



Enriching Lives

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

To

Date: 8 November 2019

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 – 400 005.
2. The Chief General Manager
Reserve Bank of India
C/O: Department of Non-Banking Supervision
Regional Office
3rd Floor, RBI Building
Byculla, Near Mumbai Central Station,
Mumbai – 400 008.

Re: Our application dated 17 June 2019 for declassification as a CIC and subsequent correspondence in respect thereof.

Dear Sir,

1. On the basis of the disclosures uploaded by the stock exchanges, we were surprised to learn that Mr. Sanjay Kirloskar has written a letter dated October 14, 2019 (the Letter) to yourselves which has been forwarded by Kirloskar Brothers Limited (“KBL”) to the stock exchanges vide its letter dated October 16, 2019. It’s shocking to read the frivolous contents of the Letter which contains various baseless and irrelevant facts and which in our view has been written with an attempt to create false impressions pertaining to our application for declassification as a CIC solely with ulterior motives.
2. It would not be out of place to mention that Mr. Sanjay Kirloskar has been repeatedly approaching various regulatory authorities, albeit unsuccessfully, to create an atmosphere of wrong doings and doubts in respect of operations of Kirloskar group companies under the control and management of Mr. Atul Kirloskar and Mr. Rahul Kirloskar (the “**Kirloskar Group**” and Mr. Atul Kirloskar and Mr. Rahul Kirloskar shall be referred to as the “**Promoters**”) solely as an outcome of their personal family disputes. Needless to add that he has received no relief from either regulators or courts against the Kirloskar group companies. This appears to be another desperate attempt by him to create obstructions in respect of our growth plans solely as a consequence of us being a part of the Kirloskar Group.





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3. The falsehood tried to be suggested by Mr. Sanjay Kirloskar is *prima facie* evident in as much as he has tried to suggest that the entire purpose of our application for declassification as a CIC was motivated by the desire of our Promoters to dispose of shares of KBL held by us as a consequence of them being our majority shareholders. It has also been suggested that this has been done with an intent to breach the alleged obligations undertaken by our Promoters under the Deed of Family Settlement dated September 11, 2009 (the "DFS") a copy of which has been submitted to you.
4. As you are aware and as has been clearly mentioned in our application for declassification as a CIC and subsequent correspondence in respect thereof, the declassification has been sought on the basis of us having plans to develop real estate on a large scale and the need to raise funds in respect thereof. We have supported our application with evidence of us not qualifying the test of being an NBFC. Nowhere in our application have we undertaken or suggested that we would be disposing off our shareholding in the group companies so as to not remain a CIC. Without even once checking with our facts or raising questions regarding our intent for the declassification, Mr. Sanjay Kirloskar directly approached your good offices which itself shows *mala fide* intention on his behalf. 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 our group companies. Therefore, by no stretch of imagination can it be construed that our application for declassification as a CIC was motivated by the desire to sell shares held by us in KBL as suggested by Mr. Sanjay Kirloskar.
5. As regards the baseless allegations mentioned in respect of the DFS a copy of which has been submitted to you, a bare perusal thereof makes it amply clear that the DFS is a private document that was executed amongst some of the promoters being family members of the Kirloskar family representing their respective families alone and not on behalf of any of the companies under their respective management and control. Under the circumstances, the DFS is not binding on us. Mr. Sanjay Kirloskar has falsely alleged that he has been identified to be in management and control of KBL under the DFS. The DFS doesn't contain a single sentence suggesting such management and control to be in the hands of Mr. Sanjay Kirloskar. In fact, Schedule II of the DFS which sets out shareholding of various Kirloskar companies against each of the family member itself lists shares of KBL under the names of each family member albeit in different proportions. Therefore, even the DFS doesn't grant exclusive control of KBL to Mr. Sanjay Kirloskar as falsely suggested by him. This again shows that he is making false allegations only to create a shadow of doubt on the application made by us without any merit.
6. While both KBL and Mr. Sanjay Kirloskar have suggested that the DFS has been taken on board by KBL its pertinent to note that KBL vide its announcement dated 19 April 2016, informed the stock exchanges that it has specifically under Section 58(2) of the





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Companies Act, 2013 taken on record the DFS to restrict transferability of shares of KBL. Neither has KBL recognized the remaining provisions of the DFS, nor has KBL taken any steps to incorporate provisions of the DFS in its articles of association. This itself shows that neither KBL nor Mr. Sanjay Kirloskar were interested in actually binding KBL to the provisions of the DFS.

7. Also Mr. Sanjay Kirloskar has selectively tried to mislead your good offices and portray the status of the litigation proceedings between the family members, while Mr. Sanjay Kirloskar has mentioned the litigation before NCLT, he has not appropriately highlighted the fact that it was our Promoters who have filed a case of Oppression and Mismanagement against the management of KBL and despite challenging the admissibility thereof all the way to the NCLAT, the NCLAT has rejected such challenge and admitted the case of Oppression and Mismanagement of the affairs of KBL against the management of KBL.
8. In any event none of the above submissions nor the submissions made by either KBL or Mr. Sanjay Kirloskar are relevant for the purposes of our application for declassification as a CIC.
9. Under the circumstances, the Letter submitted by Mr. Sanjay Kirloskar should be ignored and disregarded as having no bearing on our application and our application be favourably considered.

Yours truly,

For Kirloskar Industries Limited

Authorised Signatory



CC To:

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

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