KIRLOSKAR ELECTRIC COMPANY LTD.,

Sect./30/2020-21
September 04, 2020

To,
The Secretary,

National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G-Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051
Symbol – KECL
Series – EQ

BSE LTD.,
Stock Exchange Towers,
Floor 25, PJ Towers, Dalal Street,
Mumbai – 400 051
Scrip Code 533193
Scrip ID KIRELECT

Dear Sir / Ma'am,

Sub: **Notice of 73rd Annual General Meeting ("AGM") of the Company;**
Ref: **Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015;**

This is to inform that,

1. The 73rd AGM of the Company is scheduled to be held on Wednesday, September 30, 2020 at 10.00 AM through Video Conference (VC) / Other Audio Visual Means (OAVM) in accordance with the provisions of the Companies Act, 2013 read with Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs ('MCA'), followed by Circular No. 20/2020 dated May 05, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI.

2. The notice of AGM and 73rd Annual Report of the Company for the year ended March 31, 2020 is enclosed;

3. Further, in terms of Section 108 of the Companies Act, 2013 read with the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2014, as amended from time to time, the Company is providing remote e-voting facility to its members

for the business to be transacted at 73rd AGM through the services provided by Central Depository Services (India) Limited (CDSL) at www.evotingindia.com. The shareholders holding shares as on Wednesday, September 23, 2020 being the 'Cut-off Date', fixed for determining the voting rights of members are entitled to participate in the e-voting process. The detailed instructions for e-voting are given in the notice of the AGM.

4. The e-voting period will commence on Saturday, September 26, 2020 (9.00 a.m. IST) and ends on Tuesday, September 29 , 2020 (5.00 p.m. IST);

Thanking you

Yours faithfully
For **Kirloskar Electric Company Limited**

K S SWAPNA LATHA

Digitally signed by K S SWAPNA LATHA
DN: c=IN, o=Personal, postalCode=560097, st=KARNATAKA, serialNumber=822246c1fdcc5a72297a6a608561dece5e91028fa39da1aa82f4ca797bce6e72, cn=K S SWAPNA LATHA
Date: 2020.09.04 15:32:05 +05'30'

K S Swapna Latha
Sr. General Manager (Legal) & Company Secretary

Encl: a/a

NOTICE OF 73RD ANNUAL GENERAL MEETING

NOTICE is hereby given that the **SEVENTY THIRD ANNUAL GENERAL MEETING ("AGM")** of the members of **KIRLOSKAR ELECTRIC COMPANY LIMITED** will be held on Wednesday, 30th day of September, 2020 at 10.00 A.M through Video Conferencing / Other Audio Visual Means to transact the following businesses:

ORDINARY BUSINESS

1. (a) To receive, consider and adopt the audited financial statement of the Company for the year ended March 31, 2020 together with the reports of the Board of Directors and auditor's thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the report of Auditors thereon and in this regard, to consider and if thought fit, to pass the following resolutions as **Ordinary Resolutions**:

(a) ***"RESOLVED THAT*** *the audited standalone financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditor's thereon, as circulated to the members be and are hereby considered and adopted."*

(b) ***"RESOLVED THAT*** *the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the report of the Auditor's thereon, as circulated to the members, be and hereby considered and adopted."*

2. To appoint Mrs. Meena Kirloskar (DIN: 00286774) who retires by rotation as a Director and in this regard, to consider and, if thought fit, to pass the following resolution as a 'Ordinary Resolution':

"RESOLVED THAT *in accordance with the provisions of section 152 and other applicable provisions of the Companies Act, 2013, Mrs. Meena Kirloskar (DIN: 00286774), who retires by rotation at this meeting be and is hereby appointed as Director of the Company."*

SPECIAL BUSINESS

3. To appoint M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia as auditor of the sales office and to consider and, if thought fit, to pass the following resolution as a 'Ordinary Resolution':

"RESOLVED THAT *pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia, the retiring auditor of the Company's sales office at Kuala Lumpur, Malaysia are hereby appointed as Auditor of the sales office, to hold the office from the conclusion of this annual general meeting until the conclusion of next annual general meeting of the Company and, at such remuneration as shall be fixed by the Board of Directors of the Company."*

4. To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2020 and to consider and, if thought fit, to pass the following resolution as a 'Ordinary Resolution':

"RESOLVED THAT *pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M./s. Rao, Murthy & Associates (Firm regn no. 000065), Cost Accountants, were appointed by the Board of Directors on the recommendation of the Audit Committee of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, be paid the remuneration as set out in the Statement annexed to the notice convening this meeting.*

RESOLVED FURTHER THAT *the Board of Directors and the Company Secretary of the Company be and are hereby authorized to perform all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."*

5. To appoint Mr. Ravi Ghai (DIN: 08715119) as Nominee Director and to consider and, if thought fit, to pass with or without modification(s) the following resolution as a 'Ordinary Resolution'*:*

"RESOLVED THAT *pursuant to the provisions of Section 161(1) & (3) of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Articles of Association of the Company, Mr. Ravi Ghai (DIN: 08715119) who was appointed as Nominee Director, nominated by Asset Reconstruction Company Limited (ARCIL) as their representative, at the meeting of the Board of Directors of the Company held on June 27, 2020 and in respect of whom a notice has been received from the member in writing, under section 160 of the Companies Act, 2013 proposing his candidature for the office of director be and is hereby appointed as the Nominee Director of the Company, not liable to retire by rotation."*

6. To reappoint Dr. Ashok Misra (DIN: 00006051) as independent director for the second term of five consecutive years and to consider and, if thought fit, to pass the following resolution as a 'Special Resolution':

"RESOLVED THAT *pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and the applicable provisions of the Securities and Exchange Board of India (Listing*

Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Ashok Misra (DIN: 00006051), Independent Director, who was appointed as Independent Director at the sixty ninth annual general meeting of the Company and who holds office up to November 04, 2020 and who is eligible for re-appointment and who meets the criteria of Independence as provided in section 149(6) of the Act along with rules framed thereunder and Regulations 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to the effect and in respect of whom the Company has received a notice in writing from a member under Section 160 (1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second consecutive term of five (05) consecutive years on the Board of Directors of the Company upto November 04, 2025

***RESOLVED FURTHER THAT** pursuant to the provisions of Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations"), other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder including any statutory modification(s) or re-enactment thereof and subject to such other approvals as may be necessary in this regard, consent of the members of the Company be and is hereby accorded to continue the directorship of Dr. Ashok Misra (DIN: 00006051) as the Independent Director of the Company, who will attain the age of 75 years on during the second consecutive term of five (5) consecutive years, till the expiry of his second term."*

7. To reappoint Mr. Vijay R Kirloskar (DIN: 00031253) as Executive Chairman of the Company for a term of three years and to consider and, if thought fit, to pass the following resolution as a 'Special Resolution':

***"RESOLVED THAT** in terms of the provisions of Sections 196, 197,198, 200 and other applicable provisions, if any, of the Companies Act, 2013, rules framed thereunder and Schedule V, as amended from time to time, and subject to the approval of Central Government, if required, the consent of the Company be and is hereby accorded to the reappoint Mr. Vijay Ravindra Kirloskar (DIN: 00031253), as Executive Chairman of the Company for a period of three (3) years effective from August 12, 2020 on the remuneration as set out below:*

***(a) Salary:** ₹ 26,160,000/- (Rupees Two Crores Sixty One Lakhs Sixty Thousand only) per annum.*

(b) Perquisites and allowances:

The Chairman shall be entitled to perquisites and allowances like rent free accommodation (including maintenance fee) or house rent allowance in lieu thereof, special allowances, car allowance, performance incentive, reimbursement of water expenses, gas and electricity bills at residence and medical expenses for self and his family including dependents and all other payments in the nature of perquisites and allowances subject to the overall limit of his salary which shall also include premium payable towards medi-claim and personal accident insurance as per the policies of the Company.

Explanation

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the provisions of the Companies Act, 2013, Rules made thereunder and as per the provisions of the Income tax Act, 1961 and Rules made thereunder. In the absence of any such rule, perquisites shall be evaluated at actual cost.

"Family" here means the spouse, dependent children of the Executive Chairman.

Use of Company's car for official purposes and telephone at residence and cell phone (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Apart from the re-imbursement of ordinary medical expenses, in case of hospitalization of the Executive Chairman, the Company shall reimburse the actual expenses incurred by him including expenses incurred by him on travel and treatment abroad, notwithstanding that the total will exceed the limit.

Contribution to Provident Fund and to Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites to the extent the same are not taxable under the Income Tax Act.

The Chairman shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the Company.

***RESOLVED FURTHER THAT** pursuant to Section 197 and all other applicable provisions of the Companies Act, 2013, where in any financial year during the currency of tenure of the appointment, the company has losses or its profits are inadequate, remuneration of ₹ 26,160,000/- (Rupees Two Crores Sixty One*

Lakhs Sixty Thousand only) per annum or such higher remuneration, as may be permitted according to the schedule V to the Companies Act, 2013 be paid to Mr. Vijay R Kirloskar as minimum remuneration.

***RESOLVED FURTHER THAT** any director of the Company and the Company Secretary of the Company be and hereby are severally authorised to do the necessary acts and deeds, necessary for filing requisite e-forms with the appropriate authority within such time and period as prescribed."*

8. **To appoint Mr. Sanjeev Kumar Shivappa (DIN: 08673340) as Director (Finance) & Chief Financial Officer of the Company and to consider and, if thought fit, to pass the following resolution as a 'Special Resolution'*:***

***"RESOLVED THAT** pursuant to the provisions of Section 161(1), 196, 197, 198, and other applicable provisions, if any of the Companies Act, 2013, rules framed thereunder and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Articles of Association of the Company and based on the recommendations of the Nomination and Remuneration Committee, approval of the members be and is hereby accorded to appoint Mr. Sanjeev Kumar Shivappa (DIN: 08673340) as a Whole-time Director of the Company designated as Director (Finance) & Chief Financial Officer of the Company, who is liable to retire by rotation, for a period of 3 (Three) years with effect from February 14, 2020 on the terms and conditions including remuneration as set out below with the power to the Board of Directors to alter and vary the terms and conditions of remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof:*

a. Salary:

₹ 583,500/- (Rupees Five Lakhs Eighty Three Thousand Five Hundred) per annum.

b. Perquisites and Allowances:

Mr. Sanjeev Kumar Shivappa shall be entitled to perquisites and allowances like rent free accommodation (including maintenance fee) or house rent allowance in lieu thereof, special allowances, car allowance, re-imbursement of water expenses, gas and electricity bills at residence and medical expenses for self and his family including dependents and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors subject to ceiling of ₹ 2,232,000/- (Rupees Twenty Two Lakhs Thirty Two Thousand) which shall also include premium payable towards medi-claim and personal accident insurance as per the policies of the Company.

Explanation

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the provisions of the Companies Act, 2013, Rules made thereunder and as per the provisions of the Income tax Act, 1961 and Rules made thereunder. In the absence of any such rule, perquisites shall be evaluated at actual cost.

"Family" here means the spouse, the dependent children of the Mr. Sanjeev Kumar Shivappa.

Apart from the re-imbursement of ordinary medical expenses, in case of hospitalization of the Mr. Sanjeev Kumar Shivappa, the Board of Directors shall have the discretion to reimburse the actual expenses incurred by him including on travel, notwithstanding that the total perquisites will exceed the limit of ₹ 2,232,000/- (Rupees Twenty Two Lakh Thirty Two Thousand) per annum in any financial year.

Mr. Sanjeev Kumar Shivappa shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the Company.

c. Variable Pay:

Upto ₹ 1,000,000/- (Rupees Ten Lakhs only) per annum as may be decided by the Board of Directors of the Company based on the performance of Mr. Sanjeev Kumar Shivappa.

***RESOLVED FURTHER THAT** Mr. Sanjeev Kumar Shivappa (DIN: 08673340) shall continue to hold the position of Chief Financial Officer of the Company in addition to the position of Director (Finance) and shall act as a Key Managerial Personal as per section 203 of the Companies Act, 2013;*

***RESOLVED FURTHER THAT** any director of the Company and the Company Secretary of the Company be and hereby are severally authorised to do the necessary acts and deeds, necessary for filing requisite e-forms with the appropriate authority within such time and period as prescribed."*

By the order of the Board of Directors

For **Kirloskar Electric Company Limited**

K S Swapna Latha

Place: Bengaluru **Sr. General Manager (Legal) &**
Date: August 25, 2020 **Company Secretary**

NOTES:

(a) In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 (collectively referred to as "MCA Circulars"), which permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

(b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Businesses is annexed hereto. All the Special Businesses are considered to be unavoidable by the Board of Directors of the Company.

(c) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as e-voting at the time of conducting AGM through video conferencing (VC) or other audio visual means (OAVM) will be provided by CDSL.

(d) Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

(e) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizers etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

(f) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

(g) **Process for those shareholders whose email ids are not registered:**

I. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhaar Card) by email to **Company/RTA email id**.

II. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to **Company/RTA email id**.

(h) For the purpose of AGM, the share transfer books and Register of Members of the Company will remain closed from Thursday, September 24, 2020 to Wednesday, September 30, 2020 (both the days inclusive).

(i) Documents relating to any of the items mentioned in the Notice and the Explanatory Statement thereto are open for inspection at the registered office of the Company on any working day during the business hours of the Company.

(j) Members requiring information on the accounts and operations of the Company are requested to write to as to reach the Company at least seven days before the date of the AGM to enable the management to keep the information ready.

(k) Members holding share(s) either singly or jointly in identical order in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holdings in one folio.

(l) Members holding shares in physical form are requested to notify any change of their addresses timely to the Company's Registrar and Share Transfer Agent ("RTA"), i.e., M/s. Integrated Registry Management Services Private Limited, No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560003. Members holding shares in the electronic form are advised to notify any change in their address to the concerned depository participants.

(m) Members desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form No SH.13 duly completed to the secretarial department of the Company or M/s. Integrated Registry Management Services Private Limited.

(n) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their DEMAT accounts. Members holding shares in physical form can submit their PAN details to the Company.

(o) Pursuant to Circular Nos. 14/2020, 17/2020 & 20/2020 dated April 08, 2020, April 13, 2020 & May 05, 2020 respectively issued by Ministry of Corporate Affairs and Circular SEBI/HO/CFD/CMDI/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, the 73rd AGM of the Company will be held VC/OAVM. Electronic copy of the Annual Report for the year ended March 31, 2020 and Notice of the AGM are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes. A copy of the notice of the AGM and annual report are also available for download from the website of the Company at www.kirloskarelectric.com. Any member may request hard copy of the Annual Report by writting to the Company.

(p) Voting through electronic means in compliance with the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has provided a facility to its members to exercise their votes electronically through e - voting service arranged through Central Depository Services (India) Limited ("CDSL"). The facility to cast votes through e-voting will also be made available during the AGM and members attending the AGM through Video Conference, but who have not cast/ exercised their rights to vote by remote evoting shall be able to exercise their right to vote through e-voting during the AGM. Members who have cast their votes through remote evoting prior to the AGM may attend the AGM through Vide Conference but shall not be entitled to cast their votes again during the AGM. The instructions for remote evoting are provided herein.

Mr. Karthick V, Practicing Company Secretary (ACS No.11910 / PCS No. 4680), has been appointed as scrutinizer the purpose of scrutinizing the remote e-voting and e-voting process in a fair and transparent manner.

(q) **Procedures for e-voting are as under:**

(i) The voting period will begin on Saturday, September 26, 2020 (from 9.00 A.M) and will end on Tuesday, September 29, 2020 (at 5.00 P.M). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The cut-off date for e-voting facility is Wednesday, September 23, 2020 and members whose names appear in the register of members shall be entitled to avail the service. Any person who becomes a member of the Company after of the notice of the AGM and holding shares as on the cut-off date is requested to contact Company's RTA to get the details relating to his/her user-id and password. Members may call the RTA through telephone number +91-80-23460815-818 or send an email request to irg@integratedindia.in.

(iii) Members who have already voted prior to the meeting date would not be entitled to vote during the meeting.

(iv) The members should log on to the e-voting website www.evotingindia.com during the voting period.

(v) Click on "Shareholders / Members" tab.

(vi) Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vii) Next enter the Image Verification as displayed and Click on Login.

(viii) If you are holding shares in DEMAT form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(ix) If you are a first time user follow the steps given below:

	For Members holding shares in DEMAT Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both DEMAT members as well as physical members) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the DEMAT account folio number in the PAN Field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.
DOB#	Enter the Date of Birth as recorded in your DEMAT account or in the Company records for the said DEMAT account or folio in dd/mm/yyyy format.

(x) After entering these details appropriately, click on "SUBMIT" tab.

(xi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in DEMAT form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the DEMAT holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xiii) Click on the EVSN of KIRLOSKAR ELECTRIC COMPANY LIMITED on which you choose to vote.

(xiv) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xvi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xviii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xix) If DEMAT account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xx) Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xxi) Note for Institutional Members(Non Individual and Custodians)

- Institutional members (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxiii) The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website www.kirloskarelectric.com and on the website of CDSL within Forty Eight hours of the conclusion of AGM. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

(r) **The instructions for shareholders voting on the day of the AGM on e-voting system are as under: -**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.
3. If any Votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.
4. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote again during the AGM.

(s) **Instructions for members for attending the AGM through VC/OAVM are as under:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request **7 days prior to meeting** mentioning their name, DEMAT account number/folio number, email id, mobile number at (company email id).
6. Shareholders who would like to express their views/have questions may send their questions in advance **7 days prior to meeting** mentioning their name demat account number/folio number, email id, mobile number at investors@kirloskarelectric.com. The same will be replied by the Company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

(t) Information about directors seeking appointment / reappointment given in the **annexure** appended hereto and forms part of this report.

Contact Details: Quick reference for members

Company	**Kirloskar Electric Company Limited**
Registered Office	No. 19, 2nd Main Road, Peenya 1st stage, Phase-I, Peenya, Bengaluru – 560058 CIN: L31100KA1946PLC000415; Email: investors@kirloskarelectric.com Website: www.kirloskarelectric.com Tel No.: 080-28397256; Fax: 080-28396727
Registrar and Transfer Agent :	M/s. Integrated Registry Management Services Private Limited, No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560003 CIN: U74900TN2015PTC101466 Email: irg@integratedindia.in Tel: 080-23460815-818; Fax: 080-23460819
e-Voting Agency	Central Depository Services (India) Limited E-mail: helpdesk.evoting@cdslindia.com Phone: 022- 22723333 / 8588
Scrutinizer	Mr. Karthick V, Practising Company Secretary. E-mail ID: csvkart@gmail.com

By the order of the Board of Directors

For **Kirloskar Electric Company Limited**

K S Swapna Latha

Sr. General Manager (Legal) & Company Secretary

Place: Bengaluru

Date: August 25, 2020

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business is annexed hereto.

Item No. 3:

The Company is having a branch office at Malaysia and M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia were appointed as Branch Auditor to hold the office upto the conclusion of this Annual General Meeting of the Company. Being eligible for reappointment, the approval is sought from the members to reappoint the branch auditor of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company.

The members are further requested to authorize the Board of Directors of the Company to fix their remuneration.

None of the Directors or Key Managerial Person (KMP) or relatives of Directors and KMP, are in any way concerned with or interested, financially or otherwise, in the resolution at item no. 3 of the accompanying notice. The Board recommends the resolution at Item No. 3 to be passed as an ordinary resolution.

Item No. 4:

The Board on the recommendation of the Audit Committee had approved the appointment of M/s. Rao, Murthy. Cost Auditors at remuneration of ₹ 4,50,000/- (Rupees Four lakhs fifty thousand only) to conduct the audit of the cost records of the Company for the financial year ended March 31, 2020. In accordance with the provisions of the Sec 148 of the Act read with the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

None of the Directors or Key Managerial Person (KMP) or relatives of Directors and KMP, are in any way concerned with or interested, financially or otherwise, in the resolution at item no. 4 of the accompanying notice.

The Board recommends the resolution at Item No. 4 to be passed as an ordinary resolution.

Item No. 5

The Board of Directors of the Company ('the Board') at the meeting held on June 27, 2020, on the recommendation of the Nomination & Remuneration Committee ('the Committee'), appointed Mr. Ravi Ghai (DIN: 08715119) as Nominee Director of the Company, representative of the Asset Reconstruction Company (India) Limited ("ARCIL"), not liable to retire by rotation. Requisite notice under Section 160 of the Act proposing the appointment of Mr. Ravi Ghai has been received by the Company, and consent has been filed by Mr. Ravi Ghai pursuant to Section 152 of the Companies Act 2013. Brief resume, nature of his expertise in specific functional areas, names of companies in which Mr. Ravi Ghai holds directorships, memberships, chairmanships of Board Committees, his shareholding in the company and relationships amongst directors' inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided below in the notice..

Mr. Ravi Ghai is member of the audit committee, however he does not hold any directorship in any of the Companies and does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person. Mr. Ravi Ghai is a retired bank executive with over three decades of experience in banking, risk compliance and credit appraisal.

For the purpose of Item no. 5, except Mr. Ravi Ghai, being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no. 5.

The Board recommends the resolution at Item no. 5 to be passed as an ordinary resolution.

This Explanatory Statement may also be regarded as an appropriate disclosure in Annexure under the Listing Regulations.

Item No. 6

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the rules framed thereunder and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges, at the 69th Annual General Meeting of the Company held on 26th September, 2016, Dr. Ashok Misra (DIN: 00006051) was appointed as an Independent Directors of the Company for a period of 5 (five) years who will complete his initial term of 5 years on 04th November, 2020 and is eligible for reappointment for second consecutive term for five consecutive years.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, ("Amendment Regulations, 2018"), inter alia, provides that "no listed Company shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 (seventy five) years unless it is approved by the members by passing a special resolution to that effect". Therefore the above Independent Directors except Dr. Ashok Misra will attain the age of 75 years and hence continuation beyond 75 years requires the approval of members by way of a special resolution.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company has accorded its approval at the meeting held on June 27, 2020 subject to the approval of members at this Annual General Meeting and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on their skills, rich experience, knowledge, contributions, continued valuable guidance to the management made by the independent director during his tenure and outcome of performance evaluation of the Independent Director, the approval of the members of the Company sought for reappointment of Dr. Ashok Misra (DIN: 00006051), for the second consecutive term of 5 (five) consecutive years and continuation of such appointment for 5 years even after attaining the age of 75 years or who will attain the age of 75 years in due course. Further the independent directors shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

The Company has also received declarations from the above said Independent Director and consent(s) in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 confirming

the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and under the Regulation 16(b) of the Listing Regulations. The Director is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, as amended from time to time. In the opinion of the Board, the director fulfils the conditions specified in the Companies Act, 2013 and are independent of the management.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

The Board considers that the Independent Director continued association would be of immense benefit to the Company and it is desirable to continue to avail their services. Accordingly, the consent of the members is sought for passing Special Resolution as set out in items of the Notice for reappointment of Independent Director of the Company.

The terms and conditions of reappointment of above Independent Director shall be open for inspection by the members of the Company at the registered office of the Company during normal business hours from 09.00 A.M to 05.00 P.M on any working day.

For the purpose of Item no. 6, except Dr. Ashok Misra, being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no. 6.

The brief profile(s) of the Independent Director to be reappointed are given elsewhere in the annual report. This Explanatory Statement may also be regarded as an appropriate disclosure in Annexure under the Listing Regulations.

Item No. 7:

Mr. Vijay Ravindra Kirloskar was appointed as Executive Chairman of the Company for a period of three (3) years effective from August 12, 2017. The term of three years expired on the close of the office hours on August 11, 2020. The Board of Directors at its meeting on June 27, 2020 has, subject to the approval of the members of the Company, reappointed Mr. Vijay Ravindra Kirloskar as the Executive Chairman of the Company for a period of three years effective from August 12, 2020.

Brief resume, nature of expertise in specific functional areas, names of companies in which Mr. Vijay Ravindra Kirloskar holds directorships, his memberships / chairmanships of Board committees, his shareholding in the Company and relationships amongst directors inter-se as stipulated under Companies Act, 2013 & SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, are provided in the annexure to the notice.

The terms of the appointment of Mr. Vijay Ravindra Kirloskar are contained in the agreement dated August 12, 2020 executed with the Company. The same is available for inspection at the registered office of the Company.

Disclosures as per schedule V to the Companies Act, 2013

I. General information:

1) Nature of industry:

Kirloskar Electric Company Limited (Kirloskar Electric) was incorporated on 26th July, 1946. Kirloskar Electric, the Company, is engaged in the manufacture of various electrical equipments such as motors, alternators and generators, transformers, DG sets and etc.,

The Company has different product groups such as transformer and distribution group, large machine group, low voltage machine group, power generation group. Each product group is having different products within its broad range. The Company supplies to the core economic sectors such as power generation, transmission and distribution, transportation, sugar, cement, renewable energy and many key sectors. The Company is having manufacturing facilities across India with wide network of Dealers, Sales offices across India and abroad having authorised service providers and subsidiaries across India and abroad. Thus the Company has business operations spread across and at multiple locations.

The Company is having a large network of spare parts dealers and service centres. This enables the Company to provide premium products, exemplary systems and timely services at competitive rates to the customers. Products are known for their high quality, durability and reliability. The Company adheres to international standards by acquiring and adopting latest technologies along with in-house R&D.

The Company's products are having good demand in domestic and overseas markets. As a renowned Company, it provides elite products and strives to fulfil the expectations of industries and clients spread across the world.

Kirloskar Electric Company is one of the leading Company in India which manufactures and supplies motors which are used in electric vehicles. The Company provides tailor made customized electrical equipments to its customers. The major Companies, PSUS and EPCS are valued customers. The Company has overseas customers also.

2) Date of commencement of commercial production:
July 26, 1946

3) Financial performance based on given indicators:

(₹ In Lakhs)

	Standalone	
PARTICULARS	**2019-20**	2018-19
Revenue from operations	**31,441**	29,442
Other income (Net)	**428**	6,217
Total Income	**31,869**	35,659
Total Expense	**40,939**	37,522
Profit / (Loss) before tax	**(8,599)**	(1,863)
Tax Expense	**-**	-
Profit / (Loss) after tax	**(8,599)**	(1,863)
Total other comprehensive income	**(112)**	(4,870)
Total comprehensive income for the period	**(8,711)**	(6,733)

4) Foreign investments or collaborations, if any:
The Company has investments in the following companies abroad:
a. Kirloskar (Malaysia) SDN BHD ₹ 5.29 lakhs for 300,000 shares
b. Kirsons Trading Pte Ltd ₹ 11.20 lakhs for 56,250 shares

II. Information about the appointee:

(1) Background details, recognition or awards, job profile and his suitability:

Mr. Vijay Ravindra Kirloskar has completed MS in Management Science and Engineering from Worcester Polytechnic Institute, Worcester, MA, USA. He joined the services of the Company in the year 1978 as Manager-Production. Later on in the year 1982 he was appointed as President. He was appointed as Managing Director of the Company w.e.f 17th August, 1985. He was the Chairman of the Kirloskar Group during the period 1994 to 1998. The Group and the Company showed considerable growth under his stewardship. He has held various important positions in the industry. He was the Vice President of CII for the year 1998.

His education and experience makes him suitable to the office. He is in-charge of the overall management of the Company. Mr. Vijay Ravindra Kirloskar is having a wide contact with the industries peers, which is resulting in availing ample number of opportunities like new customers, significant order booking and contacts, technology and many more.

Mr. Vijay Ravindra Kirloskar, being the promoter and experienced senior managerial personnel of the Company is playing a major role in the conduct of the overall business operations of the Company. The compensation package, which the Company has proposed is lower compared to the salaries offered to managerial personnel within the comparable industries.

(2) Past remuneration

Mr. Vijay Ravindra Kirloskar was paid total remunaration of ₹ 8,400,000/-, ₹ 16,800,000/- and ₹16,800,000/- during the financial year 2016-17, 2017-18 and 2018-19 respectively.

(3) Remuneration proposed

Annual remuneration to the Executive Chairman is proposed in the resolution under item no. 7 in the notice of the Annual General Meeting:

(4) Comparative remuneration profile with respect to industry, size of the Company and profile of the position.

The details of the turnover and the remuneration paid in other comparable similar Industries are as shown in the table given below:

(₹ in Lakhs)

Sl No.	Name of the company	Turnover	Remuneration
1	TD Power Systems Limited (2018-19)	44,508.69	195.28
2	Voltamp Transformers Limited (2019-20)	85,857.57	821.78
3	Crompton Greaves Consumer Electricals Ltd (2018-19)	447,891.00	750.00
4	Kirloskar Oil Engines Ltd (2019-20)	287,748.00	1,500.00

(5) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Except for Mr. Vijay Ravindra Kirloskar being the appointee and Mrs. Meena Kirloskar, none of the directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution set forth under item no. 7 of the accompanying notice.

III. Other information:

(1) Reasons of loss or inadequate profits:

Lloyd Dynamowerke Gmbh & Co.KG (LDW) is a step down subsidiary of the Company set up in Germany. LDW was facing serious financial and operational challenges since the financial year 2011-12 after the economic slowdown in Europe. The Company infused capital from time to time and in the process its Balance Sheet exposure in the form of investment in LDW increased substantially upto ₹ 224.47 crores. LDW recorded huge losses in the year 2012-13 and 2013-14 and ultimately filed for insolvency in a German court of law. As a result of the investment in LDW, KEC experienced gradually incremental severe shortage of working capital, which led to a low capacity utilization and thereby resulting into losses for the last two financial years.

After the administrator was appointed to liquidate LDW, KEC lost total control over LDW and hence the investment was substantially impaired in the year 2014-15.

Accumulation of operating losses continued weak business environment and funding of LDW together affected Company's operation. In order to address the whole issue, during the year 2014-15 the Company drew up a financial reorganization planning consultation with financial lenders (lenders). The lenders formed a Joint Lenders Forum (JLF) and corrective action plan was drawn up in mutual consultation with JLF members and Company. The Company has already implemented the reorganization of the Company. The promoters have infused funds in equity to shore up its working capital.

Since then the Company has taken several initiatives to increase its profitability and to explore new opportunities of achieving cost reduction and price competitiveness. Mr. Vijay Ravindra Kirloskar is actively involved in this reorganization. Infusion of substantial funds in the Company corroborates his commitment to the Company. His varied experience and exposure has come very handy to the business in these difficult times.

Under the guidance of Mr. Kirloskar, the Company is working on various measures to turnaround the Company to a profit making Company. It is confident of earning profits in the coming future years.

(2) Steps taken or proposed to be taken for improvement:

The Company has already taken measures for improving its working capital, such as cutting costs at all levels; strengthening and reorganization of manpower, product development, improving working capital management etc. All of the above measures have steadily helped the Company to improve its performance.

(3) Expected increase in productivity and profit in measurable terms:

With the above, the Company expects to improve the productivity and margin also.

IV. Disclosures:

Applicable disclosures required under Section II of part II, schedule V to the Companies Act, 2013 are mentioned in the Board's report attached to this annual report.

Further, the effective capital of the Company is negative and as required under Section II of part II, schedule V to the Companies Act, 2013, the approval of members of the Company is sought by way of special resolution.

The Board recommends the resolution set forth under item no. 7 of the accompanying notice for approval of the members.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Item No. 8:

The Board of Directors on the recommendation of the Nomination and Remuneration committee has, subject to the approval of members, appointed Mr. Sanjeev Kumar Shivappa (DIN : 08673340) in capacity of Executive Director (Finance) & Chief Financial Officer of the company for a period of three (3) years effective from February 14, 2020. Hence, it is proposed to seek member's

approval to the appointment and payment of remuneration to Mr. Sanjeev Kumar Shivappa as Director (Finance) & Chief Financial Officer. Broad particulars of terms of appointment and remuneration payable to Mr. Sanjeev Kumar Shivappa are mentioned in the resolution. The total remuneration proposed to Mr. Sanjeev Kumar Shivappa is ₹ 4,000,000/- per annum (including all salary, perquisites, variable pay based on performances and other statutory benefits) which is within the limits specified in schedule V to the Companies Act, 2013.

Brief resume, nature of his expertise in specific functional areas, names of companies in which Mr. Sanjeev Kumar Shivappa holds directorships, memberships, chairmanships of Board Committees, his shareholding in the company and relationships amongst directors' inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided below in the notice.

The terms of the appointment are contained in the agreement dated February 17, 2020 executed between the Company and the Director. The same is available for inspection at the registered office of the company.

Except Mr. Sanjeev Kumar Shivappa, none of the directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution at item no. 8 of the notice.

The Board recommends the resolution no. 8 for approval by the members.

Disclosures as per schedule V of the Companies Act, 2013

I. General information: [Please refer to the disclosure under Item no.7 (I)]

Mr. Sanjeev Kumar Shivappa is a graduate in Commerce and Masters in Business Administration (MBA) in finance from Bangalore University. He has about 35 years of post qualification experience and has worked extensively in the areas of finance. He has handled the finance department for more than 27 years. He was promoted to Assistant Vice President - Finance and Chief Financial Officer of the Company with effect from August 10, 2017. Prior to his joining in the Company, he had worked with Companies like Karnataka Oil Seeds Growers Federation Limited, Bengaluru, ROGCSU Limited etc.,

The compensation package, which the company has proposed is lower compared to the salaries offered to managerial personnel within the comparable industries.

II. Information about the appointee:

(1) Past remuneration:

Details of remuneration drawn by Mr. Sanjeev Kumar Shivappa for past three years:

(Amount in ₹)

Year	Salary	Perquisites & Allowances	Total Remuneration
2017-18	1,419,000	30,510	1,449,509
2018-19	2,307,424	54,190	2,361,614
2019-20	2,477,881	59,090	2,536,971

(2) Remuneration proposed:

Proposed annual remuneration to the Director:

Sl. No	Particulars	Amount (₹)
1	Salary	583,500
2	Perquisites and allowances	2,232,000
3	Variable Pay	10,00,000
4	Others	184,500
	Total	**4,000,000**

(3) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The details of the turnover and the remuneration paid in other comparable similar Industries are as shown in the table given below:

(₹ in Lakhs)

Sl No.	Name of the company	Turnover	Remuneration
1	TD Power Systems Limited (2018-19)	44,508.69	195.28
2	Voltamp Transformers Limited (2019-20)	85,857.57	821.78
3	Crompton Greaves Consumer Electricals Ltd (2018-19)	447,891.00	750.00
4	Kirloskar Oil Engines Ltd (2019-20)	287,748.00	1,500.00

(4) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Except Mr. Sanjeev Kumar Shivappa, none of the directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution at item no. 8 of the notice.

III. Other information: [Refer disclosure under Item no.7 (III)]

I. Disclosures:

Disclosures as required under Section II of part II, schedule V to the Companies Act, 2013 are mentioned in the Board's report attached to the annual report.

Further, the effective capital of the Company is negative and as required under Section II of part II, schedule V to the Companies Act, 2013, the approval of members of the company is sought by way of special resolution.

The Board recommends the resolution set forth under item no. 8 of the accompanying notice for approval of the members.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

This Explanatory Statement may also be regarded as an appropriate disclosure in Annexure under the Listing Regulations.

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Information about directors seeking appointment / reappointment

Annexure-1

Name of director	Mrs. Meena Kirloskar
Age	65 years
Date of appointment	31-07-2009
Relationship with other directors / KMP	Ms. Meena Kirloskar is spouse of Mr. Vijay Ravindra Kirloskar, Executive Chairman of the Company.
Qualification & experience	Mrs. Meena Kirloskar has more than two decades of experience in the field of business management and has been with your Company since 2009.
Directorship in other listed companies	NIL
Shareholding in the Company	184,514 Equity Shares
Chairperson of committees	Nil
Member of committees	a. Nomination and Remuneration Committee. b. Executive Committee

Name of director	Mr. Vijay Ravindra Kirloskar
Age	69 years
Date of appointment	12-08-2014
Relationship with other directors / KMP	Mr. Vijay Ravindra Kirloskar is spouse of Mrs. Meena Kirloskar, Non-Executive Director of the Company.
Qualification & experience	Mr. Vijay Ravindra Kirloskar has completed MS in Management Science and Engineering from Worcester Polytechnic Institute, Worcester, MA, USA. He joined the services of the Company in the year 1978 as Manager-Production. Later on in the year 1982 he was appointed as President. He was appointed as Managing Director of the Company w.e.f. 17th August, 1985. He was the Chairman of the Kirloskar Group during the period 1994 to 1998. The Group and the Company showed considerable growth under his stewardship. He has held various important positions in the industry. He was the Vice President of CII for the year 1998.
	His education and experience makes him suitable to the office. He is in-charge of the overall management of the Company. Mr. Vijay Ravindra Kirloskar is having a wide contact with the industries peers, which is resulting in availing ample number of opportunities like new customers, significant order booking, new contacts, new technology agreements.Mr. Vijay Ravindra Kirloskar, being the promoter and experienced senior managerial personnel of the Company is playing a major role in the conduct of the overall business operations of the Company. The compensation

	package, which the Company has proposed is lower compared to the salaries offered to managerial personnel within the comparable industries.
Directorship in other listed companies	Mr. Vijay Ravindra Kirloskar is a director in the following companies: a. MRF limited b. Batliboi limited
Shareholding in the Company	1,18,90,618 Equity Shares
Chairperson of committees	Nil
Member of committees	a. Stakeholders Relationship Committee. b. Executive Committee

Name of director	Dr. Ashok Misra
Age	73 years
Date of appointment	05-11-2015
Relationship with other directors / KMP	NIL
Qualification & experience	Prof. Ashok Misra is currently NASI Distinguished as Professor at the Indian Institute of Science, Bengaluru. Earlier he was Chairman-India of Intellectual Ventures from 2008-16; Director of IIT Bombay from 2000-08; at IIT Delhi from 1977-2000 and at Monsanto Chemical Co. from 1974-77. He is Adjunct Professor at the Univ. of Massachusetts and was a Visiting Fellow, Trinity College, University of Cambridge. He obtained his B.Tech from IIT Kanpur, M.S. from Tufts University and Ph.D. from the University of Massachusetts. He was conferred the Doctor of Science by Thapar University, Patiala. He has held several responsibilities with MHRD, Govt. of India including Chairman, Standing Committee of the IIT Council from 2015-17; Chairman, Board of Governors, IIT Roorkee; Chairman 2014-17; Chairman, Joint Entrance Examination (JEE) Apex Board from 2012-15 and Member Board of Governors, IIT Delhi from 2012-16. Prof. Misra is an Independent Director on the Board of Directors of Kirloskar Electric Co. Ltd., Jubilant Life Sciences Ltd., Jubilant Pharma Ltd. and Higher Education Funding Agency. Earlier he was an Independent Director on the Board of Directors of Reliance Industries Ltd., National Thermal Power Corporation Ltd., Rashtriya Chemicals & Fertilizers Ltd. and Jubilant Industries Ltd. In addition, he is on the Advisory Board of IvyCap Ventures Pvt. Ltd., Lumis Partners and Log9 Materials. Prof. Misra is a Fellow of National Academy of Sciences India (NASI) and was its President from 2006-08; a Fellow of the Indian National Academy of Engineering (INAE). He is the founder President of the Polymer Processing Academy; former President of the Society of Polymer Science, India and founder President of the IIT Alumni Centre, Bengaluru. He has received several awards including: Distinguished Service Award, IIT Delhi; Distinguished Alumnus Awards from all his Alma Maters – University of Massachusetts, IIT Kanpur and Tufts University; Distinguished Service Award, Polymer Processing Society; Indian Chemical Council Lifetime Achievement Award for Education & Research; National Systems Gold Medal; Qimpro Platinum Standard Award (Education); Bhatnagar Memorial Award at 94th Indian Science Congress; Chemtech CEW Awards (Education) and Acharya Prafulla Chandra Ray Memorial Award of Indian Chemical Soc. He has guided 22 doctoral students, co-authored a book, has 16 patents and over 182 international publications.
Directorship in other listed companies	1. Jubilant Life Sciences Limited
Shareholding in the Company	NII
Chairperson of committees	Nil
Member of committees	Nil

Name of director	Mr. Sanjeev Kumar Shivappa
Age	57 years
Date of appointment	14-02-2020
Relationship with other directors / KMP	NIL
Qualification & experience	Mr. Sanjeev Kumar Shivappa is a graduate in Commerce and Masters in Business Administration (MBA) in finance from Bangalore University. He has about 35 years of post qualification experience and has worked extensively in the areas of finance. He has handled the finance department for more than 25 years. He was promoted to Assistant Vice President - Finance and Chief Financial Officer of the Company with effect from August 12, 2017. Prior to his joining in the Company, he had worked with Companies like Karnataka Oil Seeds Growers Federation Limited, Bengaluru, ROGCSU Limited etc.,
Directorship in other listed companies	Nil
Shareholding in the Company	NIL
Chairperson of committees	Nil
Member of committees	Nil

Name of director	Mr. Ravi Ghai
Age	69 years
Date of appointment	27.06.2020
Relationship with other directors / KMP	NIL
Qualification & experience	Mr. Ravi Ghai is a Mechanical Engineer from IIT – Kharagpur and a Post Graduate in Industrial Engineering from NITIE, Mumbai (1974). He is a retired bank executive with over three decades of experience in corporate banking, risk compliance and credit appraisal. He commenced his career in 1974 at State bank of India where he handled diverse investment banking assignments, mainly loan syndications and IPOs for 6 years. The following 15 years he worked at ANZ Grindlays Bank – across India and overseas in the fields of corporate credit, risks management and finance training. In 1999 he joined Oman International Bank as country Manager, India with a challenging mandate focusing on cleanup of a very weak corporate loans portfolio. He rounded off his career with a senior role in Credit Risk Review function at Arab National Bank, Riyadh where he was responsible for risk compliance and credit audit relating to large corporate portfolio. Notable achievements in his career include two instances of identification of frauds aimed at hiding losses, both undetected by Auditors. Post retirement, Mr. Ghai has handled diverse assignments as a trainer / consultant in finance & soft skills. He also coaches and mentors young adults in performing arts & communication skills, on behalf of the Times of India, and privately.
Directorship in other listed companies	Nil
Shareholding in the Company	Nil
Chairperson of committees	Nil
Member of committees	Audit Committee

KIRLOSKAR ELECTRIC COMPANY LTD.

Converting Energy to Serve the Billions

73rd

Annual Report

2019-20

Regd. Office: No. 19, 2nd Main Road, Peenya 1st stage, Phase – I, Peenya, Bangalore – 560058
CIN: L31100KA1946PLC000415

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BOARD OF DIRECTORS	Vijay Ravindra Kirloskar	*- Executive Chairman*
	Satyanarayan Agarwal	*- Independent Director*
	Anil Kumar Bhandari	*- Independent Director*
	Sarosh Jehangir Ghandy	*- Independent Director*
	Mahendra Vellore Padmanaban	*- Independent Director*
	Kamlesh Suresh Gandhi	*- Independent Director*
	Meena Kirloskar	*- Non Executive Director*
	Ashok Misra	*- Independent Director*
	Sanjeev Kumar Shivappa	*- Director (Finance) & CFO (Appointed on 14.02.2020)*
	Ravi Ghai	*- Nominee of ARCIL (Appointed on 27.06.2020)*
	Ganesh Krishnamurthy	*- Nominee of LIC (Resigned on 11.07.2019)*
	Anand Balaramacharya Hunnur	*- Managing Director (Resigned on 31.05.2019)*
COMPANY SECRETARY AND COMPLIANCE OFFICER	K S Swapna Latha	
AUDITORS	K N Prabhashankar & Co (Formerly known as Ashok Kumar, Prabhashankar & Co., Bengaluru)	
BANKERS AND FINANCIAL INSTITUTIONS	Bank of India State Bank of India Corporation Bank Ltd Bank of Commerce, Kualalumpur(Malaysia) Noor Bank, UAE Asset Reconstruction Company (India) Ltd	
REGISTERED OFFICE	No. 19, 2nd Main Road, Peenya 1st Stage, Phase - I, Peenya, Bangalore – 560 058 CIN: L31100KA1946PLC000415 Phone : 080-28397256	
FACTORIES LOCATION	Govenahalli, Nelamangala - Bengaluru Budhihal, Nelamangala - Bengaluru; Gokul Road, Hubbali; Gabbur village, Hubbali; Belwadi industrial area, Mysore; Hirehalli village, Tumkur; Kondhapuri, Pune.	

Information for members:

73rd Annual General Meeting (AGM)

Date : September 30th, 2020

Day : Wednesday

Time : 10.00 am

Mode : Video Conferencing / OAVM

Link : https://www.evotingindia.com

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CHAIRMAN'S MESSAGE

Dear Shareholders,

I am addressing you all at a time when the Government of India is fighting challenges on multiple fronts. The Government is battling a global pandemic, while simultaneously trying to re-build and revive the economy.

Further, India faces unexpected challenges as a result of friction on our northern borders. As always, your Company stands with the nation and its leadership in this hour of need.

The Covid-19 has provided an opportunity for all sectors of the industry to strive to act together to further the national interest and becoming self reliant. Our Hon'ble Prime Minister has called for 'Aatmanirbhar Bharat' which has resonated across the nation. We believe that 'Aatmanirbhar Bharat' will support our industries to 'Make in India' which shall encompasses the entire value chain of design, procurement, manufacturing and delivery.

Your Company has all along been striving to be self-reliance in all key sectors such as Steel, Cement, Power, Infrastructure, Sugar and Defence. With our technology for sustainable growth as main goal, our endeavors is a possible game changer for domestic industry. To leverage these trends and harness them for productive purpose, we need to draw up a long-term strategy with a time bound plan for implementation.

The Covid-19 epidemic has given your Company, as well as its Vendors and Dealers, an opportunity to review all systems of working and become more efficient and competitive. Thus, while we are going through difficult days, I believe we will all emerge much stronger. We look forward to the future with a great deal of optimism. Many new opportunities are likely to open as the world adjusts to the post Covid-19 scene. Your Company depends on expansion, investment in infrastructure and other projects in the country. With the impact of Covid -19, investment and expansion projects have been postponed and no fresh investments are happening. We expect that 2nd half of financial year 2020-21 will signal better economic activity.

During the period under review, owing to various initiatives taken, increased market reach, implementing latest tools, we were able to register close to 25% increase in order book. This increase is across all our products covering core sectors viz., Sugar, Steel, Cement, Water Supply, Irrigation, Hydro Carbon, Coal, Mining and others. Continuing these practices we are confident of moving ahead with new vigour, adding new customers, OEMs from all sectors and continue to grow.

I thank all our Bankers, financial institutions, employees, Vendor Partners, Channel Partners, Employees and other stakeholders for their encouragement and support. I look forward to continued support as we take on the challenges on the future.

Vijay R. Kirloskar
Executive Chairman

NOTICE OF 73RD ANNUAL GENERAL MEETING

NOTICE is hereby given that the **SEVENTY THIRD ANNUAL GENERAL MEETING ("AGM")** of the members of **KIRLOSKAR ELECTRIC COMPANY LIMITED** will be held on Wednesday, 30th day of September, 2020 at 10.00 A.M through Video Conferencing / Other Audio Visual Means to transact the following businesses:

ORDINARY BUSINESS

1. (a) To receive, consider and adopt the audited financial statement of the Company for the year ended March 31, 2020 together with the reports of the Board of Directors and auditor's thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the report of Auditors thereon and in this regard, to consider and if thought fit, to pass the following resolutions as **Ordinary Resolutions**:

(a) ***"RESOLVED THAT*** *the audited standalone financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditor's thereon, as circulated to the members be and are hereby considered and adopted."*

(b) ***"RESOLVED THAT*** *the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the report of the Auditor's thereon, as circulated to the members, be and hereby considered and adopted."*

2. To appoint Mrs. Meena Kirloskar (DIN: 00286774) who retires by rotation as a Director and in this regard, to consider and, if thought fit, to pass the following resolution as a 'Ordinary Resolution':

"RESOLVED THAT *in accordance with the provisions of section 152 and other applicable provisions of the Companies Act, 2013, Mrs. Meena Kirloskar (DIN: 00286774), who retires by rotation at this meeting be and is hereby appointed as Director of the Company."*

SPECIAL BUSINESS

3. To appoint M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia as auditor of the sales office and to consider and, if thought fit, to pass the following resolution as a 'Ordinary Resolution':

"RESOLVED THAT *pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia, the retiring auditor of the Company's sales office at Kuala Lumpur, Malaysia are hereby appointed as Auditor of the sales office, to hold the office from the conclusion of this annual general meeting until the conclusion of next annual general meeting of the Company and, at such remuneration as shall be fixed by the Board of Directors of the Company."*

4. To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2020 and to consider and, if thought fit, to pass the following resolution as a 'Ordinary Resolution':

"RESOLVED THAT *pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M./s. Rao, Murthy & Associates (Firm regn no. 000065), Cost Accountants, were appointed by the Board of Directors on the recommendation of the Audit Committee of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, be paid the remuneration as set out in the Statement annexed to the notice convening this meeting.*

RESOLVED FURTHER THAT *the Board of Directors and the Company Secretary of the Company be and are hereby authorized to perform all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."*

5. To appoint Mr. Ravi Ghai (DIN: 08715119) as Nominee Director and to consider and, if thought fit, to pass with or without modification(s) the following resolution as a 'Ordinary Resolution'*:*

"RESOLVED THAT *pursuant to the provisions of Section 161(1) & (3) of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Articles of Association of the Company, Mr. Ravi Ghai (DIN: 08715119) who was appointed as Nominee Director, nominated by Asset Reconstruction Company Limited (ARCIL) as their representative, at the meeting of the Board of Directors of the Company held on June 27, 2020 and in respect of whom a notice has been received from the member in writing, under section 160 of the Companies Act, 2013 proposing his candidature for the office of director be and is hereby appointed as the Nominee Director of the Company, not liable to retire by rotation."*

6. To reappoint Dr. Ashok Misra (DIN: 00006051) as independent director for the second term of five consecutive years and to consider and, if thought fit, to pass the following resolution as a 'Special Resolution':

"RESOLVED THAT *pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and the applicable provisions of the Securities and Exchange Board of India (Listing*

Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Ashok Misra (DIN: 00006051), Independent Director, who was appointed as Independent Director at the sixty ninth annual general meeting of the Company and who holds office up to November 04, 2020 and who is eligible for re-appointment and who meets the criteria of Independence as provided in section 149(6) of the Act along with rules framed thereunder and Regulations 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to the effect and in respect of whom the Company has received a notice in writing from a member under Section 160 (1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second consecutive term of five (05) consecutive years on the Board of Directors of the Company upto November 04, 2025

***RESOLVED FURTHER THAT** pursuant to the provisions of Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations"), other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder including any statutory modification(s) or re-enactment thereof and subject to such other approvals as may be necessary in this regard, consent of the members of the Company be and is hereby accorded to continue the directorship of Dr. Ashok Misra (DIN: 00006051) as the Independent Director of the Company, who will attain the age of 75 years on during the second consecutive term of five (5) consecutive years, till the expiry of his second term."*

7. To reappoint Mr. Vijay R Kirloskar (DIN: 00031253) as Executive Chairman of the Company for a term of three years and to consider and, if thought fit, to pass the following resolution as a 'Special Resolution':

***"RESOLVED THAT** in terms of the provisions of Sections 196, 197,198, 200 and other applicable provisions, if any, of the Companies Act, 2013, rules framed thereunder and Schedule V, as amended from time to time, and subject to the approval of Central Government, if required, the consent of the Company be and is hereby accorded to the reappoint Mr. Vijay Ravindra Kirloskar (DIN: 00031253), as Executive Chairman of the Company for a period of three (3) years effective from August 12, 2020 on the remuneration as set out below:*

***(a) Salary:** ₹ 26,160,000/- (Rupees Two Crores Sixty One Lakhs Sixty Thousand only) per annum.*

(b) Perquisites and allowances:

The Chairman shall be entitled to perquisites and allowances like rent free accommodation (including maintenance fee) or house rent allowance in lieu thereof, special allowances, car allowance, performance incentive, reimbursement of water expenses, gas and electricity bills at residence and medical expenses for self and his family including dependents and all other payments in the nature of perquisites and allowances subject to the overall limit of his salary which shall also include premium payable towards medi-claim and personal accident insurance as per the policies of the Company.

Explanation

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the provisions of the Companies Act, 2013, Rules made thereunder and as per the provisions of the Income tax Act, 1961 and Rules made thereunder. In the absence of any such rule, perquisites shall be evaluated at actual cost.

"Family" here means the spouse, dependent children of the Executive Chairman.

Use of Company's car for official purposes and telephone at residence and cell phone (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Apart from the re-imbursement of ordinary medical expenses, in case of hospitalization of the Executive Chairman, the Company shall reimburse the actual expenses incurred by him including expenses incurred by him on travel and treatment abroad, notwithstanding that the total will exceed the limit.

Contribution to Provident Fund and to Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites to the extent the same are not taxable under the Income Tax Act.

The Chairman shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the Company.

***RESOLVED FURTHER THAT** pursuant to Section 197 and all other applicable provisions of the Companies Act, 2013, where in any financial year during the currency of tenure of the appointment, the company has losses or its profits are inadequate, remuneration of ₹ 26,160,000/- (Rupees Two Crores Sixty One*

Lakhs Sixty Thousand only) per annum or such higher remuneration, as may be permitted according to the schedule V to the Companies Act, 2013 be paid to Mr. Vijay R Kirloskar as minimum remuneration.

***RESOLVED FURTHER THAT** any director of the Company and the Company Secretary of the Company be and hereby are severally authorised to do the necessary acts and deeds, necessary for filing requisite e-forms with the appropriate authority within such time and period as prescribed."*

8. **To appoint Mr. Sanjeev Kumar Shivappa (DIN: 08673340) as Director (Finance) & Chief Financial Officer of the Company and to consider and, if thought fit, to pass the following resolution as a 'Special Resolution'*:***

***"RESOLVED THAT** pursuant to the provisions of Section 161(1), 196, 197, 198, and other applicable provisions, if any of the Companies Act, 2013, rules framed thereunder and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Articles of Association of the Company and based on the recommendations of the Nomination and Remuneration Committee, approval of the members be and is hereby accorded to appoint Mr. Sanjeev Kumar Shivappa (DIN: 08673340) as a Whole-time Director of the Company designated as Director (Finance) & Chief Financial Officer of the Company, who is liable to retire by rotation, for a period of 3 (Three) years with effect from February 14, 2020 on the terms and conditions including remuneration as set out below with the power to the Board of Directors to alter and vary the terms and conditions of remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof:*

a. Salary:

₹ 583,500/- (Rupees Five Lakhs Eighty Three Thousand Five Hundred) per annum.

b. Perquisites and Allowances:

Mr. Sanjeev Kumar Shivappa shall be entitled to perquisites and allowances like rent free accommodation (including maintenance fee) or house rent allowance in lieu thereof, special allowances, car allowance, re-imbursement of water expenses, gas and electricity bills at residence and medical expenses for self and his family including dependents and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors subject to ceiling of ₹ 2,232,000/- (Rupees Twenty Two Lakhs Thirty Two Thousand) which shall also include premium payable towards medi-claim and personal accident insurance as per the policies of the Company.

Explanation

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the provisions of the Companies Act, 2013, Rules made thereunder and as per the provisions of the Income tax Act, 1961 and Rules made thereunder. In the absence of any such rule, perquisites shall be evaluated at actual cost.

"Family" here means the spouse, the dependent children of the Mr. Sanjeev Kumar Shivappa.

Apart from the re-imbursement of ordinary medical expenses, in case of hospitalization of the Mr. Sanjeev Kumar Shivappa, the Board of Directors shall have the discretion to reimburse the actual expenses incurred by him including on travel, notwithstanding that the total perquisites will exceed the limit of ₹ 2,232,000/- (Rupees Twenty Two Lakh Thirty Two Thousand) per annum in any financial year.

Mr. Sanjeev Kumar Shivappa shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the Company.

c. Variable Pay:

Upto ₹ 1,000,000/- (Rupees Ten Lakhs only) per annum as may be decided by the Board of Directors of the Company based on the performance of Mr. Sanjeev Kumar Shivappa.

***RESOLVED FURTHER THAT** Mr. Sanjeev Kumar Shivappa (DIN: 08673340) shall continue to hold the position of Chief Financial Officer of the Company in addition to the position of Director (Finance) and shall act as a Key Managerial Personal as per section 203 of the Companies Act, 2013;*

***RESOLVED FURTHER THAT** any director of the Company and the Company Secretary of the Company be and hereby are severally authorised to do the necessary acts and deeds, necessary for filing requisite e-forms with the appropriate authority within such time and period as prescribed."*

By the order of the Board of Directors

For **Kirloskar Electric Company Limited**

K S Swapna Latha

Place: Bengaluru **Sr. General Manager (Legal) &**
Date: August 25, 2020 **Company Secretary**

NOTES:

(a) In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 (collectively referred to as "MCA Circulars"), which permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

(b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Businesses is annexed hereto. All the Special Businesses are considered to be unavoidable by the Board of Directors of the Company.

(c) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as e-voting at the time of conducting AGM through video conferencing (VC) or other audio visual means (OAVM) will be provided by CDSL.

(d) Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

(e) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizers etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

(f) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

(g) **Process for those shareholders whose email ids are not registered:**

I. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhaar Card) by email to **Company/RTA email id**.

II. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to **Company/RTA email id**.

(h) For the purpose of AGM, the share transfer books and Register of Members of the Company will remain closed from Thursday, September 24, 2020 to Wednesday, September 30, 2020 (both the days inclusive).

(i) Documents relating to any of the items mentioned in the Notice and the Explanatory Statement thereto are open for inspection at the registered office of the Company on any working day during the business hours of the Company.

(j) Members requiring information on the accounts and operations of the Company are requested to write to as to reach the Company at least seven days before the date of the AGM to enable the management to keep the information ready.

(k) Members holding share(s) either singly or jointly in identical order in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holdings in one folio.

(l) Members holding shares in physical form are requested to notify any change of their addresses timely to the Company's Registrar and Share Transfer Agent ("RTA"), i.e., M/s. Integrated Registry Management Services Private Limited, No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560003. Members holding shares in the electronic form are advised to notify any change in their address to the concerned depository participants.

(m) Members desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form No SH.13 duly completed to the secretarial department of the Company or M/s. Integrated Registry Management Services Private Limited.

(n) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their DEMAT accounts. Members holding shares in physical form can submit their PAN details to the Company.

(o) Pursuant to Circular Nos. 14/2020, 17/2020 & 20/2020 dated April 08, 2020, April 13, 2020 & May 05, 2020 respectively issued by Ministry of Corporate Affairs and Circular SEBI/HO/CFD/CMDI/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, the 73rd AGM of the Company will be held VC/OAVM. Electronic copy of the Annual Report for the year ended March 31, 2020 and Notice of the AGM are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes. A copy of the notice of the AGM and annual report are also available for download from the website of the Company at www.kirloskarelectric.com. Any member may request hard copy of the Annual Report by writting to the Company.

(p) Voting through electronic means in compliance with the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company has provided a facility to its members to exercise their votes electronically through e - voting service arranged through Central Depository Services (India) Limited ("CDSL"). The facility to cast votes through e-voting will also be made available during the AGM and members attending the AGM through Video Conference, but who have not cast/ exercised their rights to vote by remote evoting shall be able to exercise their right to vote through e-voting during the AGM. Members who have cast their votes through remote evoting prior to the AGM may attend the AGM through Vide Conference but shall not be entitled to cast their votes again during the AGM. The instructions for remote evoting are provided herein.

Mr. Karthick V, Practicing Company Secretary (ACS No.11910 / PCS No. 4680), has been appointed as scrutinizer the purpose of scrutinizing the remote e-voting and e-voting process in a fair and transparent manner.

(q) **Procedures for e-voting are as under:**

(i) The voting period will begin on Saturday, September 26, 2020 (from 9.00 A.M) and will end on Tuesday, September 29, 2020 (at 5.00 P.M). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The cut-off date for e-voting facility is Wednesday, September 23, 2020 and members whose names appear in the register of members shall be entitled to avail the service. Any person who becomes a member of the Company after of the notice of the AGM and holding shares as on the cut-off date is requested to contact Company's RTA to get the details relating to his/her user-id and password. Members may call the RTA through telephone number +91-80-23460815-818 or send an email request to irg@integratedindia.in.

(iii) Members who have already voted prior to the meeting date would not be entitled to vote during the meeting.

(iv) The members should log on to the e-voting website www.evotingindia.com during the voting period.

(v) Click on "Shareholders / Members" tab.

(vi) Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vii) Next enter the Image Verification as displayed and Click on Login.

(viii) If you are holding shares in DEMAT form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

(ix) If you are a first time user follow the steps given below:

	For Members holding shares in DEMAT Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both DEMAT members as well as physical members) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the DEMAT account folio number in the PAN Field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.
DOB#	Enter the Date of Birth as recorded in your DEMAT account or in the Company records for the said DEMAT account or folio in dd/mm/yyyy format.

(x) After entering these details appropriately, click on "SUBMIT" tab.

(xi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in DEMAT form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the DEMAT holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xiii) Click on the EVSN of KIRLOSKAR ELECTRIC COMPANY LIMITED on which you choose to vote.

(xiv) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xvi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xviii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xix) If DEMAT account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xx) Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xxi) Note for Institutional Members(Non Individual and Custodians)

- Institutional members (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxiii) The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website www.kirloskarelectric.com and on the website of CDSL within Forty Eight hours of the conclusion of AGM. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

(r) **The instructions for shareholders voting on the day of the AGM on e-voting system are as under: -**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.
3. If any Votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.
4. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote again during the AGM.

(s) **Instructions for members for attending the AGM through VC/OAVM are as under:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request **7 days prior to meeting** mentioning their name, DEMAT account number/folio number, email id, mobile number at (company email id).
6. Shareholders who would like to express their views/have questions may send their questions in advance **7 days prior to meeting** mentioning their name demat account number/folio number, email id, mobile number at investors@kirloskarelectric.com. The same will be replied by the Company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

(t) Information about directors seeking appointment / reappointment given in the **annexure** appended hereto and forms part of this report.

Contact Details: Quick reference for members

Company	**Kirloskar Electric Company Limited**
Registered Office	No. 19, 2nd Main Road, Peenya 1st stage, Phase-I, Peenya, Bengaluru – 560058 CIN: L31100KA1946PLC000415; Email: investors@kirloskarelectric.com Website: www.kirloskarelectric.com Tel No.: 080-28397256; Fax: 080-28396727
Registrar and Transfer Agent :	M/s. Integrated Registry Management Services Private Limited, No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bengaluru – 560003 CIN: U74900TN2015PTC101466 Email: irg@integratedindia.in Tel: 080-23460815-818; Fax: 080-23460819
e-Voting Agency	Central Depository Services (India) Limited E-mail: helpdesk.evoting@cdslindia.com Phone: 022- 22723333 / 8588
Scrutinizer	Mr. Karthick V, Practising Company Secretary. E-mail ID: csvkart@gmail.com

By the order of the Board of Directors

For **Kirloskar Electric Company Limited**

K S Swapna Latha

Sr. General Manager (Legal) & Company Secretary

Place: Bengaluru

Date: August 25, 2020

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business is annexed hereto.

Item No. 3:

The Company is having a branch office at Malaysia and M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia were appointed as Branch Auditor to hold the office upto the conclusion of this Annual General Meeting of the Company. Being eligible for reappointment, the approval is sought from the members to reappoint the branch auditor of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company.

The members are further requested to authorize the Board of Directors of the Company to fix their remuneration.

None of the Directors or Key Managerial Person (KMP) or relatives of Directors and KMP, are in any way concerned with or interested, financially or otherwise, in the resolution at item no. 3 of the accompanying notice. The Board recommends the resolution at Item No. 3 to be passed as an ordinary resolution.

Item No. 4:

The Board on the recommendation of the Audit Committee had approved the appointment of M/s. Rao, Murthy. Cost Auditors at remuneration of ₹ 4,50,000/- (Rupees Four lakhs fifty thousand only) to conduct the audit of the cost records of the Company for the financial year ended March 31, 2020. In accordance with the provisions of the Sec 148 of the Act read with the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

None of the Directors or Key Managerial Person (KMP) or relatives of Directors and KMP, are in any way concerned with or interested, financially or otherwise, in the resolution at item no. 4 of the accompanying notice.

The Board recommends the resolution at Item No. 4 to be passed as an ordinary resolution.

Item No. 5

The Board of Directors of the Company ('the Board') at the meeting held on June 27, 2020, on the recommendation of the Nomination & Remuneration Committee ('the Committee'), appointed Mr. Ravi Ghai (DIN: 08715119) as Nominee Director of the Company, representative of the Asset Reconstruction Company (India) Limited ("ARCIL"), not liable to retire by rotation. Requisite notice under Section 160 of the Act proposing the appointment of Mr. Ravi Ghai has been received by the Company, and consent has been filed by Mr. Ravi Ghai pursuant to Section 152 of the Companies Act 2013. Brief resume, nature of his expertise in specific functional areas, names of companies in which Mr. Ravi Ghai holds directorships, memberships, chairmanships of Board Committees, his shareholding in the company and relationships amongst directors' inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided below in the notice..

Mr. Ravi Ghai is member of the audit committee, however he does not hold any directorship in any of the Companies and does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person. Mr. Ravi Ghai is a retired bank executive with over three decades of experience in banking, risk compliance and credit appraisal.

For the purpose of Item no. 5, except Mr. Ravi Ghai, being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no. 5.

The Board recommends the resolution at Item no. 5 to be passed as an ordinary resolution.

This Explanatory Statement may also be regarded as an appropriate disclosure in Annexure under the Listing Regulations.

Item No. 6

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the rules framed thereunder and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges, at the 69th Annual General Meeting of the Company held on 26th September, 2016, Dr. Ashok Misra (DIN: 00006051) was appointed as an Independent Directors of the Company for a period of 5 (five) years who will complete his initial term of 5 years on 04th November, 2020 and is eligible for reappointment for second consecutive term for five consecutive years.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, ("Amendment Regulations, 2018"), inter alia, provides that "no listed Company shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 (seventy five) years unless it is approved by the members by passing a special resolution to that effect". Therefore the above Independent Directors except Dr. Ashok Misra will attain the age of 75 years and hence continuation beyond 75 years requires the approval of members by way of a special resolution.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company has accorded its approval at the meeting held on June 27, 2020 subject to the approval of members at this Annual General Meeting and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on their skills, rich experience, knowledge, contributions, continued valuable guidance to the management made by the independent director during his tenure and outcome of performance evaluation of the Independent Director, the approval of the members of the Company sought for reappointment of Dr. Ashok Misra (DIN: 00006051), for the second consecutive term of 5 (five) consecutive years and continuation of such appointment for 5 years even after attaining the age of 75 years or who will attain the age of 75 years in due course. Further the independent directors shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

The Company has also received declarations from the above said Independent Director and consent(s) in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 confirming

the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and under the Regulation 16(b) of the Listing Regulations. The Director is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, as amended from time to time. In the opinion of the Board, the director fulfils the conditions specified in the Companies Act, 2013 and are independent of the management.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

The Board considers that the Independent Director continued association would be of immense benefit to the Company and it is desirable to continue to avail their services. Accordingly, the consent of the members is sought for passing Special Resolution as set out in items of the Notice for reappointment of Independent Director of the Company.

The terms and conditions of reappointment of above Independent Director shall be open for inspection by the members of the Company at the registered office of the Company during normal business hours from 09.00 A.M to 05.00 P.M on any working day.

For the purpose of Item no. 6, except Dr. Ashok Misra, being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no. 6.

The brief profile(s) of the Independent Director to be reappointed are given elsewhere in the annual report. This Explanatory Statement may also be regarded as an appropriate disclosure in Annexure under the Listing Regulations.

Item No. 7:

Mr. Vijay Ravindra Kirloskar was appointed as Executive Chairman of the Company for a period of three (3) years effective from August 12, 2017. The term of three years expired on the close of the office hours on August 11, 2020. The Board of Directors at its meeting on June 27, 2020 has, subject to the approval of the members of the Company, reappointed Mr. Vijay Ravindra Kirloskar as the Executive Chairman of the Company for a period of three years effective from August 12, 2020.

Brief resume, nature of expertise in specific functional areas, names of companies in which Mr. Vijay Ravindra Kirloskar holds directorships, his memberships / chairmanships of Board committees, his shareholding in the Company and relationships amongst directors inter-se as stipulated under Companies Act, 2013 & SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, are provided in the annexure to the notice.

The terms of the appointment of Mr. Vijay Ravindra Kirloskar are contained in the agreement dated August 12, 2020 executed with the Company. The same is available for inspection at the registered office of the Company.

Disclosures as per schedule V to the Companies Act, 2013

I. General information:

1) Nature of industry:

Kirloskar Electric Company Limited (Kirloskar Electric) was incorporated on 26th July, 1946. Kirloskar Electric, the Company, is engaged in the manufacture of various electrical equipments such as motors, alternators and generators, transformers, DG sets and etc.,

The Company has different product groups such as transformer and distribution group, large machine group, low voltage machine group, power generation group. Each product group is having different products within its broad range. The Company supplies to the core economic sectors such as power generation, transmission and distribution, transportation, sugar, cement, renewable energy and many key sectors. The Company is having manufacturing facilities across India with wide network of Dealers, Sales offices across India and abroad having authorised service providers and subsidiaries across India and abroad. Thus the Company has business operations spread across and at multiple locations.

The Company is having a large network of spare parts dealers and service centres. This enables the Company to provide premium products, exemplary systems and timely services at competitive rates to the customers. Products are known for their high quality, durability and reliability. The Company adheres to international standards by acquiring and adopting latest technologies along with in-house R&D.

The Company's products are having good demand in domestic and overseas markets. As a renowned Company, it provides elite products and strives to fulfil the expectations of industries and clients spread across the world.

Kirloskar Electric Company is one of the leading Company in India which manufactures and supplies motors which are used in electric vehicles. The Company provides tailor made customized electrical equipments to its customers. The major Companies, PSUS and EPCS are valued customers. The Company has overseas customers also.

2) Date of commencement of commercial production:
July 26, 1946

3) Financial performance based on given indicators:

(₹ In Lakhs)

	Standalone	
PARTICULARS	**2019-20**	2018-19
Revenue from operations	**31,441**	29,442
Other income (Net)	**428**	6,217
Total Income	**31,869**	35,659
Total Expense	**40,939**	37,522
Profit / (Loss) before tax	**(8,599)**	(1,863)
Tax Expense	**-**	-
Profit / (Loss) after tax	**(8,599)**	(1,863)
Total other comprehensive income	**(112)**	(4,870)
Total comprehensive income for the period	**(8,711)**	(6,733)

4) Foreign investments or collaborations, if any:
The Company has investments in the following companies abroad:
a. Kirloskar (Malaysia) SDN BHD ₹ 5.29 lakhs for 300,000 shares
b. Kirsons Trading Pte Ltd ₹ 11.20 lakhs for 56,250 shares

II. Information about the appointee:

(1) Background details, recognition or awards, job profile and his suitability:

Mr. Vijay Ravindra Kirloskar has completed MS in Management Science and Engineering from Worcester Polytechnic Institute, Worcester, MA, USA. He joined the services of the Company in the year 1978 as Manager-Production. Later on in the year 1982 he was appointed as President. He was appointed as Managing Director of the Company w.e.f 17th August, 1985. He was the Chairman of the Kirloskar Group during the period 1994 to 1998. The Group and the Company showed considerable growth under his stewardship. He has held various important positions in the industry. He was the Vice President of CII for the year 1998.

His education and experience makes him suitable to the office. He is in-charge of the overall management of the Company. Mr. Vijay Ravindra Kirloskar is having a wide contact with the industries peers, which is resulting in availing ample number of opportunities like new customers, significant order booking and contacts, technology and many more.

Mr. Vijay Ravindra Kirloskar, being the promoter and experienced senior managerial personnel of the Company is playing a major role in the conduct of the overall business operations of the Company. The compensation package, which the Company has proposed is lower compared to the salaries offered to managerial personnel within the comparable industries.

(2) Past remuneration

Mr. Vijay Ravindra Kirloskar was paid total remunaration of ₹ 8,400,000/-, ₹ 16,800,000/- and ₹16,800,000/- during the financial year 2016-17, 2017-18 and 2018-19 respectively.

(3) Remuneration proposed

Annual remuneration to the Executive Chairman is proposed in the resolution under item no. 7 in the notice of the Annual General Meeting:

(4) Comparative remuneration profile with respect to industry, size of the Company and profile of the position.

The details of the turnover and the remuneration paid in other comparable similar Industries are as shown in the table given below:

(₹ in Lakhs)

Sl No.	Name of the company	Turnover	Remuneration
1	TD Power Systems Limited (2018-19)	44,508.69	195.28
2	Voltamp Transformers Limited (2019-20)	85,857.57	821.78
3	Crompton Greaves Consumer Electricals Ltd (2018-19)	447,891.00	750.00
4	Kirloskar Oil Engines Ltd (2019-20)	287,748.00	1,500.00

(5) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Except for Mr. Vijay Ravindra Kirloskar being the appointee and Mrs. Meena Kirloskar, none of the directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution set forth under item no. 7 of the accompanying notice.

III. Other information:

(1) Reasons of loss or inadequate profits:

Lloyd Dynamowerke Gmbh & Co.KG (LDW) is a step down subsidiary of the Company set up in Germany. LDW was facing serious financial and operational challenges since the financial year 2011-12 after the economic slowdown in Europe. The Company infused capital from time to time and in the process its Balance Sheet exposure in the form of investment in LDW increased substantially upto ₹ 224.47 crores. LDW recorded huge losses in the year 2012-13 and 2013-14 and ultimately filed for insolvency in a German court of law. As a result of the investment in LDW, KEC experienced gradually incremental severe shortage of working capital, which led to a low capacity utilization and thereby resulting into losses for the last two financial years.

After the administrator was appointed to liquidate LDW, KEC lost total control over LDW and hence the investment was substantially impaired in the year 2014-15.

Accumulation of operating losses continued weak business environment and funding of LDW together affected Company's operation. In order to address the whole issue, during the year 2014-15 the Company drew up a financial reorganization planning consultation with financial lenders (lenders). The lenders formed a Joint Lenders Forum (JLF) and corrective action plan was drawn up in mutual consultation with JLF members and Company. The Company has already implemented the reorganization of the Company. The promoters have infused funds in equity to shore up its working capital.

Since then the Company has taken several initiatives to increase its profitability and to explore new opportunities of achieving cost reduction and price competitiveness. Mr. Vijay Ravindra Kirloskar is actively involved in this reorganization. Infusion of substantial funds in the Company corroborates his commitment to the Company. His varied experience and exposure has come very handy to the business in these difficult times.

Under the guidance of Mr. Kirloskar, the Company is working on various measures to turnaround the Company to a profit making Company. It is confident of earning profits in the coming future years.

(2) Steps taken or proposed to be taken for improvement:

The Company has already taken measures for improving its working capital, such as cutting costs at all levels; strengthening and reorganization of manpower, product development, improving working capital management etc. All of the above measures have steadily helped the Company to improve its performance.

(3) Expected increase in productivity and profit in measurable terms:

With the above, the Company expects to improve the productivity and margin also.

IV. Disclosures:

Applicable disclosures required under Section II of part II, schedule V to the Companies Act, 2013 are mentioned in the Board's report attached to this annual report.

Further, the effective capital of the Company is negative and as required under Section II of part II, schedule V to the Companies Act, 2013, the approval of members of the Company is sought by way of special resolution.

The Board recommends the resolution set forth under item no. 7 of the accompanying notice for approval of the members.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Item No. 8:

The Board of Directors on the recommendation of the Nomination and Remuneration committee has, subject to the approval of members, appointed Mr. Sanjeev Kumar Shivappa (DIN : 08673340) in capacity of Executive Director (Finance) & Chief Financial Officer of the company for a period of three (3) years effective from February 14, 2020. Hence, it is proposed to seek member's

approval to the appointment and payment of remuneration to Mr. Sanjeev Kumar Shivappa as Director (Finance) & Chief Financial Officer. Broad particulars of terms of appointment and remuneration payable to Mr. Sanjeev Kumar Shivappa are mentioned in the resolution. The total remuneration proposed to Mr. Sanjeev Kumar Shivappa is ₹ 4,000,000/- per annum (including all salary, perquisites, variable pay based on performances and other statutory benefits) which is within the limits specified in schedule V to the Companies Act, 2013.

Brief resume, nature of his expertise in specific functional areas, names of companies in which Mr. Sanjeev Kumar Shivappa holds directorships, memberships, chairmanships of Board Committees, his shareholding in the company and relationships amongst directors' inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided below in the notice.

The terms of the appointment are contained in the agreement dated February 17, 2020 executed between the Company and the Director. The same is available for inspection at the registered office of the company.

Except Mr. Sanjeev Kumar Shivappa, none of the directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution at item no. 8 of the notice.

The Board recommends the resolution no. 8 for approval by the members.

Disclosures as per schedule V of the Companies Act, 2013

I. General information: [Please refer to the disclosure under Item no.7 (I)]

Mr. Sanjeev Kumar Shivappa is a graduate in Commerce and Masters in Business Administration (MBA) in finance from Bangalore University. He has about 35 years of post qualification experience and has worked extensively in the areas of finance. He has handled the finance department for more than 27 years. He was promoted to Assistant Vice President - Finance and Chief Financial Officer of the Company with effect from August 10, 2017. Prior to his joining in the Company, he had worked with Companies like Karnataka Oil Seeds Growers Federation Limited, Bengaluru, ROGCSU Limited etc.,

The compensation package, which the company has proposed is lower compared to the salaries offered to managerial personnel within the comparable industries.

II. Information about the appointee:

(1) Past remuneration:

Details of remuneration drawn by Mr. Sanjeev Kumar Shivappa for past three years:

(Amount in ₹)

Year	Salary	Perquisites & Allowances	Total Remuneration
2017-18	1,419,000	30,510	1,449,509
2018-19	2,307,424	54,190	2,361,614
2019-20	2,477,881	59,090	2,536,971

(2) Remuneration proposed:

Proposed annual remuneration to the Director:

Sl. No	Particulars	Amount (₹)
1	Salary	583,500
2	Perquisites and allowances	2,232,000
3	Variable Pay	10,00,000
4	Others	184,500
	Total	**4,000,000**

(3) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The details of the turnover and the remuneration paid in other comparable similar Industries are as shown in the table given below:

(₹ in Lakhs)

Sl No.	Name of the company	Turnover	Remuneration
1	TD Power Systems Limited (2018-19)	44,508.69	195.28
2	Voltamp Transformers Limited (2019-20)	85,857.57	821.78
3	Crompton Greaves Consumer Electricals Ltd (2018-19)	447,891.00	750.00
4	Kirloskar Oil Engines Ltd (2019-20)	287,748.00	1,500.00

(4) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Except Mr. Sanjeev Kumar Shivappa, none of the directors or key managerial personnel (KMP) or relatives of directors and KMP is concerned or interested in the resolution at item no. 8 of the notice.

III. Other information: [Refer disclosure under Item no.7 (III)]

I. Disclosures:

Disclosures as required under Section II of part II, schedule V to the Companies Act, 2013 are mentioned in the Board's report attached to the annual report.

Further, the effective capital of the Company is negative and as required under Section II of part II, schedule V to the Companies Act, 2013, the approval of members of the company is sought by way of special resolution.

The Board recommends the resolution set forth under item no. 8 of the accompanying notice for approval of the members.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

This Explanatory Statement may also be regarded as an appropriate disclosure in Annexure under the Listing Regulations.

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Information about directors seeking appointment / reappointment

Annexure-1

Name of director	Mrs. Meena Kirloskar
Age	65 years
Date of appointment	31-07-2009
Relationship with other directors / KMP	Ms. Meena Kirloskar is spouse of Mr. Vijay Ravindra Kirloskar, Executive Chairman of the Company.
Qualification & experience	Mrs. Meena Kirloskar has more than two decades of experience in the field of business management and has been with your Company since 2009.
Directorship in other listed companies	NIL
Shareholding in the Company	184,514 Equity Shares
Chairperson of committees	Nil
Member of committees	a. Nomination and Remuneration Committee. b. Executive Committee

Name of director	Mr. Vijay Ravindra Kirloskar
Age	69 years
Date of appointment	12-08-2014
Relationship with other directors / KMP	Mr. Vijay Ravindra Kirloskar is spouse of Mrs. Meena Kirloskar, Non-Executive Director of the Company.
Qualification & experience	Mr. Vijay Ravindra Kirloskar has completed MS in Management Science and Engineering from Worcester Polytechnic Institute, Worcester, MA, USA. He joined the services of the Company in the year 1978 as Manager-Production. Later on in the year 1982 he was appointed as President. He was appointed as Managing Director of the Company w.e.f. 17th August, 1985. He was the Chairman of the Kirloskar Group during the period 1994 to 1998. The Group and the Company showed considerable growth under his stewardship. He has held various important positions in the industry. He was the Vice President of CII for the year 1998.
	His education and experience makes him suitable to the office. He is in-charge of the overall management of the Company. Mr. Vijay Ravindra Kirloskar is having a wide contact with the industries peers, which is resulting in availing ample number of opportunities like new customers, significant order booking, new contacts, new technology agreements.Mr. Vijay Ravindra Kirloskar, being the promoter and experienced senior managerial personnel of the Company is playing a major role in the conduct of the overall business operations of the Company. The compensation

	package, which the Company has proposed is lower compared to the salaries offered to managerial personnel within the comparable industries.
Directorship in other listed companies	Mr. Vijay Ravindra Kirloskar is a director in the following companies: a. MRF limited b. Batliboi limited
Shareholding in the Company	1,18,90,618 Equity Shares
Chairperson of committees	Nil
Member of committees	a. Stakeholders Relationship Committee. b. Executive Committee

Name of director	Dr. Ashok Misra
Age	73 years
Date of appointment	05-11-2015
Relationship with other directors / KMP	NIL
Qualification & experience	Prof. Ashok Misra is currently NASI Distinguished as Professor at the Indian Institute of Science, Bengaluru. Earlier he was Chairman-India of Intellectual Ventures from 2008-16; Director of IIT Bombay from 2000-08; at IIT Delhi from 1977-2000 and at Monsanto Chemical Co. from 1974-77. He is Adjunct Professor at the Univ. of Massachusetts and was a Visiting Fellow, Trinity College, University of Cambridge. He obtained his B.Tech from IIT Kanpur, M.S. from Tufts University and Ph.D. from the University of Massachusetts. He was conferred the Doctor of Science by Thapar University, Patiala. He has held several responsibilities with MHRD, Govt. of India including Chairman, Standing Committee of the IIT Council from 2015-17; Chairman, Board of Governors, IIT Roorkee; Chairman 2014-17; Chairman, Joint Entrance Examination (JEE) Apex Board from 2012-15 and Member Board of Governors, IIT Delhi from 2012-16. Prof. Misra is an Independent Director on the Board of Directors of Kirloskar Electric Co. Ltd., Jubilant Life Sciences Ltd., Jubilant Pharma Ltd. and Higher Education Funding Agency. Earlier he was an Independent Director on the Board of Directors of Reliance Industries Ltd., National Thermal Power Corporation Ltd., Rashtriya Chemicals & Fertilizers Ltd. and Jubilant Industries Ltd. In addition, he is on the Advisory Board of IvyCap Ventures Pvt. Ltd., Lumis Partners and Log9 Materials. Prof. Misra is a Fellow of National Academy of Sciences India (NASI) and was its President from 2006-08; a Fellow of the Indian National Academy of Engineering (INAE). He is the founder President of the Polymer Processing Academy; former President of the Society of Polymer Science, India and founder President of the IIT Alumni Centre, Bengaluru. He has received several awards including: Distinguished Service Award, IIT Delhi; Distinguished Alumnus Awards from all his Alma Maters – University of Massachusetts, IIT Kanpur and Tufts University; Distinguished Service Award, Polymer Processing Society; Indian Chemical Council Lifetime Achievement Award for Education & Research; National Systems Gold Medal; Qimpro Platinum Standard Award (Education); Bhatnagar Memorial Award at 94th Indian Science Congress; Chemtech CEW Awards (Education) and Acharya Prafulla Chandra Ray Memorial Award of Indian Chemical Soc. He has guided 22 doctoral students, co-authored a book, has 16 patents and over 182 international publications.
Directorship in other listed companies	1. Jubilant Life Sciences Limited
Shareholding in the Company	NII
Chairperson of committees	Nil
Member of committees	Nil

Name of director	Mr. Sanjeev Kumar Shivappa
Age	57 years
Date of appointment	14-02-2020
Relationship with other directors / KMP	NIL
Qualification & experience	Mr. Sanjeev Kumar Shivappa is a graduate in Commerce and Masters in Business Administration (MBA) in finance from Bangalore University. He has about 35 years of post qualification experience and has worked extensively in the areas of finance. He has handled the finance department for more than 25 years. He was promoted to Assistant Vice President - Finance and Chief Financial Officer of the Company with effect from August 12, 2017. Prior to his joining in the Company, he had worked with Companies like Karnataka Oil Seeds Growers Federation Limited, Bengaluru, ROGCSU Limited etc.,
Directorship in other listed companies	Nil
Shareholding in the Company	NIL
Chairperson of committees	Nil
Member of committees	Nil

Name of director	Mr. Ravi Ghai
Age	69 years
Date of appointment	27.06.2020
Relationship with other directors / KMP	NIL
Qualification & experience	Mr. Ravi Ghai is a Mechanical Engineer from IIT – Kharagpur and a Post Graduate in Industrial Engineering from NITIE, Mumbai (1974). He is a retired bank executive with over three decades of experience in corporate banking, risk compliance and credit appraisal. He commenced his career in 1974 at State bank of India where he handled diverse investment banking assignments, mainly loan syndications and IPOs for 6 years. The following 15 years he worked at ANZ Grindlays Bank – across India and overseas in the fields of corporate credit, risks management and finance training. In 1999 he joined Oman International Bank as country Manager, India with a challenging mandate focusing on cleanup of a very weak corporate loans portfolio. He rounded off his career with a senior role in Credit Risk Review function at Arab National Bank, Riyadh where he was responsible for risk compliance and credit audit relating to large corporate portfolio. Notable achievements in his career include two instances of identification of frauds aimed at hiding losses, both undetected by Auditors. Post retirement, Mr. Ghai has handled diverse assignments as a trainer / consultant in finance & soft skills. He also coaches and mentors young adults in performing arts & communication skills, on behalf of the Times of India, and privately.
Directorship in other listed companies	Nil
Shareholding in the Company	Nil
Chairperson of committees	Nil
Member of committees	Audit Committee

Board's report

Dear Shareholders,

The Directors present the 73rd Annual Report of Kirloskar Electric Company Limited (hereinafter referred as "the Company" or "KECL") along with the audited financial statement for the financial year ended March 31, 2020. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

Review of performance and state of Company's affairs:

During the year under report, your Company achieved a total turnover of ₹ 31,869/- Lakhs (previous year ₹ 35,659/- Lakhs). The operations have resulted in net loss of ₹ 8,711/- Lakhs (previous year net loss was ₹ 6,732/- Lakhs).

The financial summary and highlights are as follows: (₹ In Lakhs)

PARTICULARS	Standalone		Consolidated	
	2019-20	2018-19	**2019-20**	2018-19
Revenue from operations	**31,441**	29,442	**31,441**	29,461
Other income (Net)	**428**	6,217	**8,508**	6,217
Total Income	**31,869**	35,659	**39,949**	35,678
Total Expense	**40,939**	37,522	**36,400**	38,819
Profit before Exceptional items	**(9,070)**	(1,863)	**3,549**	(3,141)
Exceptional Items	**471**	-	**982**	346
Profit / (Loss) before tax	**(8,599)**	(1,863)	**4,531**	(2,795)
Tax Expense	**-**	-	**-**	-
Profit / (Loss) after tax	**(8,599)**	(1,863)	**4,531**	(2,795)
Total other comprehensive income	**(112)**	(4,870)	**(112)**	(4,870)
Total comprehensive income for the period	**(8,711)**	(6,733)	**4,419**	(7,665)

Note: The above figures are extracted from the audited standalone and consolidated financial statements as per Indian Accounting Standards (Ind AS)

Dividend:

In view of the losses, the Board of Directors of your Company has not recommended any Dividend for the year under review.

Transfer to Reserves:

In view of the losses, the Board of Directors of your Company has not transferred any amount to the Reserves for the year under review.

Change in the nature of business:

There was no change in nature of the business of the Company during the financial year ended on March 31, 2020.

Share Capital:

As at March 31, 2020, the paid up share capital of your Company stood at ₹ 664,140,710/- divided into 66,414,071 Equity Shares of ₹ 10/- each.

Disclosure under section 43(a)(ii) of the companies act, 2013:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

Disclosure under section 54(1)(d) of the companies act, 2013:

The Company has not issued any sweat equity shares during the financial year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

Disclosure under section 62(1)(b) of the companies act, 2013:

The Company has not issued any equity shares under Employees Stock Option Scheme during the financial year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

Disclosure under section 67(3) of the companies act, 2013:

During the financial year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 and hence no information has been furnished.

Transfer to Investor Education and Protection Fund:

As required under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), during the year 2019-20, matured deposits for the financial years 2009-10 and 2010-11 amounting to ₹1,70,000/- (Rupees One Lakh and Seventy Thousand Only), was transferred to the Investor Education and Protection Fund ("IEPF").

Subsidiaries, associate companies & joint ventures:

The Company has four wholly owned subsidiaries and an associate Company.

During the Financial year 2019-20, two of the wholly owned subsidiaries of the Company i.e., Swaki Habitat Private Limited (CIN: U70100KA2015PTC079374) and Kesvik Developers Private Limited (CIN: U70100KA2015PTC079459) with paid up capital of ₹100,000/- each have applied for strike off with the Registrar of Companies, Karnataka.

However, reports on the performance and financial position of each of the subsidiary and associate companies have been provided in Form AOC-1 appended to this report.

During the period under review, the company has entered into joint venture agreement with Electrodrive Powertrain Solutions Private Limited to float a project of setting up a separate entity for undertaking design and development and supply of electric motors required for all types of electrical vehicles. However, due to change in market dynamics and pandemic Covid-19, the said JV is kept on hold indefinitely

Fixed deposits:

SL. No.	Particulars	(₹ in Lakhs)
1.	Accepted / renewed during the year	Nil
2.	Remained unpaid or unclaimed at the end of the year.	40.60
3.	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:-	
	• At the beginning of the year • Maximum during the year • At the end of the year	N/A
4.	Details of deposits which are not in compliance with the requirements of Chapter V of the Act;	Nil

Directors and Key Managerial Personnel:

In accordance with the provisions of section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mrs. Meena Kirloskar (DIN: 00286774), a Non-executive Director being longest in the office, shall retire by rotation and being eligible, has offered herself for re-appointment seeking members' approval has been set forth in the notice of the 73rd Annual General Meeting of the Company.

Due to personal reasons Mr. Anand Balaramacharya Hunnur (DIN: 06650798) Managing Director of the Company has resigned from the position of Managing Director with effect from the close of office hours on May 31, 2019.

Mr. Ganesh Krishnamurthy (DIN: 05160176), nominee of Life Insurance Corporation of India, has resigned from the directorship due to personal reason, with effect from the close of office hours on July 11, 2019.

Subject to the approval of members of the Company, the Executive Chairman of the Company, Mr. Vijay Ravindra Kirloskar (DIN: 00031253) whose appointment term of three years ends on August 11, 2020 has been reappointed as the Executive Chairman of the Company for a period of three years beginning from August 12, 2020 up to August 11, 2023.

Dr. Ashok Misra whose appointment term of 5 years as Independent Director on the Board of Directors of the Company with effect from November 05, 2015 comes to an end on November 04, 2020 has made himself available for reappointment of second term of 5 years for the period beginning from November 05, 2020 upto November 04, 2025.

Subject to approval of members of the Company, Mr. Sanjeev Kumar Shivappa (DIN: 08673340) has been appointed as Director (Finance) & Chief Financial Officer of the Company for a term of three years effective from February 14, 2020 upto February 13, 2023

Subject to approval of members of the Company, Mr. Ravi Ghai (DIN: 08715119) has been appointed as Nominee Director nominated by Asset Reconstruction Company Limited (ARCIL) as their representative with effect from June 27, 2020.

In terms of the provisions of Section 149(7) of the Companies Act, 2013, the company has received declarations from all the independent directors stating that they continue to meet the criteria of independence as provided under the provisions of Section 149 (6) of the Companies Act, 2013.

All independent directors have registered their names in the Independent Director's Databank. In the opinion of the Board, the independent directors so appointed / re-appointed possess the requisite expertise, experience and proficiency and are of integrity.

Evaluation of Directors, Committees and the Board:

The evaluation process has been explained in the Corporate Governance Report which forms part of the annual report.

Number of meetings of the Board of Directors and its committees:

Eight meetings of the Board of Directors were held during the financial year 2019-20. The composition of Committee and others details are contained in the Corporate Governance Report which forms part of the annual report. The Nomination and remuneration policy and risk management policy has been appended to this report as Annexure-I and Annexure-II respectively.

Managerial remuneration:

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is disclosed in the Annexure – A & is also available in Form MGT – 9.

Particulars of employees:

In terms of the provisions of Section 197 (12) of the Companies Act, 2013 read with rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing disclosures pertaining to remuneration and also the names and other particulars of the employees drawing remuneration in excess of limits set out in the said rules are provided in the Annexure-A to the Board's Report which forms part of the annual report.

Annual Return:

According to the provisions of Section 134(3)(a), copy of Annual Return i.e., Form MGT-7 for the year ended March 31, 2019 has been placed on the Company's website: https://kirloskarelectric.com/investors/investors-information/financial.html and in accordance with the provisions of Section 92(3) of the Companies Act, 2013, the extract of the Annual Return in Form MGT-9 has been annexed to this report as Form MGT-9.

Director's Responsibility Statement:

We, the Directors of your Company, confirm, to the best of our knowledge and ability that:-

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material discrepancy or material departures;

(b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

(c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) we have prepared the annual accounts on a going concern basis;

(e) we have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.

(f) we have devised proper systems to ensure compliance with the provisions of all applicable laws to the Company and that such systems were adequate and operating effectively.

Particulars of loans, guarantee, investments and securities:

There were no loans and advance, guarantee or investment made by the Company during the year under report.

Particulars of loans, advances, investments as required under the listing regulations:

The details of related party disclosures with respect to loans, advances, investment at the year end and maximum outstanding amount thereof during the year as required (under part A of Schedule V of the Listing Regulations) have been provided in the notes to the financial statement of Company.

Your directors draw attention of the members to note no. 17 & 37(12) of the standalone financial statements which sets out the details of loan and advance, guarantee or investment.

Particulars of contracts or arrangements with related parties:

The particulars of every contract or arrangements entered into by the Company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto are disclosed in Form No. AOC -2 appended hereto.

All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 as amended from time to time and the provisions of Section 188 of the Companies Act, 2013 are not attracted.

There were no materially significant Related Party Transactions made by the Company during the year that would have required Shareholder approval as per provision of Companies Act 2013 read with applicable rules and Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

All related party transactions are placed before the Audit Committee for approval. Prior Omnibus approval of the Audit Committee is obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted along with a statement giving details of all related party transactions is placed before the Audit Committee from time to time.

The Policy on Related Party Transaction is available on the Company's website:-
(URL: https://www.kirloskarelectric.com/images/pdf/investor/policies/Policy-on-related-party-transactions.pdf

Your directors draw attention of the members to note no. 37(12) to the standalone financials statement which sets out the related party disclosures

Corporate Social Responsibility:

In terms of section 135 of the Companies Act, 2013, the Company has constituted CSR Committee and the CSR Policy of the Company wherein the Company is required to spend two percent of the average net profits of the Company for the three immediately preceding financial years. The Company has incurred heavy losses in preceding three financial years and the average net profits for three financial years is in negative, thus the Company was not required to spend any money for the CSR activities during the financial year ending March 31, 2020.

The policy can be accessed at the following URL: https://www.kirloskarelectric.com/investors/investors-information/policies.html

During the preceding three years the Company has not made any profit and hence not required to spend any amount on the CSR. During the year the Company has contributed ₹ 10,00,000 to Chief Minister for flood affected in Karnataka.

Conservation of energy, technology absorption and foreign exchange earnings and outgo:

The relevant data pertaining to conservation of energy, technology absorption and other details are given in the **Annexure - III,** which forms part of this report.

Vigil mechanism for Directors and Employees:

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal procedural course to the directors and employees to report their concerns about any poor or unacceptable practices or any event of misconduct or violation of Company's code of conduct. The purpose of this policy is to provide a framework to secure whistle blowing incidents and to protect the employees who are willing to raise concerns about serious irregularities within the Company. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of Vigil Mechanism is available on the Company's website :-
(URL: https://www.kirloskarelectric.com/images/pdf/investor/policies/Whistle-Blower-Policy.pdf

Material Changes affecting the Company:

There have been no material changes and commitments affecting the financial positions of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

COVID-19

In the last month of FY 2019-20, the Coronavirus (COVID-19) pandemic developed rapidly into a global crisis, forcing governments to enforce lockdowns of all economic activities. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, has resulted in an economic slowdown. COVID-19 is significantly impacting business operations of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lockdown of production facilities etc.

The Ministry of Home Affairs, Government of India on March 24, 2020 notified the first ever nationwide lockdown in India to contain the outbreak of Covid-19. Towards the end of the quarter ended March 2020, the operations were disrupted at certain manufacturing facilities of the Company.

In view of the outbreak of the pandemic, the Company undertook timely and essential measures to ensure the safety and well-being of all its employees and workers at all its plant locations, various branch offices and the corporate office. The Company observed all the government advisories and guidelines thoroughly and in good faith. As of March 31, 2020, 'work from home' was enabled to enable employees to work remotely and securely. This response has reinforced customer confidence in the Company and many of them have expressed their appreciation and gratitude for keeping their businesses running under most challenging conditions.

No fraud has been reported by auditors to the Audit Committee of the Board.

Neither the Executive Chairman and nor whole time Directors of the Company receive any remuneration or commission form any of its subsidiaries.

Significant and Material orders passed by the Regulators or Courts:

There were no significant and material orders passed against the Company by the regulators or courts or tribunals during financial year 2019-20 impacting the going concern status and Company's operations in future.

Statutory audit:

M/s. K N Prabhashankar & Co., (Formerly known as Ashok Kumar, Prabhashankar & Co.,) chartered accountants, (Firm Registration no. AAD-7041) were re-appointed as auditors of the Company to hold office from the conclusion of the 72nd Annual General Meeting until the conclusion of the 77th Annual General Meeting .

Branch audit:

M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia, were reappointed as the auditors for conducting audit of sales office at Kuala Lumpur and to hold the office from the conclusion of 72nd Annual General Meeting until the conclusion of 73rd Annual General Meeting of the Company. Based on the recommendation of the Audit Committee, the Board of Directors of the Company has propose to appoint, M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia, as auditors for conducting audit of sales office at Kuala Lumpur and to hold the office from the conclusion of 73rd Annual General Meeting until the conclusion of 74th Annual General Meeting of the Company subject to the approval of the members of the Company.

Internal audit:

The Company has appointed M/s. Avanza Management Consulting LLP, Chartered Accountants (LLP Registration no. AAE-9087), Bengaluru as its internal auditors for 2019-20.

Cost audit:

M/s. Rao, Murthy and Associates, Cost Accountants (Firm Registration no. 000065), were appointed as cost auditors of the Company for the financial year ended March 31, 2020. The Board of Directors of your Company has fixed ₹ 450,000/- (Rupees Four Lakhs Fifty Thousand only) as audit fees, which requires ratification by the members of the Company in terms of the applicable provisions of the Companies Act, 2013. Accordingly, a resolution seeking members' approval has been set forth in the notice of the 72nd Annual General Meeting of the Company.

Disclosure under section 148(1) of the Companies Act, 2013:

During the period under review, the Company has conducted the audit of cost records and maintained the cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.

Secretarial Audit:

M/s. JKS & Co., Company Secretaries, Bengaluru were appointed as secretarial auditors of the Company for the financial year 2019-20 to conduct secretarial audit in terms of the provisions of Section 204 of the Companies Act, 2013. The audit report is enclosed as **Form MR - 3.**

Explanations or comments on auditors' qualifications / adverse remarks / emphasis on matters:

The comments / observations of the statutory auditor are self-explanatory and Company's explanation thereto has been given in the relevant notes to accounts.

Comments to the observations of the Secretarial Auditors:

The Secretarial Auditor in their Report have mentioned that, "The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, with one exception that retirement of director at the annual general meeting was not in terms of Section 152 of the Companies Act, 2013".

We wish to clarify that, your Company's Board is consisting of eight Directors and six among them are Independent Directors. Pursuant to the provisions of section 149 of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. Out of other two directors, 2/3rd shall be liable to retire by rotation i.e., one director and 1/3rd of one i.e., again one director, shall retire at the AGM every year and if eligible, offer himself / herself for re-appointment. Accordingly, Mrs. Meena Kirloskar was re-appointed at the AGM held during the year 2019 for the purpose of compliance of Section 152 of the Companies Act, 2013. Hence, Board of Directors of your Company is confident that there is sufficient compliance under Section 152 of the Companies Act, 2013.

Secretarial Standards:

The Company complies with applicable mandatory Secretarial standards issued by the Institute of Company Secretaries of India.

Management Discussion and Analysis:

Management discussion and analysis, is appended hereto as **Annexure – IV** and forms part of this report.

Details in respect of adequacy of internal financial controls with reference to the financial statement:

Internal Financial Controls:

Your Company has Systems and internal Audits in place to have controls on all processes. System driven controls also ensure ease of monitoring and consistency of operations and Compliances. Your Company is under SAP ERP which ensures that there is reasonable assurance about the financial and accounting records and controls. To safeguard assets of the Company against damage/loss and accounting records are reliable for preparing financial statement the records are verified by Internal Auditors. Internal controls are evaluated by the internal auditors and supported by management reviews. All audit observations and follow up actions thereon are initiated for resolution by the respective functions.

Corporate Governance:

Your Company's corporate governance report for the financial year 2019-20 is appended to this annual report. A certificate on the status of compliance on corporate governance is also appended and forms part of this annual report.

Prevention of Sexual Harassment at Workplace:

Your Company has zero tolerance policy in case of sexual harassment at workplace and committed to provide a healthy environment to each and every employee of the Company. The Company has in place 'Policy on sexual harassment Redressal.

In terms of section 22 of the Sexual Harassment of Women at workplace (Prevention Prohibition and Redressal) Act, 2013 read with Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Rules, 2013, we report as follows for the year ended on March 31, 2020:

SL. No.	Particulars	Status
1	No of complaints received in the year	Nil
2	No of complaints disposed off in the year	Nil
3	Cases pending for more than 90 days	Nil
4	No of workshops and awareness programmes conducted in the year	4
5	Nature of action by employer or District office, if any	Nil

Participation and voting at 73rd AGM

Pursuant to Circular nos. 14/2020, 17/2020 & 20/2020 dated April 08, 2020, April 13, 2020 & May 05, 2020 respectively issued by Ministry of Corporate Affairs and Circular SEBI/HO/CFD/CMDI/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, the 73rd AGM of the Company will be held VC/OAVM. Electronic copy of the Annual Report for the year ended March 31, 2020 and Notice of the AGM are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes. A copy of the notice of the AGM and annual report are also available for download from the website of the Company at www.kirloskarelectric.com. Any member may request hard copy of the Annual Report by writting to the Company.

Acknowledgements:

The Board of Directors takes the opportunity to express its sincere appreciation for the continued support and confidence received from the Company's bankers, customers, suppliers, depositors and the shareholders.

The Company considers its employees as its most valuable resources. Employees at all levels have put in their best to the services of the Company and the Board puts on record the sincere appreciation of their dedication and loyalty.

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: August 25, 2020

Annexure - I

NOMINATION AND REMUNERATION POLICY

Your Company considers human resources as its invaluable assets. Therefore to ensure equitable remuneration to all the directors, key managerial personnel (KMP) and employees of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company, the nomination and remuneration policy of the Company has been framed. This policy is designed to meet to the requirements prescribed under the provisions of Section 178 of the Companies Act, 2013 and applicable regulations of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Objective and purpose of the Policy:

1. To lay down criteria and terms and conditions for identifying persons who are qualified to become directors (executive and non-executive) and persons who may be appointed in senior management and key managerial positions and to determine their remuneration.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
3. To carry out evaluation of the performance of directors, as well as key managerial personnel.
4. To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Composition of the committee:

Mr. S.N. Agarwal	-	Chairman
Mr. Anil Kumar Bhandari	-	Member
Mr. Sarosh J Ghandy	-	Member
Mrs. Meena Kirloskar	-	Member

Definitions:

Key Managerial Personnel:

(KMP) Key Managerial Personnel means—

(i) Chief Executive Officer or the Managing Director;
(ii) Company secretary,
(iii) Whole-time director;
(iv) Chief Financial Officer and
(v) Such other officer as may be specifically designated by the Board.

Applicability:

The policy is applicable to

• Directors (Executive and Non-Executive)

• Key managerial personnel

General Terms:

This Policy is divided in three parts:

Part – A: covers matters to be dealt by the committee.

Part – B: covers appointments and nominations.

Part – C: covers remuneration and perquisites etc.

PART – A

Matters to be dealt by the nomination and remuneration committee

The committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become director and persons who may be appointed as key managerial personnel in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of director, KMP.

PART – B

Policy for appointment and removal of director and key managerial personnel

• Appointment criteria and qualification:

1. The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director, KMP level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as whole-time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure:

1. Managing Director/Whole-time Director:

The Company shall appoint or reappoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No reappointment shall be made earlier than one year before the expiry of term.

2. Independent director:

- An independent director shall hold office for a term not exceeding five consecutive years on the board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and by disclosure of such appointment in the Board's Report.
- No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after expiry of three years of ceasing to become an independent director. Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- However, if a person who has already served as an independent director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of independent director it should be ensured that number of boards on which such independent director serves is restricted to seven listed companies as an independent director and three listed companies as an independent director in case such person is serving as a whole-time director of a listed Company.

3. **Evaluation:** The committee shall carry out evaluation of performance of every director, KMP at regular interval (yearly).
4. **Removal:** Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the committee may recommend, to the board with reasons recorded in writing, removal of a director, KMP or senior management personnel subject to the provisions and compliance of the said Act, rules and regulations and other matters.
5. **Retirement:** The director and KMP shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the director, KMP in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C

Policy relating to the remuneration for the whole-time director, key managerial personnel

General Terms:

1. The remuneration / compensation / commission, bonus etc. to the whole-time director and key managerial personnel may be determined by the committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and central government, wherever required.
2. The remuneration and commission to be paid to the whole-time director shall be in accordance with the percentage / slabs / conditions laid down in the articles of association of the Company and as per the provisions of the Companies Act 2013, and the rules made there under.
3. Increments to the existing remuneration / compensation structure may be recommended by the committee to the Board which should be within the slabs approved by the shareholders in the case of whole-time director.
4. Where any insurance is taken by the Company on behalf of its whole-time director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Whole-time / Executive / Managing Director / Key Managerial Personnel:

1. **Fixed pay:**

   The whole-time director and KMP shall be eligible for a monthly remuneration as may be approved by the board on the recommendation of the committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the board on the recommendation of the committee and approved by the shareholders and central government, wherever required.

2. **Minimum Remuneration:**

   If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its whole-time director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the central government.

3. **Provisions for excess remuneration:**

   If any whole-time director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the central government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the central government.

Remuneration to non- executive / independent director:

1) **Remuneration / Commission:**

   The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the articles of association of the Company and the Companies Act, 2013 and the rules made there under.

2) **Sitting Fees:**

   The non - executive / independent director may receive remuneration by way of fees for attending meetings of Board or committee thereof.

3) **Commission:**

   Commission may be paid within the monetary limit approved by shareholders, subject to the limit as fixed under various statues.

4) **Stock Options:**

   An independent director shall not be entitled to any stock option of the Company.

Minutes of committee meeting:

Minutes of all meetings must be signed by the Chairman of the committee at the subsequent meeting. Minutes of the committee meetings will be tabled at the subsequent board and committee meeting.

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: August 25, 2020

Annexure - II

RISK MANAGEMENT POLICY

Risk management is the process of indentifying, measuring and minimizing uncertain events affecting resources. Enterprise risk management is about optimizing the process with which risks are taken and managed. The Company needs to assess which method best suits its objectives and its business. Risk management oversees and ensures the integrity of the process with which risks are taken. An attempt has been made by way of this document to identify the risk associated with the Company and the policies required to be adopted to mitigate the same.

Risk Management

i) The Board, its Audit Committee and its executive management should collectively identify the risks impacting the Company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy

ii) The Board should also affirm and disclose in its report to members that it has put in place critical risk management framework across the Company, which is overseen once every six months by the Board. The disclosure should also include a statement of those elements of risk, that the Board feels, may threaten the existence of the Company.

It has therefore become mandatory for the listed companies to prepare a comprehensive framework of risk management for assessment of risks and determine the responses to these risks so as to minimize their adverse impact on the organization.

KECL recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner

The Company believes that the Risk cannot be eliminated. However, it can be:

- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- Reduced, by having good internal controls;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

The Risk Management policy of the Company shall primarily focus on identifying, assessing and managing risks in the following areas:

1. Company assets and property
2. Employees
3. Foreign Currency Risks
4. Operational Risks
5. Non-compliance of statutory enactments
6. Competition risks
7. Contractual risks

1. Policy for managing risks associated with Company assets and property

The policy deals with nature of risk involved in relation to assets and property, objectives of risk management and measures to manage risk. The risk management policy relating to assets aims at ensuring proper security and maintenance of assets and adequate coverage of insurance to facilitate speedy replacement of assets with minimal disruption to operations. The role and responsibilities of the departments shall be identified to ensure adequate physical security and maintenance of its assets.

2. Policy for managing risk relating to employees

The employees constitute the most important asset of the Company. The risk management policy relating to employees is therefore necessary to cover all risks related to employees and their acts/omissions.

The policy deals with the nature of risk involved in relation to employees, objectives of risk management and measures to manage risk. In particular, the objectives of employee related risk management policy aims at reducing attrition rate, providing adequate security to employees in relation to life, disability, accident and sickness, providing adequate legal safeguards to protect confidential information, and protecting the Company from any contractual liability due to misconduct/errors/omissions of employees.

3. Policy for managing foreign currency risk

The revenues of the Company are from both domestic and international sources. The Company at times may resorts to long-term and short-term borrowings in foreign currency to finance expansion plans and growth. Any such move would attract the risk associated with frequent changes in valuation of foreign currencies.

The objective of foreign currency risk management is to protect cash flows and profit margins from volatility on account of fluctuations in exchange rates. The Policy for foreign currency risk management ensures that the treasury department continuously tracks movement of foreign currencies, avails services of experts and hedges the risk through appropriate mechanism such as forwarding contracts/options.

4. Operational risks

The Company is constantly working to limit the operational risk that run through all the facets of operations. This requires the combined efforts and support from all units including branches. The startup database of loss events is populated from internal audit reports. Apparent trends are analyzed and various operating groups combine into task forces to address these. The business continuity plan is reviewed quarterly by each unit.

5. Risks associated with non-compliance of statutory enactments

The Company being a legal entity engaged in manufacturing activity and listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). In view of the same, the Company is required to ensure compliance of provisions of various applicable statutory enactments, failure to comply one or more such provisions may render strict penalties as may be prescribed under such statutory enactments.

The Company shall ensure that qualified professionals are employed to comply with various laws. In addition to statutory audits, the Company shall promote undertaking of internal audit/s at different levels periodically to ensure timely check on statutory compliances.

6. Competition risks

Risk of competition is inherent to all business activities. The Company faces competition from the existing players in the domestic and international levels operating in the segment in which the Company operates. There is always an inherent risk that the existing competition may further get acute with the advent of new players and foreign players.

The Company needs to continuously upgrade its technology by conducting in-house research activities and should also have an updated knowledge about the requirement as per the industry standards. The Company is providing tailor made products to its customers so as to be ahead with other competitors. Further, the Company's strategy shall be to leverage its investments in its own high-profile brands, thereby leading to consolidation and value creation.

7. Contractual risks

There may be instances of defaults by customer/s in fulfilling contractual obligations as a result of which the Company may face financial losses. Similarly, defaults by the Company in fulfilling one or more contractual obligations due to reasons such as misrepresentations, breach of warranties etc cannot be ruled out.

The Company shall ensure that proper drafting of the contract and adequate indemnity clauses are incorporated in the contracts entered into with one or more parties, In addition, internal controls from technical team and strict supervisions and checks on execution of contracts and delivery be undertaken.

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: August 25, 2020

Annexure – III

DISCLOSURE OF PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

A. Conservation of Energy:

a) Steps taken for conservation of energy:

The Company is continually exploring new ways to make its operations more efficient by putting technology to use for direct energy savings and increasing renewable energy sources.

The Company conserves energy by:-

1. Improving system power factor.
2. Reduction of maximum demand and restricting the maximum demand to billing demand.
3. Monitoring of energy consumption and further requisite follow-up.
4. Optimum utilization of high energy consuming electrical equipments like winding machines.
5. Air-compressor pressure is maintained at reduced pressure with fixed timing and air leakages arrested.
6. Installation of capacitor panels.

b) Steps taken to utilise alternate source of energy:

1. Implementation of induction brazing processes.
2. Optimization of varnish impregnation process
3. Installation of system to ensure uniform temperature.
4. Energy conservation audit through external audit agency.

c) Capital investment on energy conservation equipment: NIL

B. Technology Absorption:

a) the efforts made towards technology absorption:-

a. Efforts made, in brief, for technology absorption, adaptation and innovation.
   - In-house training of personnel.
   - Indigenization of materials, components and processes.

b. Future plan of action

- Upgradation of existing technology
- Development of new processes

c. Research and development is undertaken for the range of all the existing products, lowering costs and process improvements, indigenization or alternate sourcing of materials and development of energy efficient products.

b) Benefits derived from above:-

a. Benefits derived as a result of the above efforts
   - Enhanced product range
   - Quality improvement
   - Development of new products

b. Process improvement resulting in higher production.

c. Development of in-house skills for manufacture of high precision products.

d. Enhanced design and product capability to achieve customer satisfaction.

e. Product range extension to reach newer markets.

f. Special motors for vehicle application developed.

g. To enhance product performance and for better customer satisfaction, your Company will continue in:-
   · Upgrading existing technology.
   · Extending range of its products.
   · Developing new processes.
   · Applying research and value engineering.

c) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

(a) Detail of Technology Imported – Nil

(b) The year of import – Nil

(c) Has the technology been fully absorbed - Nil

(d) If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action – NA

d) Expenditure on R & D:

	(₹ in Lakhs)
Capital	Nil
Recurring	10.27
Total	10.27
Total R & D Expenditure	**10.27**
as a % of total turnover	0.03%

C. <u>Foreign Exchange Earnings and Outgo:</u>

1. Activities relating to export; initiatives to increase exports; development of new export markets for products and services; and Export Plan;

   The Company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year, the Company has exports (FOB Value) worth ₹ 2,234.22/- Lakhs

2. Total foreign exchange used and earned.

		(₹ in Lakhs)
a)	Foreign Exchange earned:	
(i)	FOB value of goods exported (net) of sales	2,234.22/-
(ii)	Dividend on shares (net of tax)	0.00
(iii)	Repatriation of Profit	0.00
(iv)	Others	0.00

b) Foreign Exchange Used

Value of imports calculated on the CIF basis.

		(₹ in Lakhs)
(v)	Raw materials & Components and spare parts	2,319.87/-
(vi)	Capital Goods	0.00

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: August 25, 2020

Annexure - IV

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global Economic Outlook

In the last month of FY 2019-20, the Coronavirus (COVID-19) pandemic developed rapidly into a global crisis, forcing governments to enforce lockdowns of all economic activities. In many countries, the uncertainty in businesses is being forced for business to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, has resulted in an economic slowdown and temporary business shutdown. Covid-19 is significantly impacting business operations of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure / lockdown of production facilities.

The Ministry of Home Affairs, Government of India on March 24, 2020 notified the first ever nationwide lockdown in India to contain the outbreak of Covid-19. Towards the end of the quarter ended March 2020, the operations were disrupted at certain manufacturing facilities of the Company.

In view of the outbreak of the pandemic, the Company undertook timely and essential measures to ensure the safety and well-being of all its employees and workers at all its plant locations, various branch offices and the corporate office. The Company observed all the government advisories and guidelines thoroughly and in good faith.

Industry outlook

As per latest reports, the Indian Economy is likely to regain its pace in the current fiscal and once again expected to become one of the fastest growing economies in the world. India's Gross Domestic Product growth estimated to be at the rate of about 4.2% during ongoing fiscal reflecting the robust expansions, private consumption and firm investments to regain its pace once again in the current fiscal as a fastest developing country.

The growth forecast is marked down by more than 6% relative to the October 2019 and January 2020 projections by IMF – an extraordinary revision over such a short period of time. However, global growth is expected to rebound to 5.8% in CY 2020-21, well above the trend, reflecting the normalisation of economic activity based on inherent strengths

Growth in the Advanced Economies group, where several nations are experiencing widespread outbreaks and are deploying containment measures, is projected at (6.1)% in CY 2020-21. The Advanced Economies group is forecast to grow at 4.5% in CY 2020-21.

Growth in the United States ('US') is expected to drop from 2.3% in FY 2019-20 to (5.9)% in CY 2020-21, before recovering to 4.7% in CY 2020-21. In the first quarter of FY 2019-20, GDP growth could show a significant impact of Covid-19 due to a complete shutdown of economic activities from March 2020. The second and third quarter of FY 2019-20 are expected to reveal a large adverse impact from falling consumption, business investment and exports.

India's GDP decelerated to its lowest in over six years in the third quarter of FY 2019-20 as per KPMG April 2020 report on the 'Potential Impact of Covid-19 on the Indian Economy'.

Our Company being one of leading manufacturer of Electrical Capital goods such as AC Motors, Generators, DC Machines, Transformers and switchgears depends on the expansion, fresh CAPEX investment and infrastructure projects for growth and to sustain the same. With India poised to be fastest developing country we expect expansion and investments in core sectors like steel, cement, coal, water, irrigation, hydro carbon, electric mobility, renewable energy including the solar and banking in the country. Your Company caters its products to all these sectors and this growth is expected to have its impact on the increased demand for electric manufactured goods of the Company.

Your Company has taken several bold steps to remain competitive by optimizing the costs, rationalizing manpower and consolidating the manufacturing operations. The Company continues to enjoy strong brand image and acceptance of products and services on account of our constant focus on Product reliability, durability and competitiveness.

Opportunities

Your Company is one of the foremost manufacturers of Motors for Electric cars. India is well poised to register multifold growth in electric mobility space. As per various surveys, the number of electrical vehicles on road will grow from 3 million to 125 million 2030. Huge growth is expected for electrical vehicles in India which will see increase in demand for Motors. Further we see a sustained a growth for energy efficient products viz., motors, Converter duty Transformers for Solar and also BIS and Star rated Transformers for power distribution applications.

Threats

The Key sectors and end user Industry are going through a very rough business phase more particularly mining, steel, coal and infrastructure including the real-estate industry. Any change in the government policy and projects guidelines concerning new investments in these sectors, may have an adverse impact on demand for your products. Capacity utilization of the Company remains low and actual performance may also vary as it is dependent on several factors beyond the control of your Company.

Your Company continues to face competition from the unorganized sector and also new players making their presence in the country. However, your company has a strong base for its product in all sectors of the industries.

Segment wise or product wise performance

Your Company has identified the reportable segments as rotating machines group, power generation and distribution group and others, taking into account the nature of products and services, the different risks and returns and the internal reporting systems.

The segment wise turnover of your Company is as follows:

(₹ in Lakhs)

Products	2019-20	2018-19
Rotating Machines Group	11,064	9,378
Power Generation and Distribution Group	19,412	19,241
Others	965	823
Total	**31,441**	**29,442**

Note: figures has been regrouped as per IND-AS

Future Outlook

With the shutdown of operations at the beginning of the year we expect business conditions to stabilize and also expect more key reforms will be implemented by the Government in the current fiscal year which will have a positive growth for the Company in the coming years.

Risks mitigation measures

Your Company recognizes the unstable growth in core sectors as major risks and has initiated the following measures for mitigating the above business related risks.

Your Company continually upgrades its engineering strength and design capabilities by incorporating latest technologies in its products and services. Reduction in manufacturing costs and improvement in operating efficiencies are continuously pursued enabling it to offer competitive prices. The wide portfolio of products gives your Company a competitive advantage, as we can cater to the major verticals of the electrical engineering capital goods industry.

Your Company recognizes the importance of its supply chain in sourcing good quality raw materials and other inputs at competitive prices with high reliability in meeting delivery timelines.

Internal Control System and their adequacy

Your Company has Systems and internal Audits in place to have controls on all processes. System driven controls also ensure ease of monitoring and consistency of operations and Compliances. Your Company is under SAP ERP which ensures that there is reasonable assurance about the financial and accounting records and controls. To safeguard assets of the Company against damage/loss and accounting records are reliable for preparing financial statement the records are verified by Internal Auditors. Internal controls are evaluated by the internal auditors and supported by management reviews. All audit observations and follow up actions thereon are initiated for resolution by the respective functions.

Discussion on financial performance with respect to operational performance:-

(₹ In Lakhs)

PARTICULARS	For the financial year ended March 31, 2020	For the financial year ended March 31, 2019
Revenue from operations	**31,441**	29,442
Other income (Net)	**428**	6,217
Total Income	**31,869**	35,659
Total Expense	**40,939**	37,522
Profit / (Loss) before exceptional items	**(9,070)**	(1,863)
Exceptional Items	**471**	-
Profit / (Loss) before tax	**(8,599)**	(1,863)
Tax Expense	**-**	-
Profit / (Loss) after tax	**(8,599)**	(1,863)
Total other comprehensive income	**(112)**	(4,870)
Total comprehensive income for the period	**(8,711)**	(6,733)

Note: The financial statements of the Company has been prepared in accordance with Indian Accounting Standard.

Material developments in Human Resources / Industrial Relations front, including number of people employed

Key financial ratios

Sl. No	Particulars of financial ratios	2019-20	2018-19
i.	Debtors Turnover	34 days	43 days
ii.	Inventory Turnover	56 days	63 days
iii.	Interest Coverage Ratio	-17.93%	6.73%
iv.	Current Ratio	0.33	0.56
v.	Debt Equity Ratio	10.40	3.65
vi.	Operating Profit Margin (%)	-14.66%	9.35%
vii.	Net Profit Margin (%)	-28.85%	-6.32%
viii.	Sector-specific equivalent ratios, as applicable	Nil	Nil

There is no significant Changes i.e. change of 25% or more as compared to the immediately previous financial year in the key financial ratios.

Detailed explanation of above ratios

a. Debtors Turnover:

The above ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. It is calculated by dividing average debtors by turnover.

b. Inventory Turnover:

Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing average inventory by turnover.

c. Interest Coverage Ratio:

The Interest Coverage Ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing PBIT by finance cost.

d. Current Ratio

The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities.

e. Debt Equity Ratio

The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's total liabilities by its shareholder's equity.

f. Operating Profit Margin

The operating profit margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the EBIT by turnover.

g. Net Profit Margin(%)

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by turnover.

Details of any change in Return on Net worth (excluding revaluation reserves) as compared to the immediately previous financial year along with a detailed explanation thereof.

Sl. No	Financial Year	Net worth (₹ In Lakhs)
1.	2019-20	(21,537.35)
2.	2018-19	(12,938.99)
3.	2017-18	(11,076.55)

The net worth of the Company has been eroded and is negative from the preceding three financial years.

Disclosure of Accounting Treatment:

The financial statements of the Company has been prepared in accordance with IND-AS, as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

The detailed disclosure of accounting treatment is also provided in the notes to financial statements which forms part of this annual report.

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: August 25, 2020

Annexure –A

1. DISCLOSURE IN BOARD'S REPORT AS PER THE PROVISIONS OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 (AS AMENDED)

a. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, during the financial year 2019-20, ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20;

Name	Designation	Remuneration of Directors & KMP (₹ in crores)	% increase in remuneration in the financial year 2019-20	Ratio of remuneration / to median remuneration of employees
Mr. Vijay R Kirloskar	Executive Chairman	1.68	-	46:1
Mr. Anand B Hunnur*	Managing Director	0.23	-	34:1
Mr. Kamlesh Gandhi	Independent Director	0.01	-	0:1
Mr. S N Agarwal	Independent Director	0.01	-	1:1
Dr. Ashok Misra	Independent Director	0.00	-	0:1
Mr. Anil Kumar Bhandari	Independent Director	0.02	-	1:1
Mr. Mahendra V P	Independent Director	0.02	-	0:1
Mr. Sarosh J Ghandy	Independent Director	0.02	-	0:1
Mrs. Meena Kirloskar	Non Executive Director	0.00	-	0:1
Mr. Krishnamurthy Ganesh	Nominee Director	0.00	-	0:1
Mr. Sanjeev Kumar S#	Director (Finance) & CFO	0.25	-	7:1
Ms. K S Swapna Latha	Company Secretary	0.26	-	7:1

Note: Non executive directors are paid sitting fee of ₹ 15,000/- per meeting including committee meeting.

**Mr. Anand Balaramacharya Hunnur (DIN: 06650798) Managing Director of the Company has resigned from the position of Managing Director with effect from the close of office hours on May 31, 2019.*

 # Subject to approval of members of the Company at the ensuing annual general meeting of the Company, Mr. Sanjeev Kumar S has been appointed as Director (Finance) & CFO with effect from February 14, 2020.

b. The median remuneration of the employees of the companies in the financial year 2019-20 is ₹ 3.66 Lakhs.

c. The percentage increase in the median remuneration of employees in the financial year: Nil

d. The number of permanent employees on the rolls of the Company for the financial year 2019-20 is 1,062 employees

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the preceding financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

f. It is hereby affirmed that the remuneration paid during the year ended March 31, 2020 is as per the remuneration policy of the Company.

2. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDEMENT RULES, 2016:

Sr. No	Name	Designation	Remuneration (in ₹)	Qualification	Age	Experience	Date of Commencement of Employment	Nature of Duties	Last Employment
1	2	3	4	5	6	7	8	9	10
Employed throughout the year and was in receipt of remuneration of not less than ₹ 1,02,00,000 per annum									
1	Mr. Vijay R Kirloskar	Executive Chairman	1,68,00,000/-	MS from Worcester polytechnic institute USA	69 years	46 years	02-12-1974	Operations and Day to Day management of Company	N.A
2	Sanjeev Kumar S	Director (Finance) & CFO	2,536,971/-	MBA – Finance	57 years	35 years	16-06-1993	Head of Corporate Finance Department	KAR Mobiles
3	Mr. N Ajayan	Vice President	3,384,944/-	Bachelor of Engineering	64 years	41 years	01-03-2012	Monitoring all unit MMD activities	Spack Automotives Ltd
4	Mr. Thirumal M	Associate Vice President	3,217,448/-		53 Years	31 years	23-10-2017	Monitoring Production at Hubbali Unit	Re Gen Power Tech Pvt. Limited
5	Mr. K Jagannath	Vice President	3,110,312/-	Bachelor of Engineering	63 years	40 years	26-12-1980	Head of PGG	-
6	Mr. Kaushik Goswamy	Sr. General Manager	2,963,308/-	BSC-Engineering	58 years	36 years	09-01-2002	Senior General Manager-Sales Sales & marketing	EMCO Ltd
7	Mr. Nitin Jain	Associate Vice President	2,958,488/-	BE & M-Tech	42 Years	18 years	26-02-2002	Unit Head of Kondhapuri Unit	Kirloskar Power Equipment
8	Mr. S Ranganath	Vice President	2,887,976/-	MBBS	60 years	35 years	02-08-2010	-	Served in Indian Air force
9	Ms. K S Swapna Latha	Senior General Manager	2,702,861/-	CS, LLB	45 years	10 years	12-02-2018	Head of Secretarial & Legal Department	Practising Company Secretary
10	Mr. M Arunesh	Associate Vice President	2,525,588/-	Bachelor of Engineering	54 Years	31 years	02-01-1989	Unit Head Mysore Unit	-

Sr. No	Name	Designation	Remuneration (in ₹)	Qualification	Age	Experience	Date of Commencement of Employment	Nature of Duties	Last Employment
Employed for the part of the year and was in receipt of remuneration for any part of that year was not less than ₹ 8,50,000 per annum									
1	Mr. Anand B Hunnur	Managing Director*	12,255,038/-	BE-PG Diploma in sales and marketing	59 Years	35 years	29-11-2011	-	Trident Power Craft

Notes:

1. Remuneration as shown above includes Salary and special allowance but does not include retirement benefits.
2. Mr. Vijay Kirloskar holds 17.90% of Equity Share capital of the Company.
3. Nature of Employment of Mr. Vijay R Kirloskar is contractual.
4. *Mr. Anand Balaramacharya Hunnur (DIN: 06650798) Managing Director of the Company has resigned from the position of Managing Director with effect from the close of office hours on May 31, 2019.

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: August 25, 2020

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures as on 31.03.2020

Part A: Subsidiaries

Sl. No	Name of the Subsidiary	Share Capital (In ₹)	Reserves & Surplus (In₹)	Total Assets (In₹)	Total Liabilities (In ₹)	Investments (In ₹)	Turnover (In ₹)	Profit before taxation	Profit after taxation	% of Shareholding	
										Equity Share capital	Preference share capital
1.	KELBUZZ Trading Private Limited	70,200,000/-	(48,99,24,939)	30,68,11,662	30,68,11,662	Nil	Nil	(1,20,94,225)	(1,20,94,225)	100%	0.01%
2.	Luxquisite Parkland Private Limited	606,500,000/-	(67,60,035)	62,32,37,331	62,32,37,331	62,30,00,688	Nil	(86,816)	(86,816)	100%	0.01%
3.	SKG Terra Promenade Private Limited	200,000/-	(16,30,65,358)	5,73,65,701	5,73,65,701	Nil	Nil	42,59,169	42,59,169	100%	0.01%
4.	SLPKG Estate Holdings Private Limited	1,000,000/-	(35,71,12,688)	18,44,65,068	18,44,65,068	Nil	Nil	(4,77,69,251)	(4,77,69,251)	100%	0.01%
5.	Swaki Habitat Private Limited	100,000/-	-	-	-	Nil	-	-	-	-	-
6.	Kesvik Developers Private Limited	100,000/-	-	-	-	Nil	-	-	-	-	-

1. Names of subsidiaries which are yet to commence operations : Nil
2. Names of subsidiaries which have been liquidated or sold during the year : Swaki Habitat Private Limited (Applied for strike off)
   Kesvik Developers Private Limited (Applied for strike off)

Part B: Associate Companies/ Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No	Name of the Subsidiary	Latest Audited Balance Sheet Date	Shares of Associate/ Joint Ventures held by the company on the year end (Amount of Investment & Extend of Holding %)	Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet#	Profit / Loss for the year#
1.	Kirloskar Malaysia Sdn Bhd	31-03-2020	300,000 (30%)	30% shares held by KECL	N/a	(refer below note)	(refer below note)

#since the networth of the associate is negative; the loss is restricted to the value of the investment

1. Names of associates or joint ventures which are yet to commence operations: Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

For **K N Prabhashankar & Co.**
Chartered Accountants
Firm Regn. No: 004982S

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Kamlesh Suresh Gandhi
Director
DIN: 00004969

A. Umesh Patwardhan
Partner
Membership No: 222945

Sanjeev Kumar S
Director (Finance) &
Chief Financial Officer

K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : 21341

Place: Bengaluru
Date: August 25, 2020

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:-

   Kirloskar Electric Company Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2019-20.

2. Details of material contracts or arrangement or transactions at arm's length basis

   (i) There were no material contracts or arrangements with any related party.

   (ii) Details of transactions undertaken at arm's length basis are as follows;

   (a) Name(s) of the related party and nature of relationship:

   1. Abhiman Trading Company Private Limited, Mrs. Meena Kirloskar is the interested Directors of the Company & Mr. Vijay Ravindra Kirloskar is member of the Company;
   2. Sri Vijayadurga Investments and Agencies Private Limited, Mrs. Meena Kirloskar is the interested Directors of the Company & Mr. Vijay Ravindra Kirloskar is member of the Company;
   3. Vijayjyothi Investments and Agencies Private Limited, Mrs. Meena Kirloskar is the interested Directors of the Company & Mr. Vijay Ravindra Kirloskar is member of the Company;
   4. Vijaya Farms Private Limited, Mrs. Meena Kirloskar is the interested Director of the Company & Mr. Vijay Ravindra Kirloskar is member of the Company;
   5. Kirloskar Power Equipments Limited, Mr. Vijay Ravindra Kirloskar is interested Director in the Company;
   6. Kirsons Trading Pte Ltd, Mr. Vijay Ravindra Kirloskar & Mr. Anand Balaramacharya Hunnur are the interested Directors in the Company;
   7. Kirloskar (Malaysia) SDN BHD, Mr. Vijay Ravindra Kirloskar is interested Director in the Company;
   8. Transport Corporation of India Ltd, Mr. Satyanarayan Agarwal is the interested Director of the Company;
   9. Maini Materials Movement Private Limited, Mr. Sarosh Jehangir Ghandy is the interested Director of the Company;
   10. Kirsons BV, a step down subsidiary Company;
   11. SKG Terra Promenade Private Limited, a wholly owned subsidiary Company;
   12. SLPKG Estate Holdings Private Limited, a wholly owned subsidiary Company;
   13. KELBUZZ Trading Private Limited, a wholly owned subsidiary Company;
   14. Luxquisite Parkland Private Limited, a wholly owned subsidiary Company;
   15. Swaki Habitat Private Limited, a wholly owned subsidiary Company;
   16. Kesvik Developers Private Limited, a wholly owned subsidiary Company;

   (b) Nature of contracts/arrangements/transactions: *Sales, purchases of goods, materials and services.*

   (c) Duration of the contracts / arrangements/transactions: *Agreement is perpetual until terminated by either party.*

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: *Standard terms and conditions of the general agreement.*

   (e) Date(s) of approval by the audit committee:

   1. May 29, 2019
   2. August 14, 2019
   3. November 11 2019
   4. February 14, 2020

   (f) Amount paid as advances, if any: *NIL*

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: August 25, 2020

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]

As on financial year ended on 31.03.2020

I. REGISTRATION & OTHER DETAILS:

1.	CIN	**L31100KA1946PLC000415**
2.	Registration Date	**July 26, 1946**
3.	Name of the Company	**KIRLOSKAR ELECTRIC COMPANY LIMITED**
4.	Category/Sub-category of the Company	**Company Limited by Shares/ Indian Non Government Company**
5.	Address of the Registered office & contact details	**No. 19, 2nd Main Road, Peenya 1st stage, Phase – I, Peenya, Bangalore – 560058**
6.	Whether listed company	**Listed**
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	**Integrated Registry Management Services Private Limited # 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003.Telephone No's: 23460815, 23460816, 23460817 and 2346081 Fax No. 23460819, Website: www.123alpha.com, Contact Person: Mr. Vijayagopal, Vice President.**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY **(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Electric Motors	2710	61.74%
2	Transformers	2710	33.24%
3	DG Sets	2710	1.64%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /	% of shares held	Applicable Section
1	**SKG Terra Promenade Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U70100KA2014PTC077579	Subsidiary Company	100%	2(87)
2	**SLPKG Estate Holdings Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U70109KA2014PTC077504	Subsidiary Company	100%	2(87)
3	**Luxquisite Parkland Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U51100KA2014PTC077510	Subsidiary Company	100%	2(87)
4	**KELBUZZ Trading Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U51109KA2014PTC077631	Subsidiary Company	100%	2(87)
5	**Swaki Habitat Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U70100KA2015PTC079374	Subsidiary Company	100%	2(87)
6	**Kesvik Developers Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U70100KA2015PTC079459	Subsidiary Company	100%	2(87)
7.	**Kirloskar Malaysia Sdn Bhd**	60777-P	Associate Company	30%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	DEMAT	Physical	Total	% of Total Shares	DEMAT	Physical	Total	% of Total Shares	
A. Promoter(s)									
(1) **Indian**									
a) Individual/HUF	12,075,132	-	12,075,132	18.18	12,075,132	-	12,075,132	18.18	0.07
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	20,801,895	-	20,801,895	31.32	20,806,985	-	20,806,985	31.33	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**32,877,027**	**-**	**32,877,027**	49.50	**32,882,117**	**-**	**32,882,117**	49.51	**0.01**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	225,256	45,379	270,635	0.41	209,196	45,299	254,299	0.38	-0.03
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	3,240,824	-	3,240,824	4.88	3,240,824	-	3,240,824	4.88	
g) FIIs	470,194	50	470,244	0.71	470,194	50	470,244	0.71	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**3,936,274**	**45,429**	**3,981,703**	**6.00**	**3,920.214**	**45,349**	**3,965,563**	**5.97**	**-0.03**
2. Non-Institutions									
a) Bodies Corp.	1,752,514	30,808	1,783,322	2.69	1,429,771	23,269	1,453,040	2.19	-0.05
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) NBFC registered with RBI	2500	-	2500	0.00	-	-	-	-	-
c) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	19,713,388	1,385,307	21,098,695	31.77	19,425,189	1,349,121	20,774,310	31.28	-0.49
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	3,999,638	100.000	4,099,638	6.17	5,253,251	100,000	5,353,251	8.06	1.89
c) Others (specify)	-	-	-	-	-	-	-	-	-

Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	0	1,896,444	1,896,444	2.86	0	1,896,044	1,896,044	2.85	-0.01
Foreign Nationals	618	9,357	9,975	0.02	618	0	618	0.00	-0.02
Clearing Members	664,709	0	664,709	1.00	89,070	0	89,070	0.13	-0.87
Trusts	58	0	58	0.00	58	0	58	0.00	-
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
Enemy Property	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	26,133,425	3,421,916	29,555,341	44.50	26,197,957	3,368,434	29,566,391	44.52	0.02
Total Public Shareholding B)=(B)(1)+ (B)(2)	**30,069,699**	**3,467,345**	**33,537,044**	**50.50**	**30,118,171**	**3,413,783**	**33,531,954**	**50.49**	**-0.01**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**62,946,726**	**3,467,345**	**66,414,071**	**100**	**63,000,288**	**3,413,783**	**66,414,071**	**100**	**-**

B. Shareholding of promoters and promoter group-

Sl. No	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2019]			Shareholding at the end of the year [As on 31-March-2020]		
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares
1	Mr. Vijay Ravindra Kirloskar	11,890,618	17.90	32.91	11,890,618	17.90	57.01
2	Mrs. Meena Kirloskar	184,514	0.28	100	184,514	0.28	100
3	Abhiman Trading Company Private Limited	5,217,063	7.86	100	5,217,063	7.86	100
4	Vijayjyothi Investments and Agencies Private Limited	4,271,217	6.43	99.68	4,271,217	6.43	99.68
5	Vijay Farms Private Limited	3,540,807	5.33	100	3,540,807	5.33	100
6	Vijay Kirti Investments and Agencies Private Limited	3,064,094	4.61	100	3,064,094	4.61	100
7	Sri Vijaydurga Investments and Agencies Private Limited	1,774,506	2.67	100	1,774,506	2.67	100
8	Vimraj Enterprises Private Limited	1,606,483	2.42	100	1,606,483	2.24	100
9	Kirloskar Power Equipments Limited	1,141,225	1.72	100	1,146,315	1.73	99.56
10	Kirloskar Batteries Private Limited	186,500	0.28	100	186,500	0.28	100
	TOTAL	**32,877,027**	**49.50**	**75.69**	**32,882,117**	**49.51**	**84.40**

C. Change in promoters' shareholding (please specify, if there is no change)

Sl. No	Particulars	Shareholding at the beginning of the year [As on 01-April-2019]		Cumulative Shareholding during the year [As on 01-March-2020]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	32,877,027	49.50	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	5,090	0.01	-	-
	At the end of the year	-	-	32,882,117	49.51

D. Shareholding pattern of top ten Shareholders:
(Other than directors, promoters and holders of GDRs and ADRs):

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2019					CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2020	
		No. of Shares	% of Total shares of the company	Date	Increase/Decrease in Share Holding	Reason	No of Shares	% of Total shares of the company
1	Life Insurance Corporation Of India	2,576,571	3.88	01.04.2019	No Movement During The Year			
				31.03.2020			**2,576,571**	**3.88**
2	M/S. Hawker Siddeley Management Ltd.,	1,896,044	2.85	01.04.2019	No Movement During The Year			
				31.03.2020			**1,896,044**	**2.85**
3	Sagir Mohib Khericha	0	0.00	01.04.2019			0	0.00
				27.03.2020	594527	Transfer	594527	0.90
				31.03.2020			**594527**	**0.90**
4	The New India Assurance Company Limited	506,412	0.76	01.04.2019	No Movement During The Year			
				31.03.2020			**506,412**	**0.76**
5	Hongkong Victory Investment Co Limited	470,194	0.71	01.04.2019	No Movement During The Year			
				31.03.2020			**470,194**	**0.71**
6	Kamalesh Shantilalji Jain	400,000	0.60	01.04.2019	No Movement During The Year			
				31.03.2020			**400,000**	**0.60**
7	Lok Prakashan Ltd	170000	0.26	01.04.2019	No Movement During The Year			
				31.03.2020			**170000**	**0.26**
8	The Oriental Insurance Company Limited	152353	0.23	01.04.2019	No Movement During The Year			
				31.03.2020			**152353**	**0.23**

9	Ramesh Kumar Bhawnan	100952	0.15	01.04.2019		Transfer	100952	0.15
				06.12.2019	20000	Transfer	120952	0.18
				24.01.2020	1124	Transfer	122076	0.18
				31.01.2020	18000	Transfer	140076	0.21
				21.02.2020	-10336	Transfer	129740	0.20
				13.03.2020	-8126	Transfer	121614	0.18
				31.03.2020			**121614**	**0.18**
10	Brajesh Kumar Gutgutia	82000	0.12	01.04.2019			82000	0.12
				08.11.2019	9583	Transfer	91583	0.14
				15.11.2019	28417	Transfer	120000	0.18
				31.03.2020			**120000**	**0.18**

E. Shareholding of directors and key managerial personnel:

Sl. No	**Shareholding of each directors and each key managerial personnel**	**Shareholding at the beginning of the year**		**Cumulative Shareholding during the year**	
		No. of shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year				
1	Mr. Vijay R Kirloskar	11,890,618	17.90	11,890,618	17.90
2	Mrs. Meena Kirloskar	184,514	0.28	184,514	0.28
3	Mr. Kamlesh Gandhi	500	0.00	500	0.00
4	Mr. Sarosh J Ghandy	615	0.00	615	0.00
5	Mr. Anil Kumar Bhandari	500	0.00	500	0.00
6	Mr. Mahendra V.P	2,238	0.00	2,238	0.00
7	Mr. S.N Agarwal	500	0.00	500	0.00
8	Dr. Ashok Misra	-	-	-	-
9	Mr. Sanjeev Kumar S	-	-	-	-
10	Ms. K S Swapna Latha	-	-	-	-
	Total at the beginning of the Year	**12,079,485**	**18.19**		
	Date wise increase / decrease in promoters' shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				
1	Mr. Vijay R Kirloskar	-	-	11,890,618	17.90
2	Mrs. Meena Kirloskar	-	-	184,514	0.28
3	Mr. Kamlesh Gandhi	-	-	500	0.00
4	Mr. Sarosh J Ghandy	-	-	615	0.00
5	Mr. Anil Kumar Bhandari	-	-	500	0.00
6	Mr. Mahendra V.P	-	-	2,238	0.00
7	Mr. S.N Agarwal	-	-	500	0.00
8	Dr. Ashok Misra	-	-	-	-
9	Mr. Sanjeev Kumar S	-	-	-	-
10	Ms. K S Swapna Latha	-	-	-	-
	Total at the end of the Year	**12,081,488**	**18.19**	**12,079,485**	**18.19**

V. INDEBTEDNESS -Indebtedness of the company including interest outstanding/accrued but not due for payment.

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,786.59	-	3,547.11	20,333.70
ii) Interest due but not paid	63.75	-	10.67	74.42
iii) Interest accrued but not due	1,735.42	-	-	1,735.42
Total (i+ii+iii)	18,585.76	-	3,557.78	22,143.54
Change in Indebtedness during the financial year:-				
* Addition	-	-	3,313.27	3,313.27
** Reduction*	*5,926.51*	-	-	*5,926.51*
Indebtedness at the end of the financial year				
i) Principal Amount	9,712.53	-	6,863.10	16,575.63
ii) Interest due but not paid	967.92	-	7.95	975.87
iii) Interest accrued but not due	1,978.80	-	-	1,978.80
Total (i+ii+iii)	**12,659.25**	**-**	**6,871.05**	**19,530.30**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Vijay R Kirloskar, Executive Chairman	Mr. Anand B Hunnur, Managing Director	Mr. Sanjeev Kumar Shivappa, Director (Finance) & CFO	
1	Gross salary	₹	₹	₹	₹
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,800,000	1,252,538	2,477,881	20,530,419
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	2,500	59,090	61,590
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
	(d)Total	16,800,000	1,255,038	2,536,971	20,592,009
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission – as % of profit – others, specify	Nil	Nil	Nil	Nil
5	Others, please specify:	Nil	Nil	Nil	Nil
	Total (A)	**16,800,000**	**1,255,038**	**2,536,971**	**20,592,009**
	Ceiling as per the Act#	16,800,000	16,800,000	16,800,000	50,400,000

Note: Mr. Sanjeev Kumar Shivappa was appointed as Director (Finance) & Chief Financial Officer of the Company on February 14, 2020.

B. Remuneration to other directors (Amount In ₹)

Sl. No	Particulars of Remuneration	Name of Directors						Total
1	**Independent Directors**	Mr. Sarosh Jehangir Ghandy	Mr. Anil Kumar Bhandari	Mr.Mahendra Vellore Padmanaban	Mr. Kamlesh Suresh Gandhi	Mr. Satyanarayan Agarwal	Dr. Ashok Misra	
	Fee for attending board committee meetings*	210,000	180,000	180,000	150,000	120,000	45,000	885,000
	Commission	0	0	0	0	0	0	0
	Others, please specify:	0	0	0	0	0	0	0
	Total (1)	**210,000**	**180,000**	**180,000**	**150,000**	**120,000**	**45,000**	**885,000**

Sl. No	Particulars of Remuneration	Name of directors	
2	**Other Non-Executive Directors**	**Mrs. Meena Kirloskar**	**Total (2)**
	Fee for attending board & committee meetings	150,000	150,000
	Commission	0	0
	Others, please specify	0	0
	Total (2)	**150,000**	**150,000**
	Total (C)=(1+2)	**-**	**1,035,000**
	Total Managerial Remuneration		**21,627,009**
	Overall Ceiling as per the Act		63,200,000

C. Remuneration To Key Managerial Personnel other than Managing Director/Manager/Whole-Time Director

Sl. No	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sanjeev Kumar S, Director (Finance) & CFO	Ms. K S Swapna Latha, CS	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,477,881	2,657,376	5,135,257
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	59,090	45,485	104,575
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
	(d) Total	2,536,971	**2,702,861**	**5,239,832**
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission – as % of profit – others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total	**2,536,971**	**2,702,861**	**5,239,832**

Note: Mr. Sanjeev Kumar Shivappa was appointed as Director (Finance) & Chief Financial Officer of the Company on February 14, 2020.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil

Secretarial Audit Report

To,
The Members,
Kirloskar Electric Company Limited,
No.19, 2nd Main Road,
Peenya 1st Stage Phase-1, Peenya,
Bengaluru 560058

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation through emails about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the further viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **JKS & Co.**
Company Secretaries

Karthick V.
Partner
Membership No. ACS – 11910
C.P. No. – 4680

Place : Bengaluru
Date : August 24, 2020
UDIN : A011910B000608396

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Kirloskar Electric Company Limited,

No.19, 2nd Main Road,

Peenya 1st Stage Phase-1, Peenya,

Bengaluru 560058

We have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **Kirloskar Electric Company Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in the manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020 according to the provisions of:

(i) The Companies Act, 2013 (the 'Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Except for requirement of annual reporting, there was no instance / trigger leading to compliance under these Regulations;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Not Applicable to the Company during the audit period under review];

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [Not Applicable to the Company during the audit period];

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not Applicable as the Company has not issued any debt securities during the audit period];

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the audit period];

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable as the Company has not delisted / proposed to delist its equity shares from any stock exchange during the audit period]; and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 [Not Applicable during the audit period];

(vi) Other laws applicable to the Company: As per the representation made by the Company, there are no 'Industry specific' law(s) applicable to the Company. The Company has systems and processes in place to comply with general employee welfare laws applicable to it.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. The provisions relating to Corporate Social Responsibility ("CSR") are applicable to the Company. However, in view of losses, the management represents that during the year, the Company is not required to spend any amount on this account. Further, in respect of outstanding deposits, the management represents that all the claims received by it are being repaid and that the Company is not accepting/ renewing any new deposits.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, with one exception that retirement of director at the annual general meeting was not in terms of Sec. 152 of the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As represented by the Company, all decisions at the Meetings of the Board of Directors and Board Committees are carried out unanimously or with requisite majority as recorded in the Minutes of the respective meetings as the case may be and no dissenting views were required to be recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following resolutions were passed:

1. Re-appointment of all the non-executive independent director(s) for second term of five years. These resolutions were passed as Special Resolutions at the 72nd Annual General Meeting since the said directors had attained the age of 75 years.
2. Approval for sale / disposal / transfer of the non-core assets of the Company upto Rs. 45 Crores; Special resolution was passed under Sec 180(1)(a) of the Companies Act 2013 at the 72nd Annual General Meeting.
3. Approval u/s 62 (3) of Companies Act 2013 to enable conversion of borrowings upto a sum of Rs. 30 Crores from Laburnum Chemicals Private Limited, into equity shares, if necessitated at a future date. This resolution was passed as Special Resolution at the 72nd Annual General Meeting.

For **JKS & Co.**
Company Secretaries

Karthick V.
Partner
Membership No. ACS – 11910
C.P. No. – 4680

Place : Bengaluru
Date : August 24, 2020
UDIN : A011910B000608396

CORPORATE GOVERNANCE REPORT 2019-20

1. Company's philosophy on corporate governance:

Your Company continues to be firmly committed to corporate governance and follows a system of good practices of transparency in its reporting. Your Company continues with its firm commitment in meeting expectations of various stakeholders in matters related to trusteeship, integrity, ethical standards and legal requirements. Your Company continues to comply with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Your Company's Board fully understands and takes the responsibility for its commitments to various stakeholders. The primary objective of 'Customer Satisfaction' is relentlessly pursued.

2. Board of Directors:

a) Composition as at March 31, 2020 and other matters:

Your Company's Board comprised of eminent persons with optimum balance of executive directors, non executive directors and independent directors having professional or technical expertise from different fields such as technical, business strategy and management, marketing and finance. Mr. Vijay Ravindra Kirloskar (DIN: 00031253) is the Executive Chairman and other Board members comprised of six independent directors, one non-executive woman director, and two executive directors which includes the Executive Chairman of the Company.

All the independent directors satisfy the criteria of independence as defined under the Companies Act, 2013, and the Listing Regulations.

As regards to the appointments of new directors, Board considers the recommendations of the Nomination and Remuneration Committee, which in turn, considers various aspects including the qualifications, professional expertise and exposures, positive attributes and independence, wherever required, as per the laid down criteria.

The Board, inter-alia, provides leadership, strategic guidance and independent advise to the Company's management.

The Board members get updates on the Company's procedures and policies as per the familiarization program.

None of the directors on the Board is a member on more than 10 committees or Chairman of more than 5 committees across all the companies in which he is a director as specified under SEBI LODR Regulations. Necessary disclosures regarding committee positions have been made by the directors

b) Number of Board meetings held and their dates:

Eight meetings of the Board of directors were held during the financial year 2019-20 on April 12, 2019, May 29, 2019, July 01, 2019, August 14, 2019, September 21, 2019, October 23, 2019, November 11, 2019 & February 14, 2020.

Sl. No	Date of Board meeting	No of directors entitled to attend	No of directors attended
1	April 12, 2019	10	6
2	May 29, 2019	10	9
3	July 01, 2019	9	6
4	August 14, 2019	8	6
5	September 21, 2019	8	7
6	October 23, 2019	8	7
7	November 11, 2019	8	5
8	February 14, 2020	8	7

The quorum was present for all the meetings. The maximum interval between any two meetings did not exceed one hundred and twenty days.

Left intentionally blank

c) Category, attendance, directorships, membership, chairmanship of directors of your Company during the financial year ended March 31, 2020;

Name of the Director	Designation	Attendance		Directorships/Committee Memberships@			Directorship in other listed entity (Category of Directorship)
		Attendance of each director at the meeting of Board of Directors	Attendance at the previous AGM attended (Yes/No)	Directorships in Public companies	Committee Membership	Committee Chairmanship	
Mr. Vijay Ravindra Kirloskar*	Executive - Chairman	8	Yes	5	1	0	1. MRF Limited (Non Executive - Independent Director) 2. Batliboi Limited (Non Executive - Independent Director)
Mr. Satyanarayan Agarwal	Non Executive- Independent Director	5	No	7	3	0	Transport Corporation of India Limited (Non Executive Director)
Mr. Sarosh Jehangir Ghandy	Non Executive- Independent Director	7	Yes	3	1	0	NIL
Mr. Anil Kumar Bhandari	Non Executive- Independent Director	7	Yes	3	2	2	The Waterbase Limited (Non Executive Director)
Mr. Mahendra Vellore Padmanaban	Non Executive- Independent Director	7	Yes	3	2	0	VST Tillers Tractors Limited (Chairman & Managing Director)
Mr. Kamlesh Suresh Gandhi	Non Executive- Independent Director	6	Yes	5	1	2	1. Bhagyanagar India Limited (Non Executive - Independent Director) 2. NCL Industries Ltd (Non Executive - Independent Director) 3. Sundaram - Clayton Limited (Non Executive - Independent Director)
Mr. Ganesh Krishnamurthy #	Nominee Director	Nil	Not Applicable	1	0	0	NIL
Dr. Ashok Misra	Non Executive- Independent Director	3	Yes	2	2	0	Jubilant Life Sciences Limited (Non Executive - Independent Director)
Mrs. Meena Kirloskar	Non Executive- Non Independent Director	8	Yes	1	0	0	Nil
Mr. Anand B Hunnur$	Managing Director	2	Not Applicable	1	0	0	Nil
Mr. Sanjeev Kumar S^	Executive Additional Director & CFO	..	Yes	0	0	0	Nil

@ excludes Private Limited companies, foreign companies and companies covered under section 8 of the Companies Act, 2013.

* Mr. Vijay Ravindra Kirloskar (DIN: 00031253) is director of Kirloskar Power Build Gears Limited which is under Liquidation.

\# Mr. Ganesh Krishnamurthy (DIN: 05160176) has resigned from the directorship effective from July 11, 2019.

$ Mr. Anand B Hunnur (DIN: 06650798) has resigned from the position of Managing Director, effective from May 31, 2019.

^ Subject to approval of members of the Company, Mr. Sanjeev Kumar S (DIN: 08673340) has been appointed as Director (Finance) & Chief Financial Officer of the Company with effect from February 14, 2020.

As per regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, membership/ chairmanship of audit committee and stakeholders' relationship committee in all Indian Public limited Companies are considered and, accordingly, reported. Further, none of the directors of the Company hold membership of more than 10 committees, nor any director is the Chairman of more than 5 committees across all companies where he / she holds directorships.

d) Disclosure of relationships between directors inter-se:

As per the information available with the Company, none of the directors were related inter se except for Mr. Vijay Ravindra Kirloskar (DIN: 00031253) and Mrs. Meena Kirloskar (DIN: 00286774).

e) Shareholding of non-executive directors as at March 31, 2020:

Name of the director	Number of Equity Shares
Mrs. Meena Kirloskar	184,514
Mr. Vellore Padmanaban Mahendra	2,238
Mr. Sarosh Ghandy	615
Mr. Anil Kumar Bhandari	500
Mr. Kamlesh Gandhi	500
Mr. Satyanarayana Agarwal	500
Dr. Ashok Misra	Nil
Mr. Ganesh Krishnamurthy*	500

*Mr. Ganesh Krishnamurthy (DIN: 05160176) has resigned from the directorship effective from July 11, 2019.

f) None of the non executive independent directors have any pecuniary relationship or transaction with the Company.

g) Necessary information as required under schedule – II of listing regulations, as amended, have been placed before the meetings of the Board including the committees thereof.

h) Details of Familiarization Programmes to Directors:

During the financial year, senior management team made presentations to the directors giving an overview of the Company's operations, functions, strategies and risk management plans of the Company. The details of the familiarization programs are available on the website of the Company at: http://www.kirloskar-electric.com/investors/investors-information/policies.html.

i) Board Evaluation: The Company believes that it is the effectiveness of the Board that contributes to the Company's performance and long term growth. The criteria for Board evaluation contemplates evaluation of directors' performances based upon their performances as directors apart from their specific role as independent, non-executive and executive directors.

The criteria also specifies that the Board would evaluate each committee's performance based on the mandate on which the committee has been constituted and the contributions made by each member of the said committee in effective discharge of their responsibilities.

a. The Board of directors evaluated the performance of Independent Directors of the Company. Those directors who were subject to evaluation did not participate at the meeting. For the purpose, a comprehensive questionnaire was provided to each Board member. Each and every member except the director being evaluated, participated, discussed and filled in the questionnaire and provided their feedback. The results were thereafter compiled and noted.

b. Pursuant to applicable regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, (hereinafter referred as "SEBI LODR") the Nomination & Remuneration committee carried out evaluation of every director's performance. A comprehensive questionnaire was provided to each committee member for evaluation of every director's performance. Each member of the committee was requested to fill in the questionnaire and provide their feedback. The committee thereafter discussed and completed the evaluation process.

c. A separate meeting of independent directors was also held on February 14, 2020 to evaluate the performance of the non independent directors, the performance of the Chairman, the Board of director and its committees. A comprehensive questionnaire was shared with each member to carry out the evaluation process. The directors filled the questionnaire and provided their feedback.

The evaluation process contained the following;

1. Performance of the Board as a whole & its committees;
2. Performance of the Executive Chairman Mr. Vijay Ravindra Kirloskar (DIN: 0031253);
3. Performance of non-executive non independent director Mrs. Meena Kirloskar (DIN: 00286774);

Based on the review and consideration of the Company's progress and performance during the year, the independent directors recorded the contributions made by the non independent directors.

The directors also reviewed the performance of the chairman after taking into account the views of executive and non-executive directors. The independent directors placed on record their appreciation of the leadership of the Chairman.

The independent directors further assessed the quality, quantity and timeliness of flow of information between the Company and the management and the Board to effectively discharge their responsibilities and to perform their duties. They expressed their satisfaction on flow of information.

The independent directors acknowledged the fact that the Board was well informed of the Company's activities. That had enabled the board to understand all the aspects of the Company and had helped them to take decisions effectively.

j) Core skills / expertise / competencies available with the Board:

The Board comprises of qualified directors who possess required skills, expertise and competencies that allows them to make an effective contributions to the Board and to its Committees. The following are the skills, expertise & competencies which are currently available with the Board:-

Sl. No	Name of the Director	Area of Expertise
1	Mr. Vijay R Kirloskar	Management & Strategy, Global Business Leadership, Finance, Investment & Treasury, Research & Training, Scientific development & Innovations, Product Development, Manufacturing & Sales Operation
2	Mrs. Meena Kirloskar	Management & Strategy, Finance, Corporate Governance & Ethics and such other areas
3	Mr. Anil Kumar Bhandari	Business Strategy, Finance, Industrialist, Corporate and such other areas
4	Mr. Sarosh J Ghandy	Business Strategy , Innovations, Manufacturing and such other areas
5	Mr. Mahendra V P	Business Strategy, HR, Business Leader, Industrialist, Product Development and such other areas
6	Mr. S N Agarwal	Business Strategy, Project Management and such other areas
7	Mr. Kamlesh Gandhi	Compliance, Risk Management and Business Strategy, Corporate Governance, Ethics, Regulatory Banking, Investment and such other areas
8	Dr. Ashok Misra	Academics, Engineer, General Management, Research & Training, Technology
9	Mr. Sanjeev Kumar S	Banking, Investment & Treasury Management and such other areas

k) Other Information:

Information flow to the members of the Board of directors:

The Board is provided with all information concerning the agenda items for the meetings. Company's annual strategic plans and annual operating plans are also presented before the meetings seeking their inputs. Company's quarterly financial results and annual financial results are first presented to the Audit Committee and, subsequently, to the Board of directors for their approval. Agenda and notes on agenda are circulated among the members of the Board in advance of the meetings in accordance with the secretarial standards. The meetings facilitate directors to get insights on the affairs of the Company and get their inputs and suggestions on strategic and operational matters of the Company.

COMMITTEES OF BOARD

The Board has constituted sub-committees to focus on specific areas and take informed decisions within the limits of authority delegated to each of the committees. Each committee of the Board is guided by its Charter, which defines the scope, powers and composition of the committee. All the decisions and recommendations of the committees are placed before the Board for information or approval.

As at March 31, 2020, your Company has the following sub-committees of the Board;

3. Audit Committee:

I. The Company has constituted a qualified Independent Audit Committee ("AC"") which acts as a link between the management external and internal auditors and the Board of Directors of the Company. The Committee is responsible for effective supervision of the Company's financial reporting process by providing direction to the audit function, monitoring the scope and quality of internal and statutory audits and ensuing accurate and timely disclosures. The Audit Committee considers the matters which are specifically referred to it by the Board of Directors besides considering mandatory requirements of the regulation 18 read with Part C of Schedule II of SEBI Listing regulations and section 177 of the Companies Act, 2013

The responsibilities of the Committee includes review of quarterly, half yearly and annual financial statements before submission to the Board, Approval or any subsequent modification of transactions of the Company with related parties and amongst others.

Audit Committee as on March 31, 2020 comprised of five independent directors

During the financial year 2019-20, the committee met four (04) times on May 29, 2019, August 14, 2019, November 11, 2019 & February 14, 2020.

II. Composition and attendance of each member were as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. Kamlesh Suresh Gandhi	Chairman	04	04
Mr. Satyanarayan Agarwal	Member	04	02
Mr. Anil Kumar Bhandari	Member	04	03
Mr. Sarosh Jehangir Ghandy	Member	04	04
Mr. Mahendra Vellore Padmanaban	Member	04	03

The meetings of the committee were held at the registered office and were attended by the Executive Chairman, Managing Director, Chief Financial Officer of the Company, and the representatives from the auditors. The Company Secretary was the secretary to the committee.

4. Nomination and Remuneration Committee:

I. Brief description of terms of reference

The Company has a Nomination and Remuneration Committee ("NRC") constituted pursuant to the Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulation and section 178 of the Companies Act, 2013 the NRC is vested with authority to recommend nomination for Board membership, remuneration of Directors, Key Managerial Personals and senior employee's, formulation of criteria for evaluation of Independent Directors and Board of Directors , remuneration to board and other senior management

The NRC also carries out a separate exercise to evaluate the performance of individual Directors, Feedback is sought by way of structured questionnaires covering various aspect of Boards functioning such as adequacy of composition of the Board and its Committee, Board culture, execution & performance of specific duties, obligations and governances. Performance evaluation is carried out based on the responses received from all Directors.

The performance evaluation of Independent Directors is based on various criteria including experience and expertise, independent judgment, ethics & Values, adherence to the corporate governance norms amongst others

The committee comprised of four members as on March 31, 2020 all of whom are non executive directors.

During the financial year 2019-20, the committee met Two (02) times on August 14, 2019, & February 14, 2020.

II. Composition and attendance of each member were as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. Satyanarayan Agarwal	Chairman	02	01
Mr. Anil Kumar Bhandari	Member	02	01
Mr. Sarosh Jehangir Ghandy	Member	02	02
Mr. Meena Kirloskar	Member	02	02

The meetings of the committee were held at the registered office and were attended by the Executive Chairman of the Company. The Company secretary was the secretary to the committee.

Remuneration of directors:

The details of the nomination and remuneration policy is disclosed in the **Annexure VI** which forms part of Board's Report

Except sitting fee no other payment is made to the non executive directors.

There are no pecuniary relationships or transactions of the non-executive directors vis-à-vis with the Company;

Details of remuneration paid to the directors for the financial year 2019-20 and their shareholding as on March 31, 2020:

(Amount in ₹)

Name	Designation	Salary	Perquisites and allowances	Total Remuneration	Shareholding- No of equity shares
Mr. Vijay Ravindra Kirloskar	Executive Chairman	1,68,00,000	-	1,68,00,000	11,890,618
Mr. Anand B Hunnur*	Managing Director	1,252,538	2,500	1,255,038	1,208
Mr. Shivappa Sanjeev Kumar#	Director – Finance & CFO	2,477,881	59,090	2,536,971	Nil

**Mr. Anand B Hunnur has resigned from the position of Managing Director, effective from May 31, 2019.*

#Mr. Shivappa Sanjeev Kumar was appointed as an Executive Additional Director, effective from February 14, 2020.

The Company has not given any performance linked incentives, benefits fixed components,, stock options etc., to the executive directors of the Company.

5. Stakeholder Relationship Committee:

I. Brief Description and terms of reference, the Company has constituted a Stakeholders Relationship Committee ("SRC") pursuant to regulation 20 of the SEBI Listing Regulations and Section 178 of the Companies Act. The SRC is primarily responsible for redressal the grievances of shareholders/investors including complaints related to transfer or transmission of shares, issuance of duplicate share certificates and other such grievances as may be raised by the shareholders from time to time.

Ms. K S Swapna Latha, Sr. General Manager (Legal) & Company Secretary has been designated as Compliance officer

During the financial year 2019-20, the committee met Once (01) on February 14, 2020.

II. The Composition and attendance of each member were as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. Anil Kumar Bhandari	Chairman	01	01
Mr. Vijay Ravindra Kirloskar	Member	01	01
Mr. Mahendra Vellore Padmanaban	Member	01	01

All meetings of the committee were held at the registered office and were attended by the Executive Chairman of the Company. The Company secretary was the secretary to the committee.

Shareholders' complaints are taken up with high priority and it is the Company's policy that investors' complaints are attended with utmost priority and resolved expeditiously.

A statement of the investor complaints for the financial year 2019-20 is given below:

Sl. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	1
2	Investor complaints received during the year	0
3	Investor complaints disposed off / resolved during the year	1
4	Investor complaints remaining unresolved at the end of the year	0

**The complaint was resolved however the investor had closed the ticket subsequently in the first quarter of FY 2019-20.*

The quarterly statements on investor complaints received and disposed of are filed with Stock Exchanges within 21 days from the end of each quarter and statement filed is also placed before the subsequent meeting of Board of Directors.

6. Corporate Social Responsibility Committee

I. Brief description of terms of reference

The Company's contribution and initiatives towards social welfare and environment sustainability have been integral to its business. The Company shall continue to pursue Corporate Social Responsibility activities (hereinafter referred to as 'CSR') as one of its fundamental priorities. The terms of reference of the CSR Committee are in line with the provisions of Section 135 of the Companies Act, 2013.

During the financial year under review, the Committee met 1 time on August 14, 2019

II. The Composition of the Committee and attendance details:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. Sarosh J Ghandy	Chairman	01	01
Mr. Vijay Ravindra Kirloskar	Member	01	01
Mr. Mahendra Vellore Padmanaban	Member	01	01

During the preceding three years the Company has not made any profit and hence not required to spend any amount on the CSR. During the year the Company has contributed ₹ 10,00,000 to Chief Minister for flood affected in Karnataka.

7. General Meetings

a) Annual General Meeting:

Location, time and special resolution for the last three AGMs:

	2016-17	2017-18	2018-19
Date, Venue and Time	21st September 2017Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560 008 10.00 A.M	21st September 2018Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560 008 10.00 A.M	21st September 2019Hotel Taj Yeshvanthpur 2275, Tumkur Main Rd, Yeshwanthpur Industrial Area, Phase 1, Yeswanthpur, Bengaluru 560 022 10.00 A.M
Special Resolution Passed	1. Revision in the remuneration payable to Mr. Vijay Ravindra Kirloskar, Executive Chairman. 2. Reappointment of Mr. Vijay Ravindra Kirloskar as Executive Chairman. 3. Appointment of Mr. Anand B. Hunnur as Managing Director. 4. Revision in the remuneration payable to Mr. Vinayak N Bapat, Managing Director.	1. Approval of the limits for the Loans, Guarantees and Investment by the Company as per Section 186 of the Companies Act, 2013. 2. Approval for disposal of shares held in Subsidiaries/ assets held by Subsidiaries	1. Appointment of Mr. Satyanarayan Agarwal (DIN: 00111187) as Independent Director and continuation of his directorship after the age of 75 years. 2. Appointment of Mr. Kamlesh Suresh Gandhi (DIN: 00004969) as Independent Director. 3. Appointment of Mr. Sarosh Jehangir Ghandy (DIN: 0003 1237) as Independent Director and continuation of his directorship after the age of 75 years. 4. Appointment of Mr. Mahendra Vellore Padmanaban (DIN: 00033270) as Independent Director and continuation of his directorship after the age of 75 years 5. Appointment of Mr. Anil Kumar Bhandari (DIN: 00031194) as Independent Director and continuation of his directorship after the age of 75 years 6. Approval to sell / transfer / dispose-off its manufacturing unit at Pune 7. Approval to borrow loan with an option to convert to equity shares

b) Extraordinary General Meeting:

Location, time and special resolution of the extraordinary general meeting of the Company (EGM) held during the financial year 2019-20:

No EGM was held during the financial year 2019-20

c) Postal Ballot

During the year under review, the Company did not conduct any postal ballot during the financial year 2019-20.

8. Means of communication:

a) The Company has been regularly publishing audited / un-audited results in leading newspapers, immediately after the same is approved by the Board. The results are also posted on the Company's website.

b) News paper wherein results normally published: The quarterly results are normally published in the all India edition of Business Standard and Bangalore edition of Kannada Prabha.

c) The quarterly results and other information relating to the Company are posted on the Company's website www.kirloskar-electric.com

d) There was no official news releases during the year 2019-20.

e) No presentation was made to institutional investors or to the analysts during the year 2019-20.

f) Email ID for registering complaints by investors: investors@kirloskarelectric.com.

9. General shareholder information:

(a) Date, Time and Venue of Annual General Meeting:

The 73rd Annual General Meeting of the Company will be held on Wednesday, 30th day of September 2020 at 10.00 A.M through video Conference mode.

(b) Financial Year:

The Company's financial year starts on 1st April and ends on 31st March.

(c) Dividend payment date:

The Board of Directors has not recommended any dividend for the financial year ended March 31, 2020.

(d) Stock Exchanges:

The Company's Equity Shares are listed on the following stock exchanges and the Company has paid the appropriate listing fees for the financial year 2018-19 and 2019-20;

1. National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051

2. The BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001

(e) Stock Code:

The Stock/Scrip code of the above mentioned stock exchange(s) are as mentioned below;

1. The BSE Ltd – 533193
2. National Stock Exchange of India Ltd – KECL

(f) Market Price Data:

During the year under review, the shares of the Company were traded at the BSE Ltd and National Stock Exchange of India Ltd. The prices at the BSE Ltd and at National Stock Exchange were as follows:

Month	KEC on BSE			KEC on NSE		
	High (₹)	Low (₹)	Volume (No's)	High (₹)	Low (₹)	Volume (No's)
April 2019	18.50	15.50	1,10,941	18.40	15.65	5,22,960
May 2019	17.30	14.00	2,13,845	17.35	14.05	10,67,333
June 2019	16.20	11.00	1,46,869	16.20	10.08	8,31,624
July 2019	13.44	8.61	1,47,290	13.45	9.25	8,44,926
August 2019	10.22	6.70	1,65,855	10.20	6.60	7,91,910
September 2019	11.70	7.55	1,54,895	11.50	7.55	9,79,187
October 2019	11.11	7.12	1,36,922	11.15	7.10	8,56,283
November 2019	14.16	9.80	2,33,905	13.45	11.20	2,23,098
December 2019	11.29	8.88	1,16,226	10.80	8.90	4,49,810
January 2020	19.62	11.34	5,19,318	19.70	11.30	2,38,7470
February 2020	19.10	12.40	2,96,909	19.20	12.35	13,90,257
March 2020	12.60	6.95	1,74,436	12.55	6.95	15,36,841

Source: The foregoing information is compiled from the data available from the BSE Ltd and National Stock Exchange of India Ltd.

(g) performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc:

Month	BSE		NSE	
	KEC's Closing Price (in ₹)	Sensex Closing	KEC's Closing Price (in ₹)	Nifty Closing
April 2019	15.90	39,031.55	16.00	11748.15
May 2019	15.80	39,714.20	15.75	11922.80
June 2019	13.05	39,394.64	13.20	11788.85
July 2019	9.16	37,481.12	9.15	11118
August 2019	7.41	37,332.79	7.45	11023.25
September 2019	8.93	38,667.33	8.85	11474.45
October 2019	11.11	40,129.05	11.15	11877.45
November 2019	10.65	40,793.81	13.45	12056.05
December 2019	10.80	41,253.74	10.80	12168.45
January 2020	18.11	40,723.49	17.95	11962.10
February 2020	12.40	38,297.29	12.35	11201.75
March 2020	7.70	29,468.49	7.75	8597.75

(h) The securities of the Company were traded throughout the year and there was no notice of suspension from trading from any exchange.

(i) Registrar and Share Transfer Agents:

Integrated Registry Management Services Private Limited, #30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru 560 003. Telephone No's: 23460815, 23460816, 23460817 and 2346081 Fax No. 23460819, Website: www.integratedindia.in Contact Person: Mr. Vijayagopal S, Vice President.

(j) Share Transfer System:

The Company has Stakeholders Relationship Committee to review and resolve the Complaints by the Shareholders and investors which may arise from time to time. The Company has complied with requirements as specified in regulations 40 of SEBI Listing Regulations for effecting transfer and transmissions of securities of the Company. In terms of Regulations 40(9) of the SEBI Listing Regulations, the Company obtains a half-yearly compliance certificate, from a Company Secretary in Practice with respect to due compliance of shares and security transfer and transmission formalities by the Company and the copy of the compliance certificate is submitted to the Stock Exchange.

SEBI with effective from April 01, 2019 barred physical transfer of shares of the listed companies and mandated transfers only in a dematerilsied form. However shareholders are not barred from holding shares in physical form.

(k) The *Distribution of shareholding as on March 31, 2020:*

Shareholding Range	No. of share holders in DEMAT Form	No. of share	No. of share holders in Physical Form	No. of Shares	Total No. of share holders	%	No. of shares	% of share holdings
1 - 500	24,556	4,053,182	20,490	859,915	45,046	84.52	4,913,097	7.40
501 - 1,000	3,691	3,131,667	218	159,524	3,909	7.33	3,291,191	4.96
1,001 – 2,000	2,019	3,190,659	117	161,136	2,136	4.01	3,351,795	5.05
2,001 – 3,000	724	1,887,183	30	74,687	754	1.41	1,961,870	2.95
3,001 – 4,000	340	1,240,857	16	55,663	356	0.67	1,296,520	1.95
4,001 – 5,000	320	1,538,146	10	43,659	330	0.62	1,581,805	2.38
5,001 - 10,000	426	3,149,888	9	63,401	435	0.82	3,213,289	4.84
10001 & above	327	44,755,144	4	2,049,360	331	0.62	46,804,504	70.47
Total	32,403	62,946,726	20,894	3,467,345	53,297	100.00	66,414,071	100.00

(l) Shareholding pattern as on March 31, 2020:

Category	No. of Shareholders	No of shares held	% of Shareholding
Promoters	10	32,882117	49.51
Banks, financial institutions,	22	254495	0.38
Insurance Companies	4	3,240,824	4.88
Private Corporate Bodies	334	1,783,322	2.69
NBFCs registered with RBI	-	-	0.00
Indian Public	52,708	25,198,333	37.94
Foreign Institutional Investors	2	470,244	0.71
NRIs / OCBs	4	9,975	0.02
Clearing Members	45	89070	0.13
Trusts	1	58	0.00
Overseas corporate bodies	1	1,896,444	2.85
Enemy Property	Nil	-	-
Total	**53,297**	**66,414,071**	**100**

(m) Dematerialization of shares and liquidity:

The paid up equity capital of the Company as on March 31, 2020 was ₹ 664,140,710/- (66,414,071 Shares of ₹ 10/- each). As on March 31, 2020, 62,946,726 Equity Shares representing 94.86% of the Equity Capital were held in dematerialized form

The Company has arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate holding of the Shares in electronic form. Nearly 94.86% of the Company's Shares are held in electronic form. The Company's Equity Shares are traded on The BSE Limited (BSE) and National Stock Exchange of India Limited(NSE)

(n) There were no outstanding GDRs/ADRs/Warrants or any other convertible instruments.

(o) There is no commodity price risk or foreign exchange risk and no hedging activities during the year 2019-20.

(p) Plant locations

Details of addresses of plant locations are mentioned on page no. 3 of the Annual Report.

(q) Address for correspondence:

The Compliance Officer

Kirloskar Electric Company Ltd.

No. 19, 2nd Main Road, Peenya 1st Stage, Phase – 1,

Peenya, Bangalore – 560 058

Telephone: 080 – 28397256; Fax: 080 – 28396727

Email: investors@kirloskarelectric.com

Web Site Address – www.kirloskarelectric.com

(r) Credit ratings obtained by the Company:

There is no fresh fixed deposit programme or scheme made by the Company during the period under review therefore no credit ratings was required to be obtained by the Company during the financial year under review.

Other disclosures:

(a) Related party transactions

Information on transactions with related parties are given in Form AOC-2 and the same forms part of this report. The Policy on the related party transaction is available on the Company's website and the link is provided hereunder; https://www.kirloskarelectric.com/investors/investors-information/policies.html

(b) Details of non-compliance

During the previous three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

(c) Whistle Blower Policy

The Company has established a mechanism for the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics. This mechanism will also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases.

The whistle blower policy is available on the Company's website and the link is provided hereunder https://kirloskarelectric.com/investors/investors-information/policies.html

(d) Details of compliance with mandatory requirements and adoption of the non mandatory requirements:

The Company has complied with the all the mandatory requirements of SEBI Regulations.

The extent of adoption of non-mandatory requirements is as follows:

- The Board

  The Chairman of the Company is an Executive Director. He maintains his office at the Company's expense and is also allowed reimbursement of expenses incurred in performance of his duties.

- Audit qualifications

  The details of audit qualifications are mentioned elsewhere in this annual report.

- Shareholder Rights

  Since the Company publishes its quarterly results in newspapers (English and Kannada) having wide circulation, and the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any declaration of half yearly performance to the shareholders.

- The position of Executive Chairman is separate.

(e) Policy on Material Subsidiary

The policy for determining material subsidiaries has been disclosed on the website and the link is provided hereunder https://www.kirloskarelectric.com/investors/investors-information/policies.html

(f) There are no commodity price risks and commodity hedging activities.

(g) No funds were raised through preferential allotment or qualified institutions placement during the year 2019-20.

(h) Disclosure in relation to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

Sl. No	Particulars	Status
1	No of complaints filed during the financial year	Nil
2	No of complaints disposed off during the financial year	Nil
3	No. of complaints as on end of the financials year	Nil

(i) The total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to its respective statutory auditor are available in the Note No. 34 (ix) of Notes to accounts

(j) The Certificate from M/s. JKS & Co., Company Secretaries, Bangalore stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority has been obtained. The Certificate is enclosed with this section as Annexure - I.

Declaration signed by the chief executive officer stating that the members of Board of directors and senior management personnel have affirmed compliance with the Code of Conduct of Board of directors and senior management.

The Board has laid down a Code of Conduct for Board of directors and senior managers and the same is posted on the website of the Company.

It is confirmed that all the Board members and senior managers have affirmed compliance with the Code of Conduct of the Company, for the year 2019-20.

Non-compliance of any requirement of corporate governance report, if any, with reasons thereof shall be disclosed

For and on behalf of the Board of Directors,
Kirloskar Electric Company Limited

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Place: Bengaluru
Date: August 25, 2020

Annexure – I to the
Corporate Governance Report

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members,
Kirloskar Electric Company Limited,
No.19, 2nd Main Road,
Peenya 1st Stage Phase-1, Peenya,
Bengaluru 560058

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Kirloskar Electric Company Limited** having CIN L31100KA1946PLC000415 and having registered office at No.19, 2nd Main Road, Peenya 1st Stage Phase-1, Peenya, Bengaluru 560058 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India and/ or Ministry of Corporate Affairs.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **JKS & Co.**
Company Secretaries
Karthick V.
Partner
Membership No. ACS – 11910
C.P. No. – 4680

Place : Bengaluru
Date : June 27, 2020
UDIN : A011910B000391003

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
Members of Kirloskar Electric Company Limited,
No.19, 2nd Main Road,
Peenya 1st Stage, Phase – I,
Peenya, Bangalore - 560058

1. We, K.N Prabhashankar & Co. (Formerly Ashok Kumar, Prabhashankar & Co.), Chartered Accountants, Bangalore (Firm Registration No. 004982S) Statutory Auditors of Kirloskar Electric Company Limited ("the Company") CIN:L31100KA1946PLC000415, have examined the compliance of the conditions of Corporate Governance by the Company, for the year ended on 31 March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2020.

6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for K.N Prabhashankar & Co.,
(Formerly Ashok Kumar, Prabhashankar & Co.)
Chartered Accountants
Firm Regn. No. 004982S

A. Umesh Patwardhan
Partner
M. No. 222945
UDIN : 20222945AAAABV6530

Date : August 17, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of KIRLOSKAR ELECTRIC COMPANY LIMITED, BENGALURU

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying Standalone Ind AS financial statements of KIRLOSKAR ELECTRIC COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention of the Members is invited to note 37(19) to the Standalone Ind AS financial statements regarding the amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immovable properties, receivables, interest charged and expenses reimbursed. We have relied on the management's representations that it is confident of realization of amounts due from the said subsidiaries aggregating to ₹12,531.50 lakhs (₹14,898.79 lakhs as at March 31, 2019) against which provision is recognized for an amount of ₹ 8,400.77 lakhs as at March 31, 2020. Pending disposals/ realization of assets by the subsidiaries, shortfall in realization of the amount outstanding (net of provision), if any, could not be ascertained.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

a. Going Concern Assessment – Effect of erosion in net worth of the company

Note 37(20) of the Standalone Ind AS financial statements – The directors have detailed the reasons for preparing these Standalone Ind AS financial statements on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) has accumulated losses and their networth (after excluding revaluation reserve) has been eroded. There are certain overdue payments to creditors and banks. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds.

- Our Address on the Key Audit Matter

We have been appraised of the restructuring plan including monetization of few non-core assets, projection of increase in turnover and infusion of funds in the near future. We have relied on the representations made by the Company and hence we are of the opinion that there is no existence of material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

b. Physical Verification of Inventory

The Management has conducted the Physical Verification of Inventory count at the year end and shared with us the Certified Details. Even though we had observed the physical inventory verification by the Management during the

quarters of the financial year, due to COVID 19 related lockdown, we were not able to physically observe physical verification of inventory at the year end.

- Our Address on the Key Audit Matter

In this regard, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 "Audit evidence -Specific consideration for stipulated items', which includes inspection of supporting documentation relating to purchases, production, sales and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence. Our opinion is not modified in respect of this matter.

Emphasis of Matter

a. Attention of the members is invited to note 37(21) of the Standalone Ind AS financial statements which sets out that the Company has filed Special Leave Petition in respect of demand of resale tax penalty of ₹ 527 lakhs before the Honourable Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation. Our opinion is not modified in respect of this matter.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Standalone Ind AS financial statements and our auditor's report thereon. Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence regarding the quantification of shortfall in realization of consideration receivable from certain subsidiaries pending disposals/realization of assets by the subsidiaries. Accordingly, we are unable to conclude whether or not the other information in relation to this is materially misstated with respect to this matter.

Responsibility of Management and Those Charged with Governance for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities selection and application of appropriate accounting policies making judgements and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/information of one branch, the Kuala Lumpur office of the Company, included in the financial results of the Company for the quarter ended and year ended March 31, 2020 whose financial statements/information reflect total assets of ₹ 215.45 lakhs as at March 31, 2020 and total revenues of ₹ 0.82 lakhs for the year ended on that date. The financial statements/information of the said branch has been prepared and submitted to us by the Management. The financial statements have not been audited by the Branch Auditors due to COVID 19 situation. So, to the extent the amounts have been derived from such financial statements is based solely on the financial statements/information provided to us by the Management. Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in the "*Annexure A"* a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
   c. The report on the accounts of the Kuala Lumpur office in Malaysia of the Company audited under Section 143(8) of the Act by the branch auditors have been forwarded to us and have been duly dealt with by us while preparing this report;
   d. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

e. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules as amended;

f. On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "*Annexure B*"; and

h. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company have disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 37(1a) to the Standalone Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under applicable laws or accounting standards;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **K N Prabhashankar & Co.,**
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No. 004982S

A. Umesh Patwardhan
Partner
M. No. 222945
UDIN:20222945AAAABF1068

Place: Bengaluru
Date: June 27, 2020

Annexure 'A' to the Auditors' Report

The Annexure referred to in our report to the members of Kirloskar Electric Company Limited for the year ended March 31, 2020. We report that:

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, plant and equipment (PPE). However comprehensive description of assets and their current location need to be updated in the asset records.

b) Management has physically verified these PPE in various units as per a phased program of physical verification, which is at reasonable intervals. The discrepancies noticed on such verification were not material however the same has been properly dealt with in the books of account.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii) With regard to inventory, physical verification has been conducted by the management at reasonable intervals and certain mistakes noticed in the inventory records have been corrected to the extent identified based on physical verification taken from time to time. The Company is in the process of identifying and analysing the differences adjusted/to be adjusted in the books of account on a comprehensive basis as reported in note 37(7) of the Standalone Ind AS financial statements and consequently we are not in a position to comment on the extent of discrepancies and any further adjustments required in the books of account.

iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. For this purpose, we have relied on the representations of the management that monies due from parties referred to in note 37(8) to the financial statement are advances and not in the nature of loans.

iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section

186 of the Companies Act, 2013 in respect of investments made or guarantees given to the wholly owned subsidiaries covered under section 186 of the Companies Act, 2013. There were no loans given nor securities provided to wholly owned subsidiaries covered under section 186 of the Companies Act, 2013.

v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the said Act and the rules framed there under, with regard to deposits accepted from the public. There were no delays in repayment of deposits during the financial year ended March 31, 2020 and the management has represented to us that there are no deposits unpaid as laid down in section 74 and other relevant provisions of the Companies Act, 2013. Further and according to the Company, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and read with paragraph 2 above regarding inventory records, we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of such records.

vii) a) The Company has been regular in depositing undisputed statutory dues including Provident fund, Employee's State Insurance, Income-tax, Goods and Services Tax, Duty of Customs, Cess and any Other Statutory Dues barring delays in few cases in certain months in respect of provident fund, excise duty and professional tax. According to the information and explanations given to us, there are no undisputed amounts payable in respect of above mentioned statutory dues which were in arrears, as at March 31, 2020 for a period of more than six months from the date they became payable except in respect of dues of Provident fund amounting to ₹ 267.22 lakhs.

b) According to the information and explanations given to us, the following dues of Sales Tax, Income Tax, Excise Duty, Value Added Tax, Service Tax and Cess had not been deposited as at March 31, 2020 with the relevant authorities on account of disputes.

(₹ In Lakhs)

Name of the statue	Nature of the dues	Amount (₹ in Lakhs.)	Period to which the amount relates	Forum where dispute is pending
Karnataka Sales Tax Act, 1957	Resale tax demanded	229.07	2003 – 2005	Supreme Court
Karnataka Value Added Tax Act, 2003	CST	121.03	2006 – 2007 to 2014-15	Joint Commissioner of Commercial Tax (Appeals)
The Central Sales Tax Act, 1956 & The Bombay Sales Tax Act, 1959	Sales tax demand	1,133.92	1999 – 2000, 2005-2006, 2007-2008 and 2008-2009, 2011-12, 2012-13	Joint Commissioner of Commercial Taxes

viii) In our opinion and according to the information and explanations given to us, there were no loans taken by the Company from the Government or from the debenture holders. The Company has not defaulted in repayment of loans or borrowings to banks and financial institutions except for the following instances of delay/default in repayment of principal amount and interest in the below table.

(₹ In Lakhs)

Lender's Name	As at March 31, 2020			Period of delay
	Principal	Interest	Total	
State Bank of India	30.43	46.12	76.55	Less than 90 days
Bank of India	-	33.40	33.40	Less than 90 days
Corporation Bank	754.67	-	754.67	More than 365 days
Corporation Bank	-	28.01	28.01	Less than 90 days
ARCIL	40.00	38.00	78.00	Less than 90 days
Total	825.10	145.53	970.63	

ix) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or fresh term loans from banks during the year.

x) According to the information and explanation given to us, there are no frauds reported by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.

xi) According to the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.

xii) The Company is not a Nidhi Company. Accordingly, the provisions of clause 11 of the said Order are not applicable.

xiii) In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) As represented to us by the management and according to the information and explanation given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 15 of the said Order are not applicable.

xvi) According to the information and explanation given, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provisions of clause 16 of the Order is not applicable.

for **K N Prabhashankar & Co.,**
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No. 004982S

A. Umesh Patwardhan
Partner
M. No. 222945
UDIN:20222945AAAABF1068

Place: Bengaluru
Date: June 27, 2020

Annexure 'B' to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kirloskar Electric Company Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **K N Prabhashankar & Co.,**
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No. 004982S

A. Umesh Patwardhan
Partner
M. No. 222945
UDIN:20222945AAAABF1068

Place: Bengaluru
Date: June 27, 2020

BALANCE SHEET AS AT MARCH 31, 2020

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2020	As at March 31,2019
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	31,694.07	32,143.91
(b) Capital work-in-progress	4	20.25	20.25
(c) Investment property	5	147.11	147.11
(d) Other intangible assets	6	4.37	5.75
(e) Financial assets			
(i) Investments	7	7,066.98	7,059.31
(ii) Trade receivables	8	535.08	546.54
(iii) Other financial assets	9	172.50	109.92
(f) Other non-current assets	10	2,371.59	2,661.35
Total non-current assets		**42,011.95**	**42,694.14**
Current assets			
(a) Inventories	11	4,899.56	4,681.20
(b) Financial assets			
(i) Trade receivables	12	3,024.92	1,709.05
(ii) Cash and cash equivalents	13(a)	589.25	924.60
(iii) Other Bank balances	13(b)	514.51	600.19
(c) Other current assets	14	4,541.38	12,494.74
Total current assets		**13,569.62**	**20,409.78**
TOTAL ASSETS		**55,581.57**	**63,103.92**
I. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	15	6,641.41	6,641.41
(b) Other equity	16	(1,766.63)	6,943.62
TOTAL EQUITY		**4,874.78**	**13,585.03**
II. LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	4,483.49	9,062.89
(ii) Other financial liabilities	18	1,377.38	899.90
(b) Provisions	19	2,374.13	1,961.90
(c) Deferred tax liabilities (net)	20	1,009.32	1,052.44
Total non current liabilities		**9,244.32**	**12,977.13**

BALANCE SHEET AS AT MARCH 31, 2019

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2020	As at March 31,2019
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	11,813.56	10,322.81
(ii) Trade payables			
(i) micro and small enterprises, and	22	800.12	2,427.14
(ii) other than micro and small enterprises	22	11,738.54	9,636.07
(iii) Other financial liabilities	23	4,205.75	2,826.17
(b) Provisions	24	2,807.73	2,557.50
(c) Other current liabilities	25	10,096.35	8,771.51
(d) Current tax liabilities (net)	26	0.42	0.56
Total current liabilities		**41,462.47**	**36,541.76**
TOTAL EQUITY AND LIABILITIES		**55,581.57**	**63,103.92**

Significant accounting policies and notes attached form an integral part of the financial statements **1 - 37**

To be read with our report of even date
For K N Prabhashankar & Co.
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: June 27, 2020

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Sanjeev Kumar S
Director Finance &
Chief Financial Officer
DIN: 08673340

Kamlesh Suresh Gandhi
Director
DIN: 00004969

K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : 21341

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

	Particulars	Note No.	March 31, 2020		March 31, 2019	
I	Revenue from operations	27		31,441.16		29,442.12
II	Other income	28		427.61		6,217.45
III	**Total revenue (I + II)**			**31,868.77**		**35,659.57**
IV	**Expenses:**					
	Cost of materials consumed	29	21,435.06		21,460.08	
	Changes in inventories of finished goods, work in progress and Stock-in-Trade	30	(229.44)		566.87	
			21,205.62		22,026.95	
	Employee benefits expense	31		6,294.54		6,118.61
	Finance costs	32		3,431.83		3,842.80
	Depreciation and amortization expenses	33		555.87		771.70
	Other expenses	34		9,450.60		4,761.64
	Total expenses			**40,938.46**		**37,521.70**
V	**Loss before exceptional items and tax (III-IV)**			**(9,069.69)**		**(1,862.13)**
VI	Exceptional Items	35		471.33		-
VII	**Loss before tax (V-VI)**			**(8,598.36)**		**(1,862.13)**
VIII	**Tax expense:**					
	Current tax		-		0.31	
	Deferred tax		-	-	-	**0.31**
IX	**Loss for the year (VII - VIII)**			**(8,598.36)**		**(1,862.44)**
X	**Other comprehensive income**					
	(I) Items that will not be reclassified to profit or loss:					
	a) Remeasurements of the defined benefit plans		(164.68)		98.49	
	b) Taxes on above		45.81		(30.43)	
	(ii) Items that will be reclassified to profit or loss:					
	a) Mark to Market of Investments		9.67		6.27	
	b) Reversal Revaluation gain on Land on sale of asset	-		(6,895.48)		
	c) Taxes on above		(2.69)	**(111.89)**	1,951.39	**(4,869.76)**
XI	**Total comprehensive income (loss) for the year (IX+X)**			**(8,710.25)**		**(6,732.20)**
XII	**Earning per equity share before exceptional item (for continuing operations & combined)**	36				

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

Particulars	Note No.	March 31, 2020		March 31, 2019	
Basic & diluted (in)			**(12.94)**		**(2.80)**
Earning per equity share after exceptional item (for continuing operations & combined)	36				
Basic & diluted (in)			**(12.94)**		**(2.80)**
(Paid up value per share)			10.00		10.00
Significant accounting policies and notes attached form an integral part of the financial statements	**1 - 37**				

To be read with our report of even date
For K N Prabhashankar & Co.
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: June 27, 2020

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Sanjeev Kumar S
Director Finance &
Chief Financial Officer
DIN: 08673340

Kamlesh Suresh Gandhi
Director
DIN: 00004969

K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : 21341

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

Particulars	March 31,2020		March 31,2019	
Cash flows from operating activities				
Profit / (Loss) before taxation		(8,598.36)		(1,862.13)
Adjustments for:				
Depreciation and amortisation	555.87		771.70	
Provisons (net)	5,616.17		564.25	
(Profit)/loss on sale of fixed assets	7.48		(5,748.14)	
Interest income	(60.87)		(58.47)	
(Profit)/loss on sale of assets held for sale	-		27.68	
Dividends received	(0.07)		(0.10)	
Finance costs	3,431.83		3,842.80	
		9,550.41		**(600.28)**
		952.05		(2,462.41)
(Increase)/ decrease in trade and other receivables	1,683.67		3,493.37	
(Increase)/ decrease in inventories	(278.36)		791.94	
Increase/ (decrease) in trade payables and other current liabilities	2,277.77		(2,423.53)	
		3,683.08		**1,861.78**
		4,635.13		(600.63)
Income taxes paid		(177.61)		71.61
Net cash from operating activities		**4,812.74**		**(672.24)**
Cash flows from investing activities				
Purchase of property, plant and equipment	(124.04)		(72.30)	
Proceeds from sale of property, plant and equipment	7.72		5,859.09	
Advance received for sale of asset				
Purchase/ revaluation of investments	2.00		0.01	
Interest received	83.96		29.56	
Increase in margin money and short term deposits	23.10		433.32	
Dividend received	0.07		0.10	
Net cash from investing activities		**(7.19)**		**6,249.78**
Cash flows from financing activities				
Proceeds from long term borrowings	-		3,330.71	
Repayment of long term borrowings	(4,332.95)		-	

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

Particulars	March 31,2020	March 31,2019
ICD's Accepted	3,699.69	429.49
ICD's Repaid net	(372.00)	(375.00)
Repayment of fixed deposits from public	(11.70)	(120.60)
Increase/ (decrease) of short term borrowings (net)	(1,836.94)	(6,983.20)
Finance costs	(2,287.00)	(2,088.01)
Net cash from financing activities	**(5,140.90)**	**(5,806.61)**
Net increase/(decrease) in cash and cash equivalents	**(335.35)**	**(229.07)**
Cash and cash equivalents at beginning of the year	924.60	1,153.67
Cash and cash equivalents at end of the year	**589.25**	**924.60**

Cash & Cash equivalents:

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS-7, 'Statement of Cash Flow'. Cash and cash equivalents are net of bank overdrafts as required under Ind AS-7. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:

Cash on hand and bank balances	1,103.76	1,524.79
Less: Other bank balances	514.51	600.19
Cash and cash equivalents as restated	589.25	924.60

To be read with our report of even date
For K N Prabhashankar & Co.
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No: 004982S

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
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Director Finance &
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Partner
Membership No: 222945

Kamlesh Suresh Gandhi
Director
DIN: 00004969

K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : 21341

Place: Bengaluru
Date: June 27, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(a) Equity Share Capital **(₹ In Lakhs)**

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the Beginning of the year	6,641.41	6,641.41
Changes in equity share capital during the year	-	-
Balance at the end of the year	**6,641.41**	**6,641.41**

(b) Other Equity **(₹ In Lakhs)**

₹ in Lakhs

Particulars	Capital redemption reserve	Capital reserve	Securities premium	Retained earnings	Reserve for doubtful debts	Reconstruction reserves	Total (A)	Other Comprehensive Income			Total (B)	Total Other equity (A+B)
								Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
								Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee		
Total comprehensive income as at March 31, 2018	**2,401.75**	**18.06**	**4,410.84**	**(24,548.61)**	**-**	**641.67**	**(17,076.29)**	**60.18**	**30,610.46**	**81.48**	**30,752.12**	**13,675.83**
Add/(Less): Gain/(Loss) for the year	-	-	-	(1,862.44)	-	-	(1,862.44)	6.27		-	6.27	(1,856.17)
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	(6,895.48)	98.49	(6,796.99)	(6,796.99)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	1.96	1,949.43	(30.43)	1,920.95	1,920.95
Transferred to Retained earnings	-	-	-			-	-		-	-	-	-
Total comprehensive income as at March 31, 2019	**2,401.75**	**18.06**	**4,410.84**	**(26,411.05)**	**-**	**641.67**	**(18,938.73)**	**68.41**	**25,664.41**	**149.54**	**25,882.35**	**6,943.62**
Add/(Less): Gain/(Loss) for the year	-	-	-	(8,598.36)	-	-	(8,598.36)	9.67	-	-	9.67	(8,588.69)
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	(164.68)	(164.68)	(164.68)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	(2.69)	-	45.81	43.12	43.12
Total comprehensive income as at March 31, 2020	**2,401.75**	**18.06**	**4,410.84**	**(35,009.41)**	**-**	**641.67**	**(27,537.09)**	**75.39**	**25,664.41**	**30.67**	**25,770.46**	**(1,766.63)**

To be read with our report of even date
For K N Prabhashankar & Co.
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: June 27, 2020

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Sanjeev Kumar S
Director Finance &
Chief Financial Officer
DIN: 08673340

Kamlesh Suresh Gandhi
Director
DIN: 00004969

K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : 21341

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 BACKGROUND:

Kirloskar Electric Company Limited ("the Company") was incorporated in the year 1946 and is a Listed Indian Company engaged in the manufacture and sale of electric motors, alternators, generators, transformers, switchgear, DG sets etc.

2 SIGNIFICANT ACCOUNTING POLICIES:

a BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements of the company have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Freehold Land classified as Own assets and Leasehold Land classified as Assets taken on Finance Lease

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

b USE OF ESTIMATES:

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which such changes are made. Examples of such estimates are estimation of useful life of assets, defined benefit obligations as per actuarial valuation, allowance for life time credit losses, warranty obligations, net realizable value of inventories etc.

c FUNCTIONAL AND PRESENTATION CURRENCY:

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All the financial information is presented in Indian Rupees (₹) rounded to the nearest Lakhs, except Share and Earning per share data, unless otherwise stated.

d FAIR VALUE MEASUREMENT

The Company measures financial instruments, such as,derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

* In the principal market for the asset or liability, or

* In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

* Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

* Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

* Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e PROPERTY, PLANT AND EQUIPMENT ("PPE"):

(i) Tangible Assets:

Land has been recognized on the revaluation model envisaged in Ind AS 16. Revaluations are carried out at sufficient regularity. Other items of PPE are stated at the cost of acquisition less accumulated depreciation and write down for, impairment if any. Direct costs are capitalized until the assets are ready to be put to use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, which do not meet the definition of PPE as per Ind AS 16 are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of PPE and are recognized in the statement of profit and loss when the PPE is derecognized.

(ii) Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets comprise computer software held for use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

In both cases, the company has opted for the exemption provided in Ind AS 101 by treating the book value of PPE (other than land which was revalued on April 01,2016) and intangible assets as on the transition date (April 01,2016) as the deemed cost of the relevant assets.

(iii) Depreciation & Amortization:

a. Depreciation on furniture and fixtures costing above ₹ 5,000/- provided at the residences of the employees has been charged at the rate of 33.33% on the straight-line method irrespective of the month of addition.

b. Depreciation on assets taken on finance lease is charged over the primary lease period.

c. Depreciation on PPE (other than Furniture and Fixtures provided to employees and assets taken on finance lease) bought/sold during the year is charged on straight line method as per the useful life in Schedule II of Companies Act, 2013 on a monthly basis, depending upon the month of the financial year in which the assets are installed/sold.

d. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

f INVESTMENT PROPERTIES:

a. Investment properties are properties held for a currently undetermined future use and are valued at cost.

b. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the standalone statement of profit and loss in the period in which the property is derecognized.

g NON CURRENT ASSETS HELD FOR SALE:

Non Current Assets held for sale are stated at cost or estimated net realizable value, whichever is lower.

h INVENTORIES:

(i) Inventories does not include spare parts, servicing equipment and stand by equipment which meet definition of PPE as per AS-10 (revised) .

(ii) Raw materials, stores, spare parts and components are valued at cost on weighted average basis or net realizable value whichever is lower.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(iii) Work in progress is valued at works cost or net realizable value whichever is lower.

(iv) Finished goods are valued at works cost or net realizable value whichever is lower.

(v) Material cost of work in progress and finished goods are computed on weighted average basis.

i REVENUE RECOGNITION:

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) -'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

j EMPLOYEE BENEFITS:

(i) Short term employee benefits:

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognized on an undiscounted basis and charged to the statement of profit and loss.

(ii) Post employment benefits:

a. Defined contribution plans:

The Company has contributed to provident, pension and superannuation funds which are defined contribution plans. The contributions paid/ payable under the scheme are recognized during the year in which employee renders the related service.

b. Defined benefit plans:

Employees' gratuity is defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the other comprehensive income. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms that matches to the defined benefit obligation. Gratuity to employees is covered under Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.

c. Compensated Absences:

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the statement of profit and loss in the year in which they arise.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

k FOREIGN CURRENCY TRANSACTIONS:

(i) Foreign currency transactions are translated into rupees at the exchange rate prevailing on the date of the transaction / rates that approximate the actual rates as at that date.

(ii) Monetary foreign currency assets and liabilities outstanding as at the year-end are restated at the exchange rates prevailing as at the close of the financial year. All exchange differences are accounted for in the statement of profit and loss.

(iii) Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.

(iv) Branches are considered as integral foreign operations and have been translated at rates prevailing on the date of transaction/rate that approximates the actual rate as at that date. Branch monetary assets and liabilities outstanding as at year end are restated at the year end rates.

l TAXATION:

Income tax expense is the sum of current tax and deferred tax.

Current tax:

The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss due to the effect of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

m BORROWING COSTS:

Interest and other borrowing costs on specific borrowings relatable to qualifying assets are capitalized up to the date such assets are ready for use / intended to use. Other interest and borrowing costs are charged to the statement of profit and loss.

n LEASES:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

o PROVISIONS AND CONTINGENT LIABILITIES:

i) A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.0

ii) Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

iii) Provisions for warranty-related costs are recognized when the service provided to the customer. Initial recognition is based on historical experience and the present value of the future estimated obligation. The initial estimate of warranty-related costs is revised annually. The annual rewinding of interest is recognized in the Statement of Profit and Loss.

iv) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p FINANCIAL INSTRUMENTS:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

(i) Cash and Cash Equivalents:

Cash and Cash Equivalents comprise cash and deposit with banks other than for term deposit earmarked for Bank Guarantee. The company considers all highly liquid investments including demand deposits with bank with an original maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(ii) Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

q IMPAIRMENT:

(i) Financial Assets:

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Investment in Subsidiaries and Associates:

The Company has accounted for its investments in Subsidiaries and Associates at cost less impairment loss (if any).

(iii) Other Equity Investments:

All other equity instruments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

(iv) Non Financial Assets:

A non financial asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to statement of profit and loss, in the year in which an asset is identified as impaired.

r Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTES TO FINANCIAL STATEMENTS

3. Property plant and equipment:

₹ in Lakhs

Tangible assets	Own Assets									Assets taken on Finance Lease	Total
Gross block	**Land**	**Building**	**Plant and equipment**	**Tools & Jigs**	**Electrical installations**	**Motor vehicles**	**Office equipments**	**Furniture and fittings**	**Leasehold improvements**	**Land**	
Balance as at March 31, 2018	**30,071.55**	**5,116.66**	**15,085.52**	**1,696.61**	**156.21**	**435.80**	**214.63**	**686.97**	**313.35**	**4,089.17**	**57,866.47**
Additions	-	-	37.81	12.94	-	-	3.86	5.92	-	-	60.53
Revaluation (Refer note 3 below)	-	-	-	-	-	-	-	-	-	-	-
Reclassification to investment property	-	-	-	-	-	-	-	-	-	-	-
Disposals	6,895.73	158.57	74.23	1.97	-	23.41	6.86	21.03	-	-	7,181.80
Balance as at March 31, 2019	**23,175.82**	**4,958.09**	**15,049.10**	**1,707.58**	**156.21**	**412.39**	**211.63**	**671.86**	**313.35**	**4,089.17**	**50,745.20**
Additions	-	(0.67)	85.09	9.53	-	-	16.40	8.05	-	-	118.40
Disposals	-	-	25.71	-	-	-	11.52	14.05	-	-	51.28
Balance as at March 31, 2020	**23,175.82**	**4,957.42**	**15,108.48**	**1,717.11**	**156.21**	**412.39**	**216.51**	**665.86**	**313.35**	**4,089.17**	**50,812.32**
Accumulated depreciation											
Balance as at March 31, 2018	**-**	**2,181.12**	**13,323.93**	**1,170.33**	**145.12**	**321.64**	**185.73**	**602.45**	**106.63**	**-**	**18,036.95**
Depreciation charge for the year	-	152.51	433.10	87.57	8.98	21.37	11.10	41.02	10.47	-	766.12
Disposals	-	76.80	73.73	0.96	-	23.02	6.57	20.70	-	-	201.78
Balance as at March 31, 2019	**-**	**2,256.83**	**13,683.30**	**1,256.94**	**154.10**	**319.99**	**190.26**	**622.77**	**117.10**	**-**	**18,601.29**
Depreciation charge for the year	-	148.77	264.35	76.87	0.58	20.60	9.36	22.04	10.47	-	553.04
Disposals	-	0.61	15.44	-	-	-	7.72	12.31	-	-	36.08
Balance as at March 31, 2020	**-**	**2,404.99**	**13,932.21**	**1,333.81**	**154.68**	**340.59**	**191.90**	**632.50**	**127.57**	**-**	**19,118.25**
Net block											
Balance as at March 31, 2018	30,071.55	2,935.54	1,761.59	526.28	11.09	114.16	28.90	84.52	206.72	4,089.17	39,829.52
Balance as at March 31, 2019	23,175.82	2,701.26	1,365.80	450.64	2.11	92.40	21.37	49.09	196.25	4,089.17	32,143.91
Balance as at March 31, 2020	**23,175.82**	**2,552.43**	**1,176.27**	**383.30**	**1.53**	**71.80**	**24.61**	**33.36**	**185.78**	**4,089.17**	**31,694.07**

Additional information:

1) Land taken on lease from KIADB at cost aggregating to ₹ 68.70 lakhs. On expiry of lease periods, payment of balance considerations if any, and execution of sale deeds, the relevant title will pass to the Company.

2) Management has determined that there are no significant parts of assets whose useful life is different from that of the principal asset to which it relates to in terms of Note 4 Schedule II to the Companies Act, 2013. Accordingly, useful life of assets have been determined for the overall asset and not for its individual components.

3) As required by the AS-10 (Revised), the Company has opted to follow revaluation model in respect of freehold land and leasehold land and has revalued the entire class of land as at April 1, 2016 which is the effective date of the revaluation by approved independent valuers and accordingly crediting revaluation reserve by ₹ 31,510.24 lakhs. The method adopted and significant assumptions applied in estimating fair values/revalues of the said lands are based on the local market surveys and from market enquiries. The independent valuers have arrived at the fair values/revalues of those lands considering the rates fixed by the respective State Government, the municipal limits where the respective lands are situated, considering the proximity/connectivities to the towns/cities and availability of similar kind of properties as duly assessed in the active markets.

4) If the Company has valued its freehold & leasehold land using Cost model, the carrying amount would have been ₹ 985.09 lakhs as at March 31,2018.

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
4 Capital work in progress:		
i) Plant and machinery	19.17	19.17
ii) Software	1.08	1.08
	20.25	**20.25**
5 Investment property:		
i) Land	147.11	147.11
	147.11	**147.11**

6 Other Intangible Assets:

(₹ In Lakhs)

Gross block	Goodwill	Computer software	Techincal knowhow & product development	Total
Balance as at March 31, 2018	**423.46**	**586.31**	**147.93**	**1,157.70**
Additions	-	-	-	**-**
Balance as at March 31, 2019	**423.46**	**586.31**	**147.93**	**1,157.70**
Additions	-	0.15	1.30	1.45
Balance as at March 31, 2020	**423.46**	**586.46**	**149.23**	**1,159.15**
Accumulated amortisation				
Balance as at March 31, 2018	**423.46**	**574.98**	**147.93**	**1,146.37**
Amortisation charge for the year	-	5.58	-	5.58
Balance as at March 31, 2019	**423.46**	**580.56**	**147.93**	**1,151.95**
Amortisation charge for the year	-	2.70	0.13	2.83
Balance as at March 31, 2020	**423.46**	**583.26**	**148.06**	**1,154.78**
Net block				
Balance as at March 31, 2018	-	11.33	-	11.33
Balance as at March 31, 2019	-	5.75	-	5.75
Balance as at March 31, 2020	**-**	**3.20**	**1.17**	**4.37**

NOTES TO FINANCIAL STATEMENTS

7 Non current investments:

Details of investments	Name of the Company	As at March 31, 2020 No of shares	Face value	₹ In Lakhs	As at March 31, 2019 No of shares	Face value	₹ In Lakhs
a) Investments in equity Instruments:							
i) Subsidiaries: (Trade)							
Fully paid up							
	KEC North America Inc (refer additional information 3 below)	210	-	129.36	210	-	129.36
	Kelbuzz Trading Private Limited	7,010,000	10	775.26	7,010,000	10	775.26
	Luxquisite Parkland Private Limited	60,640,000	10	6,064.00	60,640,000	10	6,064.00
	SLPKG Estate Holdings Private Limited	90,000	10	87.65	90,000	10	87.65
	SKG Terra Promenade Private Limited	10,000	10	1.00	10,000	10	1.00
	Kesvik Developers Private Limited (Ref addl info 7 below)	10,000	10	-	10,000	10	1.00
	Swaki Habitat Private Limited	10,000	10	-	10,000	10	1.00
ii) Associates: (Trade)							
Fully paid up							
	Kirloskar (Malaysia) Sdn. Bhd. Kuala Lumpur, Malaysia	300,000	MR1	5.29	300,000	MR1	5.29
iii) Others							
Fully paid up							
	ICICI bank Limited (on merger of Sangli Bank Limited)	5,945	2	19.29	5,945	2	23.71
	The Mysore Kirloskar Limited(refer additional information 4 below)	770,750	10	-	770,750	10	-
	Kirloskar Proprietary Limited (Ref addl info 5 below)	26	100	26.11	26	100	24.08
	Kirsons Trading Pte.Limited (Ref addl info 5 below)	56,250	S $1	43.50	56,250	S $1	39.36
	Kirloskar Power Equipment Limited (Ref addl info 5 below)	340,000	10	44.88	340,000	10	36.96
b) Investments in debentures or bonds:							
i) Others							
Fully paid up							
	The Mysore Kirloskar Limited(refer additional information 4 below)	30,000	44	-	30,000	44	-
	Total			**7,196.34**			**7,188.67**
	Less:						
	Provision for impairment in value of investments			129.36			129.36
	Total			**7,066.98**			**7,059.31**

Additional Information:

1) Aggregate value of quoted investments:		
Carrying Value	1.00	1.00
Market Value	19.29	23.71
2) Aggregate value of unquoted investments:		
Carrying Value	7,177.05	7,164.96

3) This Company has been dissolved. However, the investment has not been written off since no approvals have been obtained from Reserve Bank of India. However full provision has been made for the same.

4) Securities in The Mysore Kirloskar Limited have been written off.

5) Shares held in Kirloskar Propietary Limited, Kirloskar Trading Pte Limited and Kirloskar Power Equipment Limited (all unlisted) have been mark to market based on the net asset value of an equity share as at March 31, 2020 and March 31, 2019 as per their latest audited financial statements as of those dates. The differential amounts as on the date of transition has been recognized in opening reserves and changes thereafter have been recognized as other comprehensive income.

6) Investments in Subsidiaries includes Financial guarantee contracts which have been recognised at fair value at the inception in accordance with Ind AS 109 along with accrued guarantee charges. The carrying value of investments in subsidiaries include fair value of guarantees given by the company on behalf of the subsidiaries and the cumulative value of guarantee charges recognised as income. No guarantee fees is chargeable as per contractual terms.

7) In the month of February 2020, Company has applied with Ministry of Company Affairs (“MCA”) for closure of two of its wholly owned subsidiaries, Kesvik Developers Private Limited and Swaki Habitat Private Limited, as there were no operations done till now in these subsidiaries. Accordingly, the investments in the above mentioned subsidiaries are written off in the books of account.

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
8	**Trade receivables:**		
	(unsecured and considered good)		
	i) Long term trade receivables	535.08	546.54
		535.08	**546.54**
9	**Other Financial Assets:**		
	i) Bank deposits with more than twelve months maturity	172.50	109.92
		172.50	**109.92**
10	**Other non current assets:**		
	(unsecured and considered good, unless otherwise stated)		
	ii) Capital advances	865.23	861.04
	iii) Security deposits	326.98	354.21
	iv) Rent Deposit to related parties	100.00	100.00
	v) Deferred Income - Rental Deposit	47.90	54.83
	vi) Disputed statutory liabilities/ taxes paid	965.61	1,047.65
	vii) Advance Income Tax (net of provision)	65.87	243.62
		2,371.59	**2,661.35**
	Amounts due from a private company in which a director of the Company is a director included in (iii) above	100.00	100.00
11	**Inventories:**		
	i) Raw materials	1,042.60	733.28
	ii) Work in progress	3,254.28	3,236.19
	iii) Finished goods	584.22	371.14
	iv) Stores and spares	124.96	385.96
	v) Others (scrap stock)	5.45	7.17
	Goods in transit:		
	i) Raw materials	3.99	3.40
		5,015.50	**4,737.14**
	Less: Provision for non-moving stocks	115.94	55.94
		4,899.56	**4,681.20**
12	**Trade receivables:**		
	i) Trade receivables exceeding six months	1,993.97	2,706.60
	ii) others	3,246.91	1,590.02
		5,240.88	**4,296.62**
	Less: Allowance for doubtful receivables	2,215.96	2,587.57
		3,024.92	**1,709.05**
	Additional information:		
	1) Amounts due by private companies in which directors of the Company are directors	7.07	5.70

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
13 a) Cash and Cash Equivalents:		
Cash and cash equivalents:		
i) Balances with banks		
- in other accounts	565.71	919.48
ii) Cash on hand	23.54	5.12
	589.25	**924.60**
13 b) Other bank balances:		
i) Balances with banks		
- in short term deposits	126.12	108.28
- in margin money, security for borrowings, guarantees and other commitments	388.39	491.91
	514.51	**600.19**
Total (a + b)	**1,103.76**	**1524.79**
14 Other Current assets:		
(unsecured and considered good, unless otherwise stated)		
i) Loans and advances to related parties (Refer Note 37(8))	101.32	110.42
ii) Advance paid to Suppliers and others	733.24	790.29
	834.56	**900.71**
Less: Allowance for doubtful advances for advance paid to suppliers and others	425.68	425.68
	408.88	**475.03**
iv) Balance with VAT & GST Authorities	47.45	137.37
v) Receivables from subsidiaries	12,485.82	14,853.11
	12,533.27	**14,990.48**
Less: Allowance for Receivables from subsidiaries	8,400.77	2,970.77
	4,132.50	**12,019.71**
Total	**4,541.38**	**12,494.74**
Additional information:		
1) Breakup of above:		
i) Unsecured, considered good	408.88	475.03
ii) Doubtful	425.68	425.68
Total	**834.56**	**900.71**
Less:		
Allowance for doubtful advances for advance paid to suppliers and others	425.68	425.68
	408.88	**475.03**
2) Amounts due by private companies in which directors of the Company are directors	**101.32**	**110.42**

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020 Number	₹ in Lakhs	As at March 31, 2019 Number	₹ in Lakhs
15 Share capital:				
Authorized: (*)				
Preference Shares of ₹ 100/- each	3,000,000	3,000.00	3,000,000	3,000.00
Equity shares of ₹ 10/- each	85,000,000	8,500.00	85,000,000	8,500.00
		11,500.00		**11,500.00**
Issued, subscribed and fully paid up:				
Preference shares of ₹ 100/- each				
At the beginning of the year	-	-	-	-
Issued during the year	-	-	-	-
Redeemed during the year (Refer foot note 1.c. below)	-	-	-	-
At the close of the year	**-**	**-**	**-**	**-**
Equity shares of ₹ 10/- each				
At the beginning of the year	66,414,071	6,641.41	66,414,071	6,641.41
Issued during the year				
- by way of Conversion of Preference Shares	-	-	-	-
- by way of Qualified Institutional Placement	-	-	-	-
At the close of the year	**66,414,071**	**6,641.41**	**66,414,071**	**6,641.41**
Total carried to Balance Sheet	**66,414,071**	**6,641.41**	**66,414,071**	**6,641.41**

Foot notes:

1 **Preference shares:**

a. The Company had issued cumulative preference shares of ₹ 100/- each. The preference shareholders did not have voting rights.

b. 1,176,746 Preference shares (value ₹ 1,176.75 lakhs) were allotted pursuant to a contract without consideration being received in cash. These preference shareholders were allotted to preference share holders of Kaytee Switchgear Limited as fully paid up pursuant to the Scheme of arrangement approved by the Honorable High Court of Karnataka under sec 391 -394 of the Companies Act, 1956 without payment being received in cash.

Particulars	As at March 31, 2020 Number	₹ in Lakhs	As at March 31, 2019 Number	₹ in Lakhs
Preference shares converted to equity shares during the five years immediately preceding the date of the balance sheet	1,595,890	1,595.89	1,595,890	1,595.89

c. During the financial year 2014-15 Company issued and allotted 1,595,890 (Fifteen lakh ninety five thousand eight hundred and ninety) Compulsory Convertible Preference Shares (“CCPS”) of ₹ 100/-(Rupees one hundred), to Mr. Vijay Ravindra Kirloskar (Promoter) by way of private placement for a tenor not exceeding 18 months which carried a preferential cumulative dividend of 0.1% (zero point one per cent) per annum, payable till the date of conversion into equity shares. 7,77,485 Preference shares were converted into 25,54,156 equity shares of face value of ₹ 10/- each issued at premium of ₹ 20.44 (Rupees twenty and forty four paise) as per the first tranche on February 11, 2016 and 8,18,405 Preference shares were converted into 26,88,583 equity shares of face value of ₹ 10/- each issued at a premium of ₹ 20.44 (Rupees twenty and forty four paise) as per the second tranche on September 26, 2016.

NOTES TO FINANCIAL STATEMENTS

Particulars	As at March 31, 2020 Number	As at March 31, 2020 ₹ in Lakhs	As at March 31, 2019 Number	As at March 31, 2019 ₹ in Lakhs
2 Equity shares:				
a. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.				
b. **Equity Shares of ₹ 10/- each includes:**				
(i) Equity shares include Shares allotted pursuant to a contract without consideration being received in cash. These shares were issued to shareholders of Kaytee Switchgear Limited and Kirloskar Power Equipment Limited as fully paid, pursuant to Scheme of arrangement approved by the Honorable High Court of Karnataka under sections 391 - 394 of the Companies Act, 1956. (Refer foot note 2.c. below).	17,252,550	1725.26	17,252,550	1725.26
(ii) Shares allotted during the year 2007-08 to the promoters group in terms of order dated September 29, 2007 of the Honorable High Court of Karnataka read with scheme of arrangement dated February 13, 2003 under sections 391 to 394 of The Companies Act, 1956.	2,000,000	200	2,000,000	200
(iii) Shares allotted during the year 2003 - 04 to IDBI on conversion of Preference Share Capital at face value as per the scheme of arrangement approved by honorable High Court of Karnataka.	6,000,000	600	6,000,000	600
(iv) Shares allotted during the year 2014-15 to Vijay R Kirloskar at a premium of ₹ 20.44 per share.	2,658,200	265.82	2,658,200	265.82
(v) Shares allotted during the year 2015-16 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,554,156	255.42	2,554,156	255.42
(vi) Shares allotted during the year 2016-17 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,688,583	268.86	2,688,583	268.86

c. During the financial year 2015-16, the KECL Investment Trust sold 6,174,878 equity shares of ₹ 10/- each of the Company for which the Company was the sole beneficiary in terms of scheme of arrangement approved by the honorable High Court of Karnataka under section 391-394 of the Companies Act 1956 in an earlier year.

d. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Percentage	Number	Percentage
(i) Abhiman Trading Company Private Limited	5,217,063	7.86%	5,217,063	7.86%
(ii) Vijayjyothi Investment & Agencies Private Limited	4,271,217	6.43%	4,271,217	6.43%
(iii) Mr. Vijay Ravindra Kirloskar	11,890,618	17.90%	11,840,618	17.83%
(iv) Vijaykirti Investments and Agencies Private Limited	3,064,094	4.61%	3,064,094	4.61%
(v) Vijay Farms Private Limited	3,540,807	5.33%	3,540,807	5.33%

16. Other Equity

₹ in Lakhs

Particulars	Capital redemption reserve	Capital reserve	Securities premium	Retained earnings	Reserve for doubtful debts	Reconstruction reserves	Total (A)	Other Comprehensive Income			Total (B)	Total Other equity (A+B)
								Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
								Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee benefits		
Total comprehensive income as at March 31, 2018	**2,401.75**	**18.06**	**4,410.84**	**(24,548.61)**	**-**	**641.67**	**(17,076.29)**	**60.18**	**30,610.46**	**81.48**	**30,752.12**	**13,675.83**
Add/(Less): Gain/(Loss) for the year	-	-	-	(1,862.44)	-	-	(1,862.44)	6.27		-	6.27	(1,856.17)
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	(6,895.48)	98.49	(6,796.99)	(6,796.99)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	1.96	1,949.43	(30.43)	1,920.95	1,920.95
Total comprehensive income as at March 31, 2019	**2,401.75**	**18.06**	**4,410.84**	**(26,411.05)**	**-**	**641.67**	**(18,938.73)**	**68.41**	**25,664.41**	**149.54**	**25,882.35**	**6,943.62**
Add/(Less): Gain/(Loss) for the year	-	-	-	(8,598.36)	-	-	(8,598.36)	9.67	-	-	9.67	(8,588.69)
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	(164.68)	(164.68)	(164.68)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	(2.69)		45.81	43.12	43.12
Transferred to Retained earnings *	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income as at March 31, 2020	**2,401.75**	**18.06**	**4,410.84**	**(35,009.41)**	**-**	**641.67**	**(27,537.09)**	**75.39**	**25,664.41**	**30.67**	**25,770.46**	**(1,766.63)**

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non- Current Liabilities		
17 Borrowings:		
1) Secured loans:		
a. Term loan from banks	1,885.05	2,390.10
b. Term loan from other than banks (Refer Note 37(24))	2,148.44	6,222.79
	4,033.49	**8,612.89**
2) Unsecured loans:		
a. Inter corporate deposits	450.00	450.00
	450.00	**450.00**
Total Borrowings (1+2)	**4,483.49**	**9,062.89**

Additional information:

1) **Details of security for secured loans:**

Working capital term loans and funded interest term loans from Lenders as specified in Master Restructuring Agreement ("MRA") are secured against a first pari passu charge by way of hypothecation of all book debts, receivables, stocks, inventories, operating cash flows, commissions, revenues of whatsoever nature and whatever arising (present & future) including Trust and Retention Account, a first pari passu charge by way of mortgage on all of the Company's immovable properties as set out in Schedule VI of MRA, a first pari passu charge by way of pledge of 24,886,143 fully paid equity shares of the Company held by the promoters as specified in MRA. These loans are guaranteed by the Executive Chairman of the Company. 5,760.39 9,572.34

2) Terms of repayment of term loans and others:

From Bank:

i) Working Capital Term loans from consortium banks carry an interest of 11.5% (base rate of Bank of India plus 80 basis points) per annum and repayable in 96 equal monthly instalments commencing from April 30, 2016.	2,360.63	2,996.30
ii) Funded Interest Term loans from consortium banks carry an interest of 11.5% (base rate of Bank of India plus 80 basis points) per annum and repayable in 60 equal monthly instalments commencing from April 30, 2016.	209.32	353.25
Other than Banks		
iii) Loan taken from Axis bank has been assigned to Asset Reconstruction Company (India) Limited ("ARCIL"), Rate of interest and repayment term are under negotiations. Loan carry an interest of 12% p.a. payable monthly and 7% p.a. accrued monthly and payable in lumsum by June 30, 2021. (Refer Note 37(24))	2,148.44	6,222.79

3) Secured loans:		
a. Term loan from banks	2,569.95	3,349.55
Less: Current maturities shown under Note 23	684.90	959.45
	1,885.05	2,390.10
b. Term Loan from Other than Banks		
(On Assignment of Axis Bank Loan to ARCIL)	2,669.44	6,222.79
Less: Current maturities of long term debt	521.00	-
	2,148.44	**6,222.79**
	4,033.49	**8,612.89**
4) Unsecured loans:		
a. Fixed deposits and interest corporate Deposits	490.60	502.30
Less: Current maturities shown under Note 23	40.60	52.30
	450.00	450.00
Total Borrowings (1+2)	**4,483.49**	**9.062.89**

NOTES TO FINANCIAL STATEMENTS

4) Unsecured Loans:

a) Fixed deposits were taken for periods of 24 and 36 months with interest rates ranging from 12% to 13%.

b) Fixed deposits include ₹ 40.60 lakhs as at March 31, 2020 (as at March 31, 2019 ₹ 52.30 lakhs) matured unclaimed deposits.

c) Inter corporate deposits are taken for periods of 3 years with interest rates averaging upto 14% per annum.

5) Delay in repayment of Borrowing (Current and Non Current) and Interest

a) The Company has defaulted in repayment of following dues to the financials institution, banks and debenture holders during the year, which were not paid as at Balance Sheet date: (₹ In Lakhs)

Lender's Name	As at March 31, 2020			Period of delay
	Principal	Interest	Total	
State Bank of India	30.43	46.12	76.55	Less than 90 days
Bank of India	-	33.40	33.40	Less than 90 days
Corporation Bank	754.67	-	754.67	More than 365 days
Corporation Bank	-	28.01	28.01	Less than 90 days
ARCIL	40.00	38.00	78.00	Less than 90 days
Total	**825.10**	**145.53**	**970.63**	

a) The Company has defaulted in repayment of following dues to the financial institution, banks and debentures, which were paid on or before the Balance Sheet date:

Lender's Name	Principal	Interest	Total	Period of delay
Nil	-	-	-	-
Total	**-**	**-**	**-**	**-**

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non- Current Liabilities		
18 Other Financial Liabilities:		
Security deposits from suppliers and dealers	1,377.38	899.90
	1,377.38	**899.90**
19 Provisions:		
Provisions for employee defined benefit plans	2,374.13	1,961.90
	2,374.13	**1,961.90**
20 Deferred tax Liabilities (net):		
i) Deferred tax liability:		
a) On account of depreciation on fixed assets (other than land)	845.68	1,052.70
b) On account of revaluation of land and others	1,009.32	1,052.44
Total	**1,855.00**	**2,105.14**
ii) Deferred tax asset:		
a) On account of timing differences in recognition of expenditure (restricted to Deferred Tax Liability on depreciation on fixed assets above)	845.68	1,052.70
Total	**845.68**	**1,052.70**
Net Deferred tax Liability/(Asset)	**1,009.32**	**1,052.44**

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Liabilities		
21 Borrowings:		
1) Secured loans:		
a) Loans repayable on demand		
- from banks	5,441.06	7,278.00
	5,441.06	**7,278.00**
2) Unsecured loans:		
Other than banks:		
a) Inter corporate deposits	6,372.50	3,044.81
	6,372.50	**3,044.81**
Total	**11,813.56**	**10,322.81**

1) **Details of security for secured loans:**

a) Working capital loans from Lenders as specified in Master Restructuring Agreement ("MRA") are secured against a first pari passu charge by way of hypothecation of all book debts, receivables, stocks, inventories, operating cash flows, commissions, revenues of whatsoever nature and whatever arising (present & future) including Trust and Retention Account, a first pari passu charge by way of mortgage on all of the Company's immovable properties as set out in Schedule VI of MRA, a first pari passu charge by way of pledge of 24,886,143 fully paid equity shares of the Company held by the promoters as specified in MRA. These loans carry an interest rate of 11.5% (base rate of Bank of India plus 80 basis points) per annum and also guaranteed by the Executive Chairman of the Company.	4,685.82	5,018.91
b) Loan from a bank is secured against the equitable mortgage of certain immovable property of the Company, equitable mortgage of immovable properties of SKG Terra Promenade Private Limited (SKG) and guaranteed by the Executive chairman of the Company. Further corporate guarantee is given by the said SKG in respect of those specified properties and the loan carries an interest of 13.85% per annum.	755.24	2,259.09

2) **Details of security for Unsecured loans:**

a) Fixed deposits were taken for a period of 12 months at interest rate of 12.45% .

b) Inter corporate deposits are taken for periods ranging between 90 to 360 days with interest rates averaging upto 15.75% per annum.

c) Fixed deposits include ₹ 40.60 Lakh (as at March 31, 2020: (as at March 31, 2019 ₹ 52.30 lakhs) matured unclaimed deposits.

22 Trade payables:		
a) **Total outstanding dues of micro and small enterprises**		
Trade payables	800.12	2,427.14
	800.12	**2,427.14**
b) **Total outstanding dues of creditors other than micro and small enterprises**		
i) Trade payables	8,862.58	8,240.95
ii) Acceptances	2,875.96	1,395.12
	11,738.54	**9,636.07**

NOTES TO FINANCIAL STATEMENTS

Additional Information:

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Principal amount due and remaining unpaid	800.12	2,427.14
2	Interest due on (1) above and the unpaid interest	67.61	76.62
3	Interest paid on all delayed payments under the MSMED Act	Nill	Nil
4	Payment made beyond the appointed day during the year	178.36	3,440.73
5	Interest due and payable for the period of delay other than (3) above	Nill	Nil
6	Interest accrued and remaining unpaid	14.27	76.62
7	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	14.27	76.62

	As at March 31, 2020	As at March 31, 2019
23 Other financial liabilities		
a) Current maturities of fixed deposits	40.60	52.30
b) Current maturities of secured loans from banks	1,205.90	959.45
c) Interest accrued but not due on deposits	2,959.25	1,814.42
	4,205.75	**2,826.17**
24 Provisions:		
a) Provision for short term compensated absences	17.03	17.03
b) Provision for wage arrears	1,008.61	834.18
c) Provision for warranty	313.43	299.82
d) Provision for contingencies [refer note 37(14)]	1,468.66	1,406.47
	2,807.73	**2,557.50**
25 Other current liabilities:		
a) Statutory liabilities	758.66	641.40
b) Other liabilities	6,796.84	4,987.75
c) Book overdraft-Bank	58.97	-
d) Trade advances	2,481.88	3,142.36
	10,096.35	**8,771.51**

* Other Liabilities include ₹ 112.15 (March 31, 2019: ₹ 115.96 Lakhs) payable towards Voluntary Retirement Scheme (VRS)

26 Current tax liabilities (net):		
a) Provision for tax (net of advance tax outside India)	0.42	0.56
	0.42	**0.56**

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	March 31, 2020	March 31, 2019
27 Revenue from operations:		
i) Sale of products:		
Motors, alternators and generators	19,411.02	19,238.57
Transformers	10,452.39	8,151.92
DG sets	517.13	929.32
Others	782.24	826.80
Total	**31,162.78**	**29,146.61**
ii) Sale of services	278.38	295.51
Total Revenue	**31,441.16**	**29,442.12**
	31,441.16	29,442.12
28 Other income:		
i) Interest income on bank deposits and others	60.87	58.47
ii) Interest and guarantee commission income from financial assets	137.05	129.27
iii) Dividend income from long term investments	0.07	0.10
iv) Profit on sale of fixed assets (net)	-	5,748.12
v) Provision no longer required and Unclaimed credit balance written back	102.02	244.59
vi) Rent received	3.33	3.60
vii) Miscellaneous income	124.27	33.30
	427.61	**6,217.45**
29 Cost of materials consumed:		
Consumption of raw materials, components, stores and spare parts	21,435.06	21,460.08
	21,435.06	**21,460.08**
Additional Information:		
i) Copper (Wires, strips, rods, sheets etc)	3,134.00	4,244.69
ii) Iron and steel (pigiron, rounds, plates, sheets , etc.,)	2,960.73	3,057.35
iii) Stores and spares	124.96	385.96
iv) Others	15,215.37	13,772.08
30 Changes in inventories of finished goods, work in progress and stock in trade:		
Stocks at the end of the year:		
i) Work in progress		
Motors, alternators and generators	2,006.54	2,359.86
Transformers	920.85	605.52
DG Sets	266.82	236.87
Others	60.07	33.94
Total	**3,254.28**	**3,236.19**

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	March 31, 2020	March 31, 2019
ii) Finished goods		
Motors, alternators and generators	235.46	211.57
Transformers	306.05	125.66
DG sets	40.73	31.77
Others	1.98	2.14
Total	**584.22**	**371.14**
iii) Scrap	5.45	7.17
A	**3,843.95**	**3,614.50**
Less: Stocks at the beginning of the year:		
i) Work in progress		
Motors, alternators and generators	2,359.86	2,339.35
Transformers	605.52	895.35
DG sets	209.17	314.30
Others	61.65	50.97
Total	**3,236.20**	**3,599.97**
ii) Finished goods		
Motors, alternators and generators	211.57	371.18
Transformers	125.66	163.53
DG sets	31.77	30.19
Others	2.14	7.90
Total	**371.14**	**572.80**
iii) Scrap	7.17	8.60
B	**3,614.51**	**4,181.37**
Total (A-B)	**(229.44)**	**566.87**
31 Employee benefit expenses:		
i) Salaries , wages and bonus	4,948.88	4,932.05
ii) Contribution to provident and other funds	809.99	615.08
iii) Staff welfare expenses	535.67	571.48
	6,294.54	**6,118.61**
32 Finance costs:		
i) Interest expense	3,427.30	3,967.99
Less: Charged to a Subsidiary*	138.75	218.94
	3,288.55	**3,749.05**
ii) Other borrowing costs	143.28	93.75
	3,431.83	**3,842.80**

* Interest paid to a lending bank amounting to ₹138.75 lakhs (March 31, 2019 - ₹ 218.94) lakhs has been charged to SKG Terra Promenade Private Limited in terms of the understanding consequent to transfer of certain immovable properties in an earlier year.

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars			March 31, 2020		March 31, 2019
33 Depreciation and amortization expense					
i) Depreciation of tangible assets			553.04		766.12
ii) Amortization of intangible assets			2.83		5.58
			555.87		**771.70**
34 Other expenses:					
i) Power and fuel			598.04		648.44
ii) Rent			127.25		154.05
iii) Repairs to buildings			69.81		63.28
iv) Repairs to machinery			86.71		76.00
v) Repairs to others			437.84		292.85
vi) Vehicle maintenance			34.80		18.07
vii) Insurance			28.71		31.34
viii) Rates and taxes			169.22		258.22
ix) Payment to auditors					
- as auditor (includes branch audit fees of 0.12, previous year 0.13)	15.12			15.12	
- for taxation matters (includes 0.12, previous year 0.12 to branch auditor)	5.12			5.12	
- for limited review	15.00			15.00	
			35.24		35.24
x) Selling expenses			685.73		735.46
xi) Commission			23.17		5.72
xii) Warranty claims			87.91		4.46
xiii) Allowance for doubtful trade receivables			-		514.75
xiv) Net (gain)/loss on foreign currency transaction and translation			18.65		50.96
xv) Allowance for bad and doubtful receivables from Subsidiary companies	5,430.00			-	
xvi) Bad trade receivables written off	0.11			258.73	
Less: Allowance for doubtful trade receivable withdrawn	371.61			258.73	-
			(371.50)		-
xvii) Loss on sale of investment			2.00		-
xvii) Loss on sale of fixed assets (net)			7.48		-
Donations to Relief fund			5.60		-
xvii) Legal and professional charges			544.24		363.77
xviii) Travelling and conveyance			440.47		442.18
xix) Printing and stationary			26.09		30.94
xx) Postage, telegrams and telephones			53.10		71.99
xxi) Directors sitting fees			10.35		9.30
xxii) Loss on assets held for sale	-			309.21	
Less: Provision for assets held for sale withdrawn	-		-	281.53	27.68

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	March 31, 2020	March 31, 2019
xxiii) Provision for contingencies	62.19	33.84
xxiv) Security Charges	278.74	307.83
xxv) Contract Labour Charges	456.44	518.59
xxvi) Miscellaneous expenses	102.32	66.68
	9,450.60	**4,761.64**
35 Details of items of exceptional items:		
i) Benefit from OTS of Axis Bank Loan Assignment to ARCIL	471.33	-
	471.33	**-**
36 Earnings per share:		
(Basic and diluted)		
(a) Before exceptional item		
Loss for the year after tax	(8,598.36)	(1,862.44)
	(8,598.36)	**(1,862.44)**
Weighted average number of equity shares	66,414,071	66,414,071
Paid up value per share	10.00	10.00
Loss per share (basic & diluted) (*)	**(12.94)**	**(2.80)**
(b) After exceptional item		
Loss for the year after tax expense	(8,598.36)	(1,862.44)
Add: Preference dividend payable including dividend tax	-	-
	(8,598.36)	**(1,862.44)**
Weighted average number of equity shares	66,414,071	66,414,071
Paid up value per share	10.00	10.00
Loss per share (basic & diluted) (*)	**(12.95)**	**(2.80)**

(*) Effect of potential equity shares is antidilutive

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	March 31, 2020	March 31, 2019

37 Other notes to accounts:

1) Contingent liabilities and commitments:
(to the extent not provided for)

a) Contingent liabilities:

i)	Claims against the Company not acknowledged as debts	446.92	854.22
ii)	Guarantees	843.66	771.72
iii)	Bills discounted with Bank	173.74	577.59
iv)	Central excise and customs authorities have issued notices and raised certain demands, which are pending in appeal before various authorities, not acknowledged as debt by the Company.	-	6.85
v)	Sales tax demanded under appeal. The Company has paid an aggregate amount of ₹ 694.65 lakhs (as at March 31, 2016 ₹ 658.88 lakhs) against the demand which has been included in disputed statutory dues.	1,435.37	1,885.98
vii)	The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2017 against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.	527.06	527.06
viii)	Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	5.00	5.00
ix)	Sales tax liabilities in respect of pending assessments - C forms have not been received from several customers. Continuing efforts are being made to obtain them. Significant progress has been made in the matter as compared to the previous year.	Not Ascertainable	Not Ascertainable
x)	Interest if any, on account of delays in payment to suppliers.	Not Ascertainable	Not Ascertainable
xi)	Certain industrial disputes are pending before various judicial authorities – not acknowledged by the Company. Liability has been considered against those cases for which is ascertainable, some cases are pending for it is not possible to ascertain liability.	30.65	17.65
xii)	The Company had furnished a guarantee for the redemption of preference shares issued by Kirloskar Investment and Finance Ltd to an extent of ₹ 200 lakhs as at March 31, 2017 (as at March 31, 2016 ₹ 200 lakhs) and had obtained counter guarantee from the said Company. The preference shareholder has claimed a sum of ₹ 200 lakhs along with dividends in arrears of ₹ 205.60 lakhs and interest from the Company. This claim has been upheld by the Debt Recovery Tribunal (DRT). The Company has preferred an appeal before the Debt Recovery Appellate Tribunal(DRAT) to set aside the orders passed by the DRT. The Company has deposited during the earlier year ₹ 102.80 lakhs with DRAT as directed by the Supreme Court of India and the matter stands re-posted for hearing. The Company does not acknowledge this liability.	405.60	405.60
xiii)	Corporate Guarantee given to its wholly owned subsidiary	342.49	5,370.12
xiv)	Right to recompense to the lending banks subject to profitability and cash flows of the Company, approximate net present value of recompense as per Master Restructuring Agreement (MRA).	514.00	514.00

In respect of items above, future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums / settlement of matter. The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable. However as a matter of abundant caution the Company has recognized a provision for contingencies, to take care of any liabilities that may devolve, and included in Note 37(14).

b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	195.58	124.17

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	As at March 31, 2020	As at March 31, 2019
2	**Additional Information:**		
a)	**Value of Imports calculated on CIF basis:**		
	i) Raw Materials, Components and spare parts	2,319.87	2,912.19
b)	**Expenditure in foreign currency: (net of withholding tax)**		
	i) Professional, consultancy and other fees	15.84	10.97
	ii) Travel	52.04	19.65
	ii) Other Expenses	6.73	-

c)

Sl No	Particulars	Amount	% to total	Amount	% to total
i)	Value of imported raw materials, spare parts and components consumed	2319.87	10.82%	2,912.19	13.57%
ii)	Value of indigenous raw materials, spare parts and components consumed	19,115.19	89.18%	18,547.89	86.43%
		21,435.06	**100.00%**	**21,460.08**	**100.00%**

d)	**Details of non-resident shareholdings**		
	i) Number of non-resident share holders	618	658
	ii) Number of shares held by non-resident shareholders	1,101,833	1,045,543
e)	**Earnings in foreign exchange:**		
	Export of goods calculated on FOB basis (net)	2,234.22	1,153.59

3 The order of the honourable High Court of Karnataka according approval for the scheme of arrangement and amalgamation under sections 391 to 394 of the Companies Act, 1956 (“Scheme”) was received in September 2008 with April 1, 2007 as the appointed date. This scheme of arrangement and amalgamation interalia involved transfer of the operating business of Kirloskar Power Equipment Limited (“KPEL”) and amalgamation of Kaytee Switchgear Limited (“KSL”) with the Company. The Scheme was registered with the Registrar of Companies on October 17, 2008. Decree in Form 42 of the Companies (Court) Rules, 1949 is yet to be passed by the honourable High Court of Karnataka.

4 “In March 2020, the WORLD HEALTH ORGANISATION declared COVID-19 to be a pandemic. Consequent to this the Government of India declared a National lockdown on March 25, 2020, which has impacted the business activities of the company. The company has assessed the impact that may result from this pandemic on its liquidity position, carrying amounts of receivables, inventories, tangible and intangible assets, investments and other assets/ liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of the pandemic, the company considered internal and external information available till the date of approval of these financial results and has assessed this situation. In that context and based on the current estimates, the company believes that COVID-19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID-19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at date of approval of these financial statements. The company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant period.”

5 Confirmation of balances from customers, suppliers and service providers with whom the Company had transactions are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Adjustments will be made on completion of review/reconciliation. In the assessment of the management, effect on revenue if any, is not expected to be material.

6 The customers of the Company had deducted liquidated damages and other charges for delays in delivery of goods as compared to contractual obligations. The Company has made representations to such customers explaining reasons for delays as well as impress upon them that the same were caused by various factors including those not attributable to it and as such being beyond its control. The Company had made necessary provision on an overeall assessment of the likely loss where in its opinion waiver is not likely. The Company is confident that its representations will be accepted by customers and liquidated damages and other charges deducted will be waived. Impact, if any, on the financial statements is not expected to be material.

NOTES TO FINANCIAL STATEMENTS

7 Certain mistakes noticed in the inventory records have been corrected to the extent identified based on physical inventory taken from time to time. The Company is in the process of identifying and analysing the differences adjusted/to be adjusted in the books of account on a comprehensive basis. The management has also formed a task force for liquidation of slow/non moving inventories in respect of which provision for inventories has been estimated and made. Any further adjustments required to the financial statements if any, is not expected to be material.

8 Current assets, loans and advances include ₹ 101.32 Lakhs (as at March 31, 2019 ₹ 110.42 Lakhs) being rescheduled advances from certain companies in which certain key managerial personnel are interested. The Company is confident that these companies will fulfil their obligations and has considered these amounts as good of recovery.

9 During a previous year, the shareholders of the Company at the Annual General Meeting held on September 30, 2013 have approved an Employee Stock Option Scheme. However, the Company has not issued any options as at March 31, 2020 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

10 DISCLOSURES AS PER IND AS 19 "EMPLOYEE BENEFITS":

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under:

(₹ In Lakhs)

Particulars	March 31, 2020	March 31, 2019
Employer's contribution to provident & pension funds	301.60	290.10
Employer's contribution to superannuation fund	80.27	55.02

(b) Defined Benefit Plan:

The employees' gratuity fund scheme managed by a trust and leave encashment is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

(₹ In Lakhs)

1	Reconciliation of opening and closing balances of defined benefit obligation:	As at March 31, 2020		As at March 31, 2019	
		Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
	Defined Benefit obligation at beginning of the year	2,080.60	466.14	2,179.72	473.86
	Current Service Cost (*)	91.63	39.28	92.11	51.89
	Past Service Cost	-	-	-	-
	Interest Cost	160.10	35.85	170.45	37.05
	Additional provision for increase in limit of gratuity/ in excess of limit	-	-	-	-
	Actuarial (gain)/ loss	164.68	22.83	(98.48)	(4.41)
	Benefits paid from funds	(163.52)	-	(261.83)	-
	Benefits paid directly by employer	1.37	(68.83)	(1.37)	(92.25)
	Defined Benefit obligation at end of the year	**2,334.86**	**495.27**	**2,080.60**	**466.14**
2	**Reconciliation of opening and closing balance of fair value of plan assets:**				
	Fair value of plan assets at beginning of the year	350.30	218.86	574.89	203.03
	Interest Income	26.94	16.83	44.96	15.87
	Employer Contribution	(0.00)	(0.00)	4.00	-
	Benefits paid from funds	(163.52)	-	(261.83)	-
	Actuarial gain/(loss)	(9.05)	(1.40)	(11.72)	(0.04)
	Fair value of plan assets at year end	**204.67**	**234.29**	**50.30**	**218.86**
	Reconciliation of fair value of assets and obligations:				
	Fair value of plan assets	204.67	234.29	350.30	218.86
	Present value of obligation	2,334.86	495.27	2,080.60	466.14
	Amount recognized in Balance Sheet under liabilities:	**2,130.19**	**260.98**	**1,730.30**	**247.28**

NOTES TO FINANCIAL STATEMENTS

(₹ In Lakhs)

		As at March 31, 2020		As at March 31, 2019	
		Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
	Expense recognized during the year: (under "Note 28" "Employee Benefit Expenses" in the Statement of Profit and Loss)	Current Year		Previous Year	
	In Income Statement:				
	Current Service Cost	91.63	39.28	92.11	51.89
	Past Service Cost	-	-	-	-
	Interest Cost	160.10	35.85	170.45	37.05
	Actual return on plan assets	(26.94)	(16.83)	(44.96)	(15.87)
	Additional provision for increase in limit of gratuity/ in excess of limit	-	-	-	-
	In Other Comprehensive Income:				
	Actuarial (gain)/ loss	173.73	24.23	(86.76)	(4.37)
	Net Cost	**398.52**	**82.53**	**130.84**	**68.70**

Actuarial assumptions:	As at March 31, 2020		As at March 31, 2019	
Mortality Table	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)
Discount rate (per annum	6.83%	7.26%	7.69%	7.69%
Expected rate of return on plan assets (per annum)	6.83%	7.26%	7.69%	7.69%
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%

(*) Leave provision for current year includes provision for short term compensated absence as assessed by the actuary.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

3 Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for current and earlier periods of Gratuity (Funded):					
	2019-20	**2018-19**	**2017-18**	**2016-17**	**2015-16**
Defined benefit obligation at the end of the period	(2,334.86)	(2,080.60)	(2,179.72)	(2,319.35)	(2,437.49)
Plan assets at end of the period	204.67	350.30	574.89	753.00	1,053.72
Unfunded amount	(2,130.18)	(1,730.30)	(1,604.83)	(1,566.35)	(1,383.77)
Experience Gain/ (loss) adjustments on plan liablities	(37.47)	113.32	80.92	100.36	(24.27)
Experience Gain/ (loss) adjustments on plan assets	(9.04)	(11.72)	(6.54)	(15.35)	(11.07)
Actuarial gain/ (loss) due to change in assumptions	(127.20)	(14.83)	67.71	(92.05)	11.67

(c) Sensitivity Analysis:

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, has been determined based on possible effect of changes of an assumption occurring at end of the reporting period , while holding all other assumptions constant.

(₹ In Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	80.34	(75.55)	59.18	(55.89)
Change in rate of salary increase (delta effect of +/- 0.5%)	(75.78)	79.82	(56.49)	59.29
Change in rate of plan assets (delta effect of +/- 0.5%)	1.20	(1.15)	(2.40)	2.27

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

NOTES TO FINANCIAL STATEMENTS

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

11 SEGMENT REPORTING:

As per Ind AS 108 on" Operating Segments ", segment information has been provided under the Notes to Consolidated Financial Statements.

12 RELATED PARTY TRANSACTIONS:

(a) Name of related parties and description of relationship where controls exists:

Sl. No.	Name of the Related Party	Relationship
1	Luxquisite Parkland Private Limited SLPKG Estate Holdings Private Limited SKG Terra Promenade Private Limited KELBUZZ Trading Private Limited Kesvik Developers Private Limited Swaki Habitat Private Limited	Wholly owned subsidiary
2	Kirsons B V Lloyd Dynamowerke GmbH & Co. KG (refer Note 49) Lloyd Beteiligungs GmbH	Step down subsidiary
3	Mr. Vijay R Kirloskar Mrs. Meena Kirloskar Mr. Anand B Hunnur Mr. Anand B Hunnur (upto May 31, 2019) Mr. Sanjeev Kumar S (from August 10,2017) Ms. K S Swapnalatha (from February 12,2018)	Key Management Personnel and their relatives ("KMP")
4	Kirloskar (Malaysia) Sdn. Bhd	Associates
5	Transport Corporation of India Maini Material Movement Private Limited	Enterprises which are related parties as per section 2(76) of the Companies Act, 2013. ("Others-A")
6	Kirloskar Batteries Private Limited Kirloskar Power Equipment Limited Ravindu Motors Private Limited Vijay Farms Private Limited Sri Vijaydurga Investments and Agencies Private Limited Vijayjyothi Investment and Agencies Private Limited Abhiman Trading Company Private Limited	Enterprises over which key management personnel and their relatives are able to exercise significant influence ("Others-B")

NOTES TO FINANCIAL STATEMENTS

(b) Transactions with the related parties (₹ In Lakhs)

Particulars	Relationship	March 31, 2020	March 31, 2019
Purchase of goods and services:			
Vijay Farms Private Limited	Others-B	37.51	28.73
Sri Vijayadurga Investments and Agencies Private Limited		103.39	106.90
Abhiman Trading Company Private Limited		33.43	48.40
Transport Corporation of India	Others-A	150.31	230.45
Sale of goods and services:			
Kirsons BV	Step down subsidiary	-	70.81
Kirloskar (Malaysia) Sdn. Bhd	Associates	115.93	275.85
Ravindu Motors Private Limited	Others-B	-	9.32
Maini materails movement private limited	Others-A	-	1.34
Rent paid			
Kirloskar Power Equipment Limited	Others-B	-	-
Vijayjyothi Investments and Agencies Private Limited		78.00	78.00
Remuneration paid:			
Vijay R Kirloskar*			
Short term employee benefits		190.68	190.68
Anand B Hunnur*			
Short term employee benefits	KMP	16.68	68.80
Swapna Latha*			
Short term employee benefits		28.78	25.48
Sanjeev Kumar S*			
Short term employee benefits		28.48	24.90
Meena Kirloskar (Sitting Fee)		1.50	0.45
Expenses of subsidaries met by the Company and to be reimbursed			
KELBUZZ Trading Private Limited		2.06	1.60
Luxquisite Parkland Private Limited		1.05	0.33
SKG Terra Promenade Private Limited	Wholly Owned Subsidiary	147.92	209.07
SLPKG Estate Holdings Private Limited		143.64	240.17
Kesvik Developers Private Limited		0.44	0.11
Swaki Habitat Private Limited		0.20	0.36

Post employment benefit Amount not ascertained since accrued gratuity and compensated absence liability has been recognized for the Company as a whole.

Key managerial personnel are provided free use of company car and communication facilities. These are in addition to remuneration furnished above.

NOTES TO FINANCIAL STATEMENTS

(c) Outstanding balances at the end of the year: (₹ In Lakhs)

Particulars	Relationship	March 31, 2020	March 31, 2019
Amount due to Company:			
KELBUZZ Trading Private Limited		5,694.37	5,708.32
Luxquisite Parkland Private Limited	Wholly Owned	234.53	233.98
SKG Terra Promenade Private Limited	Subsidiary	2,201.87	3,766.17
SLPKG Estate Holdings Private Limited		4,400.73	5,188.97
Kesvik Developers Private Limited		-	0.55
Swaki Habitat Private Limited		-	0.79
KIRSONS BV	Step down subsidiary	31.58	31.58
Kirloskar (Malaysia) Sdn. Bhd	Associate	18.29	42.57
Kirloskar Power Equipment Limited		0.18	0.18
Vijay Farms Private Limited		97.42	98.86
Vijayjyothi Investments and Agencies Private Limited		44.34	11.56
Ravindu Motors Private Limited	Others A & B	-	2.22
Maini Materials Movement Pvt Ltd.,		3.29	3.29
Abhiman Trading Company Private Limited		3.89	11.07
Amount due from Company:			
Lloyd Dynamowerke GmbH & Co. KG	Step down subsidiary	196.93	167.50
Transport Corporation of India	Others-A	58.77	82.94
Kirloskar Batteries Private Limited		11.75	9.33
Abhiman Trading Company Private Limited	Others-B	-	15.93
Sri Vijayadurga Investments and Agencies Private Limited		6.78	17.94
Investment held			
KELBUZZ Trading Private Limited		775.26	775.26
Luxquisite Parkland Private Limited	Wholly Owned	6,064.00	6,064.00
SKG Terra Promenade Private Limited	Subsidiary	1.00	1.00
SLPKG Estate Holdings Private Limited		87.65	87.65
Kesvik Developers Private Limited		-	1.00
Swaki Habitat Private Limited		-	1.00
Kirloskar Power Equipment Limited	Others -B	44.88	36.96
Guarantees given by the Company and outstanding at the end of the year for the loan taken by:	Wholly Owned		
KELBUZZ Trading Private Limited	Subsidiary	342.49	4,200.79
SLPKG Estate Holdings Private Limited		-	1,169.32
Guarantees given by the Subsidiary in respect of loan taken by the Company and outstanding at the end of the year:	Wholly Owned		
SKG Terra Promenade Private Limited	Subsidiary	755.24	2,259.09
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:			
Vijay R Kirloskar	KMP	10,680.45	16,850.34

KEC North America Inc has been dissolved. The investments in and dues from the said company have not been written off, pending receipt of approvals from Reserve Bank of India. However, full provision has been made for the same. Since the said company has been dissolved, the same has not been considered for related party disclosures.

In the month of February 2020, Company has applied with Ministry of Company Affairs ("MCA") for closure of two of its wholly owned subsidiaries, Kesvik Developers Private Limited and Swaki Habitat Private Limited, as there were no operations done till now in these subsidiaries. Accordingly, the investments in the above mentioned subsidiaries are written off in the books of account.

NOTES TO FINANCIAL STATEMENTS

13 OPERATING LEASE (Ind AS 17):

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancellable at its option. Rental expenses for operating leases included in the financial statements for the year are ₹ 127.25 Lakhs (Previous Year ₹ 154.05 Lakhs).

14 The Company has made provisions towards wage arrears, warranty claims from the customers towards sales, short term compensated absences and contingencies. Details of the same are as under:

(₹ In Lakhs)

Sl. No.	Particulars		Provision for Contingencies	Wage Arrears	Short Term Compensated Absences	Warranty Claims
1	Balance outstanding as at:	31-Mar-19	1,406.47	834.18	17.03	299.82
		31-Mar-18	1,372.63	701.42	17.03	359.96
2	Provision for the year (net)	31-Mar-20	62.19	174.43	-	13.61
		31-Mar-19	33.84	132.76	-	(60.14)
3	Balance outstanding as at:	31-Mar-20	1,468.66	1,008.61	17.03	313.43
		31-Mar-19	1,406.47	834.18	17.03	299.82

Foot Note:

Provision in respect of wage settlement has been made on estimated basis and differences if any will be accounted on final settlement. Further as a matter of abundant caution an estimated provision as been made for contingencies as held in respect of ongoing litigations as detailed in note 24 and certain probable liability including in respect of customers.

15 Financial risk management objectives and policies:

The entity's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations to support its operations. The entity's principal financial assets include trade and other receivables, rental and bank deposits and cash and cash equivalents that are derived directly from its operations.

The entity is exposed to market risk/credit and liquidity risks. The entity's senior management oversee the management of these risks. The board reviews their activities. No significant derivative activities have been undertaken so far.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the positions as at March 31, 2020 and March 31, 2019:

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumption has been made in calculating sensitivity analyses.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019 including the effect of hedge accounting.

i. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the some of the vendor payments and customer receivables.

NOTES TO FINANCIAL STATEMENTS

The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on Mar 31, 2020 are as under:

Particulars	As at March 31, 2020		As at March 31, 2019	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	USD 632,033	609.98	USD 221,667	283.79
	EUR 167,344		EUR 167,344	
Liabilities (Payables)	USD 1,856,895		USD 2,616,527	
	EUR 274,801		EUR 298,852	
	MYR 28,491	2,479.61	MYR 27,550	2,058.32
	GBP 4,291.74		GBP 0.00	
	SGD 1,623,468		SGD 0.00	

* Excludes receivable of Euro 0.42 lakhs from Lloyd Dynamowerke GmbH & Co KG, as the same has been assigned to KELBUZZ Trading Private Limited, a wholly owned subsidiary

Foreign currency sensitivity:

Every 1% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities for the years ended March 31, 2020 and March 31, 2019 would decrease the Company's loss and increase the Company's equity by approximately ₹18.70 Lakhs and ₹ 17.74 Lakhs respectively. A 1% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

16 Fair Value Measurement (Ind AS 113):

The Financial Instruments of the Company are initially recorded at fair value and subsequently measured at amortized cost based on the nature and timing of the cash flows.

The below table summarises particulars of Financial Instruments used: (₹ In Lakhs)

Particulars	Note	31-Mar-20	31-Mar-19
Financial Assets at amortized cost:			
Investments	7	7,066.98	7,059.31
Trade Receivables	8 & 12	3,560.00	2,255.59
Other Financial Assets	9	172.50	109.92
Cash & cash equivalents	13	589.25	924.60
Other Bank Balances	13	514.51	600.19
Total Financial Assets		**1,903.24**	**10,949.61**
Financial Liabilities at amortized cost:			
Borrowings	18 & 22	16,297.05	19,385.70
Other Financial Liabilities	19	1,377.38	899.90
Trade Payables	23	12,538.66	12,063.21
Total Financial Liabilities		**30,213.09**	**32,348.81**

The Company has not classified any Financial Asset or Liabilities as measured at Fair value through Profit and Loss (FVTPL) or measured at Fair Value through Other Comprehensive Income (FVTOCI).

Fair value of shares held by the Company in ICICI Bank Limited as at the three reporting dates have been computed based on its value traded in an active market and constitutes Level 1 in the fair value hierarchy as set out in Ind AS 113. Shares held by the Company in other entities which are unlisted and not traded in an active market have been valued based on their net asset value per share as per their latest available audited financial statements with the company. The increase / (decrease) is recognized in other comprehensive income as at March 31, 2019 and March 31, 2020 on this count is estimated at ₹ 6.27 Lakhs and ₹ 9.67 Lakhs respectively.

The Fair Value of the above financial assets and liabilities are measured at amortized cost which is considered to be approximate to their fair values.

NOTES TO FINANCIAL STATEMENTS

17 As reported in earlier years Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW), a step down subsidiary of the Company, incurred substantial losses , thereby eroding its net worth and consequent to the actions of local directors of LDW, insolvency administrator was appointed by the court in Germany during the preceding year. The Company has been given to understand that a South Korean company acquired all significant assets, patents, estates, orders and employees of LDW. However, relevant details of the consideration for this transfer and all other relevant information are not available with the Company, in spite of its best efforts. The Company has already filed its claim for an approximate value of Euro 3.52 million in respect of outstanding towards supplies made to LDW including dues of Kirsons B V (immediate holding company of LDW). The Company has also appointed a local legal counsel to represent its interest and has filed certain claims. The legal proceedings are in progress in Germany. However the Company does not expect any material impact on the financial statements due to the same.

18 a. Except one, all other wholly owned subsidiaries of the Company have incurred losses during the year and a part/ whole of their net worth have been eroded. However having regard to the estimated fair value of the assets which these Companies hold, the diminution in value has been considered as temporary and consequently no provision is required to be recognised in the financial statements.

b. Further Investments in Kirsons B V the step down subsidiary has been valued independently which confirms that the fair value of the investment is not materially lower than the carrying amount. According to the management , business activities in Kirsons B V have started and the said step down subsidiary will have regular income thereon. Under these circumstances, the Board of Directors represent that there is no permanent diminution to the value of investment in Luxquisite Parkland Private Limited and consequently no provision is required to be recognised in the financial statements.

19 a) As a measure of restructuring and with the consent of Leading Bank and other Lending banks under the Joint Lender Forum (JLF) mechanism, the Company had transferred in the year ended March 31, 2015 certain assets comprising of immovable properties, receivables and inventory to its subsidiaries - Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited and SLPKG Estate Holdings Private Limited, which will function as special purpose vehicles to hold such assets, dispose off the same and pay off certain debts (bank dues) transferred by the Company. The amounts outstanding and due from the subsidiaries as at March 31, 2020 in respect of the transfer of the assets as mentioned above, other expenses incurred by the subsidiaries reimbursed by the Company and interest charged totally amounts to ₹ 12,531.50 lakhs (₹ 14,898.79 lakhs as at March 31, 2019) after considering Ind AS adjustments. These subsidiaries are taking active steps to repay the dues of the Company from collection of debts (receivables) assigned and from disposal of immovable properties / inventories transferred apart from debts (bank dues) transferred / to be transferred as referred above. As on the date of results, the company was in advance stage of discussion for monetization of properties of its Subsidiaries. The Board of Directors are confident of recovering all the pending dues. However, based on expected credit losses as prescribed under Ind AS as against the incurred loss model envisaged under earlier GAAP, a sum of ₹ 8,400.77 lakhs has been provided upto March 31, 2020.

b) The sale of the immovable properties referred above shall be carried out under the supervision of the Asset Sale Committee / Approval of Lender Bank. The Lenders forming part of JLF shall constitute the Asset Sale Committee.

20 The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at March 31, 2020 consisting of the Company, its subsidiaries and its associate is eroded. There were certain overdues in respect of banks and creditors. The Company and its components have initiated several measures like active steps being taken for disposal of non-core assets, arrangement under JLF mechanism for restructuring of dues to banks, sanction of further non-fund based limits by banks, infusion of capital by the promoters, rationalization of operations, introduction of value added products, push for sales, optimization in product mix and enhanced contribution, capital raising plans etc. The Company is in advanced stage of negotiation for funding arrangements with various parties which will improve the performance in forthcoming periods. The Company is confident that this funding arrangement will have a positive impact on the net worth of the Company. Accordingly, your directors have prepared these financial results of the Company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

21 The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2017 against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.

22 The Company during an earlier year restructured its loans under Joint Lenders Forum mechanism (“JLF”). As per the JLF, interest on cash credit accounts for the period October 2014 to September 2015 and on working capital demand loan from October 2014 to March 2016 were converted into Funded Interest Term Loan. Consequently the joint deed and other documentation was duly completed as permitted in the extant guidelines of the JLF mechanism. A Master Restructuring Agreement (“MRA”) has been entered by the Company and its Lenders, Bank of India being the lead bank on June 30, 2015. In pursuance of the MRA the Company has executed other supplementary agreements including Trust and Retention Agreement (“TRA”). The agreements contain various terms and conditions in respect of the facilities sanctioned to the Company including setting up and reporting to the Monitoring Committee. The lenders shall have the right to convert at its option the whole of the outstanding amount of the facilities and / or part thereof into fully paid up equity shares of the

NOTES TO FINANCIAL STATEMENTS

Company in the manner specified in the notice in writing to be given by the Lenders to the Company ("Notice of Conversion") prior to the date on which the conversion is to take effect, which date shall be specified in the notice ("Date of Conversion"). The said shares shall rank parri-passu with the existing equity shares of the Company. Under the above circumstance, the Company believes based on legal advice / internal assessment that the outcome will be favorable, that losses are not probable and no provision is required to be recognized in this respect.

23 The Income Tax Act, 1961 contains provisions for determination of arm's length price for international transactions between the Company and its associated enterprises. The regulations envisage taxation of transactions which are not in consonance with the arm's length price so determined, maintenance of prescribed documents and information including furnishing of a report from an accountant before the due date for filing the return of income. For the year ended March 31, 2020, the Company is in the process of complying with the said regulations. Management believes that such transactions have been concluded on an arm's length basis and there would be no additional tax liability for the financial year under consideration as a result of such transactions.

24 During the previous year ended 31st March 2019, Company Bankers - Axis Bank had assigned its total debts due (excluding the Bank Guarantee Limits) in the Company and one of its subsidiary, Kelbuzz Trading Private Limited alongwith the underlying financial documents together with rights, benefits and obligations' there under to Asset Reconstruction Company (India) Ltd (ARCIL). During the current year, the Company has received the final Term Sheet based on which the necessary entries have been passed in the books of account and net benefit on account of such assignment has been shown under Exceptional Items of ₹ 471 Lakhs in Standalone and ₹ 982 in Consolidated Financial statements.

25 Previous year's figures have been regrouped wherever required in conformity with current year presentation. Figures in brackets relates to previous year.

To be read with our report of even date
For K N Prabhashankar & Co.
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No: 004982S

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Sanjeev Kumar S
Director Finance &
Chief Financial Officer
DIN: 08673340

A. Umesh Patwardhan
Partner
Membership No: 222945

Kamlesh Suresh Gandhi
Director
DIN: 00004969

K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : 21341

Place: Bengaluru
Date: June 27, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of

KIRLOSKAR ELECTRIC COMPANY LIMITED, BENGALURU

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated Ind AS financial statements of **KIRLOSKAR ELECTRIC COMPANY LIMITED** ("the Holding Company") and its subsidiaries (Holding Company and its subsidiaries collectively referred to as "the Group") and its associate , which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, including Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2020, and its Consolidated profit including other comprehensive income, its Consolidated cash flows and the Consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention of the members is invited to note 37(5) to the Consolidated Ind AS financial statements regarding trade receivables/ book debts exceeding two years and considered good by the management estimated at ₹ 2,474 lakhs. The relevant accounts are subject to adjustments, if required after management completes review, reconciliation and identification of doubtful debts. We are unable to express an independent opinion on the extent of shortfall in the recovery of the same.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

a. Going Concern Assessment – Effect of erosion in net worth of the group

Note37(19) of the consolidated financial statements – The directors have detailed the reasons for preparing these Consolidated Ind AS financial statements on a going concern basis, though the Group (consisting of the Company, its subsidiaries and associate) has accumulated losses and their networth (after excluding revaluation reserve) has been eroded. There are certain overdue payments to creditors and banks. The appropriateness of the said basis is subject to the group adhering to the restructuring plan and infusion of requisite funds.

- Our Address on the Key Audit Matter

We have been appraised of the restructuring plan including monetization of few non-core assets, projection of increase in turnover and infusion of funds in the near future. We have relied on the representations made by the Group and hence we are of the opinion that there is no existence of material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

b. Physical Verification of Inventory

The Management has conducted the Physical Verification of Inventory count at the year end and shared with us the Certified Details. Even though we had observed the physical inventory verification by the Management during the quarters of the financial year, due to COVID 19 related lockdown, we were not able to physically observe physical verification of inventory at the year end.

- **Our Address on the Key Audit Matter**

In this regard, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 "Audit evidence -Specific consideration for stipulated items', which includes inspection of supporting documentation relating to purchases, production, sales and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence. Our opinion is not modified in respect of this matter.

Emphasis of Matter

a. Attention of the members is invited to note 37(20) of the Consolidated Ind AS financial statements which sets out that the Group has filed Special Leave Petition in respect of demand of resale tax penalty of ₹ 527lakhs before the Honourable Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation.Our opinion is not modified in respect of this matter.

Other Information

The Group's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Consolidated Ind AS financial statements and our auditor's report thereon. Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence regarding the shortfall in the recoverability of trade receivables/book debts exceeding two years and considered good by the management. Accordingly, we are unable to conclude whether or not the other information in relation to this is materially misstated with respect to this matter.

Responsibility of Management and Those Charged with Governance for Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated changes in equity, consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid. In preparing the Consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the ConsolidatedFinancial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated financial statements of which we are the independent auditors. For the other entities included in the Consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

  We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

  From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a. We did not audit the financial statements of 5 subsidiaries included in the Consolidated Ind AS financial statements, whose Ind AS financial statements reflect total assets of ₹ 1,699.69 lakhs as at March 31, 2020, total revenues of ₹ 593.32 lakhs and net cash flows of ₹ 784.28 lakhs for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us and our opinion on such Ind AS financial statements as consolidated is based solely on the report of such other auditors.

b. Unaudited Ind AS financial statements of Kirloskar (Malaysia) Sdn, Bhd., an associate in which share of loss of the Group was ₹ Nil (restricted to the value of the investments) has been considered for preparation of these Consolidated Ind AS financial statements. Unaudited Ind AS financial statements as received from the said associate has been considered for the purpose of preparation of these Consolidated Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements;

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept by the Group so far as it appears from our examination of those books and the reports of the other auditors;

c. TheConsolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, and the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements;

d. In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules as amended;

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and is subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate report in "*Annexure A*"; and

g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Holding Company and its subsidiary companies incorporated in India have disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements –Refer note 37(1a) to the Consolidated Ind AS financial statements.

   ii. The Holding Company and its subsidiary companies incorporated in India did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under applicable laws or accounting standards.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

for **K N Prabhashankar & Co.,**
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No. 004982S

A. Umesh Patwardhan
Partner
M. No. 222945
UDIN:20222945AAAABG5727

Place: Bengaluru
Date: June 27, 2020

Annexure 'A' to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Kirloskar Electric Company Limited ("the Company") and its subsidiary companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiaries incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that

the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matters

Our aforesaid reports under 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting as it is related to 4 subsidiary companies, incorporated in India, are based on the corresponding reports of the auditor of such companies incorporated in India.

for **K N Prabhashankar& Co.,**
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No. 004982S

A. Umesh Patwardhan
Partner
M. No. 222945
UDIN:20222945AAAABG5727

Place: Bengaluru
Date: June 27, 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2020

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2020	As at March 31,2019
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	31,694.07	32,143.91
(b) Capital work-in-progress	4	20.25	20.25
(c) Investment Property	5	162.42	175.64
(d) Other Intangible assets	6	317.47	423.22
(e) Financial assets			
(i) Investments	7	133.78	124.11
(ii) Trade Receivables	8	535.08	546.54
(iii) Other financial assets	9	172.50	109.92
(f) Other non-current assets	10	2,448.49	2,667.72
Total Non-current assets		**35,484.06**	**36,211.31**
Current assets			
(a) Inventories	11	4,899.56	4,681.20
(b) Financial assets			
(i) Trade receivables	12	5,466.36	4,257.07
(ii) Cash and cash equivalents	13(a)	611.00	961.54
(iii) Other Bank balances	13(b)	1,312.17	601.12
(c) Other current assets	14	849.11	982.58
Total Current assets		**13,138.20**	**11,483.51**
TOTAL ASSETS		**48,622.26**	**47,694.82**
I. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	15	6,641.41	6,641.41
(b) Other equity	16	(11,381.81)	(15,801.63)
Equity attributable to shareholders		(4,740.40)	(9,160.22)
Non-controlling interest		4.00	4.00
TOTAL EQUITY		**(4,736.40)**	**(9,156.22)**
II. LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	4,483.49	7,224.83
(ii) Other financial liabilities	18	1,377.38	899.90
(b) Provisions	19	2,374.13	1,961.90
(c) Deferred tax liabilities (net)	20	1,009.32	1,052.44
Total non current liabilities		**9,244.32**	**11,139.07**

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2020

(₹ In Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	12,696.00	11,645.81
(ii) Trade payables			
(i) micro and small enterprises, and	22(a)	800.12	2,427.14
(ii) other than micro and small enterprises	22(b)	11,739.92	9,638.68
(iii) Other financial liabilities	23	5,878.67	10,600.91
(b) Provisions	24	2,807.73	2,557.50
(c) Other current liabilities	25	10,191.48	8,841.37
(d) Current Tax Liabilities (Net)	26	0.42	0.56
Total current liabilities		**44,114.34**	**45,711.97**
TOTAL EQUITY AND LIABILITIES		**48,622.26**	**47,694.82**
Significant accounting policies and notes attached form an integral part of the financial statements	**1-37**		

To be read with our report of even date
For K N Prabhashankar & Co.
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: June 27, 2020

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Sanjeev Kumar S
Director Finance &
Chief Financial Officer
DIN: 08673340

Kamlesh Suresh Gandhi
Director
DIN: 00004969

K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : 21341

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

	Particulars	Note No.	As at March 31, 2020		As at March 31, 2019	
I	Revenue from operations	27		31,441.16		29,460.91
II	Other income	28		8,507.96		6,217.45
III	**Total revenue (I + II)**			**39,949.12**		**35,678.36**
IV	**Expenses:**					
	Cost of materials consumed	29	21,435.06		21,460.08	
	Changes in inventories of finished goods, work in progress and Stock-in-Trade	30	(229.44)		566.87	
				21,205.62		22,026.95
	Employee benefits expense	31		6,294.54		6,118.61
	Finance costs	32		4,266.91		4,877.04
	Depreciation and amortization expense	33		660.24		876.10
	Other expenses	34		3,972.23		4,920.31
				36,399.54		**38,819.01**
	Less: expenses capitalised			-		-
	Total expenses			**36,399.54**		**38,819.01**
V	**Profit / (Loss) before exceptional items and tax (III-IV)**			**3,549.58**		**(3,140.65)**
VI	Exceptional Items	35		982.13		346.40
VII	**Profit /(Loss) before tax (V-VI)**			**4,531.71**		**(2,794.25)**
VIII	**Tax expense:**					
	Current tax		**-**		0.31	
	Deferred tax		**-**	**-**	-	**0.31**
IX	**Profit/ (Loss) for the year (VII - VIII)**			**4,531.71**		**(2,794.56)**
X	**Other comprehensive income**					
	(i) Items that will not be reclassified to profit or loss					
	a) Remeasurements of the defined benefit plans		(164.68)		98.49	
	b) Taxes on above		45.81		(30.43)	
	(ii) Items that will be reclassified to profit or loss					
	a) Mark to Market of Investments		9.67		6.27	
	b) Revaluation gain on Land		-		(6,895.48)	
	c) Taxes on above		(2.69)	**(111.89)**	1,951.39	**(4,869.76)**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
XI	**Total comprehensive income (Loss) for the period (IX+X)**		**4,419.82**	**(7,664.32)**
XII	**Earning per equity share before exceptional item (for continuing operations & combined)**	36		
	Basic & diluted (in)		5.34	(4.73)
	Earning per equity share after exceptional item (for continuing operations & combined)	36		
	Basic & diluted (in)		6.82	(4.21)
	(Paid up value per share)		10.00	10.00
	Significant accounting policies and notes attached form an integral part of the financial statements	**1-37**		

To be read with our report of even date
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Firm Regn. No: 004982S

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- Legal & Company Secretary
Membership No. : A21341

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
Cash flows from operating activities				
Profit / (Loss) before taxation		4,531.71		(2,794.25)
Adjustments for:				
Depreciation and amortisation	660.24		876.10	
Provisions (net)	136.17		564.29	
(Profit)/ (loss) on sale of fixed assets	(7,668.31)		(5,748.14)	
Interest income	(64.28)		(58.47)	
(Profit)/ (loss) on sale of assets held for sale	-		27.68	
Dividends received	(0.07)		(0.10)	
Finance costs	4,266.91		4,877.04	
		(2,669.34)		538.40
		1,862.37		**(2,255.85)**
(Increase)/ decrease in trade and other receivables	(546.65)		4,200.91	
(Increase)/ decrease in inventories	(278.36)		791.94	
Increase/ (decrease) in trade payables and other current liabilities	2,301.81		(2,531.64)	
		1,476.80		2,461.21
		3,339.17		**205.36**
Income taxes paid		(107.09)		71.61
Net cash from operating activities		**3,446.26**		**133.75**
Cash flows from investing activities				
Purchase of property, plant and equipment	(124.04)		(72.30)	
Proceeds from sale of property, plant and equipment	7,683.51		5,859.09	
Movement in Investment Properties	13.22		-	
Purchase of investments	0.00		-	
Sale of Investment	-		(0.01)	
Interest received	84.37		29.56	
Increase in margin money and short term deposits	(773.63)		432.39	
Dividend received	0.07		0.10	
Net cash from investing activities		**6,883.50**		**6,248.83**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ In Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
Cash flows from financing activities				
Proceeds from issue of share capital				
Proceeds / (Repayment) of long term borrowings	(9,360.58)		1,942.65	
ICD's Accepted	4,559.13		1,752.49	
ICD's Repaid	(1,672.00)		(375.00)	
Repayment of fixed deposits from public	438.30		(570.60)	
Increase/ (decrease) of short term borrowings (net)	(1,836.94)		(6,983.20)	
Finance costs	(2,808.21)		(2,381.16)	
Net cash from financing activities		**(10,680.30)**		**(6,614.82)**
Net increase/(decrease) in cash and cash equivalents		**(350.54)**		**(232.24)**
Cash and cash equivalents at beginning of the year		961.54		1,193.78
Cash and cash equivalents at end of the year		**611.00**		**961.54**
Cash & Cash equivalents:				
The above Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS-7, 'Statement of Cash Flow'. Cash and cash equivalents are net of bank overdraft as required under Ind AS -7. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:				
Cash on hand and bank balances		1,923.17		-
Less: Other bank balances		1,312.17		601.12
Cash and cash equivalents as restated		**611.00**		**961.54**

To be read with our report of even date
For K N Prabhashankar & Co.
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Chartered Accountants
Firm Regn. No: 004982S

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

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K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : A21341

Place: Bengaluru
Date: June 27, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(a) Equity Share Capital

₹ in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the Beginning of the year	**6,641.40**	**6,641.40**
Changes in equity share capital during the year	-	-
Balance at the end of the year	**6,641.40**	**6,641.40**

(b) Other Equity

₹ in Lakhs

Particulars	Capital redemption reserve	Capital reserve on consolidation	Capital reserve	Securities premium	Retained earnings	Reserve for doubtful debts	Reconstruction reserves	Total (A)	Other Comprehensive Income			Total(B)	Total Other equity
									Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
									Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee		
Total comprehensive income as at March 31 2018	**2,401.75**	**54.78**	**18.06**	**4,410.84**	**(46,385.62)**	**-**	**641.67**	**(38,858.52)**	**60.18**	**30,610.46**	**81.48**	**30,752.12**	**(8,106.40)**
Add/(Less): Loss for the Year	-	-	-	-	(2,794.56)	-	-	(2,794.56)	6.27	-	-	6.27	(2,788.29)
Add/(Less): Ind AS adjustments	-	(30.91)	-	-	-	-	-	(30.91)	-	(6,895.48)	98.49	(6,796.99)	(6,827.90)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	(1.96)	1,953.35	(30.43)	1,920.96	1,920.96
Total comprehensive income as at March 31 2019	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(49,180.18)**	**-**	**641.67**	**(41,683.99)**	**64.49**	**25,668.33**	**149.54**	**25,882.36**	**(15,801.63)**
Add/(Less): Loss for the Year	-	-	-	-	4,531.71	-	-	4,531.71	9.67	-	-	9.67	4,541.38
Add/(Less): Ind AS adjustments	-		-	-	-	-	-	-	-	-	(164.68)	(164.68)	(164.68)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	(2.69)	-	45.81	43.12	43.12
Transferred to Reatined earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income as at March 31 2020	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(44,648.47)**	**-**	**641.67**	**(37,152.28)**	**71.47**	**25,668.33**	**30.67**	**25,770.47**	**(11,381.81)**

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For K N Prabhashankar & Co.
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Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
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For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

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K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : A21341

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 BACKGROUND:

The Consolidated Financial Statements comprise financial statements of "Kirloskar Electric Company Limited ("the Holding Company") and its subsidiaries and associate (collectively referred as "the Group") for the year ended March 31, 2020 and the principal activities of the group is manufacture and sale of electric motors, alternators, generators, transformers, switchgear, DG sets etc.

2 SIGNIFICANT ACCOUNTING POLICIES:

a BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements of the company have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Freehold Land classified as Own assets and Leasehold Land classified as Assets taken on Finance Lease

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

b PRINCIPLES OF CONSOLIDATION

i) The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditures after eliminating intra group balances and transactions to the extent identified and reconciled in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements .

ii) The stepdown subsidiary of the Company, namely Kirsons BV has been classified as an 'Integral Foreign Operation'. Revenue items denominated in foreign currency have been converted at the average rate prevailing during the year. Non monetary foreign currency assets and liabilities have been accounted at the rate of exchange prevailing on the transaction date. Monetary foreign currency assets and liabilities have been converted at the rates prevailing at the end of the year. Resultant differences have been adjusted in the statement of profit & loss.

iii) Lloyd Dynamowerke GmbH & Co. KG ("LDW") and Lloyd Beteiligungs GmbH were classified as 'Non Integral Foreign Operations'. Revenue items were consolidated at the average rate prevailing during the year and all assets and liabilities were converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation was recognised in the Foreign currency translation reserve.

iv) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries and associates are recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

v) Investments in associate companies have been accounted under the equity method as per Ind AS 28 - "Investments in Associates and Joint Ventures"

vi) Under the equity method of accounting, the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of investment is adjusted thereafter for post acquisition changes in the investor's share of net assets of the investee. The consolidated statement of profit and loss reflects the investor's share of the results of operations of the investee. Calculation of goodwill/ capital reserve as well as post acquisition changes has been made based on available information. Comprehensive information was not available.

c FUNCTIONAL AND PRESENTATION CURRENCY:

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All financial information is presented in Indian Rupees (₹) rounded to the nearest Lakhs, except share and Earning per share data, unless otherwise stated.

d FAIR VALUE MEASUREMENT

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

* In the principal market for the asset or liability, or
* In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

* Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
* Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
* Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e PROPERTY, PLANT AND EQUIPMENT ("PPE"):

(i) **Tangible Assets:**

Land has been recognized on the revaluation model envisaged in Ind AS 16. Revaluations are carried out at sufficient regularity. Other items of PPE are stated at the cost of acquisition less accumulated depreciation and write down for, impairment if any. Direct costs are capitalized until the assets are ready to be put to use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, which do not meet the definition of PPE as per Ind AS 16 are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of PPE and are recognized in the statement of profit and loss when the PPE is derecognized.

(ii) **Intangible assets:**

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets comprise computer software held for use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

In both cases, the company has opted for the exemption provided in Ind AS 101 by treating the book value of PPE (other than land which was revalued on April 01,2016) and intangible assets as on the transition date (April 01,2016) as the deemed cost of the relevant assets.

(iii) **Depreciation & Amortization:**

a. Depreciation on furniture and fixtures costing above ₹ 5,000/- provided at the residences of the employees has been charged at the rate of 33.33% on the straight-line method irrespective of the month of addition.

b. Depreciation on assets taken on finance lease is charged over the primary lease period.

c. Depreciation on PPE (other than Furniture and Fixtures provided to employees and assets taken on finance lease) bought/sold during the year is charged on straight line method as per the useful life in Schedule II of Companies Act 2013 on a monthly basis, depending upon the month of the financial year in which the assets are installed/sold.

d. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

f INVESTMENT PROPERTIES:

a. Investment properties are properties held for a currently undetermined future use and are valued at cost.

b. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the standalone statement of profit and loss in the period in which the property is derecognized.

g NON CURRENT ASSETS HELD FOR SALE:

Non Current Assets held for sale are stated at cost or estimated net realizable value, whichever is lower.

h INVENTORIES:

(i) Inventories does not include spare parts ,servicing equipment and stand by equipment which meet definition of PPE as per AS-10 (revised) .

(ii) Raw materials, stores, spare parts and components are valued at cost on weighted average basis or net realizable value whichever is lower.

(iii) Work in progress is valued at works cost or net realizable value whichever is lower.

(iv) Finished goods are valued at works cost or net realizable value whichever is lower.

(v) Material cost of work in progress and finished goods are computed on weighted average basis.

i REVENUE RECOGNITION:

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

j EMPLOYEE BENEFITS:

(i) **Short term employee benefits:**

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognized on an undiscounted basis and charged to the statement of profit and loss.

(ii) **Post employment benefits:**

a. **Defined contribution plans:**

The Company has contributed to provident, pension and superannuation funds which are defined contribution plans. The contributions paid/ payable under the scheme are recognized during the year in which employee renders the related service.

b. **Defined benefit plans:**

Employees' gratuity is defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the other comprehensive income. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms that matches to the defined benefit obligation. Gratuity to employees is covered under Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.

c. Compensated Absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the statement of profit and loss in the year in which they arise.

k FOREIGN CURRENCY TRANSACTIONS:

(i) Foreign currency transactions are translated into rupees at the exchange rate prevailing on the date of the transaction / rates that approximate the actual rates as at that date.

(ii) Monetary foreign currency assets and liabilities outstanding as at the year-end are restated at the exchange rates prevailing as at the close of the financial year. All exchange differences are accounted for in the statement of profit and loss.

(iii) Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.

(iv) Branches are considered as integral foreign operations and have been translated at rates prevailing on the date of transaction/rate that approximates the actual rate as at that date. Branch monetary assets and liabilities outstanding as at year end are restated at the year end rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

l TAXATION:

Income tax expense is the sum of current tax and deferred tax.

Current tax:

The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss due to the effect of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

m BORROWING COSTS:

Interest and other borrowing costs on specific borrowings relatable to qualifying assets are capitalized up to the date such assets are ready for use / intended to use. Other interest and borrowing costs are charged to the statement of profit and loss.

n LEASES:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are

incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

o PROVISIONS AND CONTINGENT LIABILITIES:

i) A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

ii) Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

iii) Provisions for warranty-related costs are recognized when the service provided to the customer. Initial recognition is based on historical experience and the present value of the future estimated obligation. The initial estimate of warranty-related costs is revised annually. The annual rewinding of interest is recognized in the Statement of Profit and Loss.

ii) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p FINANCIAL INSTRUMENTS:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

(i) **Cash and Cash Equivalents:**

Cash and Cash Equivalents comprise cash and deposit with banks other than for term deposit earmarked for Bank Guarantee. The company considers all highly liquid investments including demand deposits with bank with an original maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(ii) **Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(iii) **Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

q IMPAIRMENT:

(i) **Financial Assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) **Other Equity Investments:**

All other equity instruments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

(iii) **Non Financial Assets:**

A non financial asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to statement of profit and loss, in the year in which an asset is identified as impaired.

r Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3. Property plant and equipment:

₹ in Lakhs

Tangible assets	Own Assets									Assets taken on Finance Lease		Total
Gross block	Land	Building	Plant and equipment	Tools & Jigs	Electrical installations	Motor vehicles	Office equipments	Furniture and fittings	Leasehold improvements	Land	Plant & Machinery	
Balance as at March 31, 2018	**30,071.55**	**5,116.66**	**15,085.52**	**1,696.61**	**156.21**	**435.80**	**214.63**	**686.97**	**313.35**	**4,089.17**	**-**	**57,866.47**
Additions	-	-	37.81	12.94	-	-	3.86	5.92	-	-	-	60.53
Disposals	6,895.73	158.57	74.23	1.97	-	23.41	6.86	21.03	-	-	-	7,181.80
Balance as at March 31, 2019	**23,175.82**	**4,958.09**	**15,049.10**	**1,707.58**	**156.21**	**412.39**	**211.63**	**671.86**	**313.35**	**4,089.17**	**-**	**50,745.20**
Additions		(0.67)	85.09	9.53	-	-	16.40	8.05			-	118.40
Disposals	-	-	25.71	-		-	11.52	14.05			-	51.28
Balance as at March 31, 2020	**23,175.82**	**4,957.42**	**15,108.48**	**1,717.11**	**156.21**	**412.39**	**216.51**	**665.86**	**313.35**	**4,089.17**	**-**	**50,812.32**
Accumulated depreciation												
Balance as at March 31, 2018	**-**	**2,181.12**	**13,323.93**	**1,170.33**	**145.12**	**321.64**	**185.73**	**602.45**	**106.63**	**-**	**-**	**18,036.95**
Depreciation charge for the year	-	152.51	433.10	87.57	8.98	21.37	11.10	41.02	10.47	-		766.12
Disposals	-	76.80	-	74.69	-	23.02	6.57	20.70	-	-		201.78
Balance as at March 31, 2019	**-**	**2,256.83**	**13,757.03**	**1,183.21**	**154.10**	**319.99**	**190.26**	**622.77**	**117.10**	**-**	**-**	**18,601.29**
Depreciation charge for the year		148.77	264.35	76.87	0.58	20.60	9.36	22.04	10.47	-		553.04
Disposals		$ 0.61	15.44	-		-	7.72	12.31	-			36.08
Balance as at March 31, 2020	**-**	**2,404.99**	**14,005.94**	**1,260.08**	**154.68**	**340.59**	**191.90**	**632.50**	**127.57**	**-**	**-**	**19,118.25**
Net block												
Balance as at March 31, 2018	30,071.55	2,935.54	1,761.59	526.28	11.09	114.16	28.90	84.52	206.72	4,089.17	-	39,829.52
Balance as at March 31, 2019	23,175.82	2,701.26	1,292.07	524.37	2.11	92.40	21.37	49.09	196.25	4,089.17	-	32,143.91
Balance as at March 31, 2020	**23,175.82**	**2,552.43**	**1,102.54**	**457.03**	**1.53**	**71.80**	**24.61**	**33.36**	**185.78**	**4,089.17**	**-**	**31,694.07**

Additional information:

1) Land taken on lease from KIADB at cost aggregating to ₹ 68.70 lakhs. On expiry of lease periods, payment of balance considerations if any, and execution of sale deeds, the relevant title will pass to the Company.

2) Management has determined that there are no significant parts of assets whose useful life is different from that of the principal asset to which it relates to in terms of Note 4 Schedule II to the Companies Act, 2013. Accordingly, useful life of assets have been determined for the overall asset and not for its individual components.

3) As required by the AS-10 (Revised), the Company has opted to follow revaluation model in respect of freehold land and leasehold land and has revalued the entire class of land as at April 1, 2016 which is the effective date of the revaluation by approved independent valuers and accordingly crediting revaluation reserve by ₹ 31,510.24 lakhs. The method adopted and significant assumptions applied in estimating fair values/revalues of the said lands are based on the local market surveys and from market enquiries. The independent valuers have arrived at the fair values/revalues of those lands considering the rates fixed by the respective State Government, the municipal limits where the respective lands are situated, considering the proximity/connectivities to the towns/cities and availability of similar kind of properties as duly assessed in the active markets.

4) If the Company has valued its freehold & leasehold Land using Cost model the carrying amount would have been ₹ 985.09 lakhs as at March 31,2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
4 Capital work in progress:		
i) Plant and machinery	19.17	19.17
ii) Software	1.08	1.08
	20.25	**20.25**
5 Investment Property:		
i) Land	162.42	175.64
	162.42	**175.64**

6 Other Intangible Assets:

(₹ In Lakhs)

Gross block	Goodwill	Computer software	Techincal knowhow & product development	Total
Balance as at March 31, 2018	**423.46**	**586.35**	**1,087.21**	**2,097.02**
Additions	-	-	-	-
Balance as at March 31, 2019	**423.46**	**586.35**	**1,087.21**	**2,097.02**
Additions	-	0.15	1.30	1.45
Balance as at March 31, 2020	**423.46**	**586.50**	**1,088.51**	**2,098.47**
Accumulated amortisation:				
Balance as at March 31, 2018	423.46	574.99	565.37	**1,563.82**
Depreciation charge for the year	-	5.61	104.37	109.98
Balance as at March 31, 2019	423.46	580.60	669.74	1,673.80
Depreciation charge for the year	-	2.70	104.50	107.20
Balance as at March 31, 2020	**423.46**	**583.30**	**774.24**	**1,781.00**
Net block				
Balance as at March 31, 2018	-	11.36	521.84	533.20
Balance as at March 31, 2019	-	5.75	417.47	423.22
Balance as at March 31, 2020	**-**	**3.20**	**314.27**	**317.47**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 Non current investments:

Details of investments	Name of the Company	As at March 31, 2020			As at March 31, 2019		
		No of shares	Face value	₹ In Lakhs	No of shares	Face value	₹ In Lakhs
a) Investments in equity Instruments:							
i) Associates: (Trade)							
Fully paid up							
	Kirloskar (Malaysia) Sdn. Bhd. Kuala Lumpur, Malaysia	300,000	MR1	-	300,000	MR1	-
iii) Others							
Fully paid up							
	ICICI bank Limited (on merger of Sangli Bank Limited)	5,945	2	19.29	5,405	2	23.71
	The Mysore Kirloskar Limited(refer additional information 3 below)	770,750	10	-	770,750	10	-
	Kirloskar Proprietary Limited	26	100	26.11	26	100	24.08
	Kirsons Trading Pte.Limited	56,250	S $1	43.50	56,250	S $1	39.36
	Kirloskar Power Equipment Limited	340,000	10	44.88	340,000	10	36.96
b) Investments in debentures or bonds							
i) Others							
Fully paid up							
	The Mysore Kirloskar Ltd (refer additional information 3 below)	30,000	44	-	30,000	44	-
	Total			**133.78**			**124.11**

Additional Information:

1) Aggregate value of quoted investments:

Carrying Value	1.00	1.00
Market Value	19.29	23.71

2) Aggregate value of unquoted investments:

Carrying Value	114.49	100.40

3) Securities in The Mysore Kirloskar Limited have been written off.

4) Shares held in Kirloskar Propietary Limited, Kirloskar Trading Pte Limited and Kirloskar Power Equipment Limited (all unlisted) have been mark to market based on the net asset value of an equity share as at March 31,2020 and March 31,2019 as per their latest audited financial statements as of those dates. The differential amounts as on the date of transition has been recognized in opening reserves and changes thereafter have been recognized as other comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
8 Trade receivables:		
(unsecured and considered good)		
i) Long term trade receivables	535.08	546.54
	535.08	**546.54**
9 Other Financial Assets:		
i) Bank deposits with more than twelve months maturity	172.50	109.92
	172.50	**109.92**
10 Other non current assets:		
(unsecured and considered good, unless otherwise stated)		
i) Capital advances	865.23	861.04
ii) Security deposits	326.99	346.89
iii) Rent Deposit to related parties	100.00	100.00
iv) Deferred Income - Rental Deposit	47.90	62.15
v) Disputed statutory liabilities/ taxes paid	965.61	1,047.65
vi) Advance Income Tax (net of provision)	142.76	249.99
	2,448.49	**2,667.72**
Amounts due from a private company in which a director of the Company is a director included in (iii) above	100.00	100.00
11 Inventories:		
i) Raw materials	1,042.60	733.28
ii) Work in progress	3,254.28	3,236.19
iii) Finished goods	584.22	371.14
iv) Stores and spares	124.96	385.96
v) Others (scrap stock)	5.45	7.17
Goods in transit:		
i) Raw materials	3.99	3.40
ii) Finished goods	-	-
	5,015.50	**4,737.14**
Less: Provision for non-moving stocks	115.94	55.94
	4,899.56	**4,681.20**
12 Trade receivables:		
i) Trade receivables exceeding six months	2,636.08	2,636.08
ii) others	6,996.24	6,208.56
	9,632.32	**8,844.64**
Less: Allowance for doubtful receivables	4,165.96	4,587.57
	5,466.36	**4,257.07**
1) Amounts due by private companies in which directors of the Company are directors	7.07	5.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
13 a) Cash and Cash Equivalents:		
i) Balances with banks		
- in other accounts	587.46	956.42
ii) Cash on hand	23.54	5.12
	611.00	**961.54**
b) Other bank balances:		
i) Balances with banks		
- in short term deposits	126.12	108.28
- in margin money, security for borrowings, guarantees and other commitments	1,186.05	492.84
	1,312.17	**601.12**
14 Other Current assets:		
(unsecured and considered good, unless otherwise stated)		
i) Loans and advances to related parties (Refer Note 37(8))	101.32	110.42
ii) Advance paid to Suppliers and others	1,125.70	1,160.36
	1,227.02	**1,270.78**
Less: Allowance for doubtful advances for advance paid to suppliers and others	425.68	425.68
	801.34	**845.10**
iii) Balance with VAT & GST Authorities	47.77	137.48
	47.77	**137.48**
Total	**849.11**	**982.58**
Additional information:		
1) Breakup of above:		
i) Secured, considered good		
ii) Unsecured, considered good	801.34	845.10
ii) Doubtful	425.68	425.68
Total	**1,227.02**	**1,270.78**
Less:		
Allowance for doubtful advances for advance paid to suppliers and others	425.68	425.68
	801.34	**845.10**
2) Debts due by directors or other officers of the company		
a) Amounts due by private companies in which directors of the Company are directors	**101.32**	**110.42**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
15 Share capital:				
Authorized: (*)				
Preference Shares of ₹ 100/- each	3,000,000	3,000.00	3,000,000	3,000.00
Equity shares of ₹ 10/- each	85,000,000	8,500.00	85,000,000	8,500.00
		11,500.00		**11,500.00**
Equity shares of ₹ 10/- each				
At the beginning of the year	66,414,071	6,641.41	66,414,071	6,641.41
Issued during the year				
- by way of Conversion of Preference Shares	-	-	-	-
- by way of Qualified Institutional Placement**	-	-	-	-
At the close of the year	**66,414,071**	**6,641.41**	**66,414,071**	**6,641.41**
Total carried to Balance Sheet		**6,641.41**		**6,641.41**

Foot notes

1 Preference shares:

a. The Company had issued cumulative preference shares of ₹ 100/- each. The preference shareholders did not have voting rights.

b. ₹ 1,176,746 Preference shares (value ₹ 1,176.75 lakhs) were allotted pursuant to a contract without consideration being received in cash. These preference shareholders were allotted to preference share holders of Kaytee Switchgear Limited as fully paid up pursuant to the Scheme of arrangement approved by the Honorable High Court of Karnataka under section 391-394 of the Companies Act, 1956 without payment being received in cash.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Preference shares converted to equity shares during the five years immediately preceding the date of the balance sheet	1,595,890	1,595.89	1,595,890	1,595.89

c. During the financial year 2014-15 Company issued and allotted 1,595,890 (Fifteen lakh ninety five thousand eight hundred and ninety) Compulsory Convertible Preference Shares ("CCPS") of ₹ 100/-(Rupees one hundred), to Mr. Vijay Ravindra Kirloskar (Promoter) by way of private placement for a tenor not exceeding 18 months which carried a preferential cumulative dividend of 0.1% (zero point one per cent) per annum, payable till the date of conversion into equity shares. 7,77,485 Preference shares were converted into 25,54,156 equity shares of face value of ₹ 10/- each issued at premium of ₹ 20.44 (Rupees twenty and forty four paise) as per the first tranche on February 11, 2016 and 8,18,405 Preference shares were converted into 26,88,583 equity shares of face value of ₹ 10/- each issued at a premium of ₹20.44 (Rupees twenty and forty four paise) as per the second tranche on September 26, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 Equity shares:

a. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

b. **Equity Shares of ₹ 10/- each includes:**

	Particulars	As at March 31, 2020		As at March 31, 2019	
		Number	₹ in Lakhs	Number	₹ in Lakhs
(i)	Equity shares include Shares allotted pursuant to a contract without consideration being received in cash. These shares were issued to shareholders of Kaytee Switchgear Limited and Kirloskar Power Equipment Limited as fully paid, pursuant to Scheme of arrangement approved by the Honorable High Court of Karnataka under sections 391 - 394 of the Companies Act, 1956. (Refer foot note 2.c. below).	17,252,550	1,725.26	17,252,550	1,725.26
(ii)	Shares allotted during the year 2007-08 to the promoters group in terms of order dated September 29, 2007 of the Honorable High Court of Karnataka read with scheme of arrangement dated February 13, 2003 under sections 391 to 394 of The Companies Act, 1956.	2,000,000	200.00	2,000,000	200.00
(iii)	Shares allotted during the year 2003 - 04 to IDBI on conversion of Preference Share Capital at face value as per the scheme of arrangement approved by honorable High Court of Karnataka.	6,000,000	600.00	6,000,000	600.00
(iv)	Shares allotted during the year 2014-15 to Vijay R Kirloskar at a premium of ₹ 20.44 per share	2,658,200	265.82	2,658,200	265.82
(v)	Shares allotted during the year 2015-16 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,554,156	255.42	2,554,156	255.42
(vi)	Shares allotted during the year 2016-17 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,688,583	268.86	2,688,583	268.86

c. During the previous year, the KECL Investment Trust sold 6,174,878 equity shares of ₹ 10/- each of the Company for which the Company was the sole beneficiary in terms of scheme of arrangement approved by the honorable High Court of Karnataka under section 391-394 of the Companies Act 1956 in an earlier year. The resultant profit of ₹ 2,155.32 lakhs (net of STT, service tax, exchange transaction charges, SEBI transaction fees and stamp duty charges) was considered as an extraordinary item in the financial year 2015-16.

d. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

	Particulars	As at March 31, 2020		As at March 31, 2019	
		Number	Percentage	Number	Percentage
(i)	Abhiman Trading Company Private Limited	5,217,063	7.86%	5,217,063	7.86%
(ii)	Vijayjyothi Investment & Agencies Private Limited	4,271,217	6.43%	4,271,217	6.43%
(iii)	Mr. Vijay Ravindra Kirloskar	11,890,618	17.90%	11,840,618	17.83%
(iv)	Vijaykirti Investments and Agencies Private Limited	3,064,094	4.61%	3,064,094	4.61%
(v)	Vijay Farms Private Limited	3,540,807	5.33%	3,540,807	5.33%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 Other Equity

₹ in Lakhs

Particulars	Capital redemption reserve	Capital reserve on consolidation	Capital reserve	Securities premium	Retained earnings	Reconstruction reserves	Total (A)	Other Comprehensive Income			Total(B)	Total Other equity
								Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
								Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee benefits		
	Rs.		Rs.	Rs.	Rs.			Rs.		Rs.		Rs.
Total comprehensive income as at March 31 2018	**2,401.75**	**54.78**	**18.06**	**4,410.84**	**(46,385.62)**	**641.67**	**(38,858.52)**	**60.18**	**30,610.46**	**81.48**	**30,752.12**	(8,106.40)
Add/(Less): Loss for the Year	-	-	-	-	(2,794.56)	-	(2,794.56)	6.27	-	-	6.27	(2,788.29)
Add/(Less): Ind AS adjustments	-	(30.91)	-	-	-	-	(30.91)	-	(6,895.48)	98.49	(6,796.99)	(6,827.90)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	(1.96)	1,953.35	(30.43)	1,920.96	1,920.96
Total comprehensive income as at March 31 2019	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(49,180.18)**	**641.67**	**(41,683.99)**	**64.49**	**25,668.33**	**149.54**	**25,882.36**	**(15,801.63)**
Add/(Less): Loss for the Year	-	-	-	-	4,531.71	-	4,531.71	9.67	-	-	9.67	4,541.38
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	(164.68)	(164.68)	(164.68)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	(2.69)	-	45.81	43.12	43.12
Transferred to Retained earnings *	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income as at March 31, 2020	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(44,648.47)**	**641.67**	**(37,152.28)**	**71.47**	**25,668.33**	**30.67**	**25,770.47**	**(11,381.81)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non- Current Liabilities		
17 Borrowings:		
1) Secured loans:		
a. Term loan from banks	1,885.05	3,559.42
b. Term loan from other than banks (Refer Note 37(22))	2,148.44	3,665.41
	4,033.49	**7,224.83**
2) Unsecured loans:		
a. Inter corporate deposits	450.00	-
	450.00	**-**
Total Borrowings (1+2)	**4,483.49**	**7,224.83**

Additional information:

1) Details of security for secured loans:

Working capital term loans and funded interest term loans from Lenders as specified in Master Restructuring Agreement ("MRA") are secured against a first pari passu charge by way of hypothecation of all book debts, receivables, stocks, inventories, operating cash flows, commissions, revenues of whatsoever nature and whatever arising (present & future) including Trust and Retention Account, a first pari passu charge by way of mortgage on all of the Company's immovable properties as set out in Schedule VI of MRA, a first pari passu charge by way of pledge of 24,886,143 fully paid equity shares of the Company held by the promoters as specified in MRA. These loans are guaranteed by the Executive Chairman of the Company.	2,569.95	3,349.55
Term loan from Axis Bank is secured against first pari passu charge on current assets of Kelbuzz Trading Private Limited ("KTPL") and Equitable Mortgage of immovable properties held in the name of KTPL and guaranteed by the Executive Chairman of the Company and Corporate guarantee of the Company. During the current year the said loan has been assigned to Asset Reconstruction Company (India) Limited ("ARCIL")	3,011.93	3,665.41
Term loan from consortium banks is secured against first pari passu charge on entire current assets of SLPKG Estate Holdings Private Limited ("SEHPL") and Equitable Mortgage of immovable properties held by SEHPL and guaranteed by the Executive Chairman of the Company and Corporate Guarantee of the Company.	-	1,169.32

2) Terms of repayment of term loans and others

From Bank:

i) Working Capital Term loans from consortium banks carry an interest of 11.5% (base rate of Bank of India plus 80 basis points) per annum and repayable in 96 equal monthly instalments commencing from April 30, 2016.	2,360.63	2,241.53
ii) Funded Interest Term loans from consortium banks carry an interest of 11.5% (base rate of Bank of India plus 80 basis points) per annum and repayable in 60 equal monthly instalments commencing from April 30, 2016.	209.32	1,108.02
iv) Loan taken by SEHPL is repayable with in 36 months from the date of disbursement and carries an interest of 11% p.a.	-	1,169.32

Other than Bank:

v) Loan taken from Axis bank has been assigned to Asset Reconstruction Company (India) Limited ("ARCIL"), Rate of interest and repayment term are under negotiations. Loan carry an interest rate of 12% p.a. payable monthly and 7% p.a. accrued monthly and payable in lumsum by June 30, 2021. (Refer Note 37(22) for details)	3,011.93	3,665.41

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
3) Unsecured Loans:		
a) Fixed deposits were taken for periods of 24 and 36 months with interest rates ranging from 12% to 13%.		
b) Fixed deposits include ₹ 40.60 lakhs (as at March 31, 2019 ₹ 52.30 lakhs) matured unclaimed deposits.		
c Inter corporate deposits are taken for periods of 3 years with interest rates averaging upto 14% per annum.		
4) Current and Non Current maturities of borrowings shown under Note 17		
1) **Secured loans:**		
a. Term loan from banks	2,569.95	4,518.87
Less: Current maturities shown under Note 23	684.90	959.45
	1,885.05	**3,559.42**
b. Term Loan from Other than Banks	3,011.93	3,665.41
(On Assignment of Axis Bank Loan to ARCIL)		
Less: Current maturities shown under Note 23	863.49	-
	2,148.44	**3,665.41**
	4,033.49	**7,224.83**
2) **Unsecured loans:**		
a. Fixed deposits and Inter corporate Deposits	49.60	52.30
Less: Current maturities shown under Note 23	40.60	52.30
	450.00	**-**
Total Borrowings (1+2)	**4,483.49**	**7,224.83**

5) **Delay in repayment of Borrowing (Current and Non Current) and Interest**

a) The Company has defaulted in repayment of following dues to the financials institution, banks and debenture holders during the year, which were not paid as at Balance Sheet date:

(₹ In Lakhs)

Lender's Name	As at March 31, 2020		Total	Period od Delay
	Principal	Interest		
State Bank of India	30.43	46.12	76.55	Less than 90 days
Bank of India	-	33.40	33.40	Less than 90 days
Corporation Bank	754.67	-	754.67	More than 365 days
Corporation Bank	-	28.01	28.01	Less than 90 days
ARCIL	40.00	38.00	78.00	Less than 90 days
Total	**825.10**	**145.53**	**970.63**	

b) The Company has defaulted in repayment of following dues to the financial institution, banks and debentures, which were paid on or before the Balance Sheet date:

Lender's Name	Principal	Interest	Total
Less than 365 days			
Nil	-	-	-
Total	**-**	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Non- Current Liabilities		
18 Other Financial Liabilities:		
Security deposits from suppliers and dealers	1,377.38	899.90
	1,377.38	**899.90**
19 Provisions:		
Provisions for employee defined benefit plans	2,374.13	1,961.90
	2,374.13	**1,961.90**
20 Deferred tax Liabilities (Net):		
i) Deferred tax liability:		
a) On account of depreciation on fixed assets (other than land)	845.68	1,052.70
b) On account of revaluation of land	1,009.32	1,052.44
Total	**1,855.00**	**2,105.14**
ii) Deferred tax asset:		
a) On account of timing differences in recognition of expenditure (restricted to Deferred Tax Liability)	845.68	1,052.70
Total	**845.68**	**1,052.70**
Net Deferred tax (liability)/asset	**1,009.32**	**1,052.44**
Current Liabilities		
21 Borrowings:		
1) Secured loans:		
a) Loans repayable on demand		
- from banks	5,441.06	7,278.00
	5,441.06	**7,278.00**
2) Unsecured loans:		
Other than banks:		
a) Inter corporate deposits	7,254.94	4,367.81
	7,254.94	**4,367.81**
Total	**12,696.00**	**11,645.81**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
1) Details of security for secured loans:		
a) Working capital loans from Lenders as specified in Master Restructuring Agreement ("MRA") are secured against a first pari passu charge by way of hypothecation of all book debts, receivables, stocks, inventories, operating cash flows, commissions, revenues of whatsoever nature and whatever arising (present & future) including Trust and Retention Account, a first pari passu charge by way of mortgage on all of the Company's immovable properties as set out in Schedule VI of MRA, a first pari passu charge by way of pledge of 24,886,143 fully paid equity shares of the Company held by the promoters as specified in MRA. These loans carry an interest rate of 11% (base rate of Bank of India plus 80 basis points) per annum and also guaranteed by the Executive Chairman of the Company.	4,685.83	5,018.92
b) Loan from a bank is secured against the equitable mortgage of certain immovable property of the Company, equitable mortgage of immovable properties of SKG Terra Promenade Private Limited (SKG) and guaranteed by the Executive chairman of the Company. Further corporate guarantee is given by the said SKG in respect of those specified properties and the loan carries an interest of 13.85% per annum.	755.24	2,259.09

2) Details of security for Unsecured loans:

a) Fixed deposits were taken for a period of 12 months at interest rate of 12.45% .

b) Inter corporate deposits are taken for periods ranging between 90 to 360 days with interest rates averaging upto 15.75% per annum.

c) Fixed deposits include ₹ 40.60 Lakh (as at March 31, 2019: ₹ 52.30 lakhs) matured unclaimed deposits.

Current Liabilities

22 Trade payables:

a) **Total outstanding dues of micro and small enterprises**		
Trade payables *	800.12	2,427.14
	800.12	**2,427.14**
b) **Total outstanding dues of creditors other than micro and small enterprises**		
i) Trade payables	8,863.96	8,243.56
ii) Acceptances	2,875.96	1,395.12
	11,739.92	**9,638.68**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additional Information:

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

(₹ In Lakhs)

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Principal amount due and remaining unpaid	800.12	2,427.14
2	Interest due on (1) above and the unpaid interest	67.61	76.62
3	Interest paid on all delayed payments under the MSMED Act	Nil	Nil
4	Payment made beyond the appointed day during the year	178.36	3,440.73
5	Interest due and payable for the period of delay other than (3) above	Nil	Nill
6	Interest accrued and remaining unpaid	14.27	76.62
7	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	14.27	76.62

(₹ In Lakhs)

	Particulars	March 31, 2020	March 31, 2019
23	**Other financial liabilities**		
a)	Current maturities of fixed deposits	40.60	52.30
b)	Current maturities of secured loan from bank	1,548.39	7,717.63
c)	Interest accrued but not due on deposits	4,289.68	2,830.98
		5,878.67	**10,600.91**
24	**Provisions:**		
a)	Provision for short term compensated absences	17.03	17.03
b)	Provision for wage arrears	1,008.61	834.18
c)	Provision for warranty	313.43	299.82
d)	Provision for contingencies (refer Note 37(14))	1,468.66	1,406.47
		2,807.73	**2,557.50**
25	**Other current liabilities:**		
d)	Statutory liabilities	778.07	642.24
e)	Other liabilities	6,872.56	5,056.77
f)	Book overdraft-Bank	58.97	-
g)	Trade advances	2,481.88	3,142.36
		10,191.48	**8,841.37**

* Other Liabilities include ₹ 112.15 Lakhs (March 31, 2019: ₹115.96 Lakhs) payable towards Voluntary Retirement Scheme (VRS)

26	**Current Tax Liabilities (Net):**		
a)	Provision for tax (net of advance tax outside India)	0.42	0.56
		0.42	**0.56**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additional Information:

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

(₹ In Lakhs)

		Particulars	March 31, 2020	March 31, 2019
27		**Revenue from operations:**		
	i)	Sale of products		
		Motors, alternators and generators	19,411.02	19,238.57
		Transformers	10,452.39	8,151.92
		DG sets	517.13	929.32
		Others	782.24	845.59
		Total	**31,162.78**	**29,165.40**
	ii)	Sale of services	278.38	295.51
		Total Revenue	**31,441.16**	**29,460.91**
			31,441.16	**29,460.91**
28		**Other income:**		
	i)	Interest income on Bank Deposits and Others	64.28	58.47
	ii)	Interest and guarantee comission income from financial assets	137.05	129.27
	iii)	Dividend income from long term investments	0.07	0.10
	iv)	Profit on sale of fixed assets (net)	7,668.31	5,748.12
	v)	Provision no longer required and Unclaimed credit balance written back	510.65	244.59
	vi)	Rent received	3.33	3.60
	vii)	Miscellaneous income	124.27	33.30
			8,507.96	**6,217.45**
29		**Cost of materials consumed:**		
		Consumption of raw materials, components, stores and spare parts	21,435.06	21,460.08
			21,435.06	**21,460.08**
		Additional Information:		
	i)	Copper (Wires, strips, rods, sheets etc)	3,134.00	4,244.69
	ii)	Iron and steel (pigiron, rounds, plates, sheets , etc.,)	2,960.73	3,057.35
	iii)	Stores and spares	124.96	385.96
	iv)	Others	15,215.37	13,772.08
30		**Changes in inventories of finished goods, work in progress and stock in trade:**		
		Stocks at the end of the year:		
	i)	Work in progress		
		Motors, alternators and generators	2,006.54	2,359.86
		Transformers	920.85	605.52
		DG Sets	266.82	236.87
		Others	60.07	33.94
		Total	**3,254.28**	**3,236.19**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	March 31, 2020	March 31, 2019
	ii) Finished goods		
	Motors, alternators and generators	235.46	211.57
	Transformers	306.05	125.66
	DG sets	40.73	31.77
	Others	1.98	2.14
	Total	**584.22**	**371.14**
	iii) Scrap	5.45	7.17
		3,843.95	**3,614.50**
	Less: Stocks at the beginning of the year		
	i) Work in progress		
	Motors, alternators and generators	2,359.86	2,339.35
	Transformers	605.52	895.35
	DG sets	209.17	314.30
	Others	61.65	50.97
	Total	**3,236.20**	**3,599.97**
	ii) Finished goods		
	Motors, alternators and generators	211.57	371.18
	Transformers	125.66	163.54
	DG sets	31.77	30.19
	Others	2.14	7.90
	Tota	**371.14**	**572.81**
	iii) Scrap	7.17	8.59
		3,614.51	**4,181.37**
		(229.44)	**566.87**
31	**Employee benefit expenses:**		
	i) Salaries , wages and bonus	4,948.88	4,932.05
	ii) Contribution to provident and other funds	809.99	615.08
	iii) Staff welfare expenses	535.67	571.48
		6,294.54	**6,118.61**
32	**Finance costs:**		
	i) Interest expenses	4,123.00	4,775.67
	ii) Other borrowing costs	143.91	101.37
		4,266.91	**4,877.04**
33	**Depreciation and amortization expense**		
	i) Depreciation of tangible assets	553.04	766.12
	ii) Amortization of intangible assets	107.20	109.98
		660.24	**876.10**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars		March 31, 2020		March 31, 2019
34	**Other expenses:**				
i)	Power and fuel		598.04		648.44
ii)	Rent		132.25		161.32
iii)	Repairs to buildings		70.58		64.02
iv)	Repairs to machinery		86.71		76.00
v)	Repairs to others		437.84		292.85
vi)	Vehicle maintenance		34.80		18.07
vii)	Insurance		29.08		32.24
viii)	Rates and taxes		173.67		267.95
ix)	Payment to auditors				
	- as auditor (includes branch audit fees of 0.12, previous year 0.13)	17.77		18.23	
	- for taxation matters (includes 0.12, previous year 0.12 to branch auditor)	5.12		5.12	
	- for Certification work *	-	-		
	- for limited review	16.12		16.12	
		39.01		39.47	
x)	Selling expenses		685.73		735.46
xi)	Commission		31.81		5.72
xii)	Warranty claims		87.91		4.46
xiii)	Allowance for doubtful trade receivables		-		514.75
xiv)	Net (gain)/loss on foreign currency transaction and translation		3.93		70.96
xv)	Bad trade receivables written off	0.11		361.88	
	Less: Allowance for doubtful trade receivable withdrawn	421.61		258.73	
			(421.50)		103.15
xvi)	Donations to Relief fund		5.60	-	
xvii)	Legal and professional charges		547.02		376.39
xviii)	Travelling and conveyance		440.47		442.18
xix)	Printing and stationary		26.09		30.94
xx)	Postage, telegrams and telephones		53.10		72.02
xxi)	Directors sitting fees		10.35		9.30
xxii)	Loss on assets held for sale	-		309.21	
	Less: Provision for assets held for sale withdrawn	-	-	281.53	27.68
xxiii)	Provision for contingencies		62.19		33.84
xxiv)	Security Charges		278.74		307.83
xxv)	Contract Labour Charges		456.44		518.59
xxvi)	Miscellaneous expenses		102.37		66.68
			3,972.23		**4,920.31**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	March 31, 2020	March 31, 2019
35	**Details of items of exceptional items:**		
	i) Benefit from OTS of Axis Bank Loan Assignment to ARCIL	982.13	346.40
		982.13	**346.40**
36	**Earnings per share:**		
	(Basic and diluted)		
(a)	**Before exceptional item**		
	Profit for the year after tax expense	3,549.58	(3,140.91)
		3,549.58	**(3,140.91)**
	Weighted average number of equity shares	66,414,071	66,414,071
	Paid up value per share	10.00	10.00
	Loss per share (basic & diluted) (*)	**5.34**	**(4.73)**
(b)	**After exceptional item**		
	Profit for the year after tax expense	4,531.71	(2,794.51)
	Add: Preference dividend payable including dividend tax	-	-
		4,531.71	**(2,794.51)**
	Weighted average number of equity shares	66,414,071	66,414,071
	Paid up value per share	10.00	10.00
	Loss per share (basic & diluted) (*)	**6.82**	**(4.21)**

(*) Effect of potential equity shares is antidilutive

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars		As at March 31, 2020	As at March 31, 2019
37 Other notes to accounts:			
1 Contingent liabilities and commitments: (to the extent not provided for)			
a) Contingent liabilities:			
i)	Claims against the Company not acknowledged as debts	446.92	854.22
ii)	Guarantees	843.66	771.72
iii)	Bills discounted with Bank	173.74	577.59
iv)	Central excise and customs authorities have issued notices and raised certain demands, which are pending in appeal before various authorities, not acknowledged as debt by the Company.	-	6.85
v)	Sales tax demanded under appeal. The Company has paid an aggregate amount of ₹ **694.65** lakhs (as at March 31, 2016 ₹ **658.88** lakhs) against the demand which has been included in disputed statutory dues.	1,435.37	1,885.98
vi)	The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2017 against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.	527.06	527.06
vii)	Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	5.00	5.00
viii)	Sales tax liabilities in respect of pending assessments - C forms have not been received from several customers. Continuing efforts are being made to obtain them. Significant progress has been made in the matter as compared to the previous year.	Not Ascertainable	Not Ascertainable
xi)	Interest if any, on account of delays in payment to suppliers.	Not Ascertainable	Not Ascertainable
x)	Certain industrial disputes are pending before various judicial authorities – not acknowledged by the Company. Liability has been considered against those cases for which is ascertainable, some cases are pending for it is not possible to ascertain liability.	30.65	17.65
xi)	The Company had furnished a guarantee for the redemption of preference shares issued by Kirloskar Investment and Finance Ltd to an extent of ₹ 200 lakhs as at March 31, 2017 (as at March 31, 2016 ₹ 200 lakhs) and had obtained counter guarantee from the said Company. The preference shareholder has claimed a sum of ₹ 200 lakhs along with dividends in arrears of ₹ 205.60 lakhs and interest from the Company. This claim has been upheld by the Debt Recovery Tribunal (DRT). The Company has preferred an appeal before the Debt Recovery Appellate Tribunal(DRAT) to set aside the orders passed by the DRT. The Company has deposited during the previous year ₹ 102.80 lakhs with DRAT as directed by the Supreme Court of India and the matter stands re-posted for hearing. The Company does not acknowledge this liability.	405.60	405.60

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
xii) Corporate Guarantee given to its wholly owned subsidiary	342.49	5,370.12
xiii) Right to recompense to the lending banks subject to profitability and cash flows of the Company, approximate net present value of recompense as per Master Restructuring Agreement (MRA).	514.00	514.00

In respect of items above, future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums / settlement of matter. The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable. However as a matter of abundant caution the Company has recognized a provision for contingencies, to take care of any liabilities that may devolve, and included in **Note 37(14).**

b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	195.58	124.17

2 Additional Information:

a) Value of Imports calculated on CIF basis:

Raw Materials, Components and spare parts	2,319.87	2,912.19

b) Expenditure in foreign currency: (net of withholding tax)

i) Professional, consultancy and other fees	15.84	10.97
ii) Travel	52.04	19.65
iii) Other Expenses	6.73	-

c)

Sl No	Particulars	Amount	% to total	Amount	% to total
i)	Value of imported raw materials, spare parts and components consumed	2319.87	10.82%	2912.19	13.57%
ii)	Value of indigenous raw materials, spare parts and components consumed	19,115.19	89.18%	18,547.89	86.43%
		21,435.06	**100.00%**	**21,460.08**	**100.00%**

d) Details of non-resident shareholdings

i) Number of nonresident share holders	618	658
ii) Number of shares held by nonresident shareholders	1,101,833	1,045,543

e) Earnings in foreign exchange:

i) Export of goods calculated on FOB basis (net) (inclusive of sales within India eligible for export incentives)	2,234.22	1,153.59

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 The order of the honourable High Court of Karnataka according approval for the scheme of arrangement and amalgamation under sections 391 to 394 of the Companies Act, 1956 ("Scheme") was received in September 2008 with April 1, 2007 as the appointed date. This scheme of arrangement and amalgamation interalia involved transfer of the operating business of Kirloskar Power Equipment Limited ("KPEL") and amalgamation of Kaytee Switchgear Limited ("KSL") with the Company. The Scheme was registered with the Registrar of Companies on October 17, 2008. Decree in Form 42 of the Companies (Court) Rules, 1949 is yet to be passed by the honourable High Court of Karnataka.

4 "In March 2020, the WORLD HEALTH ORGANISATION declared COVID-19 to be a pandemic. Consequent to this the Government of India declared a National lockdown on March 25, 2020, which has impacted the business activities of the company. The company has assessed the impact that may result from this pandemic on its liquidity position, carrying amounts of receivables, inventories, tangible and intangible assets, investments and other assets/ liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of the pandemic, the company considered internal and external information available till the date of approval of these financial results and has assessed this situation. In that context and based on the current estimates, the company believes that COVID-19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID-19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at date of approval of these financial statements. The company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant period."

5 Confirmation of balances from customers, suppliers and service providers with whom the Company had transactions are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Adjustments will be made on completion of review/reconciliation. In the assessment of the management, effect on revenue if any, is not expected to be material.

6 The customers of the Company had deducted liquidated damages and other charges for delays in delivery of goods as compared to contractual obligations. The Company has made representations to such customers explaining reasons for delays as well as impress upon them that the same were caused by various factors including those not attributable to it and as such being beyond its control. The Company had made necessary provision on an overeall assessment of the likely loss where in its opinion waiver is not likely. The Company is confident that its representations will be accepted by customers and liquidated damages and other charges deducted will be waived. Impact, if any, on the financial statements is not expected to be material.

7 Certain mistakes noticed in the inventory records have been corrected to the extent identified based on physical inventory taken from time to time. The Company is in the process of identifying and analysing the differences adjusted/to be adjusted in the books of account on a comprehensive basis. The management has also formed a task force for liquidation of slow/ non moving inventories in respect of which provision for inventories has been estimated and made. Any further adjustments required to the financial statements if any, is not expected to be material.

8 Current assets, loans and advances include ₹ 101.32 Lakhs (as at March 31, 2019 ₹ 110.42 Lakhs) being rescheduled advances from certain companies in which certain key managerial personnel are interested. The Company is confident that these companies will fulfill their obligations and has considered these amounts as good of recovery.

9 During a previous year, the shareholders of the Company at the Annual General Meeting held on September 30, 2013 have approved an Employee Stock Option Scheme. However, the Company has not issued any options as at March 31, 2020 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

10 DISCLOSURES AS PER IND AS 19 "EMPLOYEE BENEFITS":

(a) **Defined Contribution Plan:**

Contribution to defined contribution plan are recognized as expense for the year are as under:

(₹ In Lakhs)

Particulars	March 31, 2020	March 31, 2019
Employer's contribution to provident & pension funds	301.60	290.10
Employer's contribution to superannuation fund	80.27	55.02

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Defined Benefit Plan:

The employees' gratuity fund scheme managed by a trust and leave encashment is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

(₹ In Lakhs)

	As at March 31, 2020		As at March 31, 2019	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
1 Reconciliation of opening and closing balances of defined benefit obligation:				
Defined Benefit obligation at beginning of the year	2,080.60	466.14	2,179.72	473.86
Current Service Cost (*)	91.63	39.28	92.11	51.89
Past Service Cost	-	-	-	-
Interest Cost	160.10	35.85	170.45	37.05
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	-	-
Actuarial (gain)/ loss	164.68	22.83	(98.48)	(4.41)
Benefits paid from funds	(163.52)	-	(261.83)	-
Benefits paid directly by employer	1.37	(68.83)	(1.37)	(92.25)
Defined Benefit obligation at end of the year	**2,334.86**	**495.27**	**2,080.60**	**466.14**
2 Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	350.30	218.86	574.89	203.03
Interest Income	26.94	16.83	44.96	15.87
Employer Contribution	(0.00)	(0.00)	4.00	-
Benefits paid from funds	(163.52)	-	(261.83)	-
Actuarial gain/(loss)	(9.05)	(1.40)	(11.72)	(0.04)
Fair value of plan assets at year end	**204.67**	**234.29**	**350.30**	**218.86**
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	204.67	234.29	350.30	218.86
Present value of obligation	2,334.86	495.27	2,080.60	466.14
Amount recognized in Balance Sheet under liabilities:	**2,130.19**	**260.98**	**1,730.30**	**247.28**
Expense recognized during the year: (under "Note 32" "Employee Benefit Expenses" in the Statement of Profit and Loss)	**Current Year**		**Previous Year**	
In Income Statement: Current Service Cost	91.63	39.28	92.11	51.89
Past Service Cost	-	-	-	-
Interest Cost	160.10	35.85	170.45	37.05
Actual return on plan assets	(26.94)	(16.83)	(44.96)	(15.87)
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	-	-
In Other Comprehensive Income:				
Actuarial (gain)/ loss	173.73	24.23	(86.76)	(4.37)
Net Cost	**398.52**	**82.53**	**130.84**	**68.70**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Actuarial assumptions:	As at March 31, 2020		As at March 31, 2019	
Mortality Table	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)
Discount rate (per annum)	6.83%	7.26%	7.69%	7.69%
Expected rate of return on plan assets (per annum)	6.83%	7.26%	7.69%	7.69%
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%

(*) Leave provision for current year includes provision for short term compensated absence as assessed by the actuary.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

3 Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for current and earlier periods of Gratuity (Funded):

(₹ In Lakhs)

	2019-20	2018-19	2017-18	2016-17	2015-16
Defined benefit obligation at the end of the period	2,334.86	(2,080.60)	(2,179.72)	(2,319.35)	(2,437.49)
Plan assets at end of the period	204.67	350.30	574.89	753.00	1,053.72
Unfunded amount	(2,130.18)	(1,730.30)	(1,604.83)	(1,566.35)	(1,383.77)
Experience Gain/ (loss) adjustments on plan liablities	(37.47)	113.32	80.92	100.36	(24.27)
Experience Gain/ (loss) adjustments on plan assets	(9.04)	(11.72)	(6.54)	(15.35)	(11.07)
Actuarial gain/ (loss) due to change in assumptions	(127.20)	(14.83)	67.71	(92.05)	11.67

(c) Sensitivity Analysis:

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, has been determined based on possible effect of changes of an assumption occurring at end of the reporting period , while holding all other assumptions constant.

(₹ In Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	80.34	(75..55)	59.18	(55.89)
Change in rate of salary increase (delta effect of +/- 0.5%)	(75.78)	79.82	(56.49)	59.29
Change in rate of plan assets (delta effect of +/- 0.5%)	1.20	(1.15)	(2.40)	2.27

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 SEGMENT REPORTING:

The Company has identified the reportable segments as Power generation and distribution, Rotating machine group and others taking into account the nature of products and services, the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.

(₹ In Lakhs)

Sl No.	Particulars	Primary Segment			Total
		Power generation and distribution	Rotating machines group	Others	
1	**Segment Revenues**				
	External Revenues	**11,064.15** 9,377.74	**19,412.06** 19,260.40	**964.95** 822.77	**31,441.16** 29,460.91
	Intersegment revenues	**10.73** 36.34	**330.91** 256.60	**0.90** 0.00	**342.54** 292.94
	Total Revenues	**11,074.88** 9,414.08	**19,742.97** 19,517.00	**965.85** 822.77	**31,783.70** 29,753.85
2	**Segment Results**: Profit/ (loss) before depreciation, interest and taxation	868.00 (669.42)	1,274.00 (588.26)	301.00 313.08	**2,443.00** (944.60)
	Less: Interest				**4,266.91** 4,877.04
	Less: Depreciation and amortizations				**660.24** 876.10
3	Unallocable Expenditure				**1,492.10** 2,313.62
4	Unallocable and Other Income (including Extraordinary items)				**8,507.96** 6,217.45
5	Less: Tax expense				**0.00** 0.31
	Total Profit / (Loss)				**4,531.71** (2,794.22)
	Segment Assets	9,199.00	24,962.00	7,550.00	**41,711.00**
		8,393.00	25,573.00	7,037.00	41,003.00
7	**Unallocable Assets**				**6,691.87** 6,691.87
8	**Segment Liabilities**	8,289.00	12,875.00	780.00	**21,944.00**
		7,829.00	13,214.00	798.00	21,841.00
9	**Unallocable Liabilities**				**35,010.00** 35,010.00
10	**Capital Expenditure**	**910.00**	**12,087.00**	**6,770.00**	**19,767.00**
		564.00	12,360.00	6,239.00	19,163.00
11	**Unallocated capital expenditure**				**(28,319.13)** (28,319.13)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 RELATED PARTY TRANSACTIONS:

(a) Name of related parties and description of relationship where controls exists:

Sl. No.	Name of the Related Party	Relationship
1	Mr. Vijay R Kirloskar Mrs. Meena Kirloskar Mr. Anand B Hunnur (upto May 31, 2019) Mr. Sanjeev Kumar S (from August 10,2017) Ms. K S Swapna Latha (from February 12,2018)	Key Management Personnel and their relatives (“KMP”)
2	Kirloskar (Malaysia) Sdn. Bhd	Associates
3	Transport Corporation of India Maini Material Movement Private Limited	Enterprises which are related parties as per section 2(76) of the Companies Act, 2013. (“Others-A”)
4	Kirloskar Batteries Private Limited Kirloskar Power Equipment Limited Ravindu Motors Private Limited Vijay Farms Private Limited Sri Vijaydurga Investments and Agencies Private Limited Vijayjyothi Investment and Agencies Private Limited Abhiman Trading Company Private Limited	Enterprises over which key management personnel and their relatives are able to exercise significant influence (“Others-B”)

(b) Transactions with the related parties

(₹ In Lakhs)

Particulars	Relationship	Current Year	Previous Year
Purchase of goods and services:			
Vijay Farms Private Limited	Others-B	37.51	28.73
Sri Vijayadurga Investments and Agencies Private Limited		103.39	106.90
Abhiman Trading Company Private Limited		33.43	48.40
Transport Corporation of India	Others-A	150.31	230.45
Sale of goods and services:			
Kirloskar (Malaysia) Sdn. Bhd	Associates	115.93	275.85
Ravindu Motors Private Limited	Others-B	-	9.32
Maini materails movement private limited	Others-A	-	1.34
Rent paid		-	
Vijayjyothi Investments and Agencies Private Limited		78.00	78.00
Remuneration paid:			
Vijay R Kirloskar*	KMP		
Short term employee benefits		190.68	190.68
Anand B Hunnur*			
Short term employee benefits		16.68	68.80
K S Swapna Latha*			
Short term employee benefits		28.78	25.48
Sanjeev Kumar S*			
Short term employee benefits		28.48	24.90
Meena Kirloskar (Sitting fees)		1.50	0.45

Post employment benefit Amount not ascertained since accrued gratuity and compensated absence liability has been recognized for the Company as a whole.

Key managerial personnel are provided free use of company car and communication facilities. These are in addition to remuneration furnished above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Outstanding balances at the end of the year: (₹ In Lakhs)

Particulars	Relationship	As at March 31, 2020	As at March 31, 2019
Amount due to Company:			
Kirloskar (Malaysia) Sdn. Bhd	Associate	18.29	42.57
Kirloskar Power Equipment Limited	Others A & B	0.18	0.18
Vijay Farms Private Limited		97.42	98.86
Vijayjyothi Investments and Agencies Private Limited		44.34	11.56
Ravindu Motors Private Limited		-	2.22
Maini Materials Movement Pvt Ltd.,		3.29	3.29
Abhiman Trading Company Private Limited		3.89	11.07
Amount due from Company:			
Transport Corporation of India	Others-A	58.77	82.94
Kirloskar Batteries Private Limited	Others-B	11.75	9.33
Ravindu Motors Private Limited		6.78	17.94
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:	KMP		
Vijay R Kirloskar		10,680.45	16,850.34

KEC North America Inc has been dissolved. The investments in and dues from the said company have not been written off, pending receipt of approvals from Reserve Bank of India. However, full provision has been made for the same. Since the said company has been dissolved, the same has not been considered for related party disclosures.

13 OPERATING LEASE (Ind AS 17):

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are ₹ 132.25 Lakhs (Previous Year ₹ 161.32 Lakhs).

14 The Company has made provisions towards wage arrears, warranty claims from the customers towards sales, short term compensated absences and contingencies. Details of the same are as under:

(₹ In Lakhs)

Sl. No.	Particluars		Provision for Contingencies	Wage Arrears	Short Term Compensated Absences	Warranty Claims
1	Balance outstanding as at:	1-Apr-19	1,406.47	834.18	17.03	299.82
		1-Apr-18	1,372.63	701.42	17.03	359.96
2	Provision for the year (net)	31-Mar-20	62.19	174.43	-	13.61
		31-Mar-19	33.84	132.76	-	(60.14)
3	Balance outstanding as at:	31-Mar-20	1,468.66	1,008.61	17.03	313.43
		31-Mar-19	1,406.47	834.18	17.03	299.82

Foot Note:

Provision in respect of wage settlement has been made on estimated basis and differences if any will be accounted on final settlement. Further as a matter of abundant caution an estimated provision as been made for contingencies as held in respect of ongoing litigations as detailed in note 24 and certain probable liability including in respect of customers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15 Financial risk management objectives and policies:

The entity's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations to support its operations. The entity's principal financial assets include trade and other receivables, rental and bank deposits and cash and cash equivalents that are derived directly from its operations.

The entity is exposed to market risk/credit and liquidity risks. The entity's senior management oversee the management of these risks. The board reviews their activities. No significant derivative activities have been undertaken so far.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the positions as at March 31,2019 March 31, 2018

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumption has been made in calculating sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31,2020 , March 31, 2019 and March 31, 2018 including the effect of hedge accounting.

i. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the some of the vendor payments and customer receivables.

The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on March 31, 2020 are as under:

Particulars	As at March 31, 2020		As at March 31, 2019	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	USD 632,033	609.98	USD 221,667	283.79
	EUR 167,344		EUR 167,344	
Liabilities (Payables)	USD 1,856,895	2,479.61	USD 2,616,527	2,058.32
	EUR 274,801		EUR 298,852	
	MYR 28,491		MYR 27,550	
	GBP 4,291.74		GBP 0.00	
	SGD 1,623,468		SGD 0.00	

Foreign currency sensitivity:

Every 1% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities for the years ended March 31, 2020 and March 31, 2019 would decrease the Company's loss and increase the Company's equity by approximately ₹ 18.70 Lakhs and ₹ 17.74 Lakhs respectively . A 1% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 Fair Value Measurement (Ind AS 113):

The Financial Instruments of the Company are initially recorded at fair value and subsequently measured at amortized cost based on the nature and timing of the cash flows.

The below table summarises particulars of Financial Instruments used:

(₹ In Lakhs)

Particulars	Note	31-Mar-20	31-Mar-19
Financial Assets at amortized cost:			
Investments	7	133.78	124.11
Trade Receivables	8 & 12	6,001.44	4,803.61
Other Financial Assets	9	172.50	109.92
Cash & cash equivalents	13	611.00	961.54
Other Bank Balances	13	1,312.17	601.12
Total Financial Assets		**8,230.89**	**6,600.30**
Financial Liabilities at amortized cost:			
Borrowings	17 & 21	17,179.49	18,870.64
Other Financial Liabilities	18	1,377.38	899.90
Trade Payables	22	12,540.04	12,065.82
Total Financial Liabilities		**31,096.91**	**31,836.36**

The Company has not classified any Financial Asset or Liabilities as measured at Fair value through Profit and Loss (FVTPL) or measured at Fair Value through Other Comprehensive Income (FVTOCI).

Fair value of shares held by the Company in ICICI Bank Limited as at the three reporting dates have been computed based on its value traded in an active market and constitutes Level 1 in the fair value hierarchy as set out in Ind AS 113. Shares held by the Company in other entities which are unlisted and not traded in an active market have been valued based on their net asset value per share as per their latest available audited financial statements with the company. The increase/ decrease is recognized in other comprehensive income as at March 31,2019 and March 31,2020 on this count is estimated at ₹ 6.27 Lakhs and ₹ 9.67 Lakhs respectively.

The Fair Value of the above financial assets and liabilities are measured at amortized cost which is considered to be approximate to their fair values.

17 As reported in earlier years Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW), a step down subsidiary of the Company, incurred substantial losses , thereby eroding its net worth and consequent to the actions of local directors of LDW, insolvency administrator was appointed by the court in Germany during the preceding year. The Company has been given to understand that a South Korean company acquired all significant assets, patents, estates, orders and employees of LDW. However, relevant details of the consideration for this transfer and all other relevant information are not available with the Company, in spite of its best efforts. The Company has already filed its claim for an approximate value of Euro 3.52 million in respect of outstanding towards supplies made to LDW including dues of Kirsons B V (immediate holding company of LDW). The Company has also appointed a local legal counsel to represent its interest and has filed certain claims. The legal proceedings are in progress in Germany. However the Company does not expect any material impact on the financial statements due to the same.

18 a. Except one, all other wholly owned subsidiaries of the Company have incurred losses during the year and a part/ whole of their net worth have been eroded. However having regard to the estimated fair value of the assets which these Companies hold, the diminution in value has been considered as temporary and consequently no provision is required to be recognised in the financial statements.

b. Further Investments in Kirsons B V the step down subsidiary has been valued independently which confirms that the fair value of the investment is not materially lower than the carrying amount. According to the management , business activities in Kirsons B V have started and the said step down subsidiary will have regular income thereon. Under these circumstances, the Board of Directors represent that there is no permanent dimunution to the value of investment in Luxquisite Parkland Private Limited and consequently no provision is required to be recognised in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19 The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at March 31, 2020 consisting of the Company, its subsidiaries and its associate is eroded. There were certain overdues in respect of banks and creditors. The Company and its components have initiated several measures like active steps being taken for disposal of non-core assets, arrangement under JLF mechanism for restructuring of dues to banks, sanction of further non-fund based limits by banks, infusion of capital by the promoters, rationalization of operations, introduction of value added products, push for sales, optimization in product mix and enhanced contribution, capital raising plans etc. The Company is in advanced stage of negotiation for funding arrangements with various parties which will improve the performance in forthcoming periods. The Company is confident that this funding arrangement will have a positive impact on the net worth of the Company. Accordingly, your directors have prepared these financial results of the Company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

20 The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2017 against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.

21 The Company during an earlier year restructured its loans under Joint Lenders Forum mechanism (“JLF”). As per the JLF, interest on cash credit accounts for the period October 2014 to September 2015 and on working capital demand loan from October 2014 to March 2016 were converted into Funded Interest Term Loan. Consequently the joint deed and other documentation was duly completed as permitted in the extant guidelines of the JLF mechanism. A Master Restructuring Agreement (“MRA”) has been entered by the Company and its Lenders, Bank of India being the lead bank on June 30, 2015. In pursuance of the MRA the Company has executed other supplementary agreements including Trust and Retention Agreement (“TRA”). The agreements contain various terms and conditions in respect of the facilities sanctioned to the Company including setting up and reporting to the Monitoring Committee. The lenders shall have the right to convert at its option the whole of the outstanding amount of the facilities and / or part thereof into fully paid up equity shares of the Company in the manner specified in the notice in writing to be given by the Lenders to the Company (“Notice of Conversion”) prior to the date on which the conversion is to take effect, which date shall be specified in the notice (“Date of Conversion”). The said shares shall rank parri-passu with the existing equity shares of the Company. Under the above circumstance, the Company believes based on legal advice / internal assessment that the outcome will be favorable, that losses are not probable and no provision is required to be recognized in this respect.

22 During the previous year, Company Bankers - Axis Bank had assigned its total debts due (excluding the Bank Guarantee Limits) in the Company and one of its subsidiary, Kelbuzz Trading Private Limited alongwith the underlying financial documents together with rights, benefits and obligations’ there under to Asset Reconstruction Company (India) Ltd (ARCIL). During the year, the Company has received the final Term Sheet based on which the necessary entries have been passed in the books of account and net benefit on account of such assignment has been shown under Exceptional Items of ₹ 471 Lakhs in Standalone and ₹ 982 in Consolidated Financial statements.

23 The Income Tax Act, 1961 contains provisions for determination of arm’s length price for international transactions between the Company and its associated enterprises. The regulations envisage taxation of transactions which are not in consonance with the arm’s length price so determined, maintenance of prescribed documents and information including furnishing of a report from an accountant before the due date for filing the return of income. For the year ended March 31, 2020, the Company is in the process of complying with the said regulations. Management believes that such transactions have been concluded on an arm’s length basis and there would be no additional tax liability for the financial year under consideration as a result of such transactions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 Previous year's figures have been regrouped wherever required in conformity with current year presentation. Figures in brackets relates to previous year.

25 Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary or associates:

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)
Parent				
Kirloskar Electric Company Limited	0.99	4,693.26	1.10	5,187.56
Subsidiaries				
Indian 1 Kelbuzz Trading Private Limited	(1.03)	(4,899.25)	(0.03)	(120.94)
2 SLPKG Estates Holdings Private Limited	(0.75)	(3,571.13)	(0.10)	(477.69)
3 Luxquisite Parkland Private Limited	(0.01)	(67.60)	(0.00)	(0.87)
4 SKG Terra Promenade Private Limited	(0.34)	(1,630.65)	0.01	42.59
5 Swaki Habitat Private Limited	0.00	-	0.00	-
6 Kesvik Developers Private Limited	0.00	-	0.00	-
Foreign				0.00
Kirsons B.V.	0.16	734.97	(0.02)	(102.94)
Minority Interest in all subsidiaries		4.00		4.00
Associates (Investments as per the equity method)				
Kirloskar (Malaysia) Sdn. Bhd.	0.00%	-	0.00%	-

To be read with our report of even date
For K N Prabhashankar & Co.
(formerly known as Ashok Kumar, Prabhashankar & Co.,)
Chartered Accountants
Firm Regn. No: 004982S

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: June 27, 2020

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Sanjeev Kumar S
Director Finance &
Chief Financial Officer
DIN: 08673340

Kamlesh Suresh Gandhi
Director
DIN: 00004969

K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary
Membership No. : 21341

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M/s. Kelbuzz Trading Private Limited

Report on the IND AS Financial Statements:

Opinion:

We have audited the accompanying standalone IND AS financial statements of M/s. Kelbuzz Trading Private Limited ("the Company"), which comprises of the Balance Sheet as at 31 March, 2020 and the Statement of Profit and loss, the Cash Flow Statement, the statement for Changes in Equity for the year then ended, and a summary of summary of significant accounting policies and other explanatory information annexed thereto.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone IndAS financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the company as at 31st March 2020, and its loss and its cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit of the IND AS financial statements in accordance with the Standards on Auditing specified u/s 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit or the Financial Statements section of our report. We are Independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics.

We believe that the audit evidence we have obtained have sufficient and appropriate to provide basis for our audit opinion on Standalone IND AS financial statements.

Key Audit Matters:

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of standalone financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone Financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How our audit addressed the Key audit matter
Carrying value of the Trade receivables transferred from Holding company outstanding for a period of more than two years.	Our audit procedures included but were not limited to the following: 1. Evaluating the reasonableness of the assumptions considered by the management in estimation of the realization value of the receivables. 2. Review of the disclosure made by the company in the financial statements in this regard.

Information other than the standalone financial statements and the auditors report thereon:

The company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the management discussion and analysis, Board's Report, Business responsibility report, Corporate Governance and Shareholders Information, but does not include the sandalone IND AS financial statements and our Auditors report thereon.

Our opinion on the standalone IND AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone IND AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone IND AS financial statements, our responsibility is to read the other information and in doing so, whether, the other information is materially inconsistent with the standalone IND AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we required to report the fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these stand alone financial statements that give a true and fair view of the financial position,

financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgements, and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

In prepaing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility:

Our objectives are to obtain reasonable assurance about whether the financial statements are as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted is in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone IND AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, mis-representation, or the override or internal control
2. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However future events or conditions may cause the company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone IND AS financial statements, including the disclosures, and whether the standalone IND AS financial statements represent the underlying transactions and event in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its operations to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the standalone financial statements of which we are the independent auditors. For the other entities included in the standalone financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements:

1. As required by the Companies (Auditor's Report) Order, 2016, ("The Order") issued by the Government of India, in terms of sub section (11) of section 143 of the Act. And on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure 1", a statement on the matters specified in the paragraphs 3 & 4 of the said order

2. As required under Section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statementand the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts.

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e) on the basis of written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified from being appointed as a Director in terms of Section 164(2) of the Act as on 31st March 2020; and

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2"; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, we do not offer any comment on the remuneration paid by the company to it is Directors as during the aforementioned period, no remuneration has been paid by the company to its Directors

   h) with respect to the other matters to be included in the auditor's report in accordancewith the Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanation given to us:

      i. The Company does not have pending litigations, which would impact its Ind AS financial statements

      ii. The company did not have any long term contracts and has not entered into any derivative contracts. Accordingly no provision is required to be recognized in the respect of material foreseeable losses under applicable laws or accounting standards.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

Annexure -1 to the Auditors' Report

Annexure referred to in paragraph 1 under theheading "Report on other legal and regulatory requirements" of our Report to the members of **Kelbuzz Trading Private Limited, Bangalore**

1) The company does not have any fixed assets during the period covered under audit, hence the clause 3(i) of the Order is not applicable

2) a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

   b) In our opinion and to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   c) The Company has maintained proper records of inventories.As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to thebook records.

3) The company has not granted any loans during the year to the Companies, firms or other parties listed in the register maintained under section 189 of the Act, the clause 3(iii) of the Order is not applicable.

4) In accordance to the information provided and explanations given to us, the company has not granted loan, made investment, provided any guarantee or security hence comments required under clause 3(iv) has not been made here.

5) The company has not accepted any deposits as applicable under the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other provisions of the Act, and the rules framed thereunder. Accordingly, the provisions of Clause 3(v) of the said order are not applicable.

6) To the best of our knowledge and explanations given to us, the Central Government has notprescribed the maintenance of cost records under clause (d) of sub section (1) of section 148 of the Act for the products of the company. Accordingly,provisions of clause 3(vi) of the said order are not applicable.

7) a) According to the records of the Company, the Company is generally regular in depositing the undisputed statutory dues applicable to it with the appropriate authorities. In terms of its books of accounts, no undisputed statutory dues payable in respect of provident fund, employees state insurance, income tax, wealth tax, GST, service tax, customs duty,excise duty, value added tax, cess, and any other undisputed statutory dues were outstanding, as at March 31, 2020 for a period of more than six months from the date they became payable.

   b) According to the records of the company and according to the information and explanations given to us, there were no dues outstanding on account of income tax, wealth tax, GST, service tax, sales tax, customs duty, excise duty and cess on account of dispute.

8) According to the records of the company and according to the information and explanations provided to us, the company has not defaulted in repayment of dues to the bank.

9) According to the records of the company and according to the information and explanations provided to us, the company has applied the proceeds of the term loans obtained by it for the purpose for which it was obtained.

10) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, we report that no material frauds on or by the company has been noticed or reported.

11) The company has not provided for or paid any managerial remuneration during the period covered under audit, hence the comments required under clause 3(xi) of the said Order are not been made here.

12) The company is not a Nidhicompany, Accordingly, clause 3(xii) of the said order is not applicable.

13) According to the records of the company and according to the information and explanations provided to us, the company has disclosed in the financial statements for the year ended March 31, 2020 matters required under section 188 of the Companies Act and as required under relevant Accounting standards.

14) According to the information and explanations give to us and based on our examination of the records of the Company, the issue of shares made by the company has been made against consideration other than cash, hence, comments on amount raised on issue of shares has not been made here.

15) According to the records of the company and according to the information and explanations provided to us, during the period covered under audit, the company has not entered into non cash transactions with Directors or persons connected with Directors.

16) The company is not required to be registered under section 45-IA of the RBI Act, of 1934, hence the clause 3(xvi) of the Order is not applicable.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

Annexure –2 to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kelbuzz Trading Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

KELBUZZ TRADING PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2020

(Amount in ₹)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Non-Current Assets			
(a) Other non current assets	3	306,621,306	667,112,665
Total Non Current Assets		**306,621,306**	**667,112,665**
Current Assets			
(a) Financial Assets			
(i) Cash and cash equivalents	4	182,526	182,490
(b) Other Current Assets	5	7,830	6,750
Total current assets		**190,356**	**189,240**
TOTAL ASSETS		**306,811,662**	**667,301,905**
II. EQUITY AND LIABILITIES			
Equity			
(a) Share Capital	6	70,200,000	70,200,000
(b) Other Equity	7	(489,924,939)	(477,830,714)
Total Equity		**(419,724,939)**	**(407,630,714)**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	8	34,248,984	420,079,663
Total non Current Liabilities		**34,248,984**	**420,079,663**
Current Liabilities			
(a) Other Current Liabilities	9	692,287,617	654,852,956
Total Current Liabilities		**692,287,617**	**654,852,956**
TOTAL EQUITY AND LIABILITIES		**306,811,662**	**667,301,905**
Significant accounting policies and notes attached form an integral part of the financial statements	1, 2, 15 to 19	-	-

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Kelbuzz Trading Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

K S Swapna Latha
Company Secretary
Membership No. : 21341

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

	Particulars	Note No.	Current Year	Previous Year
I	Other income	10	40,863,218	-
			40,863,218	**-**
II	**Expenses**			
	Finance costs	11	45,876,878	56,375,290
	Other expenses	12	58,160,228	174,982
	Total expenses		**104,037,106**	**56,550,272**
III	Exceptional Items	13	51,079,663	
IV	**(Loss) for the period**		**(12,094,225)**	**(56,550,272)**
V	**Earning per equity share:**	14		
	Basic & diluted		(1.73)	(8.07)
	Significant accounting policies and notes attached form an integral part of the financial statements	1, 2, 15 to 19		

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Kelbuzz Trading Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

K S Swapna Latha
Company Secretary
Membership No. : 21341

KELBUZZ TRADING PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

Particulars		Current Year		Previous Year
Cash flows from operating activities				
Proft before taxation		12,094,225		56,550,272
Adjustments for:				
Allowance for doubtful receivables	-		-	
Finance costs	45,876,878		56,375,290	
		45,876,878		56,375,290
		57,971,103		**112,925,562**
(Increase)/ decrease in other non current assets	360,491,359		5,277,609	
(Increase)/ decrease in current assets	(1,080)		1,489,508	
Increase/ (decrease) in other non current liabilities	(385,830,679)		(73,329,023)	
Increase/ (decrease) in other current liabilities	37,434,661		161,565,420	
		12,094,261		95,003,515
Net cash from operating activities		**70,065,364**		**207,929,077**
Cash flows from financing activities				
Proceeds from issue of share capital	-		29,645,000	
Finance costs	(45,876,878)		(56,375,290)	
Net cash from financing activities		**(45,876,878)**		**(26,730,290)**
Net increase/(decrease) in cash and cash equivalents		**24,188,486**		**181,198,787**
Cash and cash equivalents at beginning of the year		**182,490**		**551,095**
Cash and cash equivalents at end of the year		**182,526**		**182,490**

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Kelbuzz Trading Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

K S Swapna Latha
Company Secretary
Membership No. : 21341

KELBUZZ TRADING PRIVATE LIMITED

CHANGES IN EQUITY AS AT MARCH 31, 2020

(a) Equity Share Capital

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the Beginning of the year	**70,200,000**	**70,200,000**
Changes in equity share capital during the year		- -
Balance at the end of the year	**70,200,000**	**70,200,000**

(b) Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total Other equity
Total comprehensive income as at March 31, 2018	**(421,280,442)**	**(421,280,442)**
Add: Loss for the year	(56,550,272)	**(56,550,272)**
Total comprehensive income as at March 31, 2019	**(477,830,714)**	**(477,830,714)**
Add: Loss for the year	(12,094,225)	(12,094,225)
Total comprehensive income as at March 31, 2020	**(489,924,939)**	**(489,924,939)**

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Kelbuzz Trading Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

K S Swapna Latha
Company Secretary
Membership No. : 21341

NOTES TO FINANCIAL STATEMENTS

1 BACKGROUND:

Kelbuzz Trading Private Limited ("the Company") was incorporated on December 5, 2014 and is a subsidiary of Kirloskar Electric Company Limited. The Company has been formed as Special Purpose Vehicle ("SPV") as per the restructuring terms.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial accounts are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India, including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. All income and expenditure, having a material bearing on financial statements, are recognized on accrual basis.

2.2 USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2.3 ASSETS HELD FOR SALE:

Assets held for sale are stated at the cost or estimated net realizable value whichever is lower.

2.4 TAXES ON INCOME:

Provision for current tax for the year is after taking cognizance of excess / short provision in prior years. Deferred tax assets/liability is recognized, subject to consideration of prudence, on timing differences.

2.5 IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to profit and loss account, in the year in which an asset is identified as impaired.

2.6 PROVISIONS AND CONTINGENT LIABILITIES:

a. A provision is recognized when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

b. Financial effect of contingent liabilities is disclosed based on information available upto the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

KELBUZZ TRADING PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

(Amount in ₹)

	Particulars	As at March 31, 2020	As at March 31, 2019
3	**Other non current assets**		
(i)	Assets Held for Sale	59,098,982	411,027,630
(ii)	Other receivables	389,483,068	391,085,035
	Less:Provision doubtful receivables	(145,000,000)	(135,000,000)
		244,483,068	**256,085,035**
(iii)	Advance Income Tax (net of provision)	3,039,256	-
	Total	**306,621,306**	**667,112,665**
4	**Cash and cash equivalents:**		
	Balances with banks		
	- in other accounts	182,526	182,490
	Total	**182,526**	**182,490**
5	**Other Current Asset**		
	GST	7,830	6,750
	Total	**7,830**	**6,750**

6 Share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
Authorized:				
Equity shares of ₹ 10/- each	7,090,000	70,900,000	7,090,000	70,900,000
Preference shares of ₹ 10/- each	10,000	100,000	10,000	100,000
		71,000,000		**71,000,000**
Issued, subscribed and fully paid up:				
Preference shares of ₹ 10 /- each				
At the beginning of the reporting period	10,000	100,000	10,000	100,000
Issued during the reporting period	-	-	-	-
Redeemed during the reporting period	-	-	-	-
At the close of the reporting period	**10,000**	**100,000**	**10,000**	**100,000**
Equity shares of ₹ 10/- each				
At the beginning of the period	7,010,000	70,100,000	7,010,000	70,100,000
Issued during the reporting period	-	-	-	-
At the close of the period	**7,010,000**	**70,100,000**	**7,010,000**	**70,100,000**
Total		**70,200,000**		**70,200,000**

NOTES TO FINANCIAL STATEMENTS

Other Information:

1 Preference Shares:

a. The Company has issued non cumulative preference shares of ₹ 10/- each. The preference shareholders do not have voting rights.

b. Preference shares carry a dividend of 0.1%.

c. Preference shares shall be redeemed after 10 years from the date of allotment.

d.	Particulars of preference share holders holding more than 5% of the total number of preference share capital:	As at March 31, 2020		As at March 31, 2019	
		Number	Percentage	Number	Percentage
(i)	Best Trading Private Limited	10,000	100%	10,000	100%

2 Equity shares:

a. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

b.	Equity Shares of ₹ 10/- each includes:	As at March 31, 2020		As at March 31, 2019	
		Number	₹	Number	₹
(i)	Shares allotted pursuant to a contract withoutconsideration being received in cash. These shares were issued to Kirloskar Electric Company Limited as fully paid.	7,010,000	70,100,000	7,010,000	70,100,000

c.	Particulars of equity share holders holding more than 5% of the total number of equity	As at March 31, 2020		As at March 31, 2019	
		Number	Percentage	Number	Percentage
	Kirloskar Electric Company Limited (holding Company)	7,009,999	100%	7,009,999	100%

(7) Other Equity (Amount in ₹)

Particulars	Retained earnings	Total Other equity
Total comprehensive income as at March 31, 2018	(421,280,442)	(421,280,442)
Add: Loss for the year	(56,550,272)	(56,550,272)
Total comprehensive income as at March 31, 2019	**(477,830,714)**	**(477,830,714)**
Add: Loss for the year	(12,094,225)	(12,094,225)
Total comprehensive income as at March 31, 2020	**(489,924,939)**	**(489,924,939)**

KELBUZZ TRADING PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

(Amount in ₹)

	Particulars	As at March 31, 2020	As at March 31, 2019
8	**Borrowings:**		
	1) Secured loans:		
	b. Term loan from other than banks	34,248.984	420,079,663
		434,248.984	**420,079,663**

Additional Information:

1) Details of security for secured loans:

a. First charge on the entire current assets present and future including stocks, receivables etc.

b. Collateral security by way of Equitable Mortgage of property at Bhandarkar Road, Pune and at Belvadi Industrial Area, Mysore.

2) Terms of repayment of term loans and others

Loan is repayable on or before June 30, 2021.

3) Rate of Interest

Loan carrry an interest rate of 12% p.a payable monthly and 7% p.a accrued monthly and payable in lumpsum by June 30, 2021.

4) Loans guaranteed by directors or others:

Loan is guaranteed by the Holding Company and Mr. Vijay R Kirloskar

9	**Other Non-Current Liabilities:**		
	i) Interest accrued on borrowings	33,800,867	83,922,532
	i) Interest accrued and not due	89,000,000	-
	ii) Amount due to holding company	569,436,728	570,832,434
	iii) Other liabilities	50,022	97,990
		692,287,617	**654,852,956**

10	**Other Income:**		
	Provision no longer required written back	40,863,218	-
		40,863,218	**-**

NOTES TO FINANCIAL STATEMENTS

(Amount in ₹)

	Particulars	As at March 31, 2020	As at March 31, 2019
11	**Finance costs:**		
	Interest expenses	45,876,878	56,375,290
		45,876,878	**56,375,290**
12	**Other expenses:**		
	i) Rates and taxes	18,600	3,600
	ii) Payment to auditors - as auditor	15,000	15,000
	iii) Professional charges	28,000	31,450
	iv) Loss on sale of Asset held for sale	48,003,052	-
	v) Provision for doubtful trade receivables	10,000,000	-
	vi) Bank charges	(36)	4,400
	vii) Insurance expenses	18,612	46,542
	viii) Repair and Maintainence	77,000	73,990
		58,160,228	**174,982**
13	**Exceptional items**		
	OTS with Bank	51,079,663	-
		51,079,663	**-**

Exceptional Items income is arising on account of reduction in liabilty of Axis Bank on assigment of outstanding loan to Asset restructuring Company Limited (ARCIL).

14	**Earnings per share:**		
	(Basic and diluted)		
	Loss for the year after tax expense	(12,094,225)	(56,550,272)
	Weighted average number of equity shares	7,010,000	7,010,000
	Loss per share	(1.73)	(8.07)

15 SEGMENT REPORTING:

The Company is a SPV engaged in the realisation of fixed and current assets transferred from its holding company. Since the Company's business activity primarily falls within single business segment, no further disclosures required other than those given in the financial statements.

16 RELATED PARTY TRANSACTIONS:

(a) List of related parties:

Sl. No.	Name of the Related Party	Relationship
1	Kirloskar Electric Company Limited	Holding Company
2	Prakash Purushotham	Key Management Personnel and their relatives ("KMP")
3	Vikas Kumar Gandhi	
4	Ashok Misra	
5	K S Swapna Latha#	

#from 01-05-2019

KELBUZZ TRADING PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

(b) Transactions with related parties: (Amount in ₹)

Particulars	Relationship	Current Year	Previous Year
Reimbursement of expenses:			
Kirloskar Electric Company Limited	Holding Company	206,262	11,075,000

(c) Outstanding balances at the end of the year: (Amount in ₹)

Particulars	Relationship	As at March 31, 2020	As at March 31, 2019
Amount due from Company:			
Kirloskar Electric Company Limited	Holding Company	569,436,728	570,832,434

Guarantees given for the loans taken by the Company and outstanding at the end of the year by:

Kirloskar Electric Company Limited	Holding Company	34,248,984	420,079,663
Vijay R Kirloskar	KMP of Holding Company	34,248,984	420,079,663

17 a. In respect of aggregate trade receivables transferred from the holding company and outstanding as at March 31, 2020 for more than 2 years, net of provision, amounting to ₹ 244,483,068. (Previous year ₹ 256,085,035), the company has made an independent assessment of these debts and considered as good of recovery. Consequently, no provision is required at this stage.

b. The Company is taking active steps to dispose off the immoveable properties and current assets so taken over and pay the unpaid consideration to its holding company and repay the borrowings from bank/ other financial institution. Other expenses for the year ended March 31, 2020 includes the loss on sale of property of the Company situated at Belawadi Industrial Area at Mysore. Consequently, major part of the sale proceeds have been utilised towards the repayment of the financial dues.

c. Assignment of dues from non residents are subject to approval of Reserve Bank of India, if required.

18 In March 2020, the WORLD HEALTH ORGANISATION declared COVID-19 to be a pandemic.Consequent to this the Government of India declared a National lockdown on March 25, 2020. The company has assessed the impact that may result from this pandemic on its assets/ liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of the pandemic, the company considered internal and external information available till the date of approval of these financial results and has assessed this situation.In that context and based on the current estimates, the company believes that COVID-19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID-19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at date of approval of these financial statements. The company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant period.

19 Previous period/year figures have been regrouped wherever necessary to confirm with current period presentation.

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Kelbuzz Trading Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

K S Swapna Latha
Company Secretary
Membership No. : 21341

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M/s. Luxquisite Parkland Private Limited

Report on the IND AS Financial Statements:

Opinion:

We have audited the accompanying standalone IND AS financial statements of M/s.Luxquisite Parkland Private Limited("the Company"), which comprises of the Balance Sheet as at 31 March, 2020 and the Statement of Profit and loss, the Cash Flow Statement, the statement for Changes in Equity for the year then ended and a summary of summary of significant accounting policies and other explanatory informationannexed thereto.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the company as at 31st March 2020, and its loss and its cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit of the IND AS financial statements in accordance with the Standards on Auditing specified u/s 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit or the Financial Statements section of our report. We are Independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics.

We believe that the audit evidence we have obtained have sufficient and appropriate to provide basis for our audit opinion on Standalone IND AS financial statements.

Key Audit Matters:

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of standalone financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone Financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined that there are no Key Audit Matters to communicate in our report.

Information other than the standalone financial statements and the auditors report thereon:

The company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the management discussion and analysis, Board's Report, Business responsibility report, Corporate Governance and Shareholders Information, but does not include the sandalone IND AS financial statements and our Auditors report thereon.

Our opinion on the standalone IND AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone IND AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone IND AS financial statements, our responsibility is to read the other information and in doing so, whether, the other information is materially inconsistent with the standalone IND AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we required to report the fact. We have nothing to report in this regard.

Management's Responsibility for theInd AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these stand alone financial statements that give a true and fair view of the financial position,financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgements, and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of theInd AS financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

In prepaing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility:

Our objectives are to obtain reasonable assurance about whether the financial statements are as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted is in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone IND AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, mis-representation, or the override or internal control

2. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However future events or conditions may cause the company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the standalone IND AS financial statements, including the disclosures, and whether the standalone IND AS financial statements represent the underlying transactions and event in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its operations to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the standalone financial statements of which we are the independent auditors. For the other entities included in the standalone financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

   Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

   We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

   From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on other legal and regulatory requirements:

1. As required by the Companies (Auditor's Report) Order, 2016, ("The Order") issued by the Government of India, in terms of sub section (11) of section 143 of the Act. And on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 1, a statement on the matters specified in the paragraphs 3 & 4 of the said order

2. As required under Section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief werenecessary for the purpose of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;

   c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement, the statement for Changes in Equity dealt with by this report are in agreement with the books of accounts.

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e) on the basis of written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified from being appointed as a Director in terms of Section 164(2) of the Act as on 31st March 2020;

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2"; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, we do not offer any comment on the remuneration paid by the company to it is Directors as during the aforementioned period, no remuneration has been paid by the company to its Directors.

   h) with respect to the other matters to be included in the auditor's report in accordancewith the Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanation given to us:

      i. The Company does not have pending litigations, which would impact its Ind AS financial statements

      ii. The company did not have any long term contracts and has not entered into any derivative contracts. Accordingly no provision is required to be recognized in the respect of material foreseeable losses under applicable laws or accounting standards.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

Annexure -1 to the Auditors' Report

Annexure referred to in paragraph 1 under theheading "Report on other legal and regulatory requirements" of our Report to the members of **M/s. Luxquisite Parkland Private Limited, Bangalore**

1) The company does not have any fixed assets during the period covered under audit, hence the clause 3(i) of the Order is not applicable.

2) The company does not have any inventories during the period covered under audit, hence the clause 3(ii) of the Order is not applicable.

3) The company has not granted any loans during the year to the Companies, firms or other parties listed in the register maintained under section 189 of the Act, the clause 3(iii) of the Order is not applicable

4) In accordance to the information provided and explanations given to us,the company has generally complied with provisions of section 185 and 186 of the Act in respect of the investments of the company.

5) The company has not accepted any deposits as applicable under the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other provisions of the Act, and the rules framed thereunder. Accordingly, the provisions of Clause 3(v) of the said order are not applicable.

6) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 148 of the Act for the products of the company. Accordingly,provisions of clause 3(vi) of the said order are not applicable.

7) a) According to the records of the Company, the Company is generally regular in depositing the undisputed statutory dues applicable to it with the appropriate authorities. In terms of its books of accounts, no undisputed statutory dues payable in respect of provident fund, employees state insurance, income tax, wealth tax, service tax, customs duty, excise duty, value added tax, GST, cess, and any other undisputed statutory dues were outstanding, as at March 31, 2020 for a period of more than six months from the date they became payable.

   b) According to the records of the company and according to the information and explanations given to us, there were no dues outstanding on account of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, GST and cess on account of dispute.

8) In our opinion and according to the information and explanations given to us, the company has not taken any term loan, hence the clause 3(viii) of the Order is not applicable

9) According to the records of the company and according to the information and explanations provided to us, the company has not taken any term loan hence Clause No. 3(ix) of the said order is not applicable.

10) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, we report that no material frauds on or by the company has been noticed or reported.

11) The company has provided for or paid any managerial remuneration during the period covered under audit, hence the comments required under clause 3(xi) of the said Order are not been made here.

12) The company is not a Nidhicompany, Accordingly, clause 3(xii) of the said order is not applicable.

13) According to the records of the company and according to the information and explanations provided to us, the company has disclosed in the financial statements for the year ended March 31, 2020 matters required under section 188 of the Companies Act and as required under relevant Accounting standards.

14) According to the records of the company and according to the information and explanations provided to us, during the period covered under audit, the company has not issued any shares or debentures hence the comments required under clause 3(xiv) of the said Order are not been made here.

15) According to the records of the company and according to the information and explanations provided to us, during the period covered under audit, the company has not entered into non cash transactions with Directors or persons connected with Directors.

16) The company is not required to be registered under section 45-IA of the RBI Act, of 1934, hence the clause 3(xvi) of the Order is not applicable.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

Annexure –2 to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Luxquisite Parkland Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

LUXQUISITE PARKLAND PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2020

(Amount in ₹)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Non - current assets			
(a) Financial Assets			
(i) Investments	3	623,000,688	623,000,688
Total non current assets		**623,000,688**	**623,000,688**
Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	4	229,353	282,669
(b) Other Current assets	5	7,290	-
Total current assets		**236,643**	**282,669**
TOTAL ASSETS		**623,237,331**	**623,283,357**
II. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	6	606,500,000	606,500,000
(b) Other equity	7	(6,760,035)	(6,673,219)
Total Equity		**599,739,965**	**599,826,781**
Current liabilities			
(a) Other current liabilities	8	23,497,366	23,456,576
Total current liabilities		23,497,366	23,456,576
TOTAL EQUITY AND LIABILITY		**623,237,331**	**623,283,357**
Significant accounting policies and notes attached form an integral part of the financial statements	1,2, 10 to 13	-	-

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Luxquisite Parkland Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

Sanjeev Kumar S
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

	Particulars	Note No.	Current Year	Previous Year
I	**Expenses**			
	Other expenses	8	86,816	85,392
	Total expenses		**86,816**	**85,392**
II	Loss for the period		86,816	85,392
III	Earning per equity share:	10		
	Basic & diluted		-	-
	Significant accounting policies and notes attached form an integral part of the financial statements	1,2 10 to 13		

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Luxquisite Parkland Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

Sanjeev Kumar S
Chief Financial Officer

LUXQUISITE PARKLAND PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

Particulars	March 31, 2020		March 31, 2019	
Cash flows from operating activities				
Loss before taxation		(86,816)		(85,392)
Adjustments for:				
(Increase)/ decrease in other current assets	(7,290)			
Increase/ (decrease) in trade payables and other current liabilities	40,790		47,750	
		33,500		47,750
Net cash from operating activities		**(53,316)**		**(37,642)**
Cash flows from investing activities				
Purchase of investments	-		-	
Net cash from investing activities	-	-		-
Net increase/(decrease) in cash and cash equivalents		(53,316)		(37,642)
Cash and cash equivalents at beginning of the period		**282,669**		**320,311**
Cash and cash equivalents at end of the period		**229,353**		**282,669**

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Luxquisite Parkland Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

Sanjeev Kumar S
Chief Financial Officer

CHANGES IN EQUITY AS AT MARCH 31, 2020

(a) Equity Share Capital

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the Beginning of the year	**606,500,000**	**606,500,000**
Changes in equity share capital during the year	-	-
Balance at the end of the year	**606,500,000**	**606,500,000**

(b) Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total Other equity
Total comprehensive income as at March 31, 2018	(6,587,827)	(6,587,827)
Add: Loss for the year	(85,392)	(85,392)
Total comprehensive income as at March 31, 2019	**(6,673,219)**	**(6,673,219)**
Add: Loss for the year	(86,816)	(86,816)
Total comprehensive income as at March 31, 2020	**(6,760,035)**	**(6,760,035)**

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Luxquisite Parkland Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

Sanjeev Kumar S
Chief Financial Officer

LUXQUISITE PARKLAND PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

1 BACKGROUND:

Luxquisite Parkland Private Limited ("the Company") was incorporated on December 2, 2014 and is a subsidiary of Kirloskar Electric Company Limited. The Company has been formed as Special Purpose Vehicle ("SPV") as per the restructuring terms.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial accounts are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India, including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. All income and expenditure, having a material bearing on financial statements, are recognized on accrual basis.

2.2 USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2.3 TAXES ON INCOME:

Provision for current tax for the year is after taking cognizance of excess / short provision in prior years. Deferred tax assets/liability is recognized, subject to consideration of prudence, on timing differences.

2.4 IMPAIRMENT

(ii) **Investment in Subsidiaries and Associates:**

The Company has accounted for its investments in Subsidiaries at cost less impairment loss (if any).

2.5 PROVISIONS AND CONTINGENT LIABILITIES:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Financial effect of contingent liabilities is disclosed based on information available upto the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

2.6 FINANCIAL INSTRUMENTS:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

(i) **Cash and Cash Equivalents:**

Cash and Cash Equivalents comprise cash and deposit with banks other than for term deposit earmarked for Bank Guarantee. The company considers all highly liquid investments including demand deposits with bank with an original maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

3 Non current investments:

Details of Investments	Name of the Company	As at March 31, 2020			As at March 31, 2019		
		No of shares	Face value	Amount (₹)	No of shares	Face value	Amount (₹)
Investments in equity Instruments:							
Fully paid up	Kirsons BV	2,602	€100.00	623,000,688	2,602	€100.00	623,000,688
Total				**623,000,688**			**623,000,688**

Additional Information:

Aggregate value of unquoted investments:	**623,000,688**	**623,000,688**

4 Cash and cash equivalents:

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
i) Balances with banks		
- in other accounts	229,353	282,669
Total	**229,353**	**282,669**

5 Other Current Asset

Particulars	As at March 31, 2020	As at March 31, 2019
GST and IGST Receivable	7,290	
Total	**7,290**	**-**

6 Share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
a **Authorized:**				
Preference shares of ₹ 10/- each	10,000	100,000	10,000	100,000
Equity shares of ₹10/- each	60,990,000	609,900,000	60,990,000	609,900,000
		610,000,000		**610,000,000**
b **Issued, subscribed and fully paid up:**				
Preference shares of ₹ 10/- each				
At the beginning of the reporting period	10,000	100,000	10,000	100,000
Issued during the reporting period	-	-	-	-
At the close of the reporting period	**10,000**	**100,000**	**10,000**	**100,000**
c **Equity shares of ₹ 10/- each**				
At the beginning of the reporting period	60,640,000	606,400,000	60,640,000	606,400,000
Issued during the reporting period	-	-	-	-
Redeemed during the reporting period-	-	-	-	-
At the close of the reporting period	**60,640,000**	**606,400,000**	**60,640,000**	**606,400,000**
Total		**606,500,000**		**606,500,000**

LUXQUISITE PARKLAND PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

Other Information:

1 Preference Shares:

a. The Company has issued non cumulative preference shares of ₹ 10/- each. The preference shareholders do not have voting rights.

b. Preference shares carry a dividend of 0.1%.

c. Preference shares shall be redeemed after 10 years from the date of allotment.

d.	Particulars of equity share holders holding more than 5% of the total number of preference share capital:	As at March 31, 2020		As at March 31, 2019	
		Number	Percentage	Number	Percentage
(i)	Best Trading Private Limited	10,000	100%	10,000	100%

2 Equity shares:

a. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

b.	Particulars of equity share holders holding more than 5% of the total number of equity	As at March 31, 2020		As at March 31, 2019	
		Number	Percentage	Number	Percentage
	Kirloskar Electric Company Limited (holding Company)	60,639,999	100%	60,639,999	100%

7 Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total Other equity
Total comprehensive income as at March 31, 2018	(6,587,827)	(6,587,827)
Add: Profit for the year	(85,392)	(85,392)
Total comprehensive income as at March 31, 2019	**(6,673,219)**	**(6,673,219)**
Add: Profit for the year	(86,816)	(86,816)
Total comprehensive income as at March 31, 2020	**(6,760,035)**	**(6,760,035)**

(Amount in ₹)

	Particulars	As at March 31, 2020	As at March 31, 2019
8	**Other current liabilities:**		
	a) Amount due to holding company	23,453,096	23,398,226
	b) Other liabilities	44,270	58,350
		23,497,366	**23,456,576**

(Amount in ₹)

	Particulars	Current year	Previous year
9	**Other expenses:**		
	i) Rates and taxes	8,400	16,800
	ii) Payment to auditors - as auditor	15,000	15,000
	iii) Professional charges	55,100	15,950
	iv) Bank Charges	8,316	37,642
		86,816	**85,392**

NOTES TO FINANCIAL STATEMENTS

(Amount in ₹)

	Particulars	Current year	Previous year
10	**Earnings per share:**		
	(Basic and diluted)		
	After extraordinary item:		
	Loss for the year after tax expense	86,816	85,392
	Weighted average number of equity shares	60,640,000	60,640,000
	Loss per share	-	-

11 SEGMENT REPORTING:

The Company's business activity primarily falls within single business segment, no further disclosures required other than those given in the financial statements.

12 RELATED PARTY TRANSACTIONS:

(a) List of related parties:

Sl. No.	Name of the Related Party	Relationship
1	Kirloskar Electric Company Limited	Holding Company
2	Vikas Kumar Gandhi	Key Management Personnel and their relatives ("KMP")
3	Prakash Purushotham	
4	Anil Kumar Bhandari	
5	K S Swapna Latha #	
6	Sanjeev Kumar S*	
7	Deepanshu Singhi**	

 # up to 30-04-2019

* from 28-05-2019

** from 01-08-2019 upto 30-05-2020

(b) Transactions with related parties:

(Amount in ₹)

Particulars	Relationship	Current Year	Previous Period
Reimbrusement of expenses: Kirloskar Electric Company Limited	Holding Company	104,870	32,750

(c) Outstanding balances at the end of the year:

(Amount in ₹)

Particulars	Relationship	As at March 31, 2020	As at March 31, 2019
Amount due from Company: Kirloskar Electric Company Limited	Holding Company	23,453,096	23,398,226

LUXQUISITE PARKLAND PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

12 In March 2020, the WORLD HEALTH ORGANISATION declared COVID-19 to be a pandemic.Consequent to this the Government of India declared a National lockdown on March 25, 2020. The company has assessed the impact that may result from this pandemic on its assets/ liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of the pandemic, the company considered internal and external information available till the date of approval of these financial results and has assessed this situation.In that context and based on the current estimates, the company believes that COVID-19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID-19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at date of approval of these financial statements. The company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant period.

13 Previous years figures have been regrouped wherever required in conformity with current year presentation.

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of Luxquisite Parkland Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

Sanjeev Kumar S
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M/s. SLPKG Estate Holdings Private Limited

Report on the IND AS Financial Statements:

Opinion:

We have audited the accompanying standalone IND AS financial statements of M/s. SLPKG Estate Holdings Private Limited ("the Company"), which comprises of the Balance Sheet as at 31 March, 2020 and the Statement of Profit and loss, the Cash Flow Statement, the statement for Changes in Equity for the year then ended, and a summary of summary of significant accounting policies and other explanatory information annexed thereto.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone IndAS financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the company as at 31st March 2020, and its loss and its cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit of the IND AS financial statements in accordance with the Standards on Auditing specified u/s 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit or the Financial Statements section of our report. We are Independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics.

We believe that the audit evidence we have obtained have sufficient and appropriate to provide basis for our audit opinion on Standalone IND AS financial statements.

Key Audit Matters:

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of standalone financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone Financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How our audit addressed the Key audit matter
Carrying value of the Trade receivables transferred from Holding company outstanding for a period of more than two years.	Our audit procedures included but were not limited to the following: 1. Evaluating the reasonableness of the assumptions considered by the management in estimation of the realization value of the receivables. 2. Review of the disclosure made by the company in the financial statements in this regard.

Information other than the standalone financial statements and the auditors report thereon:

The company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the management discussion and analysis, Board's Report, Business responsibility report, Corporate Governance and Shareholders Information, but does not include the sandalone IND AS financial statements and our Auditors report thereon.

Our opinion on the standalone IND AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone IND AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone IND AS financial statements, our responsibility is to read the other information and in doing so, whether, the other information is materially inconsistent with the standalone IND AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we required to report the fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these stand alone financial statements that give a true and fair view of the financial position,

financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgements, and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

In prepaing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility:

Our objectives are to obtain reasonable assurance about whether the financial statements are as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted is in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone IND AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, mis-representation, or the override or internal control
2. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However future events or conditions may cause the company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone IND AS financial statements, including the disclosures, and whether the standalone IND AS financial statements represent the underlying transactions and event in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its operations to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the standalone financial statements of which we are the independent auditors. For the other entities included in the standalone financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

   Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

   We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

   We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements:

1. As required by the Companies (Auditor's Report) Order, 2016, ("The Order") issued by the Government of India, in terms of sub section (11) of section 143 of the Act. And on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure 1", a statement on the matters specified in the paragraphs 3 & 4 of the said order

2. As required under Section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statementand the Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts.

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e) on the basis of written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified from being appointed as a Director in terms of Section 164(2) of the Act as on 31st March 2020; and

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2"; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, we do not offer any comment on the remuneration paid by the company to it is Directors as during the aforementioned period, no remuneration has been paid by the company to its Directors

   h) with respect to the other matters to be included in the auditor's report in accordancewith the Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanation given to us:

      i. The Company does not have pending litigations, which would impact its Ind AS financial statements

      ii. The company did not have any long term contracts and has not entered into any derivative contracts. Accordingly no provision is required to be recognized in the respect of material foreseeable losses under applicable laws or accounting standards.

      iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

Annexure -1 to the Auditors' Report

Annexure referred to in paragraph 1 under theheading "Report on other legal and regulatory requirements" of our Report to the members of SLPKG Estate Holdings Private Limited, Bangalore

1) The company does not have any fixed assets during the period covered under audit, hence the clause 3(i) of the Order is not applicable

2) The company does not have any inventories during the period covered under audit, hence the clause 3(ii) of the Order is not applicable

3) The company has not granted any loans during the year to the Companies, firms or other parties listed in the register maintained under section 189 of the Act, the clause 3(iii) of the Order is not applicable

4) In accordance to the information provided and explanations given to us, the company has not granted loan, made investment, provided any guarantee or security hence comments required under clause 3(iv) has not been made here.

5) The company has not accepted any deposits as applicable under the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other provisions of the Act, and the rules framed thereunder. Accordingly, the provisions of Clause 3(v) of the said order are not applicable.

6) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 148 of the Act for the products of the company. Accordingly,provisions of clause 3(vi) of the said order are not applicable.

7) a) According to the records of the Company, the Company is generally regular in depositing the undisputed statutory dues applicable to it with the appropriate authorities. In terms of its books of accounts, no undisputed statutory dues payable in respect of provident fund, employees state insurance, income tax, wealth tax, service tax, customs duty, excise duty, value added tax, GST,cess, and any other undisputed statutory dues were outstanding, as at March 31, 2020 for a period of more than six months from the date they became payable.

   b) According to the records of the company and according to the information and explanations given to us, there were no dues outstanding on account of income tax, wealth tax, service tax, sales tax, GST, customs duty, excise duty and cess on account of dispute.

8) According to the records of the company and according to the information and explanations provided to us, the company has not defaulted in repayment of dues to the bank.

9) According to the records of the company and according to the information and explanations provided to us, the company has applied the proceeds of the term loans obtained by it for the purpose for which it was obtained.

10) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, we report that no material frauds on or by the company has been noticed or reported.

11) The company has not provided for or paid any managerial remuneration during the period covered under audit, hence the comments required under clause 3(xi) of the said Order are not been made here.

12) The company is not a Nidhicompany, Accordingly, clause 3(xii) of the said order is not applicable.

13) According to the records of the company and according to the information and explanations provided to us, the company has disclosed in the financial statements for the year ended March 31, 2018 matters required under section 188 of the Companies Act and as required under relevant Accounting standards.

14) According to the records of the company and according to the information and explanations provided to us, during the period covered under audit, the company has not issued any shares or debentures hence the comments required under clause 3(xiv) of the said Order are not been made here.

15) According to the records of the company and according to the information and explanations provided to us, during the period covered under audit, the company has not entered into non cash transactions with Directors or persons connected with Directors.

16) The company is not required to be registered under section 45-IA of the RBI Act, of 1934, hence the clause 3(xvi) of the Order is not applicable.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

Annexure –2 to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SLPKG Estate Holdings Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

BALANCE SHEET AS AT MARCH 31, 2020

(Amount in ₹)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Non - current assets			
(a) Other non current assets	3	104,412,133	431,755,557
Total Non Current Assets		**104,412,133**	**431,755,557**
Current assets			
Financial Assets			
(i) Cash and cash equivalents	4 (a)	745,591	932,852
(ii) Other Bank balances	4 (b)	79,000,000	-
(b) Other Current assets	5	307,344	5,454
Total current assets		**80,052,935**	**938,306**
TOTAL ASSETS		**184,465,068**	**432,693,863**
II. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	6	1,000,000	1,000,000
(b) Other Equity	7	(357,112,687)	(309,343,436)
Total Equity		**(356,112,687)**	**(308,343,436)**
Liabilities			
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	8	-	-
(b) Other Non Current Liabilities	9	440,073,436	518,897,458
Total non Current Liabilities		**440,073,436**	**518,897,458**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	10	87,300,000	87,300,000
(b) Other current liabilities	11	13,204,319	134,839,841
Total Current Liabilities		**100,504,319**	**222,139,841**
TOTAL EQUITY AND LIABILITIES		**184,465,068**	**432,693,863**
Significant accounting policies and notes attached form an integral part of the financial statements	1, 2, 17 to 19	-	-

In Accordance with our report attached

For and on behalf of the Board of Directors of SLPKG Estate Holdings Private Limited

For Ganesh Kamath Associates
Chartered Accountants

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

	Particulars	Note No.	Current Year	Previous Year
I	**Other income**	12	300,000	-
II	Expenses			
	Finance costs	13	23,386,194	24,087,779
	Other expenses	14	24,683,057	11,229,756
	Total expenses		**48,069,251**	**35,317,535**
III	Exceptional items	15	-	34,639,656
IV	Profit / (loss) for the period (I - II + III)		(47,769,251)	(677,879)
V	Tax expense:			
	Current tax		-	-
VI	Profit / (loss) for the period (IV - V)		(47,769,251)	(677,879)
VI	**Earning per equity share:**	16		
	Basic & diluted		(530.77)	(7.53)
	Significant accounting policies and notes attached form an integral part of the financial statements	1, 2, 17 to 19		

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of SLPKG Estate Holdings Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

Particulars		Current Year		Previous Year
Cash flows from operating activities				
Loss before taxation		(47,769,251)		(677,879)
Adjustments for:				
Allowance for doubtful receivables		-		-
Finance costs		23,386,194		24,087,779
		(24,383,057)		**23,409,900**
Decrease / (Increase) in other non current assets	327,343,424		20,715,015	
Decrease / (Increase) in current assets	(301,890)		(5,454)	
Increase / (Decrease) in non current liabilities	(78,824,022)		13,616,744	
Increase/(Decrease) in other current liabilities	(121,635,522)		(33,650,438)	
		126,581,990		675,867
		102,198,933		**24,085,767**
Net cash from operating activities		**102,198,933**		**24,085,767**
Net cash from investing activities				
Cash flows from financing activities				
Finance costs	(23,386,194)		(24,087,779)	
Net cash from financing activities		**(23,386,194)**		**(24,087,779)**
Net increase/(decrease) in cash and cash equivalents		**78,812,739**		**(2,012)**
Cash and cash equivalents at beginning of the year		**932,852**		**934,864**
Cash and cash equivalents at end of the year		**79,745,591**		**932,852**

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of SLPKG Estate Holdings Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

CHANGES IN EQUITY AS AT MARCH 31, 2020

(a) Share Capital

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the Beginning of the year	1,000,000	1,000,000
Changes in equity share capital during the year	-	-
Balance at the end of the year	**1,000,000**	**1,000,000**

(b) Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total Other equity
Total comprehensive income as at March 31, 2018	**(308,665,557)**	**(308,665,557)**
Add: Loss for the year	(677,879)	(677,879)
Total comprehensive income as at March 31, 2019	**(309,343,436)**	**(309,343,436)**
Add: Loss for the year	(47,769,251)	(47,769,251)
Total comprehensive income as at March 31, 2020	**(357,112,688)**	**(357,112,688)**

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of SLPKG Estate Holdings Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

NOTES TO FINANCIAL STATEMENTS

1 BACKGROUND:

SLPKG Estate Holdings Private Limited ("the Company") was incorporated on December 2, 2014 and is a subsidiary of Kirloskar Electric Company Limited. The Company has been formed as Special Purpose Vehicle ("SPV") as per the restructuring terms.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial accounts are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India, including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. All income and expenditure, having a material bearing on financial statements, are recognized on accrual basis.

2.2 USE OF ESTIMATES:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2.3 ASSETS HELD FOR SALE:

Assets held for sale are stated at the cost or estimated net realizable value whichever is lower.

2.4 TAXES ON INCOME:

Provision for current tax for the year is after taking cognizance of excess / short provision in prior years. Deferred tax assets/liability is recognized, subject to consideration of prudence, on timing differences.

2.5 IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to profit and loss account, in the year in which an asset is identified as impaired.

2.6 PROVISIONS AND CONTINGENT LIABILITIES:

a. A provision is recognized when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

b. Financial effect of contingent liabilities is disclosed based on information available upto the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

2.7 FINANCIAL INSTRUMENTS:

Cash and Cash Equivalents comprise cash and deposit with banks other than for term deposit earmarked for Bank Guarantee. The company considers all highly liquid investments including demand deposits with bank with an original maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

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NOTES TO FINANCIAL STATEMENTS

(Amount in ₹)

	Particulars	As at March 31, 2020	As at March 31, 2019
3	**Other non current assets**		
(i)	Assets Held for Sale	98,534,839	429,916,257
(ii)	Other receivables	52,955,538	66,839,300
	Less: Provision for doubtful receivables	(50,000,000)	(65,000,000)
		2,955,538	**1,839,300**
(iii)	Advance Income Tax (net of provision)	2,921,756	-
	Total	**104,412,133**	**431,755,557**
4	**a) Cash and cash equivalents:**		
	i) Balances with banks		
	- in other accounts	745,591	932,852
		745,591	**932,852**
	b) Other bank balances:		
	i) Balances with banks		
	- in short term deposits	79,000,000	-
		79,000,000	**-**
5	**Other Current Asset**		
	GST and IGST Receivable	7,344	5,454
	Accrued Interest	300,000	-
		307,344	**5,454**

6 Share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
Authorized:				
Preference shares of ₹ 10/- each	10,000	100,000	10,000	100,000
Equity shares of ₹ 10/- each	90,000	900,000	90,000	900,000
		1,000,000		**1,000,000**
Issued, subscribed but not fully paid up:				
Preference shares of ₹ 10 /- each				
At the beginning of the reporting period	10,000	100,000	10,000	100,000
Issued during the reporting period	-	-	-	-
Redeemed during the reporting period	-	-	-	-
At the close of the reporting period	**10,000**	**100,000**	**10,000**	**100,000**
Equity shares of ₹ 10/- each				
At the beginning of the reporting period	90,000	900,000	90,000	900,000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	**90,000**	**900,000**	**90,000**	**900,000**
		1,000,000		**1,000,000**

NOTES TO FINANCIAL STATEMENTS

Other Information:

1 Preference Shares:

a. The Company has issued non cumulative preference shares of ₹ 10/- each. The preference shareholders do not have voting rights.

b. Preference shares carry a dividend of 0.1%.

c. Preference shares shall be redeemed after 10 years from the date of allotment.

d.

	Particulars of preference share holders holding more than 5% of the total number of preference share capital:	As at March 31, 2020		As at March 31, 2019	
		Number	Percentage	Number	Percentage
(i)	Best Trading Private Limited	10,000	100%	10,000	100%

2 Equity shares:

a. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

b.

Particulars of equity share holders holding more than 5% of the total number of equity share capital:			As at March 31, 2020		As at March 31, 2019	
			Number	Percentage	Number	Percentage
Kirloskar Electric Company Limited (holding Company)			89,999	100%	89,999	100%

7 Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total Other equity
Total comprehensive income as at March 31, 2018	(308,665,557)	(308,665,557)
Add: Loss for the year	(677,879)	(677,879)
Total comprehensive income as at March 31, 2019	**(309,343,436)**	**(309,343,436)**
Add: Loss for the year	(47,769,251)	(47,769,251)
Total comprehensive income as at March 31, 2020	**(357,112,687)**	**(357,112,687)**

NOTES TO FINANCIAL STATEMENTS

(Amount in ₹)

	Particulars	As at March 31, 2020	As at March 31, 2019
8	**Borrowings:**		
	Secured loans:		
	Term loan from Bank	-	116,932,224
	Less: Current Maturities	-	116,932,224
		-	-

Additional Information:

1) **Lenders:**

Consortium lending by Bank of India, State Bank of India (formerly State Bank of Mysore, State Bank of Travancore, State Bank of Hyderabad). Bank of India being the leader of Consortium.

2) **Details of security for secured loans:**

a. First charge on the entire current assets present and future including stocks, receivables etc.

b. Collateral security by first paripassu charge by way of Equitable Mortgage of property at Worli Mumbai; property at Nehru Place, New Delhi.

9	**Other Non current liabilites**		
	i) Amount due to holding company	440,073,436	518,897,458
		440,073,436	**518,897,458**
10	**Borrowings:**		
	Unsecured Loans:		
	Other than banks		
	i) Inter corporate deposits	87,300,000	87,300,000
		87,300,000	**87,300,000**
11	**Other current liabilities:**		
	a) Interst accrued and due on borrowings	11,186,302	17,734,092
	b) Current maturities of long term debt	-	116,932,224
	c) Other liabilities	51,222	68,604
	d) Statutory liability	1,966,795	104,922
		13,204,319	**134,839,842**
12	**Other income**		
i)	Interest income on bank deposits	300,000	-
		300,000	**-**
13	**Finance costs**		
i)	Interest expenses	23,386,194	24,087,779
		23,386,194	**24,087,779**

NOTES TO FINANCIAL STATEMENTS

(Amount in ₹)

	Particulars	As at March 31, 2020	As at March 31, 2019
14	**Other expenses:**		
	i) Rates and taxes	416,207	2,400
	ii) Payment to auditors - as auditor	15,000	15,000
	iii) Professional charges	26,499	212,056
	iv) Bad Debts writen off	-	10,314,936
	v) Provision for doubtful trade receivable withdrawn	(15,000,000)	-
	vi) Loss on sale of asset hed for sale	39,205,787	-
	vii) Insurance	18,428	40,744
	viii) Bank charges	1,136	644,620
		24,683,057	**11,229,756**

15 **Exceptional items**

OTS with Bank	-	**34,639,656**

Exceptional Items income is arising on account of One time settlement entered with State Bank of India for repayment and closure of its outstanding loan on February 27, 2019.

16 Earnings per share:

(Basic and diluted)

Loss for the year after tax expense	(47,769,251)	(677,879)
Weighted average number of equity shares	90,000	90,000
Loss per share	(530.77)	(7.53)

Exceptional Items include ₹ 346.40 Lakhs income arising on account of One time settlement entered with State Bank of India for repayment and closure of its outstanding loan on February 27, 2019.

17 SEGMENT REPORTING:

The Company is a SPV engaged in the realisation of fixed and current assets transferred from its holding company. Since the Company's business activity primarily falls within single business segment, no further disclosures required other than those given in the financial statements.

18 RELATED PARTY TRANSACTIONS:

(a) List of related parties:

Sl. No.	Name of the Related Party	Relationship
1	Kirloskar Electric Company Limited	Holding Company
2	Prakash Purushotham	Key Management Personnel and their relatives ("KMP")
3	Vikas Kumar Gandhi	
4	Anil Kumar Bhandari	
5	Sanjeev Kumar S #	

 # From January 20, 2020 and up to February 14, 2020

NOTES TO FINANCIAL STATEMENTS

(b) Transactions with related parties:

(Amount in ₹)

Particulars	Relationship	Current Year	Previous Year
Reimbursement of expenses:			
Kirloskar Electric Company Limited	Holding Company	14,363,587	24,037,385

(c) Outstanding balances at the end of the year:

(Amount in ₹)

Particulars	Relationship	As at March 31, 2020	As at March 31, 2019
Amount due from Company:			
Kirloskar Electric Company Limited	Holding Company	440,073,436	518,906,659

a. The Company is taking active steps to dispose off the immoveable properties and current assets so taken over and pay the unpaid consideration to its holding company and repay the borrowings from bank. Other expenses for the year ended March 31, 2020 includes the loss on sale of property of the Company situated at Belawadi Industrial Area at Mysore. Consequently, major part of the sale proceeds have been utilised towards the repayment of the financial dues to the banks.

b. In respect of aggregate trade receivables transferred from the holding company and outstanding as at 31-03-2019 for more than 2 years amounting to ₹ 2,955,538 (Previous year ₹ 1,839,300) net of provision. The company has made an independent assessment of these debts and considered as good of recovery.

19 In March 2020, the WORLD HEALTH ORGANISATION declared COVID-19 to be a pandemic.Consequent to this the Government of India declared a National lockdown on March 25, 2020. The company has assessed the impact that may result from this pandemic on its assets/ liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of the pandemic, the company considered internal and external information available till the date of approval of these financial results and has assessed this situation.In that context and based on the current estimates, the company believes that COVID-19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID-19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at date of approval of these financial statements. The company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant period.

In Accordance with our report attached

For and on behalf of the Board of Directors of SLPKG Estate Holdings Private Limited

For Ganesh Kamath Associates
Chartered Accountants

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M/s. SKG Terra Promenade Private Limited

Report on the IND AS Financial Statements:

Opinion:

We have audited the accompanying standalone IND AS financial statements of M/s. SKG Terra Promenade Private Limited ("the Company"), which comprises of the Balance Sheet as at 31 March, 2020 and the Statement of Profit and loss, the Cash Flow Statement, the statement for Changes in Equity for the year then ended, and a summary of summary of significant accounting policies and other explanatory information annexed thereto.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the company as at 31st March 2020, and its profit and its cash flows for the year ended on that date

Basis for Opinion:

We conducted our audit of the IND AS financial statements in accordance with the Standards on Auditing specified u/s 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit or the Financial Statements section of our report. We are Independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics.

We believe that the audit evidence we have obtained have sufficient and appropriate to provide basis for our audit opinion on Standalone IND AS financial statements.

Key Audit Matters:

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of standalone financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone Financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined that there are no Key Audit Matters to communicate in our report.

Information other than the standalone financial statements and the auditors report thereon:

The company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the management discussion and analysis, Board's Report, Business responsibility report, Corporate Governance and Shareholders Information, but does not include the standalone IND AS financial statements and our Auditors report thereon.

Our opinion on the standalone IND AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone IND AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone IND AS financial statements, our responsibility is to read the other information and in doing so, whether, the other information is materially inconsistent with the standalone IND AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we required to report the fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these stand alone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgements, and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

In prepaing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility:

Our objectives are to obtain reasonable assurance about whether the financial statements are as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted is in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone IND AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, mis-representation, or the override or internal control
2. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However future events or conditions may cause the company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone IND AS financial statements, including the disclosures, and whether the standalone IND AS financial statements represent the underlying transactions and event in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its operations to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the standalone financial statements of which we are the independent auditors. For the other entities included in the standalone financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on other legal and regulatory requirements:

1. As required by the Companies (Auditor's Report) Order, 2016, ("The Order") issued by the Government of India, in terms of sub section (11) of section 143 of the Act. And on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 1, a statement on the matters specified in the paragraphs 3 & 4 of the said order

2. As required under Section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief werenecessary for the purpose of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the statement for Changes in Equitydealt with by this report are in agreement with the books of accounts.

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e) on the basis of written representations received from the directors, taken on record by the Board of Directors, none of the directors is disqualified from being appointed as a Director in terms of Section 164(2) of the Act as on 31st March 2020; and

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2"; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, we do not offer any comment on the remuneration paid by the company to it is Directors as during the aforementioned period, no remuneration has been paid by the company to its Directors.

   h) with respect to the other matters to be included in the auditor's report in accordancewith the Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanation given to us:

      i. The Company does not have pending litigations, which would impact its Ind AS financial statements

      ii. The company did not have any long term contracts and has not entered into any derivative contracts. Accordingly no provision is required to be recognized in the respect of material foreseeable losses under applicable laws or accounting standards.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

Annexure -1 to the Auditors' Report

Annexure referred to in paragraph 1 under theheading "Report on other legal and regulatory requirements" of our Report to the members of SKG Terra Promenade Private Limited, Bangalore

1) The company does not have any fixed assets during the period covered under audit, hence the clause 3(i) of the Order is not applicable

2) The company does not have any inventories during the period covered under audit, hence the clause 3(ii) of the Order is not applicable

3) The company has not granted any loans during the year to the Companies, firms or other parties listed in the register maintained under section 189 of the Act, the clause 3(iii) of the Order is not applicable

4) In accordance to the information provided and explanations given to us,the company has generally complied with provisions of section 185 and 186 of the Act in respect of guarantees extended by it.

5) The company has not accepted any deposits as applicable under the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other provisions of the Act, and the rules framed thereunder. Accordingly, the provisions of Clause 3(v) of the said order are not applicable.

6) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 148 of the Act for the products of the company. Accordingly,provisions of clause 3(vi) of the said order are not applicable.

7) a) According to the records of the Company, the Company is generally regular in depositing the undisputed statutory dues applicable to it with the appropriate authorities. In terms of its books of accounts, no undisputed statutory dues payable in respect of provident fund, employees state insurance, income tax, wealth tax, service tax, customs duty, excise duty, value added tax, GST, cess, and any other undisputed statutory dues were outstanding, as at March 31, 2020 for a period of more than six months from the date they became payable.

   b) According to the records of the company and according to the information and explanations given to us, there were no dues outstanding on account of income tax, wealth tax, service tax, sales tax, customs duty, excise duty. GST and cess on account of dispute.

8) In our opinion and according to the information and explanations given to us, the company has not taken any term loan, hence the clause 3(viii) of the Order is not applicable

9) According to the records of the company and according to the information and explanations provided to us, the company has not taken any term loan hence Clause No. 3(ix) of the said order is not applicable.

10) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, we report that no material frauds on or by the company has been noticed or reported.

11) The company has not provided for or paid any managerial remuneration during the period covered under audit, hence the comments required under clause 3(xi) of the said Order are not been made here.

12) The company is not a Nidhi company, Accordingly, clause 3(xii) of the said order is not applicable.

13) According to the records of the company and according to the information and explanations provided to us, the company has disclosed in the financial statements for the year ended March 31, 2020 matters required under section 188 of the Companies Act and as required under relevant Accounting standards.

14) According to the records of the company and according to the information and explanations provided to us, during the period covered under audit, the company has not issued any shares or debentures hence the comments required under clause 3(xiv) of the said Order are not been made here.

15) According to the records of the company and according to the information and explanations provided to us, during the period covered under audit, the company has not entered into non cash transactions with Directors or persons connected with Directors.

16) The company is not required to be registered under section 45-IA of the RBI Act, of 1934, hence the clause 3(xvi) of the Order is not applicable.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

Annexure –2 to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SKG Terra Promenade Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ganesh Kamath Associates
Chartered Accountants

(CA Ganesh Kamath M.)
Proprietor
M. No: 203081
Firm Reg No: 006449S

Date: June 26, 2020
Place: Bangalore

BALANCE SHEET AS AT MARCH 31, 2020

(Amount in ₹)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I ASSETS			
Non - current assets			
(a) Other non current assets	3	54,856,485	208,664,843
Total non current assets		**54,856,485**	**208,664,843**
Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	4	777,526	257,944
(b) Other Current Assets	5	1,731,690	639,494
Total current assets		**2,509,216**	**897,438**
TOTAL ASSETS		**57,365,701**	**209,562,281**
II EQUITY AND LIABILITIES			
Equity			
(a) Share capital	6	200,000	200,000
(b) Other equity	7	(163,065,358)	(167,324,527)
Total Equity		**(162,865,358)**	**(167,124,527)**
LIABILITIES			
Current liabilities			
(a) Other Current liabilities	8	220,231,059	376,686,808
(b) Short term provisions			
Total current liabilities		**220,231,059**	**376,686,808**
TOTAL EQUITY AND LIABILITY		**57,365,701**	**209,562,281**
Significant accounting policies and notes attached form an integral part of the financial statements	1, 2, 14 to 18	-	-

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of SKG Terra Promenade Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in ₹)

	Particulars	Note No.	Current Year	Previous Year
I	Profit/(loss) from Sale of assets held for sale (net of commission)		18,127,642	-
	Other Income	10	41,224	
II	**Total revenue**		**18,168,866**	**-**
III	**Expenses**			
	Finance costs	11	13,875,111	21,893,501
	Other expenses	12	34,586	37,582
	Total expenses		**13,909,697**	**21,931,082**
IV	**Profit for the period**		**4,259,169**	**(21,931,082)**
V	**Tax expense:**			
	Current tax		**-**	-
VI	**Profit / (loss) for the period (IV - V)**		**4,259,169**	**(21,931,082)**
VII	**Earning per equity share:**	**13**		
	Basic & diluted		425.92	(7,858.73)
	Significant accounting policies and notes attached form an integral part of the financial statements	1, 2, 14 to 18		

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of SKG Terra Promenade Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

Particulars	March 31, 2020		March 31, 2019	
Cash flows from operating activities				
Profit / (Loss) before taxation		4,259,169		(21,931,082)
		4,259,169		**(21,931,082)**
Increase)/ (decrease) in non current liabilities	-		(232,720,000)	
(Increase)/ decrease in assets held for sale	153,808,358		-	
Increase/ (decrease) in other current liabilities	(156,455,749)		253,644,585	
Increase/ (decrease) in other current assets	(1,092,196)		(3,149)	
		(3,739,587)		20,921,436
Net cash from operating activities		**519,582**		**(1,009,646)**
Cash and cash equivalents at beginning of the period		257,944		1,267,590
Cash and cash equivalents at end of the period		**777,526**		**257,944**

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of SKG Terra Promenade Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

CHANGES IN EQUITY AS AT MARCH 31, 2020

(a) Share Capital

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the Beginning of the year	100,000	100,000
Changes in equity share capital during the year	-	-
Balance at the end of the year	**100,000**	**100,000**

(b) Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total Other equity
Total comprehensive income as at March 31, 2018	**(145,393,445)**	**(145,393,445)**
Add: Loss for the year	(21,931,082)	(21,931,082)
Total comprehensive income as at March 31, 2019	**(167,324,527)**	**(167,324,527)**
Add: Loss for the year	4,259,169	4,259,169
Total comprehensive income as at March 31, 2020	**(163,065,358)**	**(163,065,358)**

In Accordance with our report attached

For Ganesh Kamath Associates
Chartered Accountants

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

For and on behalf of the Board of Directors of SKG Terra Promenade Private Limited

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

NOTES TO FINANCIAL STATEMENTS

1 BACKGROUND:

SKG Terra Promenade Private Limited ("the Company") was incorporated on December 3, 2014 and is a subsidiary of Kirloskar Electric Company Limited. The Company has been formed as Special Purpose Vehicle ("SPV") as per the restructuring terms.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial accounts are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India, including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. All income and expenditure, having a material bearing on financial statements, are recognized on accrual basis.

2.2 USE OF ESTIMATES:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2.3 ASSETS HELD FOR SALE:

Assets held for sale are stated at the cost or estimated net realizable value whichever is lower.

2.4 TAXES ON INCOME:

Provision for current tax for the year is after taking cognizance of excess / short provision in prior years. Deferred tax assets/liability is recognized, subject to consideration of prudence, on timing differences.

2.5 IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to profit and loss account, in the year in which an asset is identified as impaired.

2.6 PROVISIONS AND CONTINGENT LIABILITIES:

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Financial effect of contingent liabilities is disclosed based on information available upto the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

Left intentionally blank

NOTES TO FINANCIAL STATEMENTS

(Amount in ₹)

	Particulars	As at March 31, 2020	As at March 31, 2019
3	**Other non current assets**		
	Assets held for Sale	54,856,485	208,664,843
	Total	**54,856,485**	**208,664,843**
4	**Cash and cash equivalents:**		
	Balances with banks		
	- in other accounts	777,526	257,944
	Total	**777,526**	**257,944**
5	**Other Currrent Assets**		
	GST	3,690	3,150
	TDS Receivable	1,728,000	636,344
	Total	**1,731,690**	**639,494**

6 Share capital:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	₹	Number	₹
Authorized:				
Preference shares of ₹ 10/- each	10,000	100,000	10,000	100,000
Equity shares of ₹ 10/- each	90,000	900,000	90,000	900,000
		1,000,000		**1,000,000**
Issued, subscribed but not fully paid up:				
Preference shares of ₹ 10 /- each				
At the beginning of the reporting period	10,000	100,000	10,000	100,000
Issued during the reporting period	-	-	-	-
Redeemed during the reporting period	-	-	-	-
At the close of the reporting period	**10,000**	**100,000**	**10,000**	**100,000**
Equity shares of ₹ 10/- each				
At the beginning of the reporting period	10,000	100,000	10,000	100,000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	**10,000**	**100,000**	**10,000**	**100,000**

NOTES TO FINANCIAL STATEMENTS

Other Information:

1 Preference Shares:

a. The Company has issued non cumulative preference shares of ₹ 10/- each. The preference shareholders do not have voting rights.

b. Preference shares carry a dividend of 0.1%.

c. Preference shares shall be redeemed after 10 years from the date of allotment.

d.

Particulars of peference share holders holding more than 5% of the total number of preference share capital:	As at March 31, 2020		As at March 31, 2019	
	Number	Percentage	Number	Percentage
(i) Best Trading Private Limited	10,000	100%	10,000	100%

2 Equity shares:

a. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

b.

Particulars of equity share holders holding more than 5% of the total number of equity share capital:	As at March 31, 2020		As at March 31, 2019	
	Number	Percentage	Number	Percentage
Kirloskar Electric Company Limited (holding Company)	9,999	100%	9,999	100%

7 Other Equity (Amount in ₹)

Particulars	Retained earnings	Total Other equity
Total comprehensive income as at March 31, 2018	**(145,393,445)**	**(145,393,445)**
Add: Loss for the year	(21,931,082)	(21,931,082)
Total comprehensive income as at March 31, 2019	**(167,324,527)**	**(167,324,527)**
Add: Loss for the year	4,259,169	4,259,169
Total comprehensive income as at March 31, 2020	**(163,065,358)**	**(163,065,358)**

NOTES TO FINANCIAL STATEMENTS

(Amount in ₹)

	Particulars	As at March 31, 2020	As at March 31, 2019
8	**Other current liabilities**		
	a) Amount due to holding company	220,187,040	376,616,908
	b) Other liabilities	44,019	69,900
		220,231,059	**376,686,808**

	Particulars	Current Year	Previous year
9	**Other Income**		
	Interest income	41,224	
		41,224	-
10	**Finance costs**		
	i) Interest expense on financial liabilities	13,875,111	21,893,501
		13,875,111	**21,893,501**
11	**Other expenses:**		
	i) Rates and taxes	1,898	2,400
	ii) Payment to auditors - as auditor	15,000	15,000
	iii) Insurance charges	-	2,036
	iv) Professional fees	9,000	8,500
	v) Bank charges	8,688	9,646
		34,586	**37,582**
12	**Contigent liablities and commitments:**		
	(to the extent not provided for)		
	Contigent liablities:		
	The Company has given Corporate Guarantee to the Corporation Bank on behalf of the Kirloskar Electric Company Limited for working capital mortgage loan taken by them.	75,523,696	225,909,012
13	**Earnings per share:**		
	(Basic and diluted)		
	Profit / (loss) for the year after tax expense	4,259,169	(78,587,316)
	Weighted average number of equity shares	10,000	10,000
	Profit / (loss) per share	425.92	(7,858.73)

NOTES TO FINANCIAL STATEMENTS

14 SEGMENT REPORTING:

The Company is a SPV engaged in the realisation of fixed and current assets transferred from its holding company. Since the Company's business activity primarily falls within single business segment, no further disclosures required other than those given in the financial statements.

15 RELATED PARTY TRANSACTIONS:

(a) List of related parties:

Sl. No.	Name of the Related Party	Relationship
1	Kirloskar Electric Company Limited	Holding Company
2	Prakash Purushotham	
3	Vikas Kumar Gandhi	
4	Ashok Misra	

(b) Transactions with related parties: (Amount in ₹)

Particulars	Relationship	Current Year	Previous Year
Reimbursement of expenses:			
Kirloskar Electric Company Limited	Holding Company	14,792,131	20,906,886

(c) Outstanding balances at the end of the year: (Amount in ₹)

Particulars	Relationship	As at March 31, 2020	As at March 31, 2019
Amount due from Company:			
Kirloskar Electric Company Limited	Holding Company	220,187,040	376,616,909

16 a. During the year the company had disposed off all the property held at Mysore.

b. The Company is taking active steps to dispose off the remaining immoveable properties and current assets so taken over and pay the unpaid consideration to its holding company and repay the holding company's borrowings from bank.

17 In March 2020, the WORLD HEALTH ORGANISATION declared COVID-19 to be a pandemic.Consequent to this the Government of India declared a National lockdown on March 25, 2020. The company has assessed the impact that may result from this pandemic on its assets/ liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of the pandemic, the company considered internal and external information available till the date of approval of these financial results and has assessed this situation.In that context and based on the current estimates, the company believes that COVID-19 is not likely to have any material impact on its financial statements, liquidity or ability to service its debt or other obligations. However, the overall economic environment, being uncertain due to COVID-19, may affect the underlying assumptions and estimates in future, which may differ from those considered as at date of approval of these financial statements. The company would closely monitor such developments in future economic conditions and consider their impact on the financial statements of the relevant period.

18 Previous years figures have been regrouped wherever required in conformity with current year presentation.

In Accordance with our report attached

For and on behalf of the Board of Directors of SKG Terra Promenade Private Limited

For Ganesh Kamath Associates
Chartered Accountants

Vikas Kumar Gandhi
Director
DIN:07104367

Prakash Purushotham
Director
DIN:07199035

CA. Ganesh Kamath M.
Proprietor
M. No. 203081/ FRN: 006449S

Place: Bengaluru
Date: Jun 26, 2020

Financial statements of the year 2019-2020

Kirsons B.V.

in Amsterdam

1 BALANCE SHEET AS PER MARCH 31, 2020

(after appropriation of the result)

		March 31,2020		March 31,2019	
		€	€	€	€
ASSETS					
Fixed assets					
Intangible fixed assets	**(1)**				
Intellectual property			**381.000,00**		**508.000,00**
Current assets					
Receivables	**(3)**				
Loans and advancements to subsidiaries		471.566,28		471.566,28	
Tax receivables		397,00		426,00	
Prepaid expenses		1.455,00		3.013,00	
			473.418,28		**475.005,28**
Cash	**(4)**		12.237,17		24.828,47
TOTAL			**866.655,45**		**1.007.833,75**

		March 31,2020		March 31,2019	
		€	€	€	€
EQUITY AND LIABILITIES					
Shareholders' equity					
Issued and paid up share capital	**(5)**	260.200,00		260.200,00	
Share premium		30.935.543,55		30.935.543,55	
Other reserves		-30.460.401,51		-30.315.031,64	
			735.342,04		**880.711,91**
Current liabilities	**(6)**				
Accounts payable		41.677,09		42.560,39	
Accruals		89.636,32		84.561,45	
			131.313,41		**127.121,84**
TOTAL			**866.655,45**		**1.007.833,75**

2 PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2019 TILL MARCH 31, 2020

		2019/2020	2018/2019
		€	€
Turnover	**(7)**	-	105.983,28
Cost price	(8)	-	85.000,00
Gross margin		**-**	**20.983,28**
Costs			
Depreciation costs	(9)	127.000,00	127.000,00
Operating costs		12.373,39	37.230,18
		139.373,39	**164.230,18**
Operating result		**-139.373,39**	**-143.246,90**
Financial result	(13)	-5.996,42	-17.710,17
Result ordinary activities before taxation		**-145.369,81**	**-160.957,07**
Taxation		-	-
Net result for the year		**-145.369,81**	**-160.957,07**

3 PRINCIPLES FOR VALUATION AND DETERMINATION OF THE RESULT

Place of business

Kirsons B.V. (registered at the Chamber of Commerce under number 34308680) is actually established at Evert van de Beekstraat 104 in Schiphol (Netherlands).

The statutory seat of the company is Amsterdam in the Netherlands.

Groupcompanies

The company forms part of a group, of which Kirsons B.V. in Amsterdam is at the head. The group consists futhermore of Lloyd Dynamowerke GmbH & Co. KG in Bremen (Germany) and Lloyd Beteiligungs-GmbH in Bremen (Germany).

Consolidation

Based upon the exemption stated in article 408, Book 2 of the Dutch Civil Code the company does not prepare consolidated financial statements. The company's financial statements as well as those of its subsidiaries are included in the consolidated financial statements of Kirloskar Electric Company Limited in Bangalore, India.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

The intangible fixed assets are valued at cost price and diminished with straight line depreciation.

Financial fixed assets

The participations in the subsidiaries are valued at cost price according to Dutch reporting guideline

RJ 214.325 since the exemption of article 408, Book 2 of the Dutch Civil Code is applied. If necessary a provision for reduction in value is taken into account.

Receivables

Upon initial recognition the receivables are accounted for at face value. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

Cash

Cash in hand and at the bank are accounted for at face value.

Current liabilities

Current liabilities are stated at face value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Determination of the result

The result is determined as the difference between net turnover and operating costs and other expenditures taking into account the above mentioned principles of valuation.

Turnover

The net turnover represents amounts invoiced for goods supplied and services rendered during the financial year net of discounts and value added taxes.

Cost price

The cost price consist of the costs of goods and materials sold.

Costs

Operating costs are taken into account in the period to which they relate, if necessary by means of accruals.

Depreciation costs

Intangible fixed assets including goodwill and tangible fixed assets are being depreciated from the moment of putting into operation based upon the expected economical useful life of each net asset.

Financial result

The interest income and interest expenses relate to in this financial year received and paid interest of issued and received loans.

Taxation

Corporation tax is calculated at the applicable rate on the result for the financial year, taking into account differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

4 NOTES TO THE BALANCE SHEET AS PER MARCH 31, 2020

ASSETS

FIXED ASSETS

1. Intangible fixed assets

	Intellectual property
	€
Bookvalue as per April 1, 2018	508.000,00
Depreciation	-127.000,00
Bookvalue as per March 31, 2019	**381.000,00**
Acquisition price	1.270.000,00
Accumulated depreciation	-889.000,00
Bookvalue as per March 31, 2019	**381.000,00**
Rate of depreciation	%
Intellectual property	10

2. Financial fixed assets

	03-31-2020	03-31-2019
	€	€
Subsidiaries		
Lloyd Dynamowerke GmbH & Co. KG te Bremen (Germany) (94,89%)	-	-
Lloyd Beteiligung GmbH te Bremen (Germany) (100,00%)	**-**	**-**
	-	**-**

	04-01-2019 till 03-31-2020	04-01-2018 till 03-31-2019
	€	€
Lloyd Dynamowerke GmbH & Co. KG		
Account balance as per April 1	30.081.211,75	30.081.211,75-
Movements	-	-
	30.081.211,75	**30.081.211,75**
Provision in connection with insolvency	-30.081.211,75	-30.081.211,75
Account balance as per March 31	**-**	**-**
Lloyd Beteiligung GmbH		
Account balance as per April 1	33.937,02	33.937,02
Movements	-	-
	33.937,02	**33.937,02**
Provision in connection with insolvency	-33.937,02	-33.937,02
Account balance as per March 31	**-**	**-**

In view of regular insolvency proceedings ongoing at Lloyd Dynamowerke GmbH & Co. KG in Bremen (Germany) and by way of precaution the investment is fully provided for. The managing board has initiated several legal steps for the recovery of the investment.

Because Lloyd Beteiligung GmbH in Bremen (Germany) is a partner of Lloyd Dynamowerke GmbH & Co. KG and also by way op precaution the investment is fully provided for.

CURRENT ASSETS

3. Receivables

	03-31-2020	03-31-2019
	€	€
Loans and advancements to subsidiaries		
Lloyd Dynamowerke GmbH & Co. KG, shareholders' loan	125.134,68	125.134,68
Lloyd Dynamowerke GmbH & Co. KG, accounts receivable	346.431,60	346.431,60
	471.566,28	**471.566,28**

Because of the insolvency proceedings ongoing at Lloyd Dynamowerke GmbH & Co. KG the company can not claim repayments on the shareholders' loan and the accounts receivable as agreed upon in previous years. Provisions are made in connection with this insolvency.

Lloyd Dynamowerke GmbH & Co. KG, shareholders' loan

	04-01-2019 till 03-31-2020	03-31-2018 till 03-31-2019
	€	€
Account balance as per April 1	625.673,41	625.673,41
Movements	-	-
	625.673,41	**625.673,41**
Provision in connection with insolvency	-500.538,73	-500.538,73
Account balance as per March 31	**125.134,68**	**125.134,68**

Lloyd Dynamowerke GmbH & Co. KG, accounts receivable

Account balance as per April 1	1.732.158,00	1.732.158,00
Movements	-	-
	1.732.158,00	**1.732.158,00**
Provision in connection with insolvency	-1.385.726,40	-1.385.726,40
Account balance as per March 31	**346.431,60**	**346.431,60**

	03-31-2020	03-31-2019
	€	€
Tax receivables		
Value Added Tax	**397,00**	**426,00**
Prepaid expenses		
Deposit rent	254,00	1.158,00
Miscellaneous	1.201,00	1.855,00
	1.455,00	**3.013,00**
4. Cash		
ING Bank N.V., current account	11.847,47	24.438,77
ING Bank N.V., savings account	389,70	389,70
	12.237,17	**24.828,47**

EQUITY AND LIABILITIES

5. Shareholders' equity

	03-31-2020	03-31-2019
	€	€
Issued and paid up share capital		
2.602 ordinary shares each of a nominal value of € 100	**260.200,00**	**260.200,00**

The authorised capital of the company amounts to € 390.000 consisting of 3.900 ordinary shares each of a nominal value of € 100.

	04-01-2019 till 03-31-2020	04-01-2018 till 03-31-2019
	€	€
Share premium		
Account balance as per April 1	30.935.543,55	30.935.543,55
Movements	-	-
Account balance as per March 31	**30.935.543,55**	**30.935.543,55**
Other reserves		
Account balance as per April 1	-30.315.031,70	-30.154.074,57
Net result	-145.369,81	-160.957,07
Account balance as per March 31	**-30.460.401,51**	**-30.315.031,64**

6. Current liabilities

	03-31-2020	03-31-2019
	€	€
Accounts payable		
Accounts payable to creditors	1.677,09	2.560,39
Accounts payable Kirloskar Electric Company Limited	40.000,00	40.000,00
	41.677,09	**42.560,39**
Accruals and deferred liabilities		
Accruals		
Audit fee	4.000,00	4.250,00
Legal expenses, consultancy charges and tax matters	1.062,50	1.162,50
Loan Kirsons Trading Pte Ltd. (Singapore)	84.573,82	79.148,95
	89.636,32	**84.561,45**

OFF BALANCE COMMITMENTS

Financial commitments for more than one year

Rental commitments real estate

The company has committed itself to obligations for renting office space. The total obligations amounts to € 762 in total. The duration of this obligation is 3 months.

5 NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2019 TILL MARCH 31, 2020

	04-01-2019 till 03-31-2020 €	04-01-2018 till 03-31-2019 €
7. Turnover		
Sales	**-**	**105.983,28**
8. Cost price		
Inkopen categorie 1	**-**	**85.000,00**
Goods and materials sold	**-**	**85.000,00**

These goods sold were purchased from Kirloskar Electric Company Ltd.

Number of employees

During the year 2019-2020 the company did not engage any employees.

9. Depreciation costs		
Intangible fixed assets	**127.000,00**	**127.000,00**
Operating costs		
10. *Housing expenses*		
Office rent	5.879,40	6.774,00
Kitchen amenities	360,00	357,00
Miscellaneous housing expenses	118,00	1.159,40
	6.357,40	**8.290,40**
11. *Office costs*		
Office supplies	**6,38**	**738,14**

	04-01-2019 till 03-31-2020 €	04-01-2018 till 03-31-2019 €
12. *General expenses*		
Tax advise, VAT and corporate tax	1.912,25	5.682,87
Audit fee	4.095,00	5.590,00
Professional charges	-	16.928,77
Rounding off	2,36	-
	6.009,61	**28.201,64**
13. Financial result		
Interest expenses and related expenses	**-5.996,42**	**-17.710,17**
Interest expenses and related expenses		
Interest loan from Kirsons Trading Pte Ltd. (Singapore)	-3.862,04	-3.787,00
Exchange loss loan from Kirsons Trading Pte Ltd. (Singapore)	-1.562,83	-6.755,95
Exchange loss debtors and creditors	-	-6.360,90
Bankcharges	-571,55	-806,32
	-5.996,42	**-17.710,17**

Other information

INDEPENDENT AUDITOR'S REPORT

To: the shareholders of Kirsons B. V.

A. Report on the audit of the financial statements 2019-2020 included in the annual report

Our opinion

We have audited the financial statements for the year ended March 31, 2020 of Kirsons B.V., based in Schiphol (Netherlands).

In our opinion the accompanying financial statements give a true and fair view of the financial position of Kirsons B. V. as at March 31, 2020 and of its result for the period April 1, 2019 till March 31 ,2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at March 31, 2020;
2. the profit and loss account for the period April 1, 2019 till March 31, 2020;
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report

We are independent of Kirsons B. V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags-en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains solely other information that consists of other information as required by Part 9 of Book 2 of the Dutch Civil Code. Based on the following procedures performed, we conclude that the other information contains a material misstatement. Notwithstanding Part 9 of Book 2 of the Dutch Civil Code the management report is missing. Therefore we do not express an opinion about the management report.

Except for the possible effects of the previous matter we conclude that the other information is consistent with the financial statements and does not contain material misstatements. The other information contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material unceftainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the managing directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Uitgeest, June 24, 2020

De Groene Accountant B.V.

Drs. G.C. Groen R A

2 Statutory rules concerning the appropriation of the profit

According to article 28 of the Articles of Association the appropriation of the profit is as follows:

1. The profit shall be at the free disposal of the general meeting of shareholders.
2. The company may only make distributions to the shareholders and others entitled to the profit susceptible of distribution in so far as the equity is greater than the paid-up and called part of the capital increased by the reserves that must be maintained by virtue of the law.
3. Distribution of profit shall be made after adoption of the annual accounts showing that it is permitted.
4. On shares acquired by the company in its own capital or at their depositary receipts no distribution shall be made for the benefit of the company. When the appropriation of profit is calculated, the shares on which no distribution is made in pursuance of the preceding paragraph shall not be counted.
5. In the meantime the company may only make distributions if the requirement of paragraph 2 has been fulfilled.
6. The general meeting of shareholders may resolve that dividends will be paid out entirely or partly in another form than money.
7. Out of the reserves prescribed by the law a deficit may only be paid in so far as the law permits this.
8. Dividends must be made payable one month after declaration, unless the general meeting of shareholders sets another time.
9. Claims on dividend shall lapse on expiry of five years after the start of the day following the one on which they became claimable.

3 Processing of the loss for the financial year 2019-2020

According to Dutch legislation the loss of the current period amounting to 145.369,81 has to be deducted from the other reserves. This deduction has already been accounted for in these financial statements.

Notes

Notes