



KIRLOSKAR ELECTRIC COMPANY LTD.,

Sect./41/2019-20
February 14, 2020

The Secretary,

NATIONAL STOCK EXCHANGE OF INDIA LTD

Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
Symbol – KECL
Series – EQ

Dear Sir,

Sub: Outcome of the Board Meeting;

Ref: Compliance with regulation 30 & 33 of SEBI (LODR) Regulations, 2015;

Time of commencement of meeting : 10.00 A.M

Time of conclusion of meeting : 01.00 P.M

Pursuant to the regulation under reference, the Board of Directors at its meeting held today has approved the below agenda item:

1. The Ind AS compliant unaudited standalone and consolidated financial results of the Company for the quarter and nine months ended December 31, 2019 as approved by the Board of Directors and signed by Mr. Vijay Ravindra Kirloskar, Executive Chairman of the Company.

The Auditor's Review Report on quarterly unaudited standalone and consolidated financial results are also enclosed.

2. Mr. Sanjeev Kumar Shivappa (DIN: 08673340) has been appointed as Director (Finance) (Additional Director) of the Company, based on the recommendation of the Nomination and Remuneration Committee. Approval of the shareholders of the Company for the said appointment shall be sought at the ensuing Annual General Meeting.

Mr. Sanjeev Kumar Shivappa (DIN: 08673340) will be designated as Director (Finance) and Chief Financial Officer.



KIRLOSKAR ELECTRIC COMPANY LTD.,

Brief profile:

Mr. Sanjeev Kumar Shivappa

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, Bangalore, ROGCSU Limited and other companies.

3. The Board has approved its wholly subsidiaries i.e., Swaki Habitat Private Limited and Kesvik Developers Private Limited having paid up equity share capital of Rs. 100,000/- each to make application to Registrar of Companies, Karnataka for striking-off/remove the name of the Company from the register maintained by the Registrar of Companies, Bangalore, Karnataka as the said companies are not carrying any commercial activities.

This is for your information and dissemination.

Thanking you

Yours faithfully

for **KIRLOSKAR ELECTRIC COMPANY LIMITED**

K S SWAPNA
LATHA

Digitally signed by K
S SWAPNA LATHA
Date: 2020.02.14
13:16:33 +05'30'

K S Swapna Latha

Sr. General Manager (Legal) & Company Secretary

Encl: a/a

KIRLOSKAR ELECTRIC COMPANY LIMITED

CIN:L31100KA1946PLC000415

REGD OFFICE: NO.19 2ND MAIN ROAD, PEENYA 1ST STAGE, PHASE-1, PEENYA, BENGALURU-560 058.

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019



(₹ in Lakhs)

Sl No	Particulars	Standalone						Consolidated					
		Quarter ended			Nine Months ended		Year ended	Quarter ended			Nine Months ended		Year ended
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	INCOME FROM OPERATIONS:												
I	Revenue from Operations	8,347	7,809	6,129	23,280	21,701	29,442	8,347	7,809	6,148	23,280	21,720	29,461
II	Other income	158	112	59	343	419	6,217	6,682	1,665	59	8,420	419	6,217
III	Total Revenue (I+II)	8,505	7,921	6,188	23,623	22,120	35,659	15,029	9,474	6,207	31,700	22,139	35,678
IV	Expenses:												
a	Cost of materials consumed	4,867	5,084	4,982	15,584	16,766	21,460	4,867	5,084	4,982	15,584	16,766	21,460
b	Change in inventories of finished goods, work in progress and stock in trade	676	189	(589)	188	(375)	567	676	189	(589)	188	(375)	567
c	Employee benefit expense	1,661	1,659	1,573	4,835	4,843	6,119	1,661	1,659	1,573	4,835	4,843	6,119
d	Finance costs	913	801	899	2,662	2,685	3,843	1,133	1,087	1,187	3,439	3,438	4,877
e	Depreciation and amortisation expenses	138	137	192	416	582	772	164	164	218	495	660	876
f	Other expenses	6,502	804	1,182	8,354	3,668	4,761	1,063	824	1,210	2,934	3,708	4,920
	Total expenses	14,757	8,674	8,239	32,039	28,169	37,522	9,564	9,007	8,581	27,475	29,040	38,819
V	Profit / (loss) before exceptional and tax (III-IV)	(6,252)	(753)	(2,051)	(8,416)	(6,049)	(1,863)	5,465	467	(2,374)	4,225	(6,901)	(3,141)
VI	Exceptional items (net of tax expense)	-	471	-	471	-	-	-	982	-	982	-	346
VII	Profit / (loss) before tax (V-VI)	(6,252)	(282)	(2,051)	(7,945)	(6,049)	(1,863)	5,465	1,449	(2,374)	5,207	(6,901)	(2,795)
VIII	Tax expense:												
a	Current Tax	-	-	-	-	-	-	-	-	-	-	-	-
b	Deferred tax	-	-	-	-	-	-	-	-	-	-	-	-
IX	Profit / (loss) after tax (VII-VIII)	(6,252)	(282)	(2,051)	(7,945)	(6,049)	(1,863)	5,465	1,449	(2,374)	5,207	(6,901)	(2,795)
X	Other comprehensive income												
	(i) Items that will not be reclassified to profit or loss												
a	Remeasurements of the defined benefit plans	-	-	-	-	-	98	-	-	-	-	-	98
b	Taxes on above	-	-	-	-	-	(30)	-	-	-	-	-	(30)
	(ii) Items that may be reclassified to profit or loss												
a	Mark to Market of Investments	6	-	3	8	6	6	6	-	3	8	6	6
b	Revaluation gain on land	-	-	-	-	-	(6,895)	-	-	-	-	-	(6,895)
c	Taxes on above	(1)	-	(1)	(2)	(2)	1,951	(1)	-	(1)	1	(2)	1,951
	Total other comprehensive income	5	-	2	6	4	(4,870)	5	-	2	9	4	(4,870)
XI	Total comprehensive income for the period (IX+X)	(6,247)	(282)	(2,049)	(7,939)	(6,045)	(6,733)	5,470	1,449	(2,372)	5,216	(6,897)	(7,665)
	Paid-up equity share capital (face value of Rs. 10/- each)	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641
	Other Equity						6,944						
	Earnings per share(EPS) (face value of Rs. 10/- each)												
a	Basic EPS (not annualised)	(9.41)	(0.42)	(3.09)	(11.95)	(9.11)	(2.81)	8.23	2.18	(3.57)	7.84	(10.39)	(4.21)
b	Diluted EPS (not annualised)	(9.41)	(0.42)	(3.09)	(11.95)	(9.11)	(2.81)	8.23	2.18	(3.57)	7.84	(10.39)	(4.21)




REVENUES, RESULTS, ASSETS, LIABILITIES AND CAPITAL EMPLOYED FOR THE SEGMENTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

(₹ in Lakhs)

SI No	Particulars	Standalone						Consolidated					
		Quarter ended			Nine Months ended		Year ended	Quarter ended			Nine Months ended		Year ended
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenues												
	Power generation/ distribution	3,388	2,752	1,651	8,353	6,790	9,415	3,388	2,752	1,651	8,353	6,790	9,415
	Rotating machines	4,848	4,901	4,269	14,567	14,494	19,498	4,848	4,901	4,288	14,567	14,513	19,517
	Others	185	185	261	608	629	822	185	185	261	608	629	822
	Total	8,421	7,838	6,181	23,528	21,913	29,735	8,421	7,838	6,200	23,528	21,932	29,754
	Less: Inter segment revenues	74	29	52	248	212	293	74	29	52	248	212	293
	Revenue from operations	8,347	7,809	6,129	23,280	21,701	29,442	8,347	7,809	6,148	23,280	21,720	29,461
2	Segment Results												
	Profit / (loss) before interest and tax expense												
	Power generation/ distribution	398	513	(305)	816	(457)	(669)	398	513	(305)	816	(457)	(669)
	Rotating machines	344	129	(176)	711	(806)	(607)	344	129	(176)	711	(806)	(588)
	Others	65	90	113	197	215	313	65	90	113	197	215	313
	Total	807	732	(368)	1,724	(1,048)	(963)	807	732	(368)	1,724	(1,048)	(944)
	Less: Interest	913	801	899	2,662	2,685	3,843	1,133	1,087	1,187	3,439	3,438	4,877
	Less: Other unallocable expenditure (net off unallocable Income)	6,146	213	784	7,007	2,316	(2,943)	(5,791)	(1,804)	819	(6,922)	2,415	(3,026)
	Total profit / (loss) before tax expense	(6,252)	(282)	(2,051)	(7,945)	(6,049)	(1,863)	5,465	1,449	(2,374)	5,207	(6,901)	(2,795)
3	Segment Assets												
	Power generation/ distribution	9,189	8,815	9,205	9,189	9,205	8,393	9,189	8,815	9,205	9,189	9,205	8,393
	Rotating machines	25,439	25,570	25,386	25,439	25,386	25,573	25,439	25,570	25,386	25,439	25,386	25,573
	Others	6,975	7,000	6,757	6,975	6,757	7,037	6,975	7,000	6,757	6,975	6,757	7,037
	Total	41,603	41,385	41,348	41,603	41,348	41,003	41,603	41,385	41,348	41,603	41,348	41,003
	Add Unallocable Assets	13,755	21,000	29,966	13,755	29,966	22,101	8,367	6,500	14,795	8,367	14,795	6,692
	Total Segment Assets	55,358	62,385	71,314	55,358	71,314	63,104	49,970	47,885	56,143	49,970	56,143	47,695
4	Segment Liabilities												
	Power generation/ distribution	9,544	8,123	7,653	9,544	7,653	7,829	9,544	8,123	7,653	9,544	7,653	7,829
	Rotating machines	14,041	13,806	11,448	14,041	11,448	13,214	14,041	13,806	11,448	14,041	11,448	13,214
	Others	786	732	476	786	476	798	786	732	476	786	476	798
	Total	24,371	22,661	19,577	24,371	19,577	21,841	24,371	22,661	19,577	24,371	19,577	21,841
	Add Unallocable Liabilities	25,341	27,832	37,465	25,341	37,465	27,678	29,537	34,636	44,926	29,537	44,926	35,011
	Total Segment Liabilities	49,712	50,493	57,042	49,712	57,042	49,519	53,908	57,297	64,503	53,908	64,503	56,852
5	Capital Employed (Segment Assets-Segment Liabilities)												
	Power generation/ distribution	(355)	692	1,552	(355)	1,552	564	(355)	692	1,552	(355)	1,552	564
	Rotating machines	11,398	11,765	13,939	11,398	13,939	12,360	11,398	11,765	13,939	11,398	13,939	12,360
	Others	6,189	6,268	6,281	6,189	6,281	6,239	6,189	6,268	6,281	6,189	6,281	6,239
	Total capital employed in segments	17,232	18,725	21,772	17,232	21,772	19,163	17,232	18,725	21,772	17,232	21,772	19,163
	Add: Unallocated	(11,586)	(6,833)	(7,500)	(11,586)	(7,500)	(5,578)	(21,170)	(28,137)	(30,132)	(21,170)	(30,132)	(28,320)
	Total capital employed	5,646	11,892	14,272	5,646	14,272	13,585	(3,938)	(9,412)	(8,360)	(3,938)	(8,360)	(9,157)



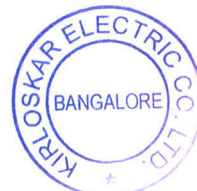



Notes:

- 1 The above unaudited standalone and consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on February 14, 2020.
- 2 The unaudited standalone and consolidated financial results of the Company for the quarter and nine months ended December 31, 2019 have been subject to limited review by its Statutory auditors.
- 3 The Company has prepared these Standalone and Consolidated financial results in accordance with Companies (Indian Accounting Standard) Rules, 2015 as amended as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the relevant rules issued thereunder as amended and the other accounting principles generally accepted in India.
- 4 The format for Standalone and Consolidated results as prescribed in SEBI's circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 05, 2016 read with SEBI Circular No.CIR/CFD/CMD/44/2019 dated March 29, 2019, Ind AS and Schedule III of the Companies Act, 2013 as amended applicable to the Companies that are required to comply with Ind AS.
- 5 As a measure of restructuring and with the consent of Lead Bank and other Lender 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 December 31, 2019 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 ₹12,318.99 lakhs (₹13,828.46 lakhs as at September 30, 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. During the quarter ended December 31, 2019, the Company has sold major portion of the Saleable properties held by its Subsidiaries at Mysore and further as on the date of results, the Company was in advance stage of discussion for monetization of other 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 (September 30, 2019 ₹2,970.77 lakhs) has been provided upto December 31, 2019.
- 6 During the quarter ended June 30, 2018, 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 quarter ended September 30, 2019, 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 results.
- 7(a) In case of Consolidated unaudited financial results - Confirmation of balances from customers are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Provision has been made to the extent required and further adjustments if any, will be made on completion of review/reconciliation. The debts exceeding two years and considered good of recovery by the management is estimated at Rs.2,455 lakhs.
- 7 (b) The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at December 31, 2019 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 the 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.

Angus R. Oommen

Al



- 8 a. The Company has filed before the honorable Supreme Court, special leave petition (SLP) in respect of resale tax penalty demand of ₹527 lakhs on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the parent company) and confirmed by the honorable High Court of Karnataka. This SLP has been admitted by the honorable Supreme Court.
- b. The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty of ₹362 lakhs, under 'Karasamadhana Scheme 2017'(Scheme) which involves settlement of the matter by payment of 10% of the amount of penalty and withdrawing the appeal before the honorable Supreme Court. However, the same could not be resolved due to certain interpretation issues of the Scheme and demand for certain amount as further tax payment without considering the amounts already paid by the Company. Consequently, the Company filed a writ petition in the honorable High Court of Karnataka challenging the scheme on grounds of discrimination and seeking specific reliefs. The honorable High Court of Karnataka has passed the order on October 01, 2018, that the deposit of Penalty amount made by the Company so far under the interim orders of the honorable High Court of Karnataka and honorable Supreme Court, shall be considered as Deposit made under the provisions of the said scheme subject to the final order by the appropriate authority in terms of the scheme for the adjustment of such deposited amount of Penalty. Further, on March 23, 2019, the Company has received the Final order from Assistant Commissioner of State Tax, Local Goods & Service Tax-140. In the said order, out of ₹.180.05 Lakhs initial deposit amount paid under protest for preferring an appeal by the Company, ₹.36.21 Lakhs has been considered as the full and final settlement for adjustment against the pending amounts under 'Karasamadhana Scheme 2017' and the balance amount Rs.144.84 Lakhs has been refunded on March 29, 2019 to the Company.
- c. The Company received a reassessment order under Karnataka Value Added Tax Act, 2003 ("KVAT") in an earlier year for the period April 2009 to March 2010 essentially denying input credit and making certain other disallowances and consequently, raised a demand of ₹893 lakhs. According to the Company the said order was passed based on incorrect interpretation of law. The Company was legally advised that the said order is not sustainable and consequently a writ petition was filed in the honorable High Court of Karnataka seeking relief from the said order and quashing of the same. The honorable High Court of Karnataka disposed the writ petition made by the company on January 10, 2018 and has passed the order setting aside for passing the fresh order in accordance with the law by the assessing authorities. The concerned authority is yet to pass the fresh orders.

Under the above circumstances, the Company believes based on legal advice / internal assessment that the outcome of these contingencies will be favorable, that losses are not probable and no provision is required to be recognized in this respect.

- 9 The figures for the quarter and nine months ended December 31, 2018 included in the Statement of Consolidated Financial Results for the quarter and nine months ended December 31, 2019 have been approved by the Holding Company's Board of Directors, but have not been subjected to review as the mandatory requirement for limited review has been made applicable for periods beginning from April 1, 2019, pursuant to Regulation 33(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 10 On July 02, 2019, the Company had entered into Memorandum of Understanding (MOU) with Shirdi Sai Electricals Limited, Hyderabad (SSEL) for the transfer of manufacturing unit of the company located in Pune, either by Business Transfer or such other mode as may be agreed, subject to the completion of satisfactory due diligence and after receipt of other approvals as may be required. As on the date of results, the Company has informed the Stock Exchanges through an intimation letter dated January 02, 2020 that as per the current discussions with SSEL and as mutually agreed, the MOU has been put on hold indefinitely.
- 11 On October 25, 2019, the Company has entered into an agreement to form a Joint Venture (JV) with M/s Electrodrive Powertrain Solutions Private Limited having its registered office at 184/2, Aerodrome Road, Singanallur, Coimbatore – 641005, Tamil Nadu for the design and development, sales and supply of electric motors to be used for all types of electric vehicles.
- 12 Transition to Ind AS -116 - Leases - Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise Right-of-Use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from the previous standard- Ind AS 17, and consequently, comparatives for previous periods have not been retrospectively adjusted. On transition, the Company records the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen the practical expedient provided in the standard to measure the right-of-use at the same value as the lease liability. The effect of Ind AS 116 on profit/(loss) for the current quarter and nine months ended December 31, 2019 is not material.

Angy R. Chinn

Al



13 Exceptional Items in the consolidated financial results for the year ended March 31, 2019 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 in subsidiary, SLPKG Estate Holdings Private Limited on February 27, 2019.

14 a. Other Income for the year ended March 31, 2019 primarily includes the profit on sale of properties of the Company situated at Malleshwaram West, Bangalore. Consequently, major part of the sale proceeds have been utilised towards the repayment of the financial dues to the banks and financial institutions.

b. Other Income for the quarter and nine months ended December 31, 2019 in Consolidated Financial results includes the profit on sale of properties of the Company situated at Kuvempu Nagar, Jayanagar and 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 and financial institutions.

15 Previous period figures have been regrouped wherever necessary to confirm with the current period presentation.

Place: Bengaluru

Date: February 14, 2020

(Vijay R Kirloskar)
Executive Chairman



Independent Auditor's Review Report on Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To,
The Board of Directors
Kirloskar Electric Company Limited
Bengaluru.

1. We have reviewed the accompanying Statement of Unaudited Standalone financial results of Kirloskar Electric Company Limited ('the Company') for the quarter and nine months ended December 31, 2019 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulation') read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ('the Circular').
2. This Statement, which is the responsibility of the company's management and approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (Ind AS 34) - Interim Financial Reporting, prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder as applicable and other accounting principles generally accepted in India, read with the Circular. Our responsibility is to express an opinion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Basis of Qualified Opinion:

Attention of the Directors is invited to note 5 to the unaudited financial results 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 to the said subsidiaries aggregating to ₹12,318.99 lakhs (₹13,828.46 lakhs as at September 30, 2019) against which provision is recognized for an amount of ₹8,400.77 lakhs as at December 31, 2019. Pending disposals/realization of assets by the subsidiaries, shortfall in realization of the amount outstanding (net of provision), if any, could not be ascertained.

5. Based on our review conducted and procedures performed as per paragraph 3 above except for the effects in respect of the matter stated in the paragraph on "Basis of Qualified Opinion" and read with note 5 to the unaudited financial results, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.



6. Key Audit Matters:

- a) Note 7(b) of the unaudited financial results – The Directors have detailed the reasons for preparing these unaudited financial results on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) have incurred losses and their net worth is 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 including that of ARCIL for assignment of borrowings from Axis Bank wherein the scheme of repayment is approved by ARCIL and that of infusion of requisite funds. 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 representations made by the Company and hence we opine that there is no existence of material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

7. Emphasis of Matter:

Without modifying our opinion, we invite the attention of the directors to:

- a) Note 8.a of the unaudited financial results, which states that the Company has filed Special Leave Petition in respect of demands of resale tax penalty of ₹527 lakhs before the honorable Supreme Court of India. The 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.
- b) Note 8.c of the unaudited financial results, which states that the Company had filed a Writ Petition in the honorable High Court of Karnataka challenging the demand of Karnataka Value Added Tax, 2003 of ₹893 lakhs and on January 10, 2018, the Writ Petition was disposed by the honorable High Court of Karnataka by setting aside the reassessment order and passed the order to make a fresh order in accordance with the law by the assessing authorities.

In respect of both the matters detailed in paragraph (a) and (b) above, 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 such representations.

Place: Bengaluru
Date: February 14, 2020



for K N Prabhashankar & Co.
(formerly Ashok Kumar, Prabhashankar & Co.)
Chartered Accountants
Firm Regn. No. 004982S


A. Umesh Patwardhan
Partner
M. No. 222945
UDIN: 20222945AAAAAI2730

K N PRABHASHANKAR & CO.

CHARTERED ACCOUNTANTS

S-2, Narayana, 25, Mission Road, Shama Rao Compound

Bengaluru - 560 027. India

Telefax: +91-80-22237045, +91-80-22241284

e-mail: knp@akpco.com

Independent Auditor's Review Report on Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To,
The Board of Directors
Kirloskar Electric Company Limited
Bengaluru.

1. We have reviewed the accompanying Statement of Unaudited Consolidated financial results of Kirloskar Electric Company Limited ("the Parent") and its subsidiaries and associates (the Parent and its subsidiaries and associates collectively referred as "Group"), and its share of net profit/(loss) after tax and total comprehensive income for the quarter and nine months ended December 31, 2019, attached herewith, being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (Ind AS 34) - Interim Financial Reporting, prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder as applicable and other accounting principles generally accepted in India, read with the Circular. Our responsibility is to express an opinion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. Basis of Qualified Opinion:

Attention of the Directors is invited to note 7(a) to the unaudited financial results regarding trade receivables/book debts exceeding two years and considered good by the management estimated at ₹2,455.20 lakhs. The relevant accounts 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.



5. The Statement includes the Unaudited financial results of the following entities:

- a. Kirsons B V
- b. Kelbuzz Trading Private Limited
- c. Luxquisite Parkland Private Limited
- d. SKG Terra Promonede Private Limited
- e. SLPKG Estate Holding Private Limited
- f. Kesvik Developers Private Limited
- g. Swaki Habitat Private Limited

6. Based on our review conducted and procedures performed as stated in paragraph 3 above except for the effects in respect of the matter stated in the paragraph on "Basis of Qualified Opinion" and read with note 7(a) to the unaudited financial results, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. Key Audit Matters:

- a) Note 7(b) of the unaudited financial results – The Directors have detailed the reasons for preparing these unaudited financial results on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) have incurred losses and their net worth is 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 including that of ARCIL for assignment of borrowings from Axis Bank wherein the scheme of repayment is approved by ARCIL and that of infusion of requisite funds. 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 representations made by the Company and hence we opine that there is no existence of material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

8. Emphasis of Matter:

Without modifying our opinion, we invite the attention of the directors to:

- a) Note 8.a of the unaudited financial results, which states that the Company has filed Special Leave Petition in respect of demands of resale tax penalty of ₹527 lakhs before the honorable Supreme Court of India. The 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.
- b) Note 8.c of the unaudited financial results, which states that the Company had filed a Writ Petition in the honorable High Court of Karnataka challenging the demand of Karnataka Value Added Tax, 2003 of ₹893 lakhs and on January 10, 2018, the Writ Petition was disposed by the honorable High Court of Karnataka by setting aside the reassessment order and passed the order to make a fresh order in accordance with the law by the assessing authorities.

In respect of both the matters detailed in paragraph (a) and (b) above, 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 such representations.



9. One of these subsidiaries is located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in its respective country by the Subsidiary management and the Parent's management has converted the financial results from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Parent's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the information and conversion adjustments prepared by the management of the Parent and reviewed by us.
10. The accompanying unaudited consolidated financial results includes the unaudited interim financial results of 7 subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total revenues of ₹ Nil and ₹ Nil, total net loss after tax and total comprehensive loss of ₹1,152 lakhs and ₹660 lakhs for the quarter and nine months ended December 31, 2019, respectively. These interim unaudited financial results have been approved and furnished to us by the management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on such unaudited financial results and other unaudited financial information of these subsidiaries provided by the management. Our conclusion on the Statement is not modified in respect of the above matter.

Place: Bengaluru
Date: February 14, 2020



for K N Prabhashankar & Co.
(formerly Ashok Kumar, Prabhashankar & Co.)
Chartered Accountants
Firm Regn. No. 004982S


A. Umesh Patwardhan
Partner
M. No. 222945
UDIN: 20222945AAAAAJ5964