

## Investor Release

### **HLE Glascoat to acquire controlling interest in the Heat Exchanger business of Kinam Engineering Industries**

- Kinam is one of the most reputed manufacturers of multiple types of Heat Exchangers in the country and has supplied over 14,000+ equipment over the years.
- Kinam will retain its brand identity and will continue to grow as a separate entity post-transaction
- Revenue of the acquired entity was Rs. 1220.7 million for the year ended 31<sup>st</sup> March, 2023 and earned net profit before tax of Rs. 248.6 million
- This agreement for acquisition of 70% controlling interest is expected to be earnings accretive to the shareholders of HLE Glascoat

Maroli, Gujarat, 7th August, 2023

HLE Glascoat, the leading manufacturer of process equipment, today announced the signing of definitive agreements to acquire a majority stake (in a phased manner) in Kinam Engineering Industries (“**Kinam**”) as a part of its strategy to strengthen its position further in the specialized process equipment markets with innovative technology. As a part of the deal, both HLE Glascoat and Kinam have mutually agreed that Kinam will continue to have its distinct brand identity and will continue to grow and expand as a separate business entity post the transaction.

Kinam is one of the reputed designers, innovators and manufacturers of Shell and Tube Heat Exchangers, Corrugated Tube Heat Exchangers, Spiral Heat Exchangers, Box Type Heat Exchangers, Pressure Vessels and Process Equipment. Its clients include leading players in the chemical, petrochemical, fertilizers, refineries, power plants, pharmaceutical, biotech, cosmetics and textile industries. Operating from a well-equipped manufacturing unit, Kinam also exports its products to several countries including Germany, Netherlands, Israel, Malaysia, Egypt, South America, Kazakhstan, Poland and Turkey.

HLE Glascoat has agreed to acquire a 35.56% profit share and ownership interest in Kinam in an all-cash transaction directly from its partners, Mr. Kirit Mehta and Mr. Mehul Mehta and HLE Glascoat will be admitted as a partner of the Firm in the first phase. The balance 34.44% stake will be acquired by a scheme of arrangement whereby Kinam Enterprises Private Limited, the holding company of one of the partners in Kinam will amalgamate into HLE Glascoat. Such amalgamation will be pursued in due course and will be separately considered and approved by the HLE Glascoat

board, and then submitted to the Stock Exchanges and the Honourable National Company Law Tribunal for approval. The acquisition will result in the accretion to business, key technology and rich experience garnered by Kinam over the last four decades.

Since both HLE Glascoat and Kinam are engaged in a complementary and synergistic line of business and operations, incremental improvements in the operations of the two entities are expected. The acquisition will enhance efficiencies and combine similar business interests for both entities, resulting in operational synergies, streamlining and optimization of the businesses.

The acquisition is in line with HLE Glascoat's strategy to expand its product portfolio and new technologies and reinforces its position as a market leader in manufacturing innovative and specialized process equipment, customized solutions, and systems.

Speaking about the acquisition, Mr. Himanshu Patel, MD, HLE Glascoat said, "We are excited to announce this very significant development which meets all the criteria set out by our Group in terms of innovation, profitability and growth potential. While this transaction creates excellent value for our shareholders and allows us to accelerate our expansion plans, Kinam and its Promoters also share our vision, values, and strategic thinking. It is a historic moment for us looking at the immense possibilities that lie ahead for both brands to serve our customers with innovative and best-in-class products as per their fast-evolving tastes and requirements."

Mr. Kirit Mehta, Partner of Kinam, commented that "Kinam has established itself as a reputed and experienced manufacturer of customized Heat Exchangers with the capability to offer different types of Heat Exchangers and has built a solid foundation for the next phase of its growth. The unification of Kinam and HLE Glascoat is very exciting news for our customers and employees. We, at Kinam, strongly believe that the two organizations will benefit from adjacencies, complementary business philosophies, culture, resources and technology. We look forward to actively participating with HLE Glascoat in their endeavour to take the Kinam brand to the next level."

"Our organization's strength and success emanates from our capability to innovate, which has helped us develop some of the most efficient and reliable Heat Exchangers in the country, and also consistently build strong and long-standing customer relationships. Our mission continues to be to ensure high quality service to our customers." said Mr. Mehul Mehta, Partner of Kinam. "We strongly believe that this transaction presents an excellent long term plan for Kinam, allowing leadership to transition from an entrepreneur driven entity to a more institutional and large-scale engineering entity like HLE Glascoat, which is known for its deep industry knowledge and a passion for engineering excellence."

Subject to the satisfaction of certain closing conditions and requisite approvals, the first phase of the acquisition is expected to close by the end of second quarter of FY2024. The consideration of Rs. 79.97 crores has been determined for the 35.56% stake in Kinam to be acquired.

Innergize Solutions acted as the exclusive Strategic Advisor to HLE Glascoat on the transaction. Khaitan & Co acted as legal advisors to HLE Glascoat in relation to the transaction.

### ***About HLE Glascoat***

HLE Glascoat Limited is a leading manufacturer of process equipment for the chemical and pharmaceutical industries. Over the last three decades, it has established itself as a market leader in Filtration and Drying Equipment and is a leading manufacturer of Glass Lined Equipment globally. It manufactures a wide range of chemical processing equipment in an equally wide range of materials for some of the most demanding applications. It has the capabilities to provide process solutions and equipment in complex chemical manufacturing applications across diverse industries and is presently the world's largest manufacturer of Agitated Nutsche Filter Dryers (ANFDs). HLE Glascoat enjoys a track record of growth and profitability. For further information, please visit [www.hleglascoat.com](http://www.hleglascoat.com).

### ***About Kinam Engineering Industries***

Kinam is engaged in the business of manufacture and sale of Shell and Tube Heat Exchangers, Corrugated Tube Heat Exchangers, Spiral Heat Exchangers, Box Type Heat Exchangers, Plate Heat Exchangers, Pressure Vessels and Process Equipment used in the chemical, petrochemical, fertilizers, refineries, pharmaceutical, biotech, oil, paper, steel, cosmetics and textile industries. For further information, please visit [www.kinam.in](http://www.kinam.in).

### ***Safe Harbor***

Any forward-looking statements about expected future events, financial and operating results of the Company are based on certain assumptions which the Company does not guarantee the fulfilment of. These statements are subject to risks and uncertainties. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry, global or domestic or both, significant changes in the political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, technological changes, investment and business income, cash flow projections, interest, and other costs. The Company does undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

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