



KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Enriching Lives

SEC/ F:19

November 28, 2019

(BSE Scrip Code – 500241)

BSE Limited

Corporate Relationship Department,
2nd Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

(NSE Symbol - KIRLOSBROS)

National Stock Exchange of India Ltd.,

5th Floor, Exchange Plaza,
Bandra (East)
Mumbai – 400 051

Ref. Our letters dated April 19, 2016 and October 16, 2019

This in continuation of our earlier letters referred above. Further, Mr. Sanjay Kirloskar, Chairman and Managing Director of the Kirloskar Brothers Limited (“**KBL**”) has informed KBL that he has, by his letter dated November 27, 2019 written to the Chief General Manager, Reserve Bank of India, Department of Non-Banking Supervision, Mumbai and Chief General Manager, Reserve Bank of India, Co-Department of Non-Banking Supervision, Mumbai in response to the letter written by Kirloskar Industries Limited (“**KIL**”) on November 8, 2019 regarding its reply to his letter dated October 14, 2019, in relation to an application submitted by KIL to be de-classified it from being a Core Investment Company (“**CIC**”).

A copy of the abovementioned letter dated November 27, 2019 by Mr. Sanjay Kirloskar is enclosed herewith.

You are requested to take our letter and the enclosures thereto on your files and records.

We will keep you informed in accordance with Regulation 30(7) of the SEBI (LODR) Regulations, 2015.

Thanking You,
Yours faithfully,
For **Kirloskar Brothers Limited**

Sandeep Phadnis
Company Secretary

Encl.: As above



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Registered Office: Udyog Bhavan, Tilak Road, Pune - 411 002, INDIA. Tel: +91 (20) 2444 0770
Corporate Office: "Yamuna", S. No. 98/3 to 7, Baner, Pune - 411 045, INDIA. Tel: +91 (20) 2444 0770

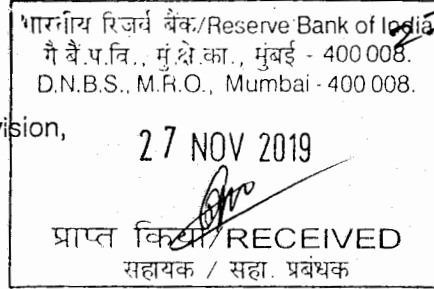
Sanjay Kirloskar

27th November 2019

To,

1) The Chief General Manager
Reserve Bank of India
Department of Non-Banking Supervision
Central Office, World Trade Centre, Centre 1, 2nd Floor
Cuffe Parade, Colaba
Mumbai- 400005.

2) The Chief General Manager,
Reserve Bank of India
CO- Department of Non-Banking Supervision,
Regional Office, 3rd Floor, RBI Building,
Byculla, Near Mumbai Central Station,
Mumbai 400008.



Dear Sirs,

- Re: 1. Kirloskar Industries Limited's ("KIL") application dated 17th June, 2019 for declassification of KIL as a Core Investment Company ("CIC")
2. Letter dated 14th October, 2019 addressed by me
3. KIL's letter dated 8th November, 2019

1. I refer to my letter dated 14th October, 2019 addressed to you in which I have for the reasons mentioned therein, requested that no steps to be taken for the de-classification of KIL as a CIC till *inter alia* the matters pending before various courts and fora (which include proceedings to which KIL is a party) are finally adjudicated upon. I had further, in my said letter submitted that KIL in seeking to be de-classified as a CIC, is wrongfully attempting to overreach and/or undermine pending legal proceedings, which is impermissible and improper. I had also requested the RBI to accord my legal advisors and me a personal hearing, in case the RBI is inclined to consider KIL's application/representation.

2. Till date I have not received any response from the RBI to my aforementioned letter. I have however, very recently accessed from the websites of the BSE and the NSE, a letter of KIL addressed to the Chief General Manager of the RBI, Mumbai dated 8th November, 2019 (hereinafter referred to as "the KIL letter") in response to my letter to the RBI of 14th October, 2019.

ACK

Sanjay Kirloskar

3. Anything not specifically denied by me in this letter of mine, should not be deemed to be admitted by me and I dispute and deny what has been stated by KIL in its letter of 8th November, 2019. I repeat and reiterate what is stated in my letter of 14th October, 2019.
4. I submit that KIL's response of 8th November, 2019, is nothing else but a deliberate attempt to distort the correct facts, in an attempt to wrongfully seek its de-classification as a CIC, (notwithstanding the pending proceedings and the terms contained in the Deed of Family Settlement dated 11th September, 2009 ("DFS")) for ulterior reasons.
5. As regards paragraph 1 of the KIL's letter, I emphatically dispute and deny the allegations made therein and submit that what has been stated in my letter of 14th October, 2019, is far from frivolous, baseless or irrelevant as alleged and further deny that it has been actuated with ulterior motives. I say and submit that my letter of 14th October, 2019 clearly and unequivocally sets out the reasons why I was compelled to write to the RBI, so as to place before you the correct facts and appraise the RBI about the pending proceedings and the DFS. The contents of my letter dated 14th October, 2019, clearly disentitles KIL to seek declassification as a CIC.
6. As regards paragraph 2 of the KIL's letter, I dispute and deny the same. I say and submit that the said paragraph 2 contains bald, unsubstantiated and false allegations. In fact as mentioned in my letter of 14th October, 2019 it is in fact KIL, Mr. Atul Kirloskar and Mr. Rahul Kirloskar who have till date not received any relief from the NCLT in Company Petition No. 193 of 2017 which they had in May, 2017, filed against KBL, its Directors and one of its majority shareholders alleging oppression and mismanagement. It is entirely false that I am attempting to create obstructions in the growth plans of KIL. In fact I repeat and reiterate that it is KIL which is seeking de-classification as a CIC, in a desperate attempt to either overreach and/or undermine the DFS and the various pending proceedings which is impermissible and wrongful.

AK

Sanjay Kirloskar

7. As regards paragraph 3 of the KIL's letter, I dispute and deny the same, and I repeat and reiterate (for the reasons mentioned in my letter of 14th October, 2019) that KIL, evidently at the instance of some of its majority shareholders, viz. Mr. Atul Kirloskar and Mr. Rahul Kirloskar, is seeking to be de-classified as a CIC so that it can trade in shares of its group companies (including those of KBL) in breach of the DFS and notwithstanding the pending proceedings.

8. As regards paragraph 4 of the KIL's letter, I dispute and deny what is stated therein, including KIL's ruse of seeking de-classification in view of "having plans to develop real estate on a large scale and the need to raise funds in respect thereof". Although I am not privy to KIL's application for de-classification nor the correspondence exchanged with the RBI, KIL has evidently neither in its application to the RBI nor in correspondence, covenanted that it will not dispose off shares of group companies (including KBL) till the various proceedings pending before multiple courts and foras are finally adjudicated upon. I emphatically deny that my letter was intended with any malafide intent and in fact submit that KIL has (in the said paragraph under reference) in fact categorically stated that "We would like to highlight that even when we qualify as a CIC, we continue to have the right to sell shares held by us in group companies". This sentence clearly evidences the fact that (i) KIL intends to trade in shares of its group companies (including KBL), (ii) this could be in conflict with Para 2(1) of the Master Direction-Core Investment Companies (Reserve Bank) Directions 2016 (as updated) and (iii) KIL intends to (at the instance of its majority shareholders, Mr. Atul Kirloskar and Mr. Rahul Kirloskar) not only breach the DFS, but to overreach and/or undermine the pending proceedings. As mentioned in paragraph 8 of my letter of 14th October, 2019, any pre-clearances in respect of the shares of KBL held by KIL is sub-judice and KIL is not entitled to dispose off any such shares.

9. As regards paragraph 5 of the KIL's letter, I emphatically dispute and deny what is stated therein and say and submit that the DFS *inter alia* deals with ownership, management and control of various companies, including KBL. KIL is in fact substantially owned and controlled by Mr. Atul Kirloskar and Mr. Rahul Kirloskar, who are signatories to the DFS and consequently KIL cannot contend that the DFS is not

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binding on it. In any event, both Mr. Atul Kirloskar and Mr. Rahul Kirloskar are obligated to ensure that KIL does not contradict itself in a manner which would breach the DFS. It is pertinent to note that, (as mentioned in paragraph 8 of my letter of 14th October, 2019) KIL being one of the Petitioners to Company Petition No. 193 of 2017, has *inter alia* sought a relief from the NCLT (which has still not been granted) for orders, reliefs and directions against KBL for deciding all future pre-clearance requests that may be made by KIL without taking into account the DFS. Hence, the issue of whether KIL is bound by the terms of the DFS cannot now be raised by KIL; since KIL has in Company Petition No. 193 of 2017 expressly sought the aforementioned orders, reliefs and directions from the NCLT (relating to its pre-clearance requests without taking into account the DFS), which orders, reliefs and directions have till date not been granted by the NCLT. I deny the contents of KIL's letter that I am not in management and control of KBL under the DFS and submit that in fact clause 2 of the DFS thereof read with Schedule II thereof clearly and categorically records that KBL will be under my ownership, management and control (to the extent of Kirloskar family's interest therein). The allegations and contentions raised by KIL are hence totally contrary to the letter and spirit of the DFS. The falsity and baseless character of the allegations made by KIL, demonstrates that the motives of KIL are not bonafide.

10. As regards paragraph 6 of the KIL's letter, I dispute and deny the same. As mentioned in my letter of 14th October, 2019, the DFS has been taken on record by the Board of KBL, and the same was disclosed to the BSE and the NSE and **consequently KBL is legally bound to act in accordance with the DFS**. It is pertinent to note that the Board of KBL in its resolution of 18th April, 2016 has *inter alia* resolved that "...the Board shall recognize the terms of the said DFS in letter and spirit of the said arrangement read with the proviso to Section 58(2) of the Companies Act, 2013, would enforce the said terms in exercise of the power vested in it while granting or refusing consent to any such proposal". I hence submit that the contention of KIL that KBL has not recognized the remaining provisions of DFS is entirely false and contrary to the resolution passed by KBL's Board. I further say and submit that in view of the steps and stand taken by KBL's Board, there was and is no need to amend and incorporate the provision of the DFS in KBL's Articles of Association. I furthermore wish to state that although KIL is aware (for

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the reasons stated in paragraph 8 of my letter of 14th October, 2019 and in paragraph 9 of this letter) that it is bound by the terms of the DFS (and has hence, sought reliefs from the NCLT regarding pre-clearances), Mr. Atul Kirloskar and Mr. Rahul Kirloskar have chosen, evidently for ulterior reasons not to have the DFS placed before and approved by the Board of KIL, so that they can cause KIL to wrongfully contend that it is not bound by the DFS.

11. As regards paragraph 7 of the KIL's letter, I dispute and deny the same. I repeat and reiterate what is stated in paragraph 8 of my letter of 14th October, 2019, namely that although KIL, Mr. Atul Kirloskar and Mr. Rahul Kirloskar had filed Company Petition No. 193 of 2017 (in May, 2017) against KBL, its directors and one of its majority shareholders alleging oppression and mismanagement, no reliefs have been granted to them from May, 2017 till date. This fact is of particular relevance and not what KIL is seeking to state, in an attempt to misguide the RBI and camouflage the correct facts.
12. As regards paragraphs 8 and 9 of the KIL's letter, I dispute and deny the same and repeat and reiterate what is stated in my letter of 14th October, 2019 and this letter of mine.
13. I repeat and reiterate that in view of the aforementioned pending proceedings no steps should be taken for de-classification of KIL as a CIC, till all such matters are finally adjudicated upon. I further reiterate that as a CIC, KIL is wrongfully attempting to overreach and/or undermine the pending proceedings and the adjudication thereof, to obviate the rigours of law and the legal process. Hence, it is entirely impermissible and improper for KIL to have made an application for de-classification as a CIC to the RBI and for the RBI to consider the same, given these facts and circumstances.
14. As mentioned in my letter of 14th October, 2019, if despite what has been stated by me, if the RBI is still inclined to consider KIL's application/representation for being de-classified as a CIC, I once again request that my legal advisors and I be accorded a personal hearing before any orders are passed. I also request that a copy of the application made by KIL and all supporting documents/filings be furnished to me, so

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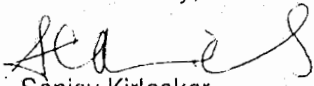
Sanjay Kirloskar

that I can consider and deal with the same. I would also request you to kindly keep me informed of all further responses/communications of KIL hereafter, so that I can expeditiously deal with and respond to the same. Kindly accede to these reasonable requests of mine and I request your confirmation at your earliest on the aforesaid postal and/or email address.

You are requested to kindly take the above submission on record.

Thanking you,

Yours faithfully,


Sanjay Kirloskar