



KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Enriching Lives
October 16, 2019

To,
The Manager
The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex,
Bandra (E), Mumbai 400051.

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

Dear Sir/Madam,

Re: (i) NSE Scrip code - KIRLOSBROS
(ii) BSE Scrip code - 500241

This in continuation of my earlier letter dated April 19, 2016, intimating both the NSE and the BSE of the taking on record of the "Deed of Family Settlement" dated September 11, 2009, entered into between promoter group shareholders of the Company and each of their family member ("DFS"). As informed earlier, the DFS, *inter-alia* deals with the ownership, control and management by the promoter / promoter group members of Kirloskar group of companies and consequent transfer of or dealing with the securities of companies mentioned therein.

Mr. Sanjay Kirloskar, the Chairman and Managing Director of the Kirloskar Brothers Limited ("KBL") has informed KBL that he has, by his letter dated October 14, 2019 written to the Chief General Manager Reserve Bank of India, Department of Non-Banking Supervision, Mumbai in relation to an application submitted by Kirloskar Industries Limited ("KIL") to be de-classified from being a Core Investment Company ("CIC"). It is pertinent to note that KIL, is one of the Promoters of KBL currently holding 23.91% of the shares of KBL and further that Mr Kirloskar's letter has references to the DFS.

A copy of the letter dated October 14, 2019 addressed to the Chief General Manager, RBI, Department of Non-Banking Supervision, Mumbai by Mr. Sanjay Kirloskar as mentioned above is enclosed.

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,

For Kirloskar Brothers Limited

(Company Secretary & Compliance Officer)



Encl.: As above



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) 2721 4444
Email: marketing@kbl.co.in Website: www.kirloskarpumps.com
CIN No.: L29113PN1920PLC000670

Sanjay Kirloskar

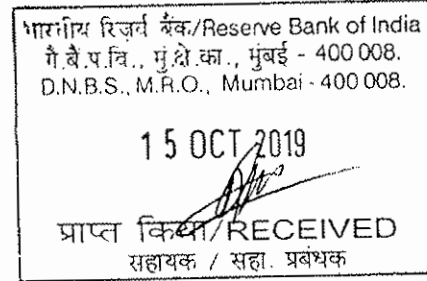
14th October 2019

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: Kirloskar Industries Limited's ("KIL") application dated 17th June 2019 for declassification of KIL as a Core Investment Company ("CIC")

1. I am the Chairman and Managing Director of Kirloskar Brothers Limited ("KBL"). I am also one of its shareholders and Promoters. KIL is substantially owned and controlled by Mr. Atul Kirloskar, Mr. Rahul Kirloskar, Mrs. Jyotsna Gautam Kulkarni and their immediate family. KIL currently holds 23.91% of the shares of KBL and is one of the Promoters of KBL.
2. I came across a press report in the Business Standard on 30th September 2019 that KIL had made an application to the RBI for declassification as a CIC ("the application"). The said press report also stated that the RBI had informed KIL by its letter dated 27th September 2019 that its request could not be acceded to since KIL was found to be conducting NBFIs activities. I further understand from the said press article that KIL is in the process of making suitable representations to the RBI in this connection. Subsequently, I have also obtained letters dated 30th September 2019 addressed by KIL to the NSE and BSE, from the websites of each of them respectively, informing the said stock exchanges of KIL's application to the RBI for such declassification and RBI's refusal of the same.
3. At the outset, I am not aware of the contents of the application KIL submitted to you, nor am I aware as to whether KIL has placed the full and correct facts before the RBI, including information in respect of various legal proceedings pending before various courts and the National Company Law Tribunal ("NCLT") to which KIL and

some of its majority shareholders (Mr. Atul Kirloskar and Mr. Rahul Kirloskar) are parties. I am therefore writing this letter to place before you certain relevant facts which would certainly merit your attention and consideration. The purpose of addressing this communication is also to object to KIL's demand for such declassification and to demonstrate the reasons why the same ought not to be reconsidered.

4. KIL, being a CIC, has to comply with Para 2(1) of the Master Direction- Core Investment Companies (Reserve Bank) Directions 2016 dated 25th August 2016 (as updated) as issued by the RBI (Master Directions). The said Master Directions *inter alia* prescribe that a CIC is a Non-Banking Financial Company carrying on the business of the acquisition of shares and securities and which *inter alia* should satisfy certain prescribed conditions viz.:
 - (1) that it holds not less than 90% of its net assets in the form of investments in shares/ securities in group companies,
 - (2) its investment in equity shares of group companies should constitute not less than 60% of its net assets, and
 - (3) it should not trade in investments in shares or securities of group companies except through block sale for the purpose of dilution or disinvestment.
5. I am not aware whether KIL in its application to the RBI had informed the RBI that some of its majority shareholders viz. Mr. Atul Chandrakant Kirloskar and Mr. Rahul Chandrakant Kirloskar had, along with certain other family members of the Kirloskar family, entered into a Deed of Family Settlement with me and my family on 11th September 2009. Clause 2 of the said Deed of Family Settlement *inter alia* stipulates that ownership, management and control (to the extent of Kirloskar family's interest therein) shall pass to the parties specified in Schedule II in respect of the companies mentioned under/ against their respective names (which in the case of KBL would be me). For your ease of reference, a copy of the said Deed of Family Settlement is enclosed herewith as Annexure 'A'.
6. This DFS has been taken on record by the Board of KBL and has been disclosed to the BSE and NSE, pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations. Being a listed entity, KBL is legally bound to act in accordance with the DFS, being an arrangement between some of its shareholders.
7. Therefore, when contrary to the letter and spirit of the Deed of Family Settlement and their own prior conduct, Mr. Rahul Chandrakant Kirloskar (one of the majority shareholders of KIL) made a subsequent request for pre-clearance for purchase and sale of shares of KBL, the same was rightfully declined by the Compliance Officer of KBL. for the reasons mentioned in his responses.

8. On or about May 2017, KIL, Mr. Atul Kirloskar and Mr. Rahul Kirloskar have filed a Company Petition No. 193 of 2017 against KBL, its directors, and some of its majority shareholders alleging oppression and mismanagement. So far, no reliefs have been granted and this Company Petition remains pending. Amongst the reliefs sought by in the Company Petition is:

"K. For appropriate orders, reliefs and direction to Respondent No. 1 [i.e. KBL] for deciding upon all future pre-clearance requests that may be made by the Petitioners [i.e. KIL, Mr. Atul Kirloskar and Mr. Rahul Kirloskar] without taking into account the DFS [i.e. the aforementioned Deed of Family Settlement] and all future pre-dealing clearance requests be decided strictly in accordance with the PIT Regulations and its Code of Conduct".

As such, the matter of any pre-clearance sales in respect of the shares of KBL held by KIL is sub-judice, and KIL is not entitled to dispose off any such shares. KBL has filed its Reply thereto. For your ease of reference, copies of the said Company Petition No. 193 of 2017 and the Reply (without Exhibits) are enclosed herewith as Annexures 'B' and 'C'.

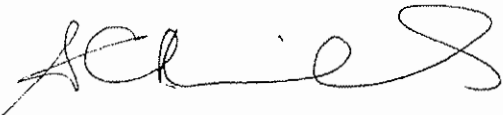
9. Furthermore, on account of the signatories to the said Deed of Family Settlement failing to adhere to the terms of the same, KBL and I were constrained to file a suit before the Hon'ble Civil Judge, Senior Division, Pune at Pune being Special Civil Suit No. 798/ 2018 against Mr. Atul Kirloskar and Mr. Rahul Kirloskar (being two of the majority shareholders of KIL) and others, inter alia praying that they be directed to "perform specifically the Deed of Family Settlement". The said civil suit is pending before the Hon'ble Court at Pune. For your ease of reference, a copy of the said Special Civil Suit No. 798/ 2018 (without Exhibits) is enclosed herewith as Annexure 'D'.
10. In view of what is stated aforesaid, there exist legitimate apprehensions and genuine concerns that KIL, evidently at the instance of some of its majority shareholders Mr. Atul Kirloskar and Mr. Rahul Kirloskar, is seeking to be declassified as a CIC, so that it can then trade in shares of its group companies (including those of KBL) in breach of the Deed of Family Settlement.
11. Apart from the aforementioned proceedings, there are various other related proceedings pending before various courts and fora as between KBL/ myself and Mr. Atul Kirloskar, Mr. Rahul Kirloskar, and companies controlled by them relating to or arising out of various writings/ understandings between the parties thereto.
12. In the premises aforesaid I humbly request that in view of the proceedings pending before multiple courts and fora (which include proceedings to which KIL is a party), no steps should be taken for declassification of KIL as a CIC till all such matters are finally adjudicated upon by the concerned courts and fora. As a CIC in my view, this is clearly a wrongful attempt to either overreach and/or undermine the pending

Sanjay Kirloskar

proceedings and the adjudication that would take place therein and to obviate the rigours of law and the legal process. It would be both impermissible and improper for KIL to make such an application and for the RBI to consider the same in such facts and circumstances.

13. If, despite what is stated hereinabove, the RBI is still inclined to consider KIL's application/ representation for being declassified as a CIC I request that my legal advisors and I be accorded a personal hearing before any orders are passed. I am sure that you will accede to this reasonable request of mine, and I request a confirmation at the earliest on the aforesaid postal and/or email address.

Yours faithfully,



Sanjay Kirloskar

Encl. : a/a

Cc : Company Secretary
Kirloskar Brothers Limited
"Yamuna", Survey No. 98 (3-7)
Baner, Pune 411045