

23 May 2024

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

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051.

BSE Scrip Code: 500243

NSE Scrip Code: KIRLOSIND

Sir / Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (LODR), including amendments thereunder, please see enclosed the press release made by the Company in relation to the Order dated May 21, 2024 passed in the petition filed by the Company and others, against Kirloskar Brothers Limited, its Board of Directors and Mrs. Pratima Kirloskar, before the National Company Law Tribunal, Mumbai being Company Petition No. 193 of 2017 – *Kirloskar Industries Limited & Ors. v. Kirloskar Brothers Limited & Ors.*

You are requested to take the same on your record.

Thanking you.

For Kirloskar Industries Limited

Ashwini Mali
Company Secretary &
Compliance Officer

Encl.: As above

Press Release

Pune, May 23rd, 2024:

The National Company Law Tribunal (Tribunal) has in its order passed on May 21, 2024, held that the affairs of KBL are being mismanaged and are not being conducted in a transparent and independent manner, confirming that a case of oppression and mismanagement under Section 241 and 242 of the Companies Act, has been made out by KIL and others (Petitioners), against KBL, its Board of Directors and Mrs. Pratima Kirloskar.

The Tribunal has further held that the affairs of KBL are influenced and coloured by the aspirations of Mr. Sanjay Kirloskar and his family members, in running the affairs of KBL as per their desires and without any interference [from any other shareholder]. The Tribunal has further held that this has impacted the decisions of the Board of Directors of KBL and its compliance officer and its participation in legal proceedings.

Moreover, looking at the partisan conduct of KBL, a public listed company, the Tribunal has observed that KBL has not remained a neutral party in the matter, contrary to settled law. The Tribunal observed that most of the submissions made by KBL and Mr. Sanjay Kirloskar overlapped and KBL has defended Mr. Sanjay Kirloskar wholeheartedly.

In fact, the Tribunal has observed that the manner and timing (almost 7 years after execution) of taking the Deed of Family Settlement (DFS) on record by KBL's Board, makes it evident that this was done under Section 58(2) of the Companies Act, 2013 without taking into consideration the purport of DFS perhaps at the behest of Mr. Sanjay Kirloskar to ensure that KBL is bound by the same, in furtherance of Mr. Sanjay Kirloskar's claim of complete ownership and control thereof. The Tribunal has categorically held that Section 58(2) of the Companies Act, 2013 is not applicable in respect of shares of KBL as the DFS does not have any provision that casts any restrictions on any party from transferring or dealing in the shares of KBL.

The Tribunal has also rejected the claims made by Mr. Sanjay Kirloskar and his family that pursuant to the DFS, he and his family has exclusive ownership and control over KBL and has categorically opined that the Tribunal did not find any clause in the DFS giving exclusive ownership to any one party. Pointing out the instances of mismanagement, the Tribunal has categorically stated that *"the record reflects that the compliance officer of Respondent No. 1 company [KBL] as well as the Board of Directors have acted arbitrarily in contravention of the Code of Conduct of Respondent No. 1 company [KBL] and by relying on the private DFS."*

The Tribunal has observed that the principle of wealth equalization was embodied in the DFS and to say that the shares of KBL must continue to be held by the Petitioners for the benefit of Mr. Sanjay Kirloskar and his family members was a contradiction thereto and these shares were not contemplated to be rendered mere piece of paper. The Tribunal has further opined that restriction on transferability of shares is not found in the DFS in respect of KBL. The Tribunal has observed that shares of KBL were allotted to members of the Kirloskar family to equalize the wealth of the factions of the Kirloskar family, which the Petitioners are entitled to monetize in the manner they wish. The Tribunal has categorically rejected the argument that restrictions on transferring or dealing with shares are implied in the DFS and held that the DFS is a full-fledged agreement setting out detailed clauses which should be considered as mandated by law including the Indian Evidence Act.

These findings reinforce the allegations of the Petitioners regarding mismanagement of KBL and confirm the lack of independence of the Board of Directors of KBL. This also once again raises questions on the huge legal expenses being incurred by KBL to fight the personal battles of its Chairman and Managing Director, Mr. Sanjay Kirloskar.

Spokesperson- Kirloskar Industries Limited.

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