you are well I understood that you are not well in between and I am very happy to see you on this video call. Thank you for your letter of course we are going to answer your letter or maybe we have already answered and I will just highlight some of the things that you mentioned I will just answer those actually you mentioned that we did exceedingly well in the pandemic and I would like to give all the credit to our employees who really stepped up and went beyond the call of duty and make sure that the Company

and its products were available to all our customers and they also contributed to society by helping out others so kudos to all our employees and thank you for mentioning that.

Thank you also for mentioning about the brand I am very happy that you like it and we are all very excited about the future. You mentioned the Kagal unit for Green movement yes we have the solar plant over there and we want Kagal to be as a cutting edge of technology as well as environment. There are lot of efforts being done by R&D to reduce the inputs and certainly I think we are seeing the benefits of that because the competition is not being able to match what we have done. He also mentioned about Lakshmi Machine Works and shifting to aluminum castings yes a lot of our engine parts we have moved to aluminum casting, but as you know casting business is something that Kirloskar Ferrous looks at and not us and Kirloskar Ferrous is certainly looking and analyzing whether how and when we could go into the aluminum casting business.

You mentioned that there was a drop in return on net worth you are right because profit has been the same for the last two years almost the same and when the profit has moved to the reserves there is lower return because we have added to the networth or to the denominator, but I think over a period of next few year we should see the profits going up. Yes, VST is our biggest competitor because we are the new entrants and there are many others also who are cooperative, but we are confident that we will be in the top three in the very near future. So, again thank you so much all our shareholders for taking the time out and being with us. One more question that was asked is on cost reduction employee cost actually last year was lower by 8.7% year-on-year and our other expenses were also lower by 13.6% year-on-year so just thought I mention that.

Again, I now like to go to the last part of the meeting after the question and answer session. I would like to inform you that the remote E-Voting period commenced on 9th August 2021 at 9.00 AM and ended on 11th August 2021 at 5.00 PM. The facility for E-voting is available to those members who are

present at the AGM and have not cast the votes by remote E-voting. Mrs. Manasi Paradkar Practising Company Secretary has been appointed as a Scrutinizer to scrutinize the E-voting process in a fair and transparent manner and to provide reports thereof. The scrutinizers report will be submitted to the stock exchanges whether in two working days from the conclusion of the AGM and will also be uploaded on the website of the Company and on the website of NSDL.

In conclusion, I am grateful to all the shareholders for taking the initiative to join the meeting I wish you and your family members good health and safe future and the proceedings of the annual general meeting will conclude at the end of the E-voting period and with your permission members of the board will log off now from the AGM. Thank you very much.

Moderator:

Thank you very much. Dear members as instructed by the scrutinizers request all the members participating in the AGM and who have not yet cast their votes can do so in the remaining period of 10 minutes. Thank you. Dear members as advised by the scrutinizers the time for E-voting has elapsed and we are of the view that all members who are participating in the annual general meeting have been given adequate time and opportunity to vote at the AGM and this concludes the proceedings of the AGM. Thank you all for participating in the AGM and E-voting. Thank you.