



KIRLOSKAR ELECTRIC COMPANY LTD.,

Sect./AGM/18/2017
August 29, 2017

To,
The Secretary,

NATIONAL STOCK EXCHANGE OF INDIA LTD

Exchange Plaza,
Bandra Kurla Complex,
Bandra (East)
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,

Sub: Notice of 70th annual general meeting (AGM) & Book closure dates:

This is to inform that the AGM of the company is scheduled to be held on September 21, 2017. For the purpose, the Register of members and the Share Transfer Books of the company will remain closed from Friday, September 15, 2017 to Thursday, September 21, 2017 (both days inclusive).

The dispatch of notices of AGM together with the annual report for the financial year 2016-17 to the members is in the process of completion. Copies of both the notice of AGM and annual report are available for view on the company's website www.kirloskar-electric.com.

Further, in terms of Section 108 of the Companies Act, 2013 read with Rule 20(3) (vii) of the Companies (Management & Administration) Rules, 2014, the company has provided remote e-voting facility to all its members and has fixed September 15, 2017 as a cut-off date to record the entitlement of the members to cast their vote electronically through remote e-voting. Consequently, the cut-off date would record the entitlement of the members, who have not cast their vote remote electronically, to cast their vote at the AGM on September 21, 2017. Further details are mentioned in the notice of the AGM, which is enclosed hereto.

The company has availed e-voting services of Central Depository Service (India) Limited (CDSL).

It is requested that the above may please be taken on record.

Thank you.

Yours sincerely,

For Kirloskar Electric Company Limited

Chinmoy Patnaik

Associate Vice President – Legal & Company Secretary

P.B. No. 5555, Malleswaram West, Bangalore - 560 055, India

T+91 80 2337 4865 / 2337 8901 F +91 80 2337 7706

Customer Care No. : 1800 102 8268, website : www.kirloskarelectric.com

Regd. Office : Industrial Suburb, Rajajinagar, Bangalore - 560 010

CIN:L31100KA1946PLC000415

Ravi L. Kirloskar
Birth Centenary Year



(1917 - 1982)

“Quality must go beyond standard tests and procedures.
It must be equated with self respect and personal pride.”

- Late Shri Ravi L. Kirloskar



KIRLOSKAR ELECTRIC COMPANY LTD.

End-to-end presence in electrical engineering

70th

Annual Report

2016-17

(ABRIDGED)

Regd. Office: Industrial Suburb, Rajajinagar, Bengaluru-560010

CIN: L31100KA1946PLC000415

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KIRLOSKAR ELECTRIC COMPANY LTD

BOARD OF DIRECTORS

Vijay R. Kirloskar - *Executive Chairman*
S.N. Agarwal
Anil Kumar Bhandari
Sarosh J Ghandy
V.P. Mahendra
Kamlesh Gandhi
K. Ganesh - *Nominee Director (LIC)*
Meena Kirloskar
Ashok Misra
Shyamanta Bardoloi
Anand B Hunnur - *Managing Director (w.e.f 26.05.2017)*

COMPANY SECRETARY

Chinmoy Patnaik

AUDITORS

B.K. Ramadhyani & Co. LLP, Bengaluru

BANKERS

Bank of India
Axis Bank Ltd
State Bank of India
ICICI Bank Ltd
Corporation Bank Ltd
Bank of Commerce, Kuala Lumpur(Malaysia)
Bank of Baroda, Dubai

REGISTERED OFFICE

Industrial Suburb, Rajajinagar
Bangalore – 560 010
CIN: L31100KA1946PLC000415

FACTORIES

Govenahalli, Nelamangala - Bengaluru;
Budhihal, Bengaluru;
Gokul Road, Hubballi;
Gabbur Village, Hubballi;
Belwadi Industrial Area, Mysore;
Hirehalli Village, Tumkur;
Kondhapuri, Pune.

Information for members :

70th Annual General Meeting (AGM)

Date : September 21, 2017

Day : Thursday

Time : 10.00 am

Venue : Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course,
HAL Airport Road, Kodihalli, Bangalore 560 008



Dear Shareholders,

It is my privilege to write to you as the Chairman of this company. I, on behalf of the Board of directors, express sincere gratitude for your support for all these years. I have to inform you that this year is the Birth centenary of Late Shri Ravi L. Kirloskar, the founder of this company, who has always been a source of inspiration to all of us.

On behalf of the Board of directors, I am pleased to present the 70th annual report for your company for the financial year 2016-17.

The year 2016-17 continued to be another challenging year though the global economy is improving, with global GDP growth projected to increase to around 3.1% in 2018-2020. However, it remains vulnerable to geo-political tensions, high interest rates and high volatility in currencies.

Amongst the emerging economies, India has comparatively outperformed others. The medium to long-term economic outlook in India continues to look promising and it is further encouraging seeing the Government's measures to continue to liberalise the economy and focus on social sector spending. It is further encouraging seeing the Government's measures for fostering investments, and ease of doing business, in India. Some noteworthy new initiatives are in the form of Make-in-India, Invest India, Start up India and e-biz Mission Mode Project under the national e-governance plan. Over the medium run, the implementation of the Goods and Services Tax (GST), after demonetisation, and enacting other structural reforms should take the economy towards its potential real GDP growth of 8 per cent to 10 per cent. The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth.

Indian power sector is undergoing a significant change that has redefined the industry outlook. The demand for power in the country has increased rapidly and is expected to rise further in the coming years. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. It has identified power sector and renewable energy, namely, solar power and wind energy as key sectors of focus to promote sustained industrial growth. At the same time, the intensity of competition is increasing both at the market and supply sides, resulting in negative pressures on the prices of the products. In this direction, your company has taken several initiatives to remain competitive by reducing cost, optimizing the manpower and streamlining operations. The strong brand image of the company's products puts us in an advantageous position.

During the year, your company continued with more vigour focus on achieving more profitability, efficiency, increasing productivity and improving skills of human resources by undertaking a number of measures.

We are adopting all possible measures to mitigate the losses, at a time when there are pressures on cost in terms of lower demand, slower project execution and clearances, increase in interest burden and lower turnover. Your company is taking steps to overcome these challenges by improving upon efficiency, productivity and enhancing skills of human resources by a continuous process of learning & development.

We will continue with our efforts to further strengthen the operations and resource base of your company and we are sure that your company will overcome these challenging times.

I express my sincere thanks to the shareholders, lenders, bankers, financial institutions, vendors, customers and all other stake holders. I express my sincere thanks to the employees of the company for their support during these hard times.

Vijay R Kirloskar
Executive Chairman

NOTICE

NOTICE is hereby given that the **SEVENTIETH ANNUAL GENERAL MEETING ("AGM")** of the members of **KIRLOSKAR ELECTRIC COMPANY LIMITED** will be held on Thursday, the 21st day of September, 2017 at Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560 008, at 10.00 A.M. to transact the following business :

1. Adoption of financial statements.

To adopt audited annual financial statement along with the audited annual consolidated financial statement of the company for the year ended March 31, 2017 together with the reports of the Board of directors and auditors thereon.

2. Appointment of auditors.

M/s. B. K. Ramadhyani and Co. LLP (LLP Registration No: AAD-7041) Chartered Accountants, Bengaluru, and M/s. Sunder & Associates, (AF No: 1172), Chartered Accountants, Malaysia, are holding offices as auditors of the company and of the sales office at Kuala Lumpur, Malaysia, respectively, for the financial year 2016-17, whose offices shall expire at the conclusion of this AGM.

Based on the recommendation of the audit committee, the Board of directors has, subject to the approval of the members, appointed M/s. Ashok Kumar, Prabhashankar & Co., chartered accountants, as auditors of the company to hold office from the conclusion of this 70th AGM until the conclusion of the 72nd AGM and M/s. Sunder & Associates, (AF No: 1172), chartered accountants, Malaysia, as branch auditor of the company to hold office from the conclusion of this AGM until the conclusion of the next AGM.

Members are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT M/s. Ashok Kumar, Prabhashankar & Co., chartered accountants, (FRN : 004982S), chartered accountants, Bengaluru, are hereby appointed as auditors of the company in terms of the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 to hold office from the conclusion of the 70th annual general meeting until the conclusion of the 72nd annual general meeting of the company and that the Board of directors of the company ("Board") is hereby authorized to fix their remuneration.

RESOLVED FURTHER THAT M/s. Sunder & Associates, (AF No. 1172), chartered accountants, Malaysia, the retiring auditors, of the company's sales office at Kuala Lumpur, Malaysia, are hereby appointed as auditors of the sales office in Malaysia pursuant to Section 143 read with Section 139, 142 and other applicable provisions of the

Companies Act, 2013 to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the company and that the Board is hereby authorized to fix their remuneration.

RESOLVED FURTHER THAT the Board is hereby empowered to do all such acts and take all such steps as may be necessary, expedient or proper to give effect to foregoing resolution,"

3. Appointment of Mr. Krishnamurthy Ganesh as a director liable to retire by rotation.

To appoint a director in place of Mr. Krishnamurthy Ganesh (DIN: 05160176) who retires by rotation and, being eligible, seeks reappointment.

Members are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Krishnamurthy Ganesh (DIN: 05160176), who retires by rotation pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, is hereby reappointed as a director liable to retire by rotation."

SPECIAL BUSINESS

4. Appointment of Mr. Shyamanta Bardoloi as director.

The Board of directors of the company has appointed Mr. Shyamanta Bardoloi (DIN-01720375) as an additional director of the company under the provisions of Section 161 (1) of the Companies Act, 2013. Mr. Shyamanta Bardoloi is eligible for appointment as director of the company and the company has received a notice from a member in terms of the provisions of Section 160(1) of the Companies Act, 2013 proposing him to the office of director.

In this regards, members are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to provisions of Sections 160 of the Companies Act, 2013 and the rules made thereunder as amended, and articles of association of the company, Mr. Shyamanta Bardoloi (DIN:01720375), who was appointed as an additional director by the Board of directors and holds office effective from November 14, 2016 upto the ensuing annual general meeting pursuant to the provisions of Section 161 of the Companies Act 2013 and in respect of whom the company has received a notice in writing from a member proposing his candidature to the office of director of the company be and is hereby appointed as director liable to retire by rotation."

5. Approval to the remuneration of the cost auditors

Members are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

M/s. Rao, Murthy & Associates (Firm Regn no. 000065), cost auditors, have been appointed as cost auditors of the company for the financial year 2016-17 and 2017 -18 and the audit fees payable to the cost auditors for the financial years are ₹ 4,50,000/- (Rupees Four Lakhs Fifty Thousand Only) and ₹ 3,50,000/- (Rupees Three Lakhs Fifty Thousand Only), respectively, which were approved by the Board of directors based upon the recommendation of the audit committee.

Members are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT cost audit fees of ₹ 4,50,000/- (Rupees four lakhs and fifty thousand only) and ₹ 3,50,000/- (Rupees three lakhs and fifty thousand only) for the financial years 2016-17 and 2017-18, respectively, are hereby approved for payment to M/s. Rao, Murthy & Associates (Firm Regn no. 000065), cost auditors.

6. Revision in the remuneration payable to Mr. Vijay R Kirloskar, Executive Chairman:

Members are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT, in supersession of resolution no. 6 passed at the 68th annual general meeting of the company held on September 28, 2015 and according to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto, as amended, consent of members be and is hereby given to the increase in the remuneration payable to Mr. Vijay R Kirloskar (having DIN: 00031253), Executive Chairman of the company, for the period effective from October 1, 2016 upto August 11, 2017 to ₹ 14,00,000/- (Rupees Fourteen Lakhs only) per month with details as set out herein :

a. Salary:

₹ 14,00,000/- (Rupees Fourteen Lakhs only) per month

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, 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

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

Perquisites shall be evaluated as per the provisions of the Income tax Rules.

“Family” here means the spouse, dependent children of the Chairman

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the income tax rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

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 reimbursement of ordinary medical expenses, in case of hospitalization of the 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.

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 ₹ 14,00,000/- (Rupees Fourteen Lakhs only) per month be paid to Mr. Vijay R Kirloskar as minimum remuneration.

7. Reappointment of Mr. Vijay R Kirloskar as Executive Chairman:

Members are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT in terms of the provisions of Sections 196, 197, 200 and other applicable provisions, if any, of the Companies Act, 2013, rules framed thereunder and Schedule V, as amended, and subject to the approval of Central Government, if required, consent of the company be and is hereby accorded to the reappointment of Mr. Vijay R Kirloskar (DIN 00031253), as Executive Chairman of the company for a period of Three (3) years effective from August 12, 2017 on the remuneration as set out below:

- a. Salary:** ₹ 1,68,00,000/- (Rupees One Crore Sixty Eight Lakhs) per annum.

b. Perquisites and allowances

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

Perquisites shall be evaluated as per the provisions of the income tax rules.

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

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the income tax rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

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 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.

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 ₹ 1,68,00,000/- (Rupees One Crore Sixty Eight Lakhs) 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.

8. Appointment of Mr. Anand B. Hunnur as Managing Director:

Members are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

"RESOLVED THAT in terms of the provisions of Sections 196, 197, 200 and other applicable provisions, if any, of the Companies Act, 2013, rules framed thereunder and Schedule V, as amended, approval of the company be and is hereby accorded to the appointment, including the terms of appointment, of Mr. Anand B Hunnur (DIN 06650798), as Managing Director of the company for a period of Three (3) years with a remuneration of ₹ 80,00,000/- per annum effective from May 26, 2017 with the remuneration details as set out hereunder:

a. Salary:

₹ 25,00,000/- (Rupees Twenty Five Lakhs) per annum.

b. Perquisites and allowances

Managing Director 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 ceiling of ₹ 55,00,000/- per annum which shall also include premium payable towards medi-claim and personal accident insurance as per the policies of the company.

Explanation

Perquisites shall be evaluated as per the provisions of the income tax rules.

"Family" here means the dependent child of the Managing Director

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the income tax rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

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 reimbursement of ordinary medical expenses, in case of hospitalization of the Managing Director, 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 ₹ 55,00,000/- per annum in any financial year.

The Managing Director shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 and other applicable provisions of the Companies Act, 2013 read with schedule V, as amended, to the Companies Act, 2013, where in any financial year during the tenure of the appointment, company has losses or its profits are inadequate, the remuneration of ₹ 80,00,000/- (Rupees Eighty Lakhs Only) or such higher remuneration, as may be approved by the Board of directors within the limits permitted under schedule V to the Companies Act, 2013 be paid to Mr. Anand B Hunnur as the minimum remuneration.

9. Revision in the remuneration payable to Mr. Vinayak N Bapat, Managing Director:

Members are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT, in supersession of resolution no. 7 passed at the 68th annual general meeting of the company held on September 28, 2015 and according to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto, as amended, consent of members be and is hereby given to the increase in the remuneration of Mr. Vinayak N Bapat (having DIN: 06936639), Managing Director of the company, to ₹96,00,000 p.a (Rupees Ninety Six Lakhs only) with effect from January 1, 2017 with the details as set out herein:

a. Salary:

₹ 25,00,000/- (Rupees Twenty Five Lakhs only);

b. Perquisites and allowances:

Managing Director 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, 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 subject to ceiling of ₹ 71,00,000/- (Rupees Seventy One Lakhs only) per annum which shall also include premium payable towards medi-claim and personal accident insurance as per the policies of the company.

Explanation

Perquisites shall be evaluated as per the provisions of the income tax rules.

“Family” here means the spouse, dependent children of the Managing Director.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the income tax rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

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 Mr. Vinayak N. Bapat the Board of Directors shall have the discretion to 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.

The Managing Director 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 ₹ 96,00,000/- per annum be paid to Mr. Vinayak N Bapat as minimum remuneration.

Explanatory Statement for the foregoing items is annexed hereto in terms of the provisions of section 102 of the Companies Act, 2013.

By order of the Board of directors,
For KIRLOSKAR ELECTRIC COMPANY LIMITED

Place: Bengaluru
Date: August 10, 2017

Vijay R. Kirloskar
Executive Chairman

NOTES:

- (a) Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business is annexed hereto.
- (b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**
The proxy form duly completed and signed should be deposited at the corporate office not later than 48 hours before the commencement of the AGM. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the company. A member holding more than ten percent of the total Share Capital of the company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy of any other person or member.

A proxy form is attached herewith. Proxies submitted on behalf of companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
- (c) During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the company.
- (d) Corporate members intending to send their authorized representatives to attend the AGM are requested to send to the company a certified copy of the Board resolution authorizing their representatives to attend and vote at the AGM.
- (e) For the purpose of AGM, the share transfer books and Register of Members of the company will remain closed from September 15, 2017 to September 21, 2017 (both the days inclusive).
- (f) Documents relating to any of the items mentioned in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the company on any working day during business hours.
- (g) Members requiring information on the accounts and operations of the company are requested to write so as to reach the company at least seven days before the date of the AGM to enable the company to furnish the information.
- (h) 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.
- (i) 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, Bangalore – 560003. Members holding shares in the electronic form are advised to notify any change in their address to the concerned depository participants.
- (j) **To support 'Green Initiative', members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the company electronically.**
- (k) 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.
- (l) 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.
- (m) Electronic copy of the Annual Report for the year ended March 31, 2017 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 unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year ended March 31, 2017 are being sent in the permitted mode. A copy of the notice of the AGM and annual report are also available for download from the website of the company at www.kirloskar-electric.com

SEVENTIETH ANNUAL REPORT 2016-17

(n) The physical copies of the annual report for the year ended March 31, 2017 and notice of the AGM will also be available at the company's Registered Office in Bangalore for inspection on any working day during business hours. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request, by post free of cost. For any communication, the members may also send requests to the company's investor email id: investors@kirloskarelectric.com

(o) 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 through remote e-voting arranged by Central Depository Services (India) Limited ("CDSL"). The facility to cast votes through ballot papers will also be made available at the AGM and members attending personally or through proxy, who have not cast/ exercised their rights to vote by remote e-voting shall be able to exercise their right to vote at the AGM. Members who have cast their votes through remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes. The instructions for remote e-voting are provided herein. Mr. Swaroop Suryanarayana, Practicing Company Secretary, (CS No. 8977/PCS No. 9997) partner of M/s. Swaroop, Ravishankar & Associates, Company Secretaries, Bengaluru, has been appointed as scrutinizer for the purpose of voting.

Procedures for e-voting are as under:

- (i) The voting period will begin on September 18, 2017 (from 9.00 A.M) and will end on September 20, 2017 (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 September 15, 2017 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 login details. Members may call the RTA through telephone number +91-80-23460815-818 or send an email request to irg@integratedindia.in.
- (iii) The members should log on to the e-voting website www.evotingindia.com
- (iv) Click on "Shareholders / Members" tab.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) 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 sequence number in the PAN Field. - In case the sequence 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 sequence number 1 then enter RA00000001 in the PAN Field.
Dividend Bank Details/ Date of Birth (DOB)	Enter the Dividend bank details or Date of Birth (in dd/mm/yyyy format) as recorded in your DEMAT account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the dividend bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN of KIRLOSKAR ELECTRIC COMPANY LIMITED on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If DEMAT account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) 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.
- (xx) Note for Institutional Members(Non Individual and Custodians)
 - Institutional members (i.e. other than Individuals, HUF, NRI etc.) are required to log on to 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.
- (xxi) 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.
- (xxii) The results of the e-voting along with the scrutinizer's report shall be placed in the company's website www.kirloskar-electric.com and on the website of CDSL e-Voting 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.
- (xxiii) In case of joint members attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote (if cast at the AGM).
- (p) Information about directors seeking appointment / reappointment is given in the annexure appended hereto and forms part of this report.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4:

Mr. Shyamanta Bardoloi was appointed as additional director of the company effective from November 14, 2016 and his office as additional director shall expire at the ensuing annual general meeting.

The company has received consent from Mr. Shyamanta Bardoloi conveying his willingness to be director and has, accordingly, submitted declarations stating that he fulfills the conditions of being appointed as director. The Board of directors is also of the opinion that he fulfills the conditions specified under the Companies Act, 2013 for such appointment.

The company has received a notice in writing from a member along with the requisite deposit in terms of Section 160 of the Act proposing him as director. Accordingly, it is proposed to appoint Mr. Shyamanta Bardoloi as director liable to retire by rotation.

The details of Mr. Bardoloi as required have been provided separately under profile of directors seeking appointment.

Except for Mr. Bardoloi and his relatives, none of the directors and key managerial personnel of the company or their relatives is concerned or interested in the resolution set forth under this item no.4 of the accompanying notice.

The Board of directors considers that appointment of Mr. Shyamanta Bardoloi as director would immensely benefit the company and, therefore, recommends the resolution set forth under item no. 4 of the accompanying notice, for approval of the members.

Item No. 5:

In terms of the provisions of Section 148 of the Companies Act, 2013, as amended, the company is required to undertake audit of its cost records. M/s Rao, Murthy & Associates, cost auditors, are appointed as cost auditors of the company for the financial year 2016-17 and 2017-18 with remuneration of ₹ 4,50,000/- and ₹ 3,50,000/-, respectively as recommended by the audit committee.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors is required to be ratified by the members of the company.

None of the directors, key managerial personnel or their relatives is concerned or interested in the resolution set forth under item no. 5 of the accompanying notice.

Board recommends the resolution set forth under item no. 5 of the accompanying notice for approval of the members.

Item No. 6:

Pursuant to the approval of the members at the 68th annual general meeting, the company had sought permission from the Central Government to pay higher remuneration of ₹ 5,10,00,000/- per annum to the Executive Chairman. The Government of India approved to pay remuneration of ₹ 84,00,000/- per annum which was according to the provisions and within the limits specified under Section II of Part II of schedule V to the Companies Act, 2013.

Subsequently, the Ministry of Corporate Affairs (MCA) vide notification dated 12.09.2016 revised the limits in Schedule V to the Companies Act, 2013. In accordance with the notification, the Board of directors revised the remuneration payable to the Executive Chairman from ₹ 7,00,000/- to ₹ 14,00,000/- per month, which is within the limits permitted under schedule V to the Companies Act, 2013. The company has also made a representation to the Central Government seeking permission to pay the revised remuneration for the period prior to the date of notification i.e. from July 1, 2015 till September 30, 2016, the period prior to the notification dated 12.09.2016 and response is awaited.

Except for Mr. Vijay R Kirloskar 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.6 of the accompanying notice.

In accordance with requirement of Schedule V to the Companies Act, 2013, the Board recommends the special resolution set forth under item no. 6 of the accompanying notice for approval of the members.

Item No. 7:

Mr. Vijay R Kirloskar was appointed as Executive Chairman of the company for a period of three (3) years effective from August 12, 2014. The term of three years expired on the close of the office hours on August 11, 2017. Board at its meeting on August 10, 2017 has, subject to the approval of the members of the company, reappointed Mr. Vijay R Kirloskar as Executive Chairman of the company for a period of three years.

Brief resume, nature of expertise in specific functional areas, names of companies in which Mr. Vijay R 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 R Kirloskar are contained in the agreement dated August 10, 2017 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, 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 ten (8) manufacturing locations and 20 sales offices, about hundred (100) dealers and approximately two hundred (150) authorized service providers spread across the country and three (3) branch offices in overseas, JVs and Subsidiaries in Singapore, Malaysia and Netherland. 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 centers. 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 fulfill the expectations of industries and clients spread across the world.

Kirloskar Electric Company is the only company in India which manufactures and supplies motors which are used in electric vehicles. It also supplies DG Sets to Indian Railways for its power cars.

The company provides tailor made customized electrical equipments to its customers. The company's valued customers are who's who in Indian industries includes Indian Railways, all major industry houses including Tata, Reliance, Aditya Birla Group, Jindal Group, GMR group, ESSAR, Mahindra & Mahindra and also leading PSUs such as BHEL, NTPC, EIL, Nuclear power, NHPC, BPCL, HPCL, IOC and many more and EPCS including L & T, NCC, Doosan and many more.

2) Date of commencement of commercial production:

July 26, 1946

3) Financial performance based on given indicators:

Financial highlights have been provided in Board's report, which is appended to this annual report.

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 R. 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 R. 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 R. 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.

SEVENTIETH ANNUAL REPORT 2016-17

(2) Past remuneration

Details of remuneration drawn by Mr. Vijay R. Kirloskar for past three years :

Year	Salary	Contribution to PF & SAF	Total Remuneration
2013-14	1,60,14,097#	43,23,809##	2,03,37,905
2014-15	1,69,15,124	45,67,084	2,14,82,208
2015-16	84,00,000	22,68,000	1,06,68,000

includes arrears of ₹ 17, 78,616/-

Includes arrears of ₹ 4,80,227/-

(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)

SI No.	Name of the company	Turnover	Remuneration
1	Voltamp Transformers Limited	60,937.70	278.91
2	Crompton Greaves Consumer Electricals Ltd	3,97,590.00	326.00
3	Kirloskar Oil Engines Ltd	2,61,400.00	343.00

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

Except for Mr. Vijay R. 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 too a low capacity utilization and thereby resulting into losses for the last two 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 R. 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 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 year 2018-19.

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

The company has already taken measures for improving its working, such as cutting costs at all levels; reduction in manpower, product development, improving working capital management etc. and the performance is getting improved.

(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.

In accordance with the requirement of schedule V to the Companies Act, 2013, Board recommends the resolution set forth under item no. 7 of the accompanying notice for approval of the members.

Item No. 8:

The Board of directors has, subject to the approval of members, appointed Mr. Anand B Hunnur as Managing Director of the company for a period of three (3) years effective from May 26, 2017. Hence, it is proposed to seek member's approval to the appointment and payment of remuneration to Mr. Anand B Hunnur as Managing Director. Broad particulars of terms of appointment and remuneration payable to Mr. Anand B Hunnur are mentioned in the resolution. The remuneration proposed to Mr. Anand B Hunnur is ₹ 80,00,000/- per annum, 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. Anand B Hunnur 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 in the annexure appended to the notice.

The terms of the appointment of Mr. Anand B Hunnur are contained in the agreement dated May 26, 2017 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: [Please refer to the disclosure under Item no.7 (I)]

II. Information about the appointee:

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

Mr. Anand B Hunnur, aged about 56 years is Managing Director of the company. He holds a Bachelor's degree in Engineering from Karnataka University and has also done his diploma in Marketing & Sales Management from Bharatiya Vidya Bhavan, Mumbai. He has over 32 years of experience in the field of sales and marketing and has been with your company since November 29, 2011. He was appointed as an Executive Director (Sales) of the company in the year 2014 and is responsible for marketing and sales. Prior to joining the company, he has worked with WEG Electric (India) Private Limited and Trident Powercraft Private Limited. The nomination and remuneration committee of the Board and the Board of directors found him suitable to the office of Managing Director considering his qualification vis-a-vis industry and his vast experience.

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

Details of remuneration drawn by Mr. Anand B Hunnur for past two years:

Year	Salary	Contribution to PF & SAF	Total Remuneration
2014-15	19,71,539	2,23,142	21,94,681
2015-16	40,89,548	3,90,825	44,80,373

(3) Remuneration proposed

Proposed annual remuneration to the Managing Director:

Sl. No	Particulars	Amount (₹)
1	Salary	25,00,000
2	Perquisites and allowances	55,00,000
	Total	80,00,000

(4) Comparative remuneration profile with respect to industry, size of the company, 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	Voltamp Transformers Limited	60,937.70	278.91
2	Crompton Greaves Consumer Electricals Ltd	3,97,590.00	326.00
3	Kirloskar Oil Engines Ltd	2,61,400.00	343.00

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

Except for Mr. Anand B Hunnur, 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. 8 of the accompanying notice.

III. Other information: [Refer disclosure under item no.7 (III)]**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 the annual report.

In accordance with the requirement of schedule V of the Companies Act, 2013, Board recommends the resolution set forth under item no. 8 of the accompanying notice for approval of the members.

Item No. 9:

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board of directors approved the revision in the remuneration payable to Mr. Vinayak N Bapat, Managing Director, from the existing remuneration of ₹ 80,00,000/- per annum to ₹ 96,00,000/- per annum, effective from 01.01.2017.

The existing remuneration of ₹ 80,00,000/- per annum to Mr. Vinayak N Bapat was approved by the members at the 68th annual general meeting of the company.

Disclosures as per schedule V to the Companies Act, 2013**I. General information:** [Refer disclosure under item no.7 (I)]**II. Information about the appointee:****(1) Background details, recognition or awards, job profile and his suitability :**

Mr. Vinayak N Bapat, aged about 51 years, is the Managing Director of the company. He holds a Bachelor's degree in Commerce from Shivaji University. He is a member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He has received Business Leadership award in 2015 from Indian Achievers Forum and was also awarded Recognition of Excellence from CFO 100 in 2014 and 2015. He has over 26 years of experience in the fields of business strategy development, financial assessment and business reorganization and turnaround and has been with the company since January 31, 2011. He was appointed as the Managing Director of the company in the year 2014 and is responsible for the management of the company's day to day affairs. Prior to joining the company, he has worked with Renfro India Private Limited and Cummins Generator Technologies India Limited. The Board of directors basing upon the recommendation of nomination and remuneration committee revised his remuneration from ₹ 80,00,000/- to ₹ 96,00,000/- per annum for the period from January 1, 2017 upto August 11, 2017.

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

Year	Salary	Contribution to PF & SAF	Total Remuneration
2014-15	30,18,228	3,41,328	33,59,556
2015-16	58,22,153	6,39,002	64,61,155

(3) Remuneration

Remuneration to Mr. Vinayak N Bapat, Managing Director:

Sl. No	Particulars	Amount (₹)
1	Salary	25,00,000
2	Perquisites & Allowances	71,00,000
	Total	96,00,000

(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)

SI No.	Name of the company	Turnover	Remuneration
1	Voltamp Transformers Limited	60,937.70	278.91
2	Crompton Greaves Consumer Electricals Ltd	3,97,590.00	326.00
3	Kirloskar Oil Engines Ltd	2,61,400.00	343.00

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

Except for Mr. Vinayak N Bapat, 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. 9 of the accompanying notice.

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

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 the annual report.

In accordance with the requirement of schedule V of the Companies Act, 2013, Board recommends the resolution set forth under item no. 9 of the accompanying notice for approval of the members.

By order of the Board of directors,
For KIRLOSKAR ELECTRIC COMPANY LIMITED

Place: Bengaluru
Date: August 10, 2017

Vijay R. Kirloskar
Executive Chairman

Name of director	Mr. Krishnamurthy Ganesh	Mr. Shyamanta Bardoloi
Age	56 years	68 Years
Date of appointment	30-09-2013	14-11-2016
Relationship with other directors/ KMP	He is not related to any director or key managerial personnel of the company.	He is not related to any director or key managerial personnel of the company.
Qualification & experience	Mr. Ganesh is a Bsc.ED. He worked as an Executive Director (CRM) in LIC of India, Mumbai. He was a Zonal Manager, South Central Zone, LIC of India, Hyderabad. Presently Mr. Ganesh is appointed as a Executive Director (CRM), LIC of India for a 2nd term.	Mr. Bardoloi is holding a degree of Bachelor of Engineering (Hons) from BITS Pilani, (Year-1970). He has a vast experience in the field of Marketing, Sales, Projects & Engineering. His last noted assignments were with 'M/s. DANIELI INDIA' where he served as a Managing Director, M/s. SSE Steel, Haiphong Vietnam where he served as Dy. Managing Director. Presently he is a Director & CEO in M/s. WAYFIX Engineering.
Directorship in other listed companies	He is not holding any directorship in other company.	He is not holding any directorship in other company.
Shareholding in the company	500	Nil
*Chairperson of committees	Nil	Nil
*Member of committees	Nil	Nil

**committees include audit committee and stakeholder relationship committees only.*

Annexure

Mr. Vijay R Kirloskar	Mr. Anand B Hunnur
66 years	56 years
10-08-2017	26-05-2017
Mr. Vijay R Kirloskar is spouse of Mrs. Meena Kirloskar, director of the company	He is not related to any director or key managerial personnel of the company.
Disclosures as per Schedule V of the Companies Act, 2013 (Refer explanatory statement of item no. 7 appended to the notice calling 70th Annual General Meeting)	Disclosures as per Schedule V of the Companies Act, 2013 (Refer explanatory statement of item no. 8 appended to the notice calling 70th Annual General Meeting)
MRF Limited and Batliboi Limited	He is not holding any directorship in other company.
11,840,618	1,208
Nil	Nil
Stakeholders relationship Committee\$	Nil

\$in Kirloskar Electric Company Limited

Board's Report

Dear Members,

Your directors have the pleasure in presenting the 70th annual report on the business and operations of your company together with the audited financial statement (including the consolidated financial statement) of your company for the financial year ended March 31, 2017.

Performance review and the state of company's affairs

During the year under report, your company achieved a turnover of ₹ 58,552.00/- lakhs (previous year ₹ 55,128.88/- lakhs). The operations have resulted in net loss of ₹ 2,963.19/- lakhs (previous year net loss was ₹ 3,113.04/- lakhs).

In view of the losses, your directors do not recommend any dividend for the year.

The financial highlights are as follows:

(₹ Lakhs)

PARTICULARS	2016-17	2015-16
Total Revenues	58,552.00	55,128.88
Loss before depreciation and taxes	1,850.70	2011.97
Loss before taxes	2,969.96	3,113.04
Provision for taxes	6.77	-
Loss for the year after taxes	2,963.19	3,113.04
Balance brought forward from previous year (losses)	9,105.97	5,992.93
Balance carried to balance sheet (losses)	12,069.16	9,105.97

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

The company has a robust system of internal financial control, which is in operation.

Details of subsidiary companies

Your company has six wholly owned subsidiaries and one associate company.

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.

Fixed Deposits

SL. No.	Particulars	Amount in Lakhs
1.	Accepted during the year	Nil
2.	Remained unpaid or unclaimed at the end of the year.	796.20
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

Share Capital

Your company had issued 15,95,890 Compulsorily Convertible Preference Shares (CCPS) of ₹ 100/- each to Mr. Vijay R Kirloskar, Executive Chairman, during the financial year 2014 -15. According to the terms of the issue, the CCPS were required to be converted into Equity Shares in two tranches within a period of eighteen months from the date of the issue. In accordance with the terms of the issue, the Board of directors at its meeting held on February 11, 2016 approved for the conversion of first tranche aggregating to 7,77,485 CCPS. Upon the conversion, 25,54,156 equity shares of ₹ 10/- each were issued at a premium of ₹ 20.44/- per share to Mr. Vijay R Kirloskar.

Further, the Board of directors at its meeting held on September 26, 2016 approved for the conversion of the second tranche aggregating to 8,18,405 CCPS of ₹ 100/- each and allotted 26,88,583 Equity Shares of Rs. 10/- each at a premium of ₹ 20.44/- per share to Mr. Vijay R Kirloskar.

Pursuant to your approval, the company raised funds to a tune of ₹ 3,688.20 Lakhs from Qualified Institution Buyers (QIB) by allotting 79,91,765 Equity Shares of ₹ 10/- each issued at a price of ₹ 46.15/- per share under chapter VIII of SEBI (Issue of Securities and Disclosure Requirements) Regulation, 2009.

As at March 31, 2017, the paid up Share Capital of your company was ₹ 664,140,710/- divided into 66,414,071 Equity Shares of ₹ 10/- each.

Statutory audit:

M/s. B.K. Ramadhyani & Co. LLP (registration no. AAD-7041), chartered accountants, and M/s. Sunder & Associates (AF No. 1172), chartered accountants, Malaysia, are the retiring auditors. M/s. B.K. Ramadhyani & Co. LLP, are not eligible for reappointment in terms of the provisions of Section 139 of the Companies Act, 2013. The Board of directors has recommended, based on the recommendation of the audit committee, M/s. Ashok Kumar, Prabhaskar & Co., chartered accountants, to be appointed as auditors of the company to hold office from the conclusion of the 70th annual general meeting until the conclusion of the 72nd annual general meeting.

The audit committee and the Board have recommended M/s. Sunder & Associates, chartered accountants, Malaysia, to be appointed as branch auditors of the company to hold office from the conclusion of 70th annual general meeting until the conclusion of 71st annual general meeting of the company, to audit the accounts of the Malaysia sales office and report thereon.

Appropriate resolution seeking members' approval has been set forth in the notice of 70th annual general meeting of the company.

Internal audit

The company had appointed M/s. KPMG as its internal auditors for the financial year.

Cost audit

M/s. Rao, Murthy and Associates, cost accountants, were appointed as cost auditors of the company for the financial year ended March 31, 2017. The Board of directors of your company has fixed ₹ 4,50,000/- (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 70th annual general meeting of the company.

The audit committee of the Board has recommended for the appointment of M/s. Rao, Murthy and Associates, cost accountants, as cost auditors of the company for the financial year 2017-18 and the Board of directors has approved their appointment.

Secretarial Audit:

M/s. Swaroop, Ravishankar & Associates, company secretaries, were appointed as secretarial auditors for the financial year 2016-17 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**.

Extract of annual return

According to the provisions of Section 92(3) of the Companies Act, 2013, an extract of the annual return is appended hereto as **Form MGT-9**, which forms part of this report.

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 I**, which forms part of this report.

Changes in directors and key managerial personnel

Mr. Vijay R Kirloskar has been reappointed as Executive Chairman of the company effective from August 12, 2017 for a period of three (3) years.

Mr. Anand B Hunnur has been appointed as Managing Director of the company effective from May 26, 2017 for a period of three (3) years.

Mr. Shyamanta Bardoloi has been appointed as additional director by the Board of directors at its meeting held on November 14, 2016 and his office shall cease at the ensuing annual general meeting. Being eligible, Board has recommended for the appointment of Mr. Shyamanta Bardoloi as director, liable to retire by rotation.

Mr. Krishnamurthy Ganesh, shall retire at the ensuing annual general meeting, being eligible for reappointment, seeks reappointment. Suitable resolutions seeking members' approvals to the above appointments are proposed in the notice of 70th annual general meeting.

Ms. Janaki Kirloskar has resigned from the Board of directors effective from February 11, 2017.

Mr. Vinayak N Bapat has resigned from the office of Managing Director and his office as Managing Director and director of the company shall cease from the closing hours of August 11, 2017.

SEVENTIETH ANNUAL REPORT 2016-17

Mr. Soumendra Kumar Mahapatra has resigned from the position of chief financial officer and he shall ceased to be chief financial officer effective from August 12, 2017.

Mr. Sanjeev Kumar S has been appointed as the chief financial officer of the company effective from August 10, 2017.

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.

Board evaluation

Your 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 at its meeting held on March 28, 2017 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 March 28, 2017 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 Chairman and the executive directors, namely, Mr. Vijay R Kirloskar, Executive Chairman; Mr. Vinayak N Bapat, Managing Director & Mr. Anand B Hunnur, Director – Sales;
 3. Performance of non-executive non independent directors, namely, Mr. K Ganesh, Nominee Director; Mrs. Meena Kirloskar, director & Mr. Shyamanta Bardoloi, director;

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.

Number of meetings of the Board of directors

Seven meetings of the Board of directors were held during the year 2016-17. Further details are contained in the Corporate Governance Report appended to this report.

Vigil mechanism for directors and employees

The company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism 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. It is 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:http://www.kirloskar-electric.com/images/pdf/investor/policies/Whistle-Blower-Policy.pdf](http://www.kirloskar-electric.com/images/pdf/investor/policies/Whistle-Blower-Policy.pdf)).

Sexual harassment Policy

Your company has in place an "anti-sexual harassment policy" in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees are covered under this policy.

During the year under review, no complaint was reported.

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 sub-section (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. The Policy on Related Party Transaction is available on the company's website (*URL: <http://www.kirloskarelectric.com/images/pdf/investor/policies/RPT-policy.pdf>*).

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 **Form MGT – 9**.

Corporate Governance

Your company's corporate governance report for the fiscal 2017 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.

Management Discussion and Analysis

Management discussion and analysis, Nomination and Remuneration policy and Risk Management Policy are appended hereto as **Annexure – II, III and IV** and forms part of this annual report.

Particulars of employees

In terms of the provisions of Section 197 (12) of the Companies Act, 2013, the names and other particulars of specified employees are set out in the annexure to the Board's Report. Having regard to the provisions of section 136 (1) of the Companies Act, 2013, the annual report is being sent to all members of the company, excluding the aforesaid information. Any member interested in obtaining these particulars may write to the Managing Director at the Registered Office of the company.

Particulars of loans, guarantees or investments

There was no loan and guarantee or investment made by the company during the year under report.

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 had been followed along with proper explanation relating to material departures;
- (b) we had 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 and loss of the company for that period;
- (c) we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) we had prepared the annual accounts on a going concern basis; and
- (e) we had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) we had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The comments /observations of the auditors are self-explanatory. Board informs that there was no such deposit unpaid according to the provisions of the Companies Act, 2013.

With regard to the delay in filling of certain forms with the Ministry of Corporate Affairs, Board assures that the company will ensure filing of forms on time in future.

Acknowledgement :

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 asset. 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

Place: Bengaluru
Date: 10.08.2017

DISCLOSURE OF PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

A. Conservation of Energy:**a) Energy conservation measures taken:**

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) Additional investments and proposals, if any, being implemented for reduction of consumption 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) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The measures taken by the company have resulted in optimum usage of energy in terms of units and reducing costs.

d) Total energy consumption and energy consumption per unit of production

Not Applicable

B. Technology Absorption:**1. Research and Development**

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.

2. Benefits derived as a result of the above R & D efforts.

- a. Process improvement resulting in higher production.
- b. Development of in-house skills for manufacture of high precision products.
- c. Enhanced design and product capability to achieve customer satisfaction.
- d. Product range extension to reach newer markets.
- e. Special motors for vehicle application developed.

3. Future plan of action:

To enhance product performance and for better customer satisfaction, your company will continue in:-

- a. Upgrading existing technology.
- b. Extending range of its products.
- c. Developing new processes.
- d. Applying research and value engineering.

4. Expenditure on R & D: (₹ in Lakhs)

Capital	Nil
Recurring	8.79
Total	8.79
Total R & D Expenditure	8.79
as a % of total turnover	0.02%

5. Technology Absorption, Adaptation and Innovation:

- a. Efforts made, in brief, for technology absorption, adaptation and innovation.
 - In-house training of personnel.
 - Indigenization of materials, components and processes.
- b. Benefits derived as a result of the above efforts
 - Quality improvement
 - Development of new products
- c. Future Plan of Action
 - Upgradation of existing technology
 - Development of new processes
- d. Technology imported during the last 5 years.
 - Technology Imported – Nil
 - Has the technology been fully absorbed? If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action – NA

C. Foreign Exchange Earnings and Outgo:

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 ₹ 3,244.18 Lakhs

2. Total foreign exchange used and earned.

(₹ in Lakhs)

a) Foreign Exchange earned:

(i) FOB value of goods exported (net) of sales within India eligible for export incentives	3,244.18
(ii) Dividend on shares (net of tax)	0.00
(iii) Repatriation of Profit	161.34
(iv) Others (Sale of investment in Kirloskar Kenya Ltd)	33.44

b) Foreign Exchange Used

Value of imports calculated on the CIF basis.

(i) Raw materials & components and spare parts	214.98
(ii) Capital Goods	59.71

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Outlook

Power is necessary fuel for growing economy. Indian power sector is undergoing a significant change that has redefined industry outlook. The demand for power in the country has increased rapidly and is expected to rise further in the years to come. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining "Power for All" as accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finance and manpower).

The Government of India has identified power sector and renewable energy, namely, solar power and wind energy as key sectors of focus to promote industrial growth.

Your company is engaged in the business within the electrical industry, which comprises of AC motors, generators and DC machines etc.,

The present manufacturing capacity in India is in fair excess of the existing demand. This has lead to stiff competition and subsequent negative pressure on the prices of the products.

Your company has taken several bold steps to remain competitive and to ensure survival by reducing cost, rationalizing manpower and streamlining operations. The strong brand image of the company's products on account of our stress on quality puts us in a advantageous position.

Opportunities and competition

Core industries, namely, power, coal, sugar, solar, cement etc., to which we cater to and diversified portfolio of our products provide consistent demand for our products. We are also trying to innovate and further diversify our range of products. With the policies of the new government, the Indian economy is expected to do better. There is a considerable energy deficit in the country. This provides significant opportunities to share in the chain of power business for our different product lines. It may be noted that your company has no control over the external factors as a result of which the actual performance may vary from the expected.

The Generator as well as the Motor manufacturing industry is highly competitive, both in India and internationally. Many large corporations in domestic front and international front are competitors to the company. These corporations have access to advanced technologies, greater reach and larger financial resources which may benefit them with economies of scale and operating efficiencies.

Threats

Considering the sluggishness in the industry, coupled with the weakening rupee and increase in cost of funds could result into slower revival of the capital goods industry. The Industry is becoming highly competitive. The actual performance may differ, as it is dependent on several factors beyond control of your company.

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	2016-17	2015-16
Rotating Machines Group	25,058	29,093
Power Generation and Distribution Group	32,588	25,141
Others	1,766	2,875
Total	59,412	57,109

Future Outlook

Global economies continue to undergo through the phase which is having greater share of volatility than that of stability. High interest costs, low corporate investments, high inflation and trade deficits continue in this fiscal. More measures are expected from the Government to kick-start the investment cycle growth. Economic sluggishness continues unabated affecting India's economic growth.

Low industrial growth, unfavorable investment climate have resulted in your company's domestic performance reflecting sluggishness as in Fiscal 2016-17. Nevertheless, the various core industries viz., power, sugar, cement, hydrocarbon, irrigation and coal etc., to which your company caters are expected to do better and very soon demand from them is expected to pick up.

In view of the above, your company is very hopeful of recording improved operating performance the current fiscal.

Risks mitigation measures

Your company recognizes the unstable growth as major risks and has initiated the following measures for mitigating the above business related risks:

Your company upgrades its engineering strength and design capabilities by incorporating latest technologies in its products. Reduction in manufacturing cost 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

Your company has established adequate internal control procedures commensurate with the nature of its business and size of its operations. To provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statements, management follows a system of accounting and necessary controls are reviewed by internal audit process. 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.

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 or the manager;
- (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 the matters to be dealt with and recommended by the committee to the Board.

Part – B : covers the appointment and nomination.

Part – C : covers remuneration and perquisites etc.

PART – A**Matters to be dealt by the nomination and remuneration committee**

The committee shall:

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

PART – B**Policy for appointment and removal of director, 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 re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment 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.

Evaluation: The committee shall carry out evaluation of performance of every director and KMP at regular interval (yearly).

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 and KMP subject to the provisions and compliance of the said Act, rules and regulations and other matters.

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 and 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 and 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 statutes.

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.

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.

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**Part A: Subsidiaries**

Sl. No.	Name of the Subsidiary	Share Capital (In Rs.)	Reserves & Surplus (In Rs.)	Total Assets (In Rs.)	Investments (In Rs.)	Turnover (In Rs.)	% of Shareholding	
							Equity Share capital	Preference share capital
1.	KELBUZZ Trading Private Limited	4,05,55,000/-	(10,01,35,803)	94,25,06,733	Nil	Nil	100	Nil
2.	Luxquisite Parkland Private Limited	60,65,00,000/-	(62,05,333)	61,08,28,237	61,05,89,915	Nil	100	Nil
3.	SKG Terra Promenade Private Limited	2,00,000/-	(77,74,769)	36,20,19,573	Nil	16,71,202*	100	Nil
4.	SLPKG Estate Holdings Private Limited	10,00,000/-	(5,71,16,208)	69,94,19,270	Nil	Nil	100	Nil
5.	Swaki Habitat Private Limited	1,00,000/-	(51,848)	91,197	Nil	Nil	100	Nil
6.	Kesvik Developers Private Limited	1,00,000/-	(52,648)	91,197	Nil	Nil	100	Nil

* Profit from sale of assets held for sale (net of commission)

Part B: Associate Companies/ 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	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	31-03-2016	300,000	30% of shares held by KECL	NA	(refer below note)	(refer below note)

Since the networth of the associate is negative, the loss is restricted to the value of the investments.

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 2016-17.

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 & Ms. Janaki Kirloskar are the interested directors of the company;
2. Sri Vijayadurga Investments and Agencies Pvt Ltd, Mrs. Meena Kirloskar Ms. Janaki Kirloskar are the interested directors of the company;
3. Vijayjyothi Investments and Agencies Pvt Ltd, Mrs. Meena Kirloskar Ms. Janaki Kirloskar are the interested directors of the company;
4. Transport Corporation of India Ltd, Mr. S.N Agarwal is the interested director of the company;
5. Vijaya Farms Pvt Ltd, Mrs. Meena Kirloskar is the interested director of the company;
6. Ravindu Motors Private Limited, Mrs. Meena Kirloskar is the Managing Director of the company;
7. Kirloskar Power Equipments Limited, Mr. Vijay R Kirloskar is interested director in the company;
8. Kirsons Trading Pte Ltd, Mr. Vijay R Kirloskar is interested director in the company;
9. Kirloskar (Malaysia) SDN BHD, Mr. Vijay R Kirloskar is interested director in the company;
10. Bhagyanagar India Limited, Mr. Kamlesh Gandhi is the interested director of the company;
11. Maini Materials Movement Pvt Ltd, Mr. Sarosh J Ghandy is the interested director of the company;
12. MRF Limited, Mr. Vijay R Kirloskar is a independent director in the company;
13. Reliance Industries limited, Dr. Ashok Misra is interested director in the company;
14. Kirsons BV, a step down subsidiary company;
15. SKG Terra Promenade Private Limited, a wholly owned subsidiary company;
16. SLPKG Estate Holdings Private Limited, a wholly owned subsidiary company;
17. KELBUZZ Trading Private Limited, a wholly owned subsidiary company;
18. Luxquisite Parkland Private Limited, a wholly owned subsidiary company;
19. Swaki Habitat Private Limited, a wholly owned subsidiary company;
20. 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 in their meeting, if any:

1. May 25, 2016
2. August 12, 2016
3. November 14, 2016
4. February 11, 2017

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

FORM 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 31.03.2017

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	Industrial Suburb, Rajajinagar, Bengaluru – 560010 Telephone No : 080-23374865 Fax : 080-23377706 Website : www.kirloskar-electric.com Email ID : investors@kirloskarelectric.com
6.	Whether listed company	Listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services Pvt. Ltd, 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. Manjunath, Senior Manager

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	42.95%
2	Transformers	2710	38.45%
3	DG Sets	2710	16.88%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of equity shares held	Applicable Section
1	SKG Terra Promenade Private Limited Flat No. 10, 2nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bengaluru 560096	U70100KA2014PTC077579	Subsidiary Company	100%	2(87)
2	SLPKG Estate Holdings Private Limited Flat No. 10, 2nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bengaluru 560096	U70109KA2014PTC077504	Subsidiary Company	100%	2(87)
3	Luxquisite Parkland Private Limited Flat No. 10, 2nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bengaluru 560096	U51100KA2014PTC077510	Subsidiary Company	100%	2(87)

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4	KELBUZZ Trading Private Limited Flat No. 10, 2nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bengaluru 560096	U51109KA2014PTC077631	Subsidiary Company	100%	2(87)
5	Swaki Habitat Private Limited Flat No. 10, 2nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bengaluru 560096	U70100KA2015PTC079374	Subsidiary Company	100%	2(87)
6	Kesvik Developers Private Limited Flat No. 10, 2nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bengaluru 560096	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)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the beginning of the year [As on 01-April-2017]				% Change during the year
	DEMAT	Physical	Total	% of Total Shares	DEMAT	Physical	Total	% of Total Shares	
A. Promoter(s)									
(1) Indian									
a) Individual/ HUF	9,310,139	-	9,310,139	16.70	12,025,132	-	12,025,132	18.11	1.40
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	20,788,360	-	20,788,360	37.30	20,801,895	-	20,801,895	31.32	(5.98)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	30,098,499	-	30,098,499	54.00	32,827,027	-	32,827,027	49.43	(4.58)
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	260,016	45,266	305,282	0.55	373,311	45,379	418,690	0.63	0.08
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

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f) Insurance Companies	3,240,824	-	3,240,824	5.81	3,240,824	-	3,240,824	4.88	(0.94)
g) FIs	-	450	450	0.00	1,287,388	450	1,287,838	1.94	1.94
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	3,500,840	45,716	3,546,556	6.36	4,901,523	45,829	4,947,352	7.45	1.09
2. Non-Institutions									
a) Bodies Corp.	3,924,974	31,000	3,955,974	7.10	3,479,570	30,868	3,510,438	5.29	(1.81)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) NBFC registered with RBI	-	-	-	-	8,850	-	8,850.00	0.01	0.01
c) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	8,192,243	1,500,507	9,692,750	17.39	15,242,058	1,481,678	16,723,736	25.18	7.79
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	4,769,967	-	4,769,967	8.56	4,835,926	100,000	4,935,926	7.43	(1.13)
c) Others (specify)									
Non Resident Indians	995.00	9,357.00	10,352.00	0.02	-	-	-	-	(0.02)
Overseas Corporate Bodies	-	1,896,044	1,896,044	3.40	-	1,896,044	1,896,044	2.85	(0.55)
Foreign Nationals	-	-	-	-	995.00	839.00	1,834.00	0.00	0.00
Clearing Members	1,649,100	-	1,649,100	2.96	1,561,574	-	1,561,574	2.35	(0.61)
Trusts	111,981	-	111,981	0.20	1,058	-	1,058	0.00	(0.20)
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
Enemy Property	-	-	-	-	-	232	232	0.00	0.00
Sub-total (B)(2):-	18,649,260	3,436,908	22,086,168	39.63	25,130,031	3,509,661	28,639,692	43.12	3.49
Total Public Shareholding (B)=(B)(1)+ (B)(2)	22,152,600	3,482,624	25,635,224	46.00	30,031,554	3,555,490	33,587,044	50.57	4.58
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	52,251,099	3,482,624	55,733,723	100	62,858,581	3,555,490	66,414,071	100	-

B) Shareholding of promoter and promoter group -

Sl.No	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2016]			Shareholding at the end of the year [As on 31-March-2017]		
		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	Vijay R. Kirloskar	9,125,625	16.37	42.88	11,840,618	17.83	33.05
2	Meena V Kirloskar	184,514	0.33	100.00	184,514	0.28	100
3	Abhiman Trading Company Private Limited	5,217,063	9.36	100.00	5,217,063	7.86	100
4	Vijayjyothi Investments and Agencies Private Limited	4,257,682	7.64	100.00	4,271,217	6.43	99.68
5	Vijay Farms Private Limited	3,540,807	6.35	100.00	3,540,807	5.33	100
6	Vijaykirti Investments and Agencies Pvt Ltd	3,064,094	5.50	100.00	3,064,094	4.61	100
7	Sri Vijaydurga Investments and Agencies Private Limited	1,774,506	3.18	100.00	1,774,506	2.67	100
8	Vimraj Enterprises Private Limited	1,606,483	2.88	100.00	1,606,483	2.42	100
9	Kirloskar Power Equipments Ltd	1,141,225	2.05	100.00	1,141,225	1.72	100
10	Kirloskar Batteries Pvt Limited	186,500	0.33	100.00	186,500	0.28	100
	TOTAL	30,098,499	54.00	82.68	32,827,027	49.43	75.81

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

Sl. No.	Particulars	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 company
	At the beginning of the year	30,098,499	54.00	32,827,027	49.43
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
	1. Shares purchased from the secondary market by Mr. Vijay R Kirloskar : 26,410	-	-	26,410	0.04
	2. Shares purchased from the secondary market by M/s. Vijaykirti Investments and Agencies Private Limited: 13,535	-	-	13,535	0.02
	3. Allotment of shares to Mr. Vijay R Kirloskar on 26.05.2016: 2,688,583	-	-	2,688,583	4.05
	Total			2,728,528	4.11
	At the end of the year	-	-	32,827,027	49.43

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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 - 01.04.2016					CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2017	
		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	2576571	4.62	01.04.2016	NO MOVEMENT DURING THE YEAR			
		-	-	31.03.2017			2576571	3.88
2	M/S. HAWKER SIDDELEY MANAGEMENT LTD.,	1896044	3.40	01.04.2016	NO MOVEMENT DURING THE YEAR			
		-	-	31.03.2017			1896044	2.85
3	RAVIRAJ DEVELOPERS LTD	572665	1.03	01.04.2016	0		572665	1.03
				15.04.2016	-10000	TRANSFER	562665	1.01
				22.04.2016	-25000	TRANSFER	537665	0.96
				29.04.2016	1	TRANSFER	499492	0.90
				06.05.2016	-40566	TRANSFER	458926	0.82
				20.05.2016	-94389	TRANSFER	364537	0.65
				27.05.2016	-1705	TRANSFER	362832	0.65
				17.06.2016	-22209	TRANSFER	340623	0.61
				24.06.2016	-18973	TRANSFER	321650	0.58
				30.06.2016	-43000	TRANSFER	278650	0.50
				01.07.2016	-40000	TRANSFER	238650	0.43
				08.07.2016	-47919	TRANSFER	190731	0.34
				15.07.2016	-13530	TRANSFER	177201	0.32
				29.07.2016	-5000	TRANSFER	172201	0.31
				05.08.2016	-4000	TRANSFER	168201	0.30
				16.09.2016	-71797	TRANSFER	96404	0.17
				23.09.2016	-36267	TRANSFER	60137	0.11
				07.10.2016	-44000	TRANSFER	16137	0.02
				28.10.2016	-13456	TRANSFER	2681	0.00
				11.11.2016	-2681	TRANSFER	0	0.00
				31.03.2017			0	0.00
4	PRABHUDAS LILLADHER PVT LTD	525338	0.94	01.04.2016	0		525338	0.94
				08.04.2016	-4133	TRANSFER	521205	0.94
				15.04.2016	121173	TRANSFER	642378	1.15
				22.04.2016	2930	TRANSFER	645308	1.16
				29.04.2016	281278	TRANSFER	926586	1.66
				06.05.2016	-103786	TRANSFER	822800	1.48
				13.05.2016	-50290	TRANSFER	772510	1.39
				20.05.2016	49756	TRANSFER	822266	1.48
				27.05.2016	45652	TRANSFER	867918	1.56
				03.06.2016	-64878	TRANSFER	803040	1.44
				10.06.2016	-2084	TRANSFER	800956	1.44
				17.06.2016	9640	TRANSFER	810596	1.45
				24.06.2016	-509	TRANSFER	810087	1.45
				30.06.2016	42225	TRANSFER	852312	1.53
				01.07.2016	4000	TRANSFER	856312	1.54
				08.07.2016	-62804	TRANSFER	793508	1.42
				15.07.2016	-15278	TRANSFER	778230	1.40
				22.07.2016	-551985	TRANSFER	226245	0.41

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				29.07.2016	-201309	TRANSFER	24936	0.04
				05.08.2016	-5141	TRANSFER	19795	0.04
				12.08.2016	-9278	TRANSFER	10517	0.02
				19.08.2016	1024	TRANSFER	11541	0.02
				26.08.2016	2663	TRANSFER	14204	0.03
				02.09.2016	-1230	TRANSFER	12974	0.02
				09.09.2016	-7900	TRANSFER	5074	0.01
				16.09.2016	710	TRANSFER	5784	0.01
				23.09.2016	45862	TRANSFER	51646	0.09
				30.09.2016	-48346	TRANSFER	3300	0.00
				07.10.2016	-438	TRANSFER	2862	0.00
				14.10.2016	-912	TRANSFER	1950	0.00
				21.10.2016	-225	TRANSFER	1725	0.00
				28.10.2016	6006	TRANSFER	7731	0.01
				04.11.2016	41	TRANSFER	7772	0.01
				11.11.2016	-1891	TRANSFER	5881	0.01
				18.11.2016	-691	TRANSFER	5190	0.01
				25.11.2016	5376	TRANSFER	10566	0.02
				02.12.2016	-1060	TRANSFER	9506	0.01
				09.12.2016	2500	TRANSFER	12006	0.02
				16.12.2016	-750	TRANSFER	11256	0.02
				23.12.2016	-500	TRANSFER	10756	0.02
				30.12.2016	850	TRANSFER	11606	0.02
				06.01.2017	-4760	TRANSFER	6846	0.01
				13.01.2017	-2198	TRANSFER	4648	0.01
				20.01.2017	-2700	TRANSFER	1948	0.00
				27.01.2017	100	TRANSFER	2048	0.00
				03.02.2017	1100	TRANSFER	3148	0.00
				10.02.2017	1733	TRANSFER	4881	0.01
				17.02.2017	-511	TRANSFER	4370	0.01
				24.02.2017	854	TRANSFER	5224	0.01
				03.03.2017	-125	TRANSFER	5099	0.01
				17.03.2017	-3500	TRANSFER	1599	0.00
				24.03.2017	319	TRANSFER	1918	0.00
				31.03.2017	1181	TRANSFER	3099	0.00
5	THE NEW INDIA ASSURANCE COMPANY LIMITED	506412	0.91	01.04.2016	NO MOVEMENT DURING THE YEAR			
				31.03.2017			506412	0.76
6	JAVED SAJJADMEHDI SAIYED	462688	0.83	01.04.2016	0		462688	0.83
				30.06.2016	-16000	TRANSFER	446688	0.80
				01.07.2016	-22500	TRANSFER	424188	0.76
				08.07.2016	-179509	TRANSFER	244679	0.44
				15.07.2016	-17101	TRANSFER	227578	0.41
				22.07.2016	-227578	TRANSFER	0	0.00
				31.03.2017			0	0.00
7	ANAND RATHI SHARE AND STOCK BROKERS LIMITED	320223	0.57	01.04.2016	0		320223	0.57
				08.04.2016	20369	TRANSFER	340592	0.61
				15.04.2016	-80	TRANSFER	340512	0.61
				22.04.2016	39855	TRANSFER	380367	0.68
				29.04.2016	26386	TRANSFER	406753	0.73
				06.05.2016	-13586	TRANSFER	393167	0.71
				13.05.2016	25	TRANSFER	393192	0.71
				20.05.2016	21732	TRANSFER	414924	0.74
				27.05.2016	-4449	TRANSFER	410475	0.74
				03.06.2016	2300	TRANSFER	412775	0.74
				10.06.2016	7955	TRANSFER	420730	0.75
				17.06.2016	9267	TRANSFER	429997	0.77

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				24.06.2016	2779	TRANSFER	432776	0.78
				30.06.2016	-564	TRANSFER	432212	0.78
				01.07.2016	-259025	TRANSFER	173187	0.31
				08.07.2016	-156053	TRANSFER	17134	0.03
				15.07.2016	-4007	TRANSFER	13127	0.02
				22.07.2016	2153	TRANSFER	15280	0.03
				29.07.2016	2623	TRANSFER	17903	0.03
				05.08.2016	-4040	TRANSFER	13863	0.02
				12.08.2016	-922	TRANSFER	12941	0.02
				19.08.2016	4814	TRANSFER	17755	0.03
				26.08.2016	4792	TRANSFER	22547	0.04
				02.09.2016	-9781	TRANSFER	12766	0.02
				09.09.2016	-116	TRANSFER	12650	0.02
				16.09.2016	5150	TRANSFER	17800	0.03
				23.09.2016	73	TRANSFER	17873	0.03
				30.09.2016	1892	TRANSFER	19765	0.03
				07.10.2016	-2958	TRANSFER	16807	0.03
				14.10.2016	2419	TRANSFER	19226	0.03
				21.10.2016	261	TRANSFER	19487	0.03
				28.10.2016	-1725	TRANSFER	17762	0.03
				04.11.2016	2364	TRANSFER	20126	0.03
				11.11.2016	-3290	TRANSFER	16836	0.03
				18.11.2016	4506	TRANSFER	21342	0.03
				25.11.2016	-7157	TRANSFER	14185	0.02
				02.12.2016	-1492	TRANSFER	12693	0.02
				09.12.2016	512	TRANSFER	13205	0.02
				16.12.2016	-2991	TRANSFER	10214	0.02
				23.12.2016	1529	TRANSFER	11743	0.02
				30.12.2016	-1023	TRANSFER	10720	0.02
				06.01.2017	381	TRANSFER	11101	0.02
				13.01.2017	8242	TRANSFER	19343	0.03
				20.01.2017	-2211	TRANSFER	17132	0.03
				27.01.2017	3435	TRANSFER	20567	0.03
				03.02.2017	-6642	TRANSFER	13925	0.02
				10.02.2017	945	TRANSFER	14870	0.02
				17.02.2017	799	TRANSFER	15669	0.02
				24.02.2017	339	TRANSFER	16008	0.02
				03.03.2017	-714	TRANSFER	15294	0.02
				10.03.2017	176	TRANSFER	15470	0.02
				17.03.2017	15285	TRANSFER	30755	0.05
				24.03.2017	-1832	TRANSFER	28923	0.04
				31.03.2017	-9101	TRANSFER	19822	0.03
8	PRITHVI VINCOM PRIVATE LIMITED	314615	0.56	01.04.2016	0		314615	0.56
				30.09.2016	-38000	TRANSFER	276615	0.42
				28.10.2016	-33354	TRANSFER	243261	0.37
				18.11.2016	-20000	TRANSFER	223261	0.34
				17.02.2017	-43460	TRANSFER	179801	0.27
				03.03.2017	-12270	TRANSFER	167531	0.25
				10.03.2017	-5528	TRANSFER	162003	0.24
				31.03.2016	-15625	TRANSFER	146378	0.22

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9	B. R. GOPALAKRISHNA	306048	0.55	01.04.2016	0		306048	0.55
				29.04.2016	-6800	TRANSFER	299248	0.54
				27.05.2016	31492	TRANSFER	330740	0.59
				10.06.2016	58508	TRANSFER	389248	0.70
				30.06.2016	2524	TRANSFER	391772	0.70
				08.07.2016	46570	TRANSFER	438342	0.79
				22.07.2016	-80308	TRANSFER	358034	0.64
				29.07.2016	-137264	TRANSFER	220770	0.40
				05.08.2016	-156728	TRANSFER	64042	0.11
				12.08.2016	-24501	TRANSFER	39541	0.07
				19.08.2016	-22077	TRANSFER	17464	0.03
				31.03.2017		TRANSFER	0	0.00
10	PRABHALA LALITHA	300000	0.54	01.04.2016	NO MOVEMENT DURING THE YEAR			
				31.03.2017				300000 0.45

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 company
	At the beginning of the year				
1.	Mr. Vijay R Kirloskar	9,125,625	16.37	11,840,618	17.83
2.	Mrs. Meena Kirloskar	184,514	0.33	184,514	0.28
3.	Ms. Janaki Kirloskar	-	-	-	-
4.	Mr. Vinayak N Bapat	3,650	0.01	-	-
5.	Mr. Anand B Hunnur	675	0.00	1,208	0.00
6.	Mr. Kamlesh Gandhi	500	0.00	500	0.00
7.	Mr. Sarosh J Ghandy	615	0.00	615	0.00
8.	Mr. Anil Kumar Bhandari	500	0.00	500	0.00
9.	Mr. Mahendra V.P	2,533	0.00	2,533	0.00
10.	Mr. S.N Agarwal	500	0.00	500	0.00
11.	Mr. K Ganesh	500	0.00	500	0.00
12.	Dr. Ashok Misra	-	-	-	-
13.	Mr. Shyamanta Bardoloi	-	-	-	-
14.	Mr. Soumendra Kumar Mahapatra	-	-	-	-
15.	Mr. Chinmoy Patnaik	-	-	-	-
	Total at the beginning of the Year	9,319,612	16.72	12,031,488	18.12
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
1.	Shares purchased from the secondary market by Mr. Vijay R Kirloskar	-	-	26,410	0.04
2.	Allotment of shares to Mr. Vijay R Kirloskar on 26.05.2016:	-	-	2,688,583	4.05
3.	Shares sold in the secondary market by Mr. Vinayak N. Bapat	-	-	3,650	0.01
	TOTAL			2,718,643	4.10

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	At the end of the year				
1.	Mr. Vijay R Kirloskar	-	-	11,840,618	17.83
2.	Mrs. Meena Kirloskar	-	-	184,514	0.28
3.	Ms. Janaki Kirloskar	-	-	-	-
4.	Mr. Vinayak N Bapat	-	-	-	-
5.	Mr. Anand B Hunnur	-	-	1,208	0.00
6.	Mr. Kamlesh Gandhi	-	-	500	0.00
7.	Mr. Sarosh J Ghandy	-	-	615	0.00
8.	Mr. Anil Kumar Bhandari	-	-	500	0.00
9.	Mr. Mahendra V.P	-	-	2,533	0.00
10.	Mr. S.N Agarwal	-	-	500	0.00
11.	Mr. K Ganesh	-	-	500	0.00
12.	Dr. Ashok Misra	-	-	-	-
13.	Mr. Shyamanta Bardoloi	-	-	-	-
14.	Mr. Soumendra Kumar Mahapatra	-	-	-	-
15.	Mr. Chinmoy Patnaik	-	-	-	-
	Total at the end of the year	-	-	12,031,488	18.12

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

(Rs in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	20,169.55	Nil	5,606.42	25,775.97
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	324.86	324.86
Total (i+ii+iii)	20,169.55	Nil	5,931.28	26,100.83
Change in Indebtedness during the financial year				
* Addition	Nil	Nil	Nil	Nil
* Reduction	904.88	Nil	2,220.48	3,125.36
Indebtedness at the end of the financial year				
i) Principal Amount	19,264.67	Nil	3,668.87	22,933.54
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	41.93	41.93
Total (i+ii+iii)	19,264.67	Nil	3,710.80	22,975.47

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. Vinayak N Bapat, Managing Director*	Mr. Anand B Hunnur, Director – Sales	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,400,000	6,164,740	4,377,848	18,942,588
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	959,664	14,462	974,126
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
	(d) Total	8,400,000	7,124,404	4,392,310	19,916,714

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SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Vijay R Kirloskar, Executive Chairman	Mr. Vinayak N Bapat, Managing Director	Mr. Anand B Hunnur, Director – Sales	
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)	8,400,000	7,124,404	4,392,310	19,916,714
	Ceiling as per the Act #	8,400,000	8,400,000	8,400,000	25,200,000

As per ministry of corporate affairs notification dated September 12, 2016 the limit has been increased to ₹ 1.68 crore per annum

B. Remuneration to other directors

Sl. No	Particulars of Remuneration	Name of directors						Total
		Mr. Sarosh J Ghandy	Mr. Anil Kumar Bhandari	Mr. VP Mahendra	Mr. Kamlesh Gandhi	Mr. S.N Agarwal	Dr. Ashok Misra	
1	Independent Directors							
	Fee for attending board committee meetings*	1,05,000	1,80,000	1,35,000	1,95,000	1,50,000	90,000	8,55,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify:	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	1,05,000	1,80,000	1,35,000	1,95,000	1,50,000	90,000	8,55,000
2	Other Non-Executive Directors	Mrs. Meena Kirloskar	Ms. Janaki Kirloskar	Mr. Shyamanta Bardoloi	Total			
	Fee for attending board committee meetings	1,20,000	30,000	60,000	2,10,000			
	Commission	Nil	Nil	Nil	Nil			
	Others, please specify	Nil	Nil	Nil	Nil			
	Total (2)	1,20,000	30,000	60,000	2,10,000			
	Total (C)=(1+2)					10,65,000		
	Total Managerial Remuneration	-				2,09,81,714		
	Overall Ceiling as per the Act					6,24,00,000		

Note: Rs. 60,000/- was paid towards sitting fee to LIC for its nominee director, namely, Mr. K. Ganesh, which is excluded from the above calculation.

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C. Remuneration to key managerial personnel other than Managing Director/Manager/Whole-Time Director

Sl.No	Particulars of Remuneration	Key Managerial Personnel		
		Chinmoy Patnaik company secretary	Soumendra Kumar Mahapatra chief financial officer	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,041,427	2,889,625	4,931,052
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,894	38,781	4,4675
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
	(d) Total	2,047,321	2,928,406	4,975,727
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	2,047,321	2,928,406	4,975,727

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
Compounding	Nil	Nil	Nil	Nil	Nil

SECRETARIAL AUDIT REPORT
FORM NO. MR-3
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

*[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,
CIN: L31100KA1946PLC000415
Bangalore – 560 010

We have conducted the secretarial audit in compliance with applicable statutory provisions and adherence to good corporate practices by **M/s Kirloskar Electric Company Limited, Bangalore** (herein after referred to as “**company**”). Secretarial Audit was conducted in a 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 and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2017, 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 2017 according to the provisions of:

1. The Companies Act, 2013, (the Act), including earlier Companies Act and the relevant rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the regulations and By-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. 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;
 - 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 Disclosures Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - **(Not Applicable during the year)**
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable during the year)**;
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **(Not Applicable during the year)**;
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **(Not Applicable during the year)**
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **(Not Applicable during the year)**; and
 - j. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - k. Other laws as may be applicable to the company as per the representation made by the company, including the Listing Agreements entered into by the company with BSE Ltd., and National Stock Exchange of India Ltd., and Secretarial Standards issued by the Institute of Company Secretaries of India to the extent applicable as on the date of our audit;

6. We have relied on the representation made by the company, its officers and on the reports given by designated professionals for systems and processes formed by the Company to monitor and ensure compliances under other applicable acts, laws and regulations to the company.

We further Report that,

- a) We have not examined compliance by the company with applicable financial laws, like direct and indirect tax laws, since the same have been reviewed by statutory financial auditors and other designated professionals.
- b) CSR Expenditure - Not Applicable – pursuant to section 135 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the period under review, the company has complied with the provisions of the act, rules, regulations, guidelines, etc., mentioned above except;

1. Delay in filing standalone financial statements for its subsidiary companies along with the company's standalone and consolidated financial statements for the year.
2. Delay in repayment of deposits accepted by the company from its deposit scheme floated during the year 2013-14, 2014-15 and 2015-16.

We further report that:

- i) The Board of directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and independent directors. The changes in the composition of the Board of directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii) Adequate notice is given to all directors to schedule the Board and other committee meetings. Agenda and detailed notes on agenda were sent at least seven days in advance 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.
- iii) All decisions in the Board is carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- iv) 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.
- v) The company has not undertaken event/action having a major bearing in the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.
- vi) During the year, the company has raised monies from the Qualified Institutional Buyers by issuing 79,91,765 shares of face value ₹ 10 each at premium of ₹ 36.15 per share. The requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purposes for which the funds were raised.
- vii) During the year, as per the terms of issue of Compulsory Convertible Preference Shares (CCPS), the company has converted 8,18,405 CCPS of Rs. 100 each into 2,68,38,583 Equity Shares of ₹ 10 each at a premium of ₹ 20.44 per share.
- viii) During the audit period, there were no instances of:
- (i) Redemption/ buyback of securities.
- (ii) Merger/ amalgamation/ reconstruction etc.
- (iii) Foreign technical collaborations.

For Swaroop, Ravishankar and Associates

Company Secretaries

Swaroop S

Partner

FCS:8977 CP: 9997

Place: Bengaluru

Date: 27.05.2017

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

To,
The Members,
Kirloskar Electric Company Limited,
Bengaluru

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

1. Maintenance of secretarial records 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 process 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 process 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. Where ever required, we have obtained the Management representation 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 the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Swaroop, Ravishankar and Associates**

Company Secretaries

Swaroop S

Partner

FCS:8977 CP: 9997

Place: Bengaluru

Date: 27.05.2017

Corporate Governance Report

1. Statement on 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, 2017 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 R Kirloskar is the Executive Chairman and other Board members comprised of six independent directors; two non-executive directors including one woman director; one nominee director and three executive directors which include 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 appointment 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 advice 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, 2015. Necessary disclosures regarding committee positions have been made by the directors

b) Number of Board meetings held and their dates:

Seven meetings of the Board of directors were held during the financial year 2016-17 on May 18, 2016, May 25, 2016, August 12, 2016, September 26, 2016, November 14, 2016, February 11, 2017 and March 28, 2017.

Name of the director	Designation	Attendance		Directorships/committee memberships@		
		Attendance of each director	Attendance at the previous AGM attended	Directorships in public companies	Committee Membership	Committee Chairmanship
Mr. Vijay R Kirloskar*	Executive -Chairman	7	Yes	5	1	0
Mr. S.N. Agarwal	Non Executive-Independent Director	4	No	7	3	2
Mr. Sarosh J Ghandy	Non Executive-Independent Director	4	Yes	3	1	0
Mr. Anil Kumar Bhandari	Non Executive-Independent Director	5	Yes	3	3	2
Mr. V.P. Mahendra	Non Executive-Independent Director	5	Yes	3	2	0
Mr. Kamlesh Gandhi	Non Executive-Independent Director	7	Yes	4	3	3

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Mr. K Ganesh	Nominee Director	4	No	1\$	0	0
Dr. Ashok Misra	Non Executive - Independent Director	5	Yes	3	3	0
Mrs. Meena Kirloskar	Non Executive - Non Independent Director	6	Yes	1	0	0
Ms. Janaki Kirloskar**	Non Executive - Non Independent Director	2	Yes	1	0	0
Mr. Shyamanta Bardoloi#	Non Executive - Non Independent Director	3	Not Applicable	1	0	0
Mr. Anand B Hunnur	Director - Sales	7	Yes	1	0	0
Mr. Vinayak N Bapat	Managing Director	7	Yes	1	0	0

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

* Mr. Vijay R Kirloskar is director of Kirloskar Power Build Gears Limited which is under Liquidation.

\$ Mr. K. Ganesh has resigned from the Board of M/s. Konaseema Gas Power Limited effective from March 08, 2017

** Ms. Janaki Kirloskar has resigned from the Board effective from February 11, 2017.

Mr. Shyamanta Bardoloi was appointed as independent director effective from November 14, 2016 for a term of five years. However, his status has changed from independent director to non executive non independent director effective from March 28, 2017.

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 R Kirloskar, Mrs. Meena Kirloskar and Ms. Janaki Kirloskar.

e) Shareholding of non-executive directors as on March 31, 2017:

Name of the director	Number of Equity Shares
Mrs. Meena Kirloskar	1,84,514
Mr. V. P. Mahendra	2,533
Mr. Sarosh Ghandy	615
Mr. Anil Kumar Bhandari	500
Mr. Kamlesh Gandhi	500
Mr. S. N. Agarwal	500
Mr. K Ganesh	500
Dr. Ashok Misra	Nil
Ms. Janaki Kirloskar (Upto 11-02-2017)	Nil
Mr. Shyamanta Bardoloi	Nil

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

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- 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 imparted to independent 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) Your company's independent directors have met on February 11, 2017 & March 28, 2017 (adjourned meeting) and discussed informally matters, among others, relating to each director's performance and other incidental and ancillary matters relating to the company.
- j) Other Information:

Information flow to the members of the Board of directors:

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

Our 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, 2017, your company has the following sub-committees of the Board:

3. Audit Committee:

Audit Committee as on March 31, 2017 comprised of five independent directors

Terms of reference of the audit committee cover the matters specified for audit committee under listing regulations and provisions of Section 177 of the Companies Act, 2013.

All the members of the committee are financially liberate. The composition of the committee is in conformity with the requirements of listing regulations and the provisions of section 177 of the Companies Act, 2013.

During the financial year 2016-17, the committee met five times on the May 25, 2016, August 12, 2016, November 14, 2016, February 11, 2017 and March 28, 2017.

Composition and attendance of each member were as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. Kamlesh Gandhi	Chairman	5	5
Mr. S. N. Agarwal	Member	5	3
Mr. Anil Kumar Bhandari	Member	5	4
Mr. Sarosh J Ghandy	Member	5	2
Mr. V.P. Mahendra	Member	5	3

The meetings of the committee were held at the corporate office and were attended by the Executive Chairman, Managing Director and Chief Financial Officer of the company. Representatives from the auditors also attended the meetings. The company secretary was the secretary to the committee.

4. Nomination and Remuneration Committee:

The committee comprised of four members as on March 31, 2017 all of whom are non executive directors. The committee met two times during the year on November 14, 2016 and March 28, 2017.

Composition and attendance of each member were as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. S.N. Agarwal	Chairman	2	2
Mr. Anil Kumar Bhandari	Member	2	2
Mr. Sarosh J Ghandy	Member	2	0
Mrs. Meena Kirloskar	Member	2	2

Terms of reference of the committee cover all matters specified for Nomination and Remuneration committee under the provisions of Section 178 of the Companies Act, 2013 and the listing regulations.

Remuneration of directors:

The details of the policy is disclosed in the Annexure III which forms part of Board's Report

Details of remuneration paid to the directors for the financial year 2016-17 and their shareholding as on March 31, 2017:

Name	Designation	Salary (in ₹)	Perquisites and allowances	Total Amount	Shareholding No of shares
Mr. Vijay R Kirloskar	Executive Chairman	84,00,000	-	84,00,000	1,18,40,618
Mr. Vinayak N Bapat	Managing Director	61,64,740	9,59,664	71,24,404	Nil
Mr. Anand B Hunnur	Director Sales	43,77,848	14,462	43,92,310	1,208

**includes Rs. 42,00,000/- (remuneration of the Executive Chairman was revised by the Board of directors effective from 01.10.2016. Suitable resolution is placed in the notice of the annual general meeting seeking approval of the members to the increase in the remuneration).*

5. Stakeholder Relationship Committee:

The Stakeholder Relationship Committee consists of three directors. Mr. Anil Kumar Bhandari is the Chairman of the committee, Mr. Vijay R Kirloskar and Mr. V.P Mahendra, are members of the committee.

There was no meeting during the year. However, resolution(s) were passed by circulation on August 23, 2016 & October 6, 2016.

Mr. Chinmoy Patnaik, Associate Vice President – Legal & Company Secretary, is the Compliance Officer of the company.

Number of shareholders complaints, complaints resolved to the satisfaction of shareholders and number of pending complaints

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 2016-17 is given below:

Sl. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	Nil
2	Investor complaints received during the year	6
3	Investor complaints disposed off / resolved during the year	6
4	Investor complaints remaining unresolved at the end of the year	Nil

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6. Meetings of Qualified Institution Placement Committee:

The committee comprised of three members all of whom were executive directors. The committee met five times on July 20, 2016, August 22, 2016 (two times), August 30, 2016 and September 1, 2016.

Composition and attendance of each member were as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. Vijay R Kirloskar	Chairman	5	5
Mr. Vinayak N Bapat	Member	5	5
Mr. Anand B Hunnur	Member	5	5

7. General Meetings

a) Location, time and special resolution for the last three Annual General Meetings :

	2013-14	2014-15	2015-16
Date, Venue and Time	30th September, 2014 Chowdaiah Memorial Hall Gayathri Devi Park Extension, Vyalikaval, Bengaluru 10.00 A.M	28th September, 2015 G.M. Rejoyz #158, 8th main, 8th Cross, Malleswaram, Bengaluru - 560 003 10.00 A.M	26th September, 2016 Vivanta by TAJ, 2275, Tumkur Road, Yeshwantpur, Bengaluru, 560 022 10.00 A.M
Special Resolution Passed	1. To borrow from time to time, as they may consider fit, any sum or sums of money not exceeding Rs.10,000 million (Rupees ten thousand million) in excess of the aggregate of the paid-up capital of the company and its free reserves. 2. For acceptance or renewal of deposits from its members and persons other than its members not exceeding Ten percent and Twenty five percent of aggregate paid up share capital and free reserves of the company, respectively, on such terms and conditions as the Board may deem fit. 3. Appointment of Mr. Vijay R Kirloskar (DIN 00031253), as Executive Chairman of the Company for a period of 3 (Three) years with effect from 12th August, 2014 on the terms and conditions including remuneration payable to Mr. Vijay R Kirloskar. 4. Appointment of Mr. Vinayak Narayan Bapat (DIN 06936639) as Managing Director of the Company for a period of 3 (Three) years with effect from 12th August, 2014, on the terms and conditions including remuneration payable to Mr. Vinayak N Bapat 5. Appointment of Mr. Anand B Hunnur (DIN 06650798) as Director - Sales of the Company for a period of 3 (Three) years with effect from 12th August, 2014 on the terms and conditions including remuneration payable to Mr. Anand B Hunnur	1. Revision of remuneration of Mr. Vijay R Kirloskar, Executive Chairman of the Company for a period of 2 (Two) years with effect from July 01, 2015 2. Revision of remuneration of Mr. Vinayak N Bapat, Managing Director of the Company with effect from July 01, 2015 3. Revision of the remuneration of Mr. Anand B Hunnur, Director-Sales of the Company with effect from July 01, 2015 4. Approval for Employees Stock Option Scheme 5. To Raise Funds on Private Placement Basis 6. Alteration of Memorandum of Association 7. Alteration of Articles of Association	No special resolution was passed

- b) Location, time and special resolution of the extraordinary general meeting of the company (EGM) held during the financial year 2016-17:

An EGM was held on June 24, 2016 at 10.30 A.M. The meeting was held at Vivanta by TAJ, 2275, Tumkur Road, Yeshwantpur, Bengaluru, 560 022. The following resolutions were passed at the meeting:

- Increase in authorised capital & alteration to Memorandum of Association;
- Alteration to Articles of Association;
- Issue of Equity Shares through Qualified Institutions Placement
- Increase in the aggregate limit of investment by Foreign Institutional Investors/Foreign Portfolio Investors and Non Resident Indians in Equity Share Capital of the company;
- Adoption of new set of Articles of Association:

The details of the voting pattern, name of the scrutinizer and the procedure adopted for EGM is available on the Company's website www.kirloskar-electric.com

- c) No Postal Ballot was conducted during the financial year 2016-17

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 Samayukta Karnataka.
- 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 release.
- e) No presentations was made to institutional investors or to the analysts during the year 2016-17.
- 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 70th Annual General Meeting of the company will be held on Thursday, the 21st day of September, 2017 at Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560 008 at 10.00 A.M.

- (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, 2017.

- (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 2016-17 and 2017-18;

1. National Stock Exchange of India Limited

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

2. Bombay Stock Exchange 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. Bombay Stock Exchange Ltd – 533193

2. National Stock Exchange of India Ltd – KECL

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(f) *Market Price Data:*

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

Month	KEC on BSE		KEC on NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2016	39.80	32.10	40.00	32.05
May 2016	40.80	36.50	40.90	35.55
June 2016	49.75	37.05	49.95	36.75
July 2016	54.50	45.90	54.85	46.10
August 2016	61.40	45.00	61.50	44.90
September 2016	71.60	53.35	71.70	53.15
October 2016	73.65	61.70	73.65	61.70
November 2016	71.65	37.05	71.50	37.00
December 2016	47.30	36.50	47.45	36.00
January 2017	48.55	40.15	48.50	40.00
February 2017	45.90	37.35	46.00	37.60
March 2017	43.60	36.60	43.65	36.55

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 2016	38.20	25,606.62	38.15	7,849.80
May 2016	36.80	26,667.96	36.80	8,160.10
June 2016	49.25	26,999.72	49.40	8,287.75
July 2016	50.20	28,051.86	50.30	8,638.50
August 2016	56.75	28,452.17	56.85	8,786.20
September 2016	64.30	27,865.96	64.35	8,611.15
October 2016	69.35	27,930.21	69.25	8,625.70
November 2016	46.20	26,652.81	46.25	8,224.50
December 2016	41.05	26,626.46	41.00	8,185.80
January 2017	43.20	27,655.96	43.15	8,561.30
February 2017	39.80	28,743.32	39.80	8,879.60
March 2017	40.40	29,620.50	40.30	9,173.75

(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:*

M/s. 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. Manjunath, Senior Manager.

(j) Share Transfer System:

The company's shares are compulsorily traded in DEMAT form. The ISIN allotted to Kirloskar Electric Company Limited is: ISIN:-INE134B01017. Investors are required to establish an account with a Depository Participant to hold and trade the Shares in the dematerialized form.

The investors/members are requested to note that physical documents viz., DEMAT Request Forms (DRF), share certificates etc should be sent by their DP's directly to the Transfer Agents of the company. Investors/members who purchase/acquire shares of the company in the physical form should similarly send the physical documents, viz., transfer deeds, share certificates etc to the transfer agents of the company.

There were six complaints from investors during the year which has been resolved and no complaints were pending as on March 31, 2017. The details of investors' complaints received during the year 2016-17 have already been shared in the Boards' Report.

(k) Distribution of shareholding as on March 31, 2017:

Shareholding Range	No. of share holders in DEMAT Form	No. of Shares	No. of share holders in Physical Form	No. of Shares	Total No. of share holders	%	No. of shares	% of share holdings
1 - 500	18,365	28,83,814	21,186	897,745	39,551	86.31	37,81,559	5.69
501 - 1000	2,495	21,30,331	233	169,865	2,728	5.95	23,00,196	3.46
1,001 – 2000	1,457	23,23,333	123	169,758	1,580	3.45	24,93,091	3.75
2,001 – 3000	576	15,02,990	33	81,732	609	1.33	15,84,722	2.39
3,001 – 4000	256	9,33,230	18	62,235	274	0.60	9,95,465	1.50
4,001 – 5000	286	13,74,515	12	52,202	298	0.65	14,26,717	2.15
5,001 - 10000	395	30,06,828	10	72,361	405	0.88	30,79,189	4.64
10001 & above	374	4,87,03,772	4	20,49,360	378	0.82	5,07,53,132	76.42
Total	24,204	6,28,58,813	21,619	35,55,258	45,823	100.00	6,64,14,071	100.00

(l) Shareholding pattern as on March 31, 2017:

Category	No. of Shareholders	No of shares held	% of Shareholding
Promoters	10	3,28,27,027	49.43
Banks, financial institutions,	24	4,18,690	0.63
Insurance Companies	4	32,40,824	4.88
Private Corporate Bodies	458	35,10,438	5.29
NBFCs registered with RBI	3	8,850	0.01
Indian Public	44,470	2,08,25,403	31.36
Foreign Institutional Investors	8	12,87,838	1.94
NRIs / OCBs	582	8,34,259	1.26
Clearing Members	250	15,61,574	2.35
Trusts	2	1058	0.00
Overseas corporate bodies	1	18,96,044	2.85
Foreign Nationals	10	1,834	0.00
Enemy Property	1	232	0.00
Total	45,823	66,414,071	100.00

(m) Dematerialization of shares and liquidity:

The paid up equity capital of the company as on March 31, 2017 was ₹ 66,41,40,710/- (6,64,14,071 Shares of ₹ 10/- each). As on March 31, 2017, 6,28,58,813 Equity Shares representing 94.65% of the Equity Capital were held in dematerialized form.

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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 94.65% of the Company's Shares are held in electronic form. The company's Equity Shares are traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

(o) *Plant location*

Details of addresses of plant locations are mentioned on page no. 3 of the Annual Report.

(p) *Address for correspondence:*

The Compliance Officer
Kirloskar Electric Company Ltd.
Post Box No. 5555, Malleswaram West, Bangalore 560 055
Telephone: 080 – 23374865; Fax: 080 – 23377706
Email: investors@kirloskarelectric.com
Web Site Address – www.kirloskar-electric.com

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;

<http://www.kirloskar-electric.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.

(d) *The policy for determining material subsidiaries has been disclosed on the website and the link is provided hereunder*

<http://www.kirloskar-electric.com/investors/investors-information/policies.html>

Annexure

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 2016-17.

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

Place: Bengaluru
Date: : 10-08-2017

Vinayak N Bapat
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
Members of Kirloskar Electric Company Limited,
Bangalore.

1. This certificate is issued in accordance with the terms of our engagement letter dated May 8, 2017.
2. We, Swaroop, Ravishankar and Associates, Company Secretaries, Secretarial Auditors of Kirloskar Electric Company Limited ("the company"), have examined the compliance of the conditions of Corporate Governance by the company, for the year ended on 31 March 2017, 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

3. 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

4. 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.
5. 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

6. 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, 2017.
7. 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 **Swaroop, Ravishankar and Associates**
Company Secretaries

Swaroop S
Partner
FCS: 8977
CP No: 9997

REPORT OF THE INDEPENDENT AUDITOR ON THE ABRIDGED FINANCIAL STATEMENTS TO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED, BENGALURU

Abridged Report on the Abridged Standalone Financial Statements:

The accompanying abridged financial statements, which comprise the abridged balance sheet as at March 31, 2017, the abridged statement of profit and loss and abridged cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of Kirloskar Electric Company Limited ("the Company") as at and for the year ended March 31, 2017. We expressed a qualified audit opinion on those financial statements in our report dated May 26, 2017.

The abridged financial statements do not contain all the disclosures required by the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Companies Act, 2013 ("the Act"), read with rule 7 of the Companies (Accounts) Rules, 2014. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

Management's Responsibility for the Abridged Standalone Financial Statements:

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India.

Auditor's Responsibility:

Our responsibility is to express an opinion on the abridged financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Basis for Qualified Opinion:

Attention of the members is invited to note 52 (a) of the financial statements, regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immoveable properties and receivables. We have relied on management's representations that it is confident of realization of amounts due from the said subsidiaries aggregating to ₹ 14,741 lakhs (previous year ₹ 14,951 Lakhs). Shortfall in realization of consideration receivable, if any, could not be ascertained.

Qualified Opinion:

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the abridged financial statements derived from the audited financial statements of the Company as at and for the year ended March 31, 2017 are a fair summary of those financial statements, in accordance with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India.

Other Matter:

We did not audit the financial statements/information of one branch, the Kuala Lumpur office of the Company, included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 189 lakhs as at 31st March, 2017 and total revenues of ₹ 1 lakh for the year ended on that date, as considered in the standalone financial statements. The financial statements of the said office have been audited by the branch auditors (M/s Sundar & Associates, Chartered Accountants) whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Emphasis of Matter:

- (a) Attention of the members is invited to note 53 of the financial statements, where in the directors have detailed the reasons for compiling the financial statements on a going concern basis, though the net worth of the group, consisting of the Company, its subsidiaries and associate has been eroded. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds to it. We have relied on the representations made to us by the management. Our report is not qualified in this respect.

- (b) Attention of the members is invited to note 54 (a) of the financial statements which sets out that the Company has filed special leave petition in respect of demands for resale tax and sales tax penalty of Rs. 527 lakhs and Rs.362 Lakhs respectively 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.
- (c) Attention of the members is invited to note 54 (b) of the financial statements which sets out that the Company has filed writ petition in the Honourable High Court of Karnataka challenging the demand of Value added tax of Rs. 893 lakhs. 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.

For B.K. RAMADHYANI & CO LLP

Chartered Accountants

Firm Registration No. 002878S/S200021

VASUKI H S

Partner

Membership No. 212013

Date: May 26, 2017

Place: Bengaluru

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED, BENGALURU

Report on the Standalone Financial Statements:

We have audited the accompanying standalone financial statements of Kirloskar Electric Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of significant accounting policies and other explanatory information for the year then ended, in which are incorporated the Returns audited by the branch auditors M/s Sundar & Associates, Chartered Accountants of the Kuala Lumpur office of the Company in Malaysia.

Management's Responsibility for the Standalone 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 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 specified under section 133 of the Act, read with rule 7 of 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures

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that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Basis for Qualified Opinion:

Attention of the members is invited to note 52(a) of the financial statements, regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immovable properties and receivables. We have relied on management's representations that it is confident of realization of amounts due from the said subsidiaries aggregating to ₹ 14,741 lakhs (previous year ₹ 14,951 Lakhs). Pending completion of disposals/realization of assets by the subsidiaries shortfall in realization of the amount outstanding, if any, could not be ascertained.

Qualified Opinion:

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 above, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements/information of one branch, the Kuala Lumpur office of the Company, included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 189 lakhs as at 31st March, 2017 and total revenues of ₹ 1 lakh for the year ended on that date, as considered in the standalone financial statements. The financial statements of the said office have been audited by the branch auditors (M/s Sundar & Associates, Chartered Accountants) whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Emphasis of Matter:

- (a) Attention of the members is invited to note 53 of the financial statements, where in the directors have detailed the reasons for compiling these statements on a going concern basis, though the net worth (after excluding revaluation reserve) of the group, consisting of the Company, its subsidiaries and associate has been eroded. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds. We have relied on the representations made to us by the management.
- (b) Attention of the members is invited to note 54 (a) of the financial statements which sets out that the Company has filed special leave petition in respect of demands for resale tax and sales tax penalty of Rs. 527 lakhs and Rs.362 Lakhs respectively 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.
- (c) Attention of the members is invited to note 54 (b) of the financial statements which sets out that the Company has filed writ petition in the Honourable High Court of Karnataka challenging the demand of Value added tax of Rs. 893 lakhs. 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.

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 of India 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 the 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 it 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 branch auditors have been forwarded to us and have been duly dealt with by us while preparing this report.
- d. The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us.
- e. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- f. On the basis of the written representations received from the directors as on March 31, 2017 taken on the record by the Board of Directors, none of the directors is disqualified as on that date 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".
- h. With respect to 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the 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 recognised in 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.
 - iv The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

For B.K. RAMADHYANI & CO LLP

Chartered Accountants

Firm Registration No. 002878S/S200021

VASUKI H S

Partner

Membership No. 212013

Date: May 26, 2017

Place: Bengaluru

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT (REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE) TO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED

1. 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 explanation given to us and as represented to us by the company, the title deeds of Immoveable properties are held in the name of the Company.
2. The Company has a program of physical verification of inventory which is conducted at reasonable intervals by the management. 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 40 of the 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.
3. The Company has not granted any loans to companies, firms, Limited liability Partnerships 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 42 to the financial statements are advances and not in the nature of loans.
4. 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.
5. 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 delays in repayment of deposits during the financial year ended March 31, 2017 and the management has represented to us that there are no such 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.
6. 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.
7. a. The Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues barring delays in certain months ranging upto 3 months delay in service tax, up to 1 month delay in professional tax, upto 2 months delay in Employees' State Insurance, tax deducted at source and excise duty. 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, 2017 for a period of more than six months from the date they became payable except in respect of dues of provident fund amounting to ₹ 12.31 lakhs payable for the period April 2016 to August 2016.
- 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, 2017 with the relevant authorities on account of disputes.

Name of the statute	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	VAT penalty demanded	181.06	2005 – 2008	Supreme Court
Karnataka Value Added Tax Act, 2003	VAT demanded	190.03	2006 – 2007 & 2008 – 2009	Joint Commissioner of Commercial Tax (Appeals)
Karnataka Value Added Tax Act, 2003	Input VAT credit and other disallowances	893.42	2009-10	High Court of Karnataka
The Central Excise Act, 1944	Excise demand	0.30	April 1993 & April 2001	High Court of Karnataka
	Excise demand	2.62	September 2006 and September 2007	Central Excise and Service Tax Appellate Tribunal
	Cenvat availment	82.11	January 2008 to April 2010, October 2008 to April 2010, September 2010 to March 2011	Commissioner of Central Excise (Appeals)
The Income Tax Act, 1961	Income tax demand	10.34	Assessment Year 2010 – 2011	Commissioner of Income Tax (Appeals)
The Central Sales Tax Act, 1956 & The Bombay Sales Tax Act, 1959	Sales tax demand	1,478.14	1999 – 2000, 2005-2006, 2007-2008 and 2008-2009	Joint Commissioner of Commercial Taxes
The Central Sales Tax Act, 1956 & Maharashtra Value Added Tax Act, 2002	Sales tax demand	3,133.30	2010-11	The President, Maharashtra Sales Tax Tribunal, Mumbai (in respect of CST demand) & Deputy Commissioner of Sales Tax (Appeals) Pune
The West Bengal Sales Tax Act	Sales Tax demand	50.70	2011-12 2012-13 & 2013-14	Commercial Taxes Appellate board and Senior joint commissioner Central Audit Unit-1 Kolkata

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8. In our opinion and according to the information and explanations given to us, there are no defaults in repayment of dues to banks as at March 31, 2017 taking into consideration the terms and conditions of the Master Restructuring Agreement ("MRA") referred to in note 55 of the financial statements. There are no loans taken from financial institution, Government or dues to debenture holders by the Company.
9. The company has not raised monies by way of initial public offer or further public offer (including debt instruments) or fresh term loans from banks during the year.
10. 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.
11. 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.
12. The Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the said Order are not applicable.
13. 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 Financial Statements as required by the applicable Accounting Standards.
14. During the year, the company has raised monies from the Qualified institutional buyers by issuing 79, 91,765 shares of face value ₹ 10 each at premium of ₹ 36.15 per share (refer explanation below to note 3 of the Financial Statements). The requirement of Section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised.
15. 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 3(xv) of the said Order are not applicable.
16. 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 clause 3(xvi) of the Order is not applicable to the Company.

For B.K. RAMADHYANI & CO LLP

Chartered Accountants

Firm Registration No. 002878S/S200021

VASUKI H S

Partner

Membership No. 212013

Date: May 26, 2017

Place: Bengaluru

**ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT
(REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING "REPORT ON OTHER LEGAL AND
REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KIRLOSKAR
ELECTRIC COMPANY LIMITED).**

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, 2017 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". 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 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.

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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, 2017, 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 B.K. RAMADHYANI & CO LLP

Chartered Accountants

Firm Registration No. 002878S/S200021

Date: May 26, 2017

Place: Bangalore

VASUKI H S

Partner

Membership No. 212013

**Abridged
Financial Statement
2016-2017**

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Abridged Balance Sheet as at March 31, 2017

[Pursuant to first provision to sub-section (1) of section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014]

(₹ in Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016	
I EQUITY AND LIABILITIES				
(1) SHAREHOLDERS' FUNDS				
a) Paid-up Share Capital				
(i) Equity	6,641.41		6,391.78	
(ii) Preference	-		-	
		6,641.41		6,391.78
b) Reserves & Surplus				
(i) Capital Reserve	18.06		18.06	
(ii) Securities premium reserve	4,410.84		1,065.41	
(iii) Revaluation Reserve	31,718.90		208.66	
(iv) Capital Redemption Reserve	2,401.75		2,401.75	
(v) Reconstruction Reserve Account	641.67		641.67	
(vi) Surplus i.e. Statement of Profit or Loss	(12,069.16)		(9,105.97)	
(vii) Reserve for Doubtful Debts	90.00		90.00	
		27,212.06		(4,680.42)
(2) NON CURRENT LIABILITIES				
a) Long term borrowings	6,593.29		7,890.33	
b) Other long term liabilities	1,583.38		1,481.58	
c) Long term provisions	1,903.19		1,677.55	
		10,079.86		11,049.46
(3) CURRENT LIABILITIES				
a) Short term borrowings	14,816.80		14,422.09	
b) Trade payables	20,407.11		18,226.64	
c) Other current liabilities	8,597.40		10,423.11	
d) Short term provisions	2,502.68		2,950.44	
		46,323.99		46,022.28
TOTAL		90,257.32		58,783.10
II ASSETS				
(4) NON CURRENT ASSETS				
a) Fixed Assets				
i) Tangible assets	38,960.85		8,419.53	
ii) Intangible assets	20.29		53.52	
iii) Capital work in progress	-		14.25	
		38,981.14		8,487.30

KIRLOSKAR ELECTRIC COMPANY LTD

Abridged Balance Sheet as at March 31, 2017

[Pursuant to first provision to sub-section (1) of section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014]

(₹ in Lakhs)

Particulars	As at March 31, 2017		As at March 31, 2016	
b) Non current investments				
i) Investment in Subsidiary Companies				
- Unquoted	6,609.91		6,609.91	
ii) Others				
- Quoted	1.00		1.00	
- Unquoted	193.05		54.46	
	6,803.96		6,665.37	
Less: Provision for diminution in value of Investments	129.36		129.36	
	6,674.60		6,536.01	
Market value of quoted investments ₹ 14.96 Lakhs (as at March 31, 2016 ₹ 12.79 Lakhs)	-		-	
iii) Long term loans and advances	2,839.80		2,017.54	
iv) Other non current assets	13,822.23		12,824.53	
		23,336.63		21,378.08
(5) CURRENT ASSETS				
a) Inventories	7,563.73		9,711.15	
b) Trade receivables	12,831.41		10,449.70	
c) Cash & Bank Balances	2,227.22		3,147.54	
d) Loans & Advances	1,106.27		1,221.23	
e) Other Current assets	4,210.92		4,388.10	
		27,939.55		28,917.72
TOTAL		90,257.32		58,783.10

Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2014 and would be made available at the Company's website, www.kirloskar-electric.com

As per our report of even date

For B K Ramadhyani & Co. LLP
Chartered Accountants
Firm number : 002878S/S200021

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

Vijay R. Kirloskar
Executive Chairman
DIN:00031253

CA. Vinayak Narayan Bapat
Managing Director
DIN:06936639

CA. Vasuki H S
Partner
Membership No. : 212013

Kamlesh Suresh Gandhi
Director
DIN:00004969

Place : Bengaluru
Date : May 26, 2017

CA. Soumendra Kumar Mahapatra
Vice President - Finance &
Chief Financial Officer

CS. Chinmoy Pattnaik
Associate Vice President -
Legal & Company Secretary

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Abridged Profit and Loss Account for the year ended March 31, 2017

[Pursuant to first proviso to sub-section (1) of section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014]

(₹ in Lakhs)

Particulars	Current Year	Previous Year
INCOME		
I. Revenue from Operations:		
a) Sale of products manufactured	62,409.84	59,537.03
b) Sale of Services	607.09	845.70
	<u>63,016.93</u>	<u>60,382.73</u>
Less: excise duty	5,460.58	5,607.58
Net Revenue from Operations	57,556.35	54,775.15
II. Other Income		
a) Profit on sale of fixed assets	-	42.51
b) Other Income	995.65	311.22
III. Total Income (I + II)	58,552.00	55,128.88
EXPENDITURE		
a) Cost of materials consumed	41,873.39	40,596.93
b) Changes in inventories of finished goods, work in progress and stock in trade	1,865.96	355.36
	<u>43,739.35</u>	<u>40,952.29</u>
c) Employee benefits expenses	7,215.61	7,517.43
d) Finance Costs	3,195.01	4,185.68
e) Depreciation and amortisation expense	1,119.26	1,101.07
f) Other Expenses	6,276.52	6,640.63
	<u>61,545.75</u>	<u>60,397.10</u>
Less : Expenses Capitalised	23.79	-
IV. TOTAL	61,521.96	60,397.10
V. Loss before exceptional items and tax	2,969.96	5,268.22
Exceptional items	-	(2,155.18)
VI. Loss before Tax	2,969.96	3,113.04
VII. Tax Expense	(6.77)	-
VIII. Loss for the year (VII-VIII)	2,963.19	3,113.04
IX. Earning per equity share before exceptional item:		
Basic & diluted	(4.80)	(9.84)
X. Earning per equity share after exceptional item:		
Basic & diluted	(4.80)	(5.82)
Paid up value per share (in ₹)	10.00	10.00

REFER NOTES FORMING PART OF THE ABRIDGED FINANCIAL STATEMENTS

As per our report of even date

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

For B K Ramadhyani & Co. LLP

Chartered Accountants

Firm number : 002878S/S200021

Vijay R. Kirloskar

Executive Chairman

DIN:00031253

CA. Vinayak Narayan Bapat

Managing Director

DIN:06936639

CA. Vasuki H S

Partner

Membership No. : 212013

Kamlesh Suresh Gandhi

Director

DIN:00004969

CA. Soumendra Kumar Mahapatra

Vice President - Finance &
Chief Financial Officer

CS. Chinmoy Pattnaik

Associate Vice President -
Legal & Company Secretary

Place : Bengaluru

Date : May 26, 2017

KIRLOSKAR ELECTRIC COMPANY LTD**Abridged Cash Flow Statement For The Year Ended March 31, 2017**

(₹ in Lakhs)		
Particulars	Current Year	Previous Year
1 Cash flows from operating activities	2,431.28	912.84
2 Cash flows from investing activities	(441.96)	1,529.22
3 Cash flows from financing activities	(2,725.29)	(1,563.39)
4 Net increase/(decrease) in cash and cash equivalents	(735.95)	878.67
5 Cash and cash equivalents at the beginning of the year	1,917.33	1,038.66
6 Cash and cash equivalents at the end of the year	1,181.36	1,917.33

As at March 31, 2017	As at March 31, 2016
-----------------------------	-----------------------------

Details of Cash & Cash Equivalents:

a) Balances with banks	1,172.91	1,905.74
b) Cash in hand	8.45	11.59
	<u>1,181.36</u>	<u>1,917.33</u>

As per our report of even date

For B K Ramadhyani & Co. LLP

Chartered Accountants

Firm number : 002878S/S200021

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

Vijay R. Kirloskar

Executive Chairman

DIN:00031253

CA. Vinayak Narayan Bapat

Managing Director

DIN:06936639

CA. Vasuki H S

Partner

Membership No. : 212013

Kamlesh Suresh Gandhi

Director

DIN:00004969

CA. Soumendra Kumar Mahapatra

Vice President - Finance &

Chief Financial Officer

CS. Chinmoy Pattnaik

Associate Vice President -

Legal & Company Secretary

Place : Bengaluru

Date : May 26, 2017

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NOTES TO ABRIDGED FINANCIAL STATEMENTS

3 Contingent liabilities and Commitments (Note 24 of the financial statement) :

(to the extent not provided for)

a) Contingent Liabilities:

(₹ in Lakhs)

Sl. No.	Particulars	As at March 31, 2017	As at March 31, 2016
i)	Claims against the Company not acknowledged as debts	1,530.73	1,740.51
ii)	Guarantees	2,801.65	2,879.21
iii)	Letters of credit	11,559.66	8,239.20
iv)	Bills discounted with Bank	1,592.08	1,207.81
v)	Penal damages levied by the Regional Provident Fund commissioner. During a previous year High Court of Karnataka, Bangalore quashed the demand and subsequently also quashed the appeal made by the PF Authorities and referred the matter to the original authority. An amount of ₹ 46.18 lakhs paid has been included in disputed statutory dues and the Company is confident of receiving the refund from the PF authorities.	Nil	Nil
vi)	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.	118.42	365.54
vii)	Sales tax demanded under appeal (includes demand raised in respect of CST Act, 1956 amounting to ₹ 2,836.95 lakhs and Maharashtra Value Added Tax, 2002 amounting to ₹ 399.46 lakhs which are disputed by the Company before the Appellant authorities for demand raised due to application of wrong rate, pending revision). 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.	5,547.25	5,269.65
viii)	Sales Tax Authorities have disallowed certain input credit availed in the returns filed and also disallowed certain sales returns, unfructified sales, labour charges and service tax, in the re-assessment for the year 2009-10. The Company has disputed and challenged the same in writ petition before the Honorable High Court of Karnataka and considers the said disallowances has been passed based on incorrect interpretation of law. The operation of said re-assessment order has been stayed by the Honorable High Court of Karnataka.	893.00	-
ix)	"The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs and ₹ 362 Lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 479.23 lakhs (as at March 31, 2016 ₹ 479.23 lakhs) against the demand which has been included in disputed statutory dues as reported in Note 17 to Financial Statements. The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty referred above 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 regarding applicability of Scheme for total amount of demand and not considering pre-deposits made by the Company. Consequently the Company has filed a writ petition in the Honorable High Court of Karnataka challenging the Scheme on grounds of discrimination and seeking specific reliefs. The Authorities have received the application under Scheme in compliance to the directions contained in interim order of the Hon'ble High Court of Karnataka.	889.37	889.37
x)	Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	209.88	208.21
xi)	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
xii)	Interest if any, on account of delays in payment to suppliers.	Not Ascertainable	Not Ascertainable
xiii)	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.	17.65	0.90
xiv)	Income tax demands under appeal. The demands are consequential to certain amounts of computed interests being deemed as capital expenditure and certain other disallowances disputed by the Company.	10.34	1,370.49
xv)	The Company had furnished a guarantee for the redemption of preference shares issued by Kiroloskar Investment and Finance Ltd to an extent of ₹ 200 lakhs (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 ABRIDGED FINANCIAL STATEMENTS

a) Contingent Liabilities:

(₹ in Lakhs)

Sl. No.	Particulars	As at March 31, 2017	As at March 31, 2016
xvi)	Arrears of fixed cumulative dividends on preference shares (including tax thereon)	1,347.28	1,346.76
xvii)	Corporate Guarantee given to its wholly owned subsidiary	6,632.68	6,594.12
xviii)	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 recognised a provision for contingencies, to take care of any liabilities that may devolve, and included in Note 48.

b) Commitments

i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	453.55	62.58
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4 Note 36 of the financial statements:

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.

5 Note 38 of the financial statements:

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 Note 39 of the financial statements:

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 overall 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 Note 40 of the financial statements:

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 Note 41 of the financial statements:

Machinery purchased in prior years but currently held for sale for the past several years have been recognized at realizable value estimated by the management. Such value is consistent with quotations received from prospective buyers after considering the provision made and any shortfall in realisability is not expected to be material.

9 Note 43 of the financial statements:

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, 2017 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

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NOTES TO ABRIDGED FINANCIAL STATEMENTS

10 Note 44 of the financial statements:

DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS":

(₹ In lakhs)

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under:

Particulars	Current Year	Previous Year
Employer's contribution to provident & pension funds	332.17	335.20
Employer's contribution to superannuation fund	100.31	45.44

(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)

Particulars	As at March 31, 2017		As at March 31, 2016	
	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	2,437.49	485.04	2,490.09	529.10
Current Service Cost (*)	109.23	41.39	112.38	36.38
Interest Cost	182.19	38.75	184.64	41.80
Additional provision for increase in limit of gratuity/ in excess of limit	(25.08)	-	4.40	-
Actuarial (gain)/ loss	(8.31)	141.47	12.60	10.54
Benefits Paid	(376.17)	(164.18)	(366.62)	(132.78)
Defined Benefit obligation at end of the year	2,319.35	542.47	2,437.49	485.04
2 Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	1,053.72	174.23	1,310.95	160.80
Expected return on plan assets	84.19	13.92	103.57	12.70
Employer Contribution	6.61	-	16.89	-
Benefits paid	(376.17)	-	(366.62)	-
Actuarial gain/(loss)	(15.35)	0.45	(11.07)	0.73
Fair value of plan assets at year end	753.00	188.60	1,053.72	174.23
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	753.00	188.60	1,053.72	174.23
Present value of obligation	2,319.35	542.47	2,437.49	485.04
Amount recognized in Balance Sheet under liabilities:	1,566.35	353.87	1,383.77	310.81
Expense recognized during the year: (under "Note 28" Employee Benefit Expenses in the Statement of Profit and Loss)	Current Year		Previous Year	
Current Service Cost	109.23	41.39	112.38	36.38
Interest Cost	182.19	38.75	184.64	41.80
Expected return on plan assets	(84.19)	(13.92)	(103.57)	(12.70)
Additional provision for increase in limit of gratuity/ in excess of limit	(25.08)	-	4.40	-
Actuarial (gain)/ loss	7.04	141.02	23.67	9.81
Net Cost	189.19	207.24	221.52	75.28

NOTES TO ABRIDGED FINANCIAL STATEMENTS

Actuarial assumptions:	As at March 31, 2017		As at March 31, 2016	
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)	7.26%	7.26%	7.99%	7.99%
Expected rate of return on plan assets (per annum)	7.26%	7.26%	7.99%	7.99%
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):					
	2016-17	2015-16	2014-15	2013-14	2012-13
Defined benefit obligation at the end of the period	(2,319.35)	(2,437.49)	(2,490.09)	(2,489.47)	(2,707.63)
Plan assets at end of the period	753.00	1,053.72	1,310.95	1,469.03	1,764.41
Funded status	(1,566.35)	(1,383.77)	(1,179.14)	(1,020.44)	(943.22)
Experience Gain/ (loss) adjustments on plan liabilities	100.36	(24.27)	23.38	62.47	198.12
Experience Gain/ (loss) adjustments on plan assets	(15.35)	(11.07)	(20.58)	(10.38)	(9.22)
Actuarial gain/ (loss) due to change in assumptions	(92.05)	11.67	(174.33)	(164.81)	79.31

11 Note 45 of the financial statements:
SEGMENT REPORTING:

As per Accounting Standard (AS) 17 on "Segment Reporting", segment information has been provided under the Notes to Consolidated Financial Statements.

12 Note 46 of the financial statements:
RELATED PARTY TRANSACTIONS;
(a) List of related parties:

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 Ms. Janaki Kirloskar Ms. Rukmini Kirloskar Mr. Vinayak Narayan Bapat Mr. Anand B Hunnur Soumendra Kumar Mahapatra (from June 30, 2015) Chinmoy Pattnaik (from November 28, 2015)	Key Management Personnel and their relatives ("KMP")
4 Kirloskar (Malaysia) Sdn. Bhd	Associates

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NOTES TO ABRIDGED FINANCIAL STATEMENTS

(a) List of related parties:

Name of the Related Party	Relationship
5 Senapathy Whiteley Private Limited. (upto November 5, 2015) Transport Corporation of India Maini Material Movement Private Limited MRF Limited Reliance Industries Limited Lakshmanan Isola Private Limited (upto November 5, 2015)	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")

(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	52.36	45.43
Sri Vijayadurga Investments and Agencies Private Limited		106.78	93.32
Ravindu Motors Private Limited		0.97	1.78
Abhiman Trading Company Private Limited		75.20	90.22
Senapathy Whitley Private Limited	Others-A	-	0.32
Lakshmanan Isola Private Limited		-	34.45
Transport Corporation of India		219.82	141.65
Sale of goods and services:			
Kirsons BV	Step down Subsidiary	15.26	-
Kirloskar (Malaysia) Sdn. Bhd	Associates	161.36	148.43
Ravindu Motors Private Limited	Others-B	16.72	7.63
Kirloskar Power Equipment Limited	Others-B	16.70	15.36
Senapathy Whitley Private Limited	Others-A	-	1.50
Maini materials movement private limited	Others-A	23.80	-
MRF Limited	Others-A	1.47	-
Reliance industries limited	Others-A	3.21	-
Rent paid			
Kirloskar Power Equipment Limited	Others-B	-	45.05
Vijayjyothi Investments and Agencies Private Limited		78.78	78.39
Remuneration paid:			
Vijay R Kirloskar*		148.68	106.68
Vinayak Narayan Bapat*		77.99	73.01
Anand B Hunnur*		48.28	45.70
Swapna Latha*			5.99
Soumendra Kumar Mahapatra*	KMP	31.94	23.75
Chinmoy Pattnaik*		23.45	8.70
Rukmini Kirloskar*		5.93	5.86
Meena Kirloskar (Sitting Fees)		1.20	1.50
Janaki Kirloskar**		0.30	2.02
Investments made			
Kesvik Developers Private Limited	Wholly Owned	-	1.00
Swaki Habitat Private Limited	Subsidiary	-	1.00

NOTES TO ABRIDGED FINANCIAL STATEMENTS

(b) Transactions with the related parties

(₹ In lakhs)

Particulars	Relationship	Current Year	Previous Year
Issue of Shares to Vijay R Kirloskar	KMP		
Conversion of CCPS into equity shares			
Issue of Equity shares		268.86	255.42
Share Premium		549.55	522.07
Reimbursement of expenses by company to subsidiary			
KELBUZZ Trading Private Limited		407.42	310.06
Luxquisite Parkland Private Limited	Wholly Owned	0.69	10.17
SKG Terra Promenade Private Limited	Subsidiary	11.62	233.46
SLPKG Estate Holdings Private Limited		321.16	597.46
Kesvik Developers Private Limited		0.22	0.14
Swaki Habitat Private Limited		0.22	0.13

* Remuneration paid excludes accrued gratuity, compensated absence (since liability has been recognized for the Company as a whole) free use of company car and communication facilities

** Current year amount relates to sitting fees

(c) Outstanding balances at the end of the year:

(₹ In lakhs)

Particulars	Relationship	As at March 31, 2017	As at March 31, 2016
Amount due to Company:			
KELBUZZ Trading Private Limited		5,944.71	5,765.51
Luxquisite Parkland Private Limited	Wholly owned	105.16	60.47
SKG Terra Promenade Private Limited	Subsidiary	3,691.95	3,683.60
SLPKG Estate Holdings Private Limited		4,998.60	5,440.89
Kesvik Developers Private Limited		0.35	0.14
Swaki Habitat Private Limited		0.34	0.13
Kirloskar (Malaysia) Sdn. Bhd	Associate	161.59	151.29
Kirloskar Power Equipment Limited		-	180.00
Vijay Farms Private Limited		188.74	192.64
Sri Vijayadurga Investments and Agencies Private Limited		27.37	19.20
Vijayjyothi Investments and Agencies Private Limited		111.51	111.51
Ravindu Motors Private Limited	Others-B	0.62	0.14
Maini Materials Movement Pvt Ltd.,		15.68	10.97
Transport Corporation of India Ltd,		-	0.24
Abhiman Trading Company Private Limited		98.97	98.97
Kirloskar Batteries Private Limited		2.61	2.69
MRF limited		14.20	-
Amount due from Company:			
Lloyd Dynamowerke GmbH & Co. KG	Step down subsidiary	167.50	179.46
Transport Corporation of India	Others-A	89.82	71.07
Kirloskar Batteries Private Limited		14.36	14.36
Kirloskar Power Equipment Limited		6.36	203.26
Vijay Farms Private Limited		6.59	5.68
Vijayjyothi Investments and Agencies Private Limited	Others-B	126.24	108.34
Abhiman Trading Company Private Limited		21.75	26.63
Sri Vijayadurga Investments and Agencies Private Limited		13.91	10.34
Ravindu Motors Private Limited		0.81	0.14

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NOTES TO ABRIDGED FINANCIAL STATEMENTS

(c) Outstanding balances at the end of the year:

(₹ In lakhs)

Particulars	Relationship	As at March 31, 2017	As at March 31, 2016
Investment held			
KELBUZZ Trading Private Limited	Wholly owned Subsidiary	404.55	404.55
Luxquisite Parkland Private Limited		6,064.00	6,064.00
SKG Terra Promenade Private Limited		1.00	1.00
SLPKG Estate Holdings Private Limited		9.00	9.00
Kesvik Developers Private Limited		1.00	1.00
Swaki Habitat Private Limited		1.00	1.00
Kirloskar Power Equipment Limited	Others -B	28.17	28.17
Guarantees given by the Company and outstanding at the end of the year for the loan taken by:			
KELBUZZ Trading Private Limited	Wholly owned Subsidiary	4,076.00	4,005.81
SLPKG Estate Holdings Private Limited		2,556.68	2,588.31
Guarantees given by the Subsidiary in respect of loan taken by the Company and outstanding at the end of the year:			
SKG Terra Promenade Private Limited	Wholly owned Subsidiary	2,526.53	2,715.00
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:			
Vijay R Kirloskar	KMP	19,258.33	20,155.68

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 Note 47 of the financial statements:

OPERATING LEASE:

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 ₹ 302.66 Lakhs (Previous Year ₹ 345.22 Lakhs).

14 Note 48 of the financial statements:

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 at the beginning of the year	1,578.14	747.79	17.03	599.77
		1,518.14	400.24	17.11	597.90
2	Provision for the year (net)	(293.88)	(232.21)	-	85.95
		60.00	347.55	(0.08)	1.87
3	Balance outstanding at the end of the year	1,284.26	515.58	17.03	685.72
		1,578.14	747.79	17.03	599.77

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 ABRIDGED FINANCIAL STATEMENTS

15 Note 49 of the financial statements:

The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on March 31, 2017 are as under:

Particulars	As at March 31, 2017		As at March 31, 2016	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	USD 651,261	508.63	USD 1099053	822.38
	EUR 126000		EUR 127344	
Liabilities (Payables)	USD 544557	558.18	USD 664838	638.03
	EUR 288747		EUR 248884	
			AED 47349	

16 Note 50 of the financial statements:

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.

17 Note 51 of the financial statements:

- 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.
- 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.

18 Note 52 of the financial statements:

- As a measure of restructuring and with the consent of a Lending Bank and other Lending banks under the Joint Lender Forum (JLF) mechanism, the Company transferred during 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 said subsidiaries as at March 31, 2017 in respect of the transfer of the assets as mentioned above, other expenses relating to the subsidiaries met by the Company and interest charged aggregating to ₹ 14,741.11 lakhs (as at March 31, 2016 ₹ 14,950.73 Lakhs). 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. These subsidiaries have been sanctioned credit facilities to an aggregate extent of ₹ 500 lakhs (net of amounts drawn). The board of directors of the Company are confident of realisation of the entire amounts due from the said subsidiaries as realisation from the sale of immovable properties / inventories by the subsidiaries is expected to be higher than the transfer value.
- 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.

19 Note 53 of the financial statements:

The net worth (after excluding revaluation reserve) of the group in terms of the Consolidated Financial Statements presented consisting of the Company, its subsidiaries and its associate is eroded. The Company and its components have initiated several measures like identification and active steps being taken for disposal of non-core assets, arrangement under JLF mechanism

NOTES TO ABRIDGED FINANCIAL STATEMENTS

for restructuring of dues to banks, sanction of further non fund based limits by banks, infusion of capital by the promoters, rationalization of operation, introduction of value added products push for sales, optimization in product mix and enhanced contribution, proposed capital raising plans etc. Accordingly, your directors have prepared the financial statements 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 Note 54 of the financial statements:

- a) The Company has filed before the Honourable Supreme Court, special leave petition (SLP) in respect of resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the parent company) and confirmed by the Honourable High Court of Karnataka. This SLP has been admitted by the Honourable Supreme Court.

The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty referred above 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 has filed a writ petition in the Honorable High Court of Karnataka challenging the scheme on grounds of discrimination and seeking specific reliefs.

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

- b) The Company received a reassessment order under Karnataka Value Added Tax (KVAT) Act during the year in respect of the period April 2009 to March 2010 essentially denying certain input credit and also disallowed certain sales returns, unfructified sales, labour charges and service tax, and consequently raised demand of Rs. 893 lakhs. According to the Company the said order has been passed based on incorrect interpretation of law. The Company has also been legally advised that the said order is not sustainable in law and consequently a writ petition has been filed in the Honorable High Court of Karnataka challenging the said demand seeking relief from the said order and for quashing of the same. The Company believes that the outcome of these contingencies will be favourable, that losses are not probable and no provision is required to be recognized in this respect.

21 Note 55 of the financial statements:

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.

22 Note 56 of the financial statements:

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 arms 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, 2017, 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.

23 Note 57 of the financial statements:

Previous year's figures have been regrouped wherever required in conformity with current year presentation. Figures in brackets relates to previous year.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KIRLOSKAR ELECTRIC COMPANY LIMITED****Report on the Consolidated Financial Statements:**

We have audited the accompanying consolidated financial statements of Kirloskar Electric Company Limited ("the Holding Company"), its subsidiaries and associate (collectively referred to as "the Group") which comprise of the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements:

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). The respective Board of Directors of the companies included in the Group 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; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis of Qualified Opinion:

Attention is invited to note 41 to the consolidated financial statements regarding debts exceeding two year and considered as good by management estimated at ₹ 5,401.25 lakhs. The relevant accounts are subject to adjustments, if required after management completes review, reconciliation and identification of further doubtful debts. We are unable to express an independent opinion on the same.

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, except for the matters stated in the basis of qualified opinion paragraph above, the aforesaid consolidated 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 of the state of affairs of the Group as at March 31, 2017, and its loss and its cash flows for the year ended on that date

Other Matters:

- a) We did not audit the financial statements of 7 subsidiaries included in these consolidated financial statements. Such financial statements of subsidiaries reflect total assets of ₹ 1,032.68 lakhs as at March 31, 2017, total revenues of ₹ 33.54 lakhs and net cash flows of ₹ 551.42 lakhs for the year ended on that date, as considered in these consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion on such financial statements as consolidated are based solely on the report of such other auditors.

- b) Unaudited financial statements of Kirloskar (Malaysia) Sdn. Bhd, an associate in which share of loss of the Group was ₹ Nil Lakhs (restricted to the value of the investments) has been considered for preparation of these financial statements. Unaudited financial statements as received from the said associate has been considered for the purpose of preparation of these consolidated financial statements.

Emphasis of Matter:

- (a) Attention of the members is invited to note 53 to the consolidated financial statements, where in the directors have detailed the reasons for compiling the financial statements on a going concern basis, even though the net worth of the group, consisting of the Company, its subsidiaries and its associate have been eroded. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds to it. We have relied on the representations made to us by the management. Our report is not qualified in this respect.
- (b) Attention of the members is invited to note 55 to the consolidated financial statements, which sets out that the Company has filed special leave petition in respect of demands for resale tax and sales tax penalty of ₹ 527 lakhs and ₹ 362 Lakhs respectively 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 no provision is required to be recognized in this respect. We have relied on this representation. Our report is not qualified in this respect.

Report on Other Legal and Regulatory Requirements:

1. As required by the section 143(3) of the Act, we report that:
- 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.
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - The consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this report are in agreement with the books of account.
 - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - On the basis of the written representations received from the directors as on March 31, 2017 taken on the record by the Board of Directors, none of the directors is disqualified as on that date from being appointed as a director in terms of section 164(2) of the Act.
 - 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 A".
 - With respect to 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,
 - The Holding Company and its Indian subsidiaries have disclosed its pending litigations in note 27 to the financial statements which would impact its financial position;
 - The Holding Company and its Indian subsidiaries did not have any long-term contracts as required under the applicable law or accounting standards, for material foreseeable losses. The Holding Company and its Indian subsidiaries has not entered into any derivative contracts.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K.RAMADHYANI & CO LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA C R Deepak)
Partner
Membership No. 215398

Place : Bengaluru
Date : May 26, 2017

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KIRLOSKAR ELECTRIC COMPANY LIMITED.**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 consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal controls over financial reporting of Kirloskar Electric Company Limited ("the Holding 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 ("the Guidance Note") 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 ("the Act").

Auditors' Responsibility:

Our responsibility is to express an opinion on the Holding Company and its subsidiaries incorporated in India internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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 the 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 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.

SEVENTIETH ANNUAL REPORT 2016-17

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, 2017, 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 section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 6 subsidiary companies, incorporated in India, are based on the corresponding reports of the auditor of such companies incorporated in India.

For B.K.RAMADHYANI & CO LLP

Chartered Accountants

Firm Registration No. 002878S/S200021

(CA C R Deepak)

Partner

Membership No. 215398

Place : Bengaluru

Date : May 26, 2017

**Consolidated
Financial Statements
2016-2017**

SEVENTIETH ANNUAL REPORT 2016-17

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	7	6,641.41	6,391.78
(b) Reserves and surplus	8	5,369.13	(25,615.15)
		12,010.54	(19,223.37)
(2) Minority interest		4.00	4.00
(3) Non - current liabilities			
(a) Long term borrowings	9	6,593.29	14,484.45
(b) Other long term liabilities	11	1,583.38	1,481.57
(c) Long term provisions	12	1,903.19	1,677.55
		10,079.86	17,643.57
(4) Current liabilities			
(a) Short term borrowings	13	14,816.80	14,422.09
(b) Trade payables			
- Dues to micro and small enterprises	14 (a)	122.36	80.83
- To others	14 (b)	20,287.12	18,286.34
(c) Other current liabilities	15	15,233.86	9,878.77
(d) Short term provisions	16	2,502.68	2,950.43
		52,962.82	45,618.46
TOTAL		75,057.22	44,042.66
II. ASSETS			
(1) Non - current assets			
(a) Fixed assets			
(i) Tangible assets	17 (a)	38,960.76	8,450.07
(ii) Intangible assets	17 (b)	646.52	784.11
(iii) Capital work in progress	18	-	14.25
		39,607.28	9,248.43
(b) Non - current investments	19	249.96	81.09
(c) Deferred tax assets (net)	10	-	-
(d) Long term loans and advances	20	2,709.52	1,971.85
(e) Other non current assets	21	1,001.01	450.50
		43,567.77	11,751.87
(2) Current assets			
(a) Inventories	22	7,609.43	9,756.83
(b) Trade receivables	23	17,852.82	16,832.79
(c) Cash and bank balances	24	2,251.61	2,620.52
(d) Short term loans and advances	25	1,434.22	1,222.84
(e) Other current assets	26	2,341.37	1,857.81
		31,489.45	32,290.79
TOTAL		75,057.22	44,042.66
Significant accounting policies and notes attached form an integral part of the financial statements	1 to 6, 27, 37 to 58	-	-

In Accordance with our report attached
For B K Ramadhyani & Co. LLP
Chartered Accountants
Firm number : 002878S/S200021

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited
Vijay R. Kirloskar
Executive Chairman
DIN:00031253

CA. Vinayak Narayan Bapat
Managing Director
DIN:06936639

(CA. C R Deepak)
Partner
Membership No. : 215398

Kamlesh Suresh Gandhi
Director
DIN:00004969

CA. Soumendra Kumar Mahapatra
Vice President - Finance &
Chief Financial Officer

CS. Chinmoy Pattnaik
Associate Vice President -
Legal & Company Secretary

Place : Bengaluru
Date : May 26, 2017

KIRLOSKAR ELECTRIC COMPANY LTD

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

Particulars	Note No.	Current Year	Previous Year
I Revenue from operations	28	57,558.00	54,775.15
II Other income	29	1,577.89	353.73
III Total revenue (I + II)		59,135.89	55,128.88
IV Expenses			
Cost of materials consumed	30	41,873.39	40,596.93
Changes in inventories of finished goods, work in progress and stock in trade	31	1,865.96	355.37
		43,739.35	40,952.30
Employee benefits expense	32	7,215.61	7,517.46
Finance costs	33	4,531.21	4,860.77
Depreciation and amortization expense	34	1,223.62	1,205.95
Other expenses	35	6,324.23	6,696.15
		63,034.02	61,232.63
Less: expenses capitalised		23.79	-
Total expenses		63,010.23	61,232.63
V Loss before exceptional and extraordinary items and tax (III-IV)		3,874.34	6,103.75
VI Exceptional Items	36	-	(2,155.18)
VII Loss before tax (V + VI)		3,874.34	3,948.57
VIII Tax expense:			
(1) Current tax		3.82	-
(2) Prior year tax		(6.77)	-
(3) Deferred tax		-	-
		(2.95)	-
IX Loss after tax and before share of income from associates and minority interest		3,871.39	3,948.57
X Adjustments:			
Share of loss/(profit) in associates (net of tax)		-	-
Minority Interest		-	-
		-	-
XI Loss for the year (IX + X)		3,871.39	3,948.57
XII Earning per equity share before exceptional item:	38		
Basic & diluted		(6.27)	(11.40)
XIII Earning per equity share after exceptional item:	38		
Basic & diluted		(6.27)	(7.38)
(Paid up value per share)		10.00	10.00
Significant accounting policies and notes attached form an integral part of the financial statements	1, 2, 36, 37 to 58		

In Accordance with our report attached
For B K Ramadhyani & Co. LLP
Chartered Accountants
Firm number : 002878S/S200021

(CA. C R Deepak)
Partner
Membership No. : 215398

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited
Vijay R. Kirloskar
Executive Chairman
DIN:00031253

CA. Vinayak Narayan Bapat
Managing Director
DIN:06936639

Kamlesh Suresh Gandhi
Director
DIN:00004969

CA. Soumendra Kumar Mahapatra
Vice President - Finance &
Chief Financial Officer

CS. Chinmoy Pattnaik
Associate Vice President -
Legal & Company Secretary

Place : Bengaluru
Date : May 26, 2017

SEVENTIETH ANNUAL REPORT 2016-17

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

Particulars	Current Year	Previous Year
Cash flows from operating activities		
Loss as per Statement of Profit & Loss	(3,871.39)	(3,948.57)
Less: Tax expense	(2.95)	-
	(3,874.34)	(3,948.57)
Adjustments for:		
Depreciation and amortisation	1,223.62	1,205.95
Provisions (Net)	(900.74)	26.84
Loss/(profit) on sale of fixed assets	(198.55)	(42.51)
Provision for asset held for sale withdrawn	(383.69)	-
Profit on sale of Investment	(24.92)	-
Exceptional item	-	(2,155.18)
Interest received	(103.43)	(95.02)
Dividends received	(0.28)	(8.52)
Finance costs	4,531.21	4,860.77
	4,143.22	3,792.33
	268.88	(156.24)
(Increase)/ decrease in trade and other receivables	(1,767.39)	(1,126.34)
(Increase)/ decrease in inventories	2,147.40	(416.69)
Increase/ (decrease) in trade payables and other current liabilities	3,089.66	(450.97)
	3,469.67	(1,994.00)
	3,738.55	(2,150.24)
Income taxes paid	53.78	181.55
Net cash from operating activities	3,684.77	(2,331.79)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,213.66)	(166.71)
Proceeds from sale of property, plant and equipment	1,045.88	65.14
Sale of Investment	33.44	-
Proceeds from sale of treasury stock	-	2,155.18
(Increase)/decrease in other bank balances	184.35	(285.77)
Interest received	103.43	95.02
Dividend received	0.28	8.52
Net cash from investing activities	153.72	1,871.38
Cash flows from financing activities		
Proceeds from issue of share capital	3,595.06	-
Proceeds from issue of shares to minority	-	1.00
Proceeds from long term borrowings	(1,246.68)	6,746.82
Proceeds from ICD's	493.24	495.00
Repayment of ICD's	(474.99)	(1,339.30)
Fixed deposits from public accepted	-	567.50
Repayment of fixed deposits from public	(1,955.80)	(1,715.70)
Increase/ (decrease) of short term borrowings (net)	380.26	(412.95)
Repayment of finance lease obligation	-	-
Finance costs	(4,814.14)	(3,558.05)
Net cash from financing activities	(4,023.05)	784.32
Net increase/(decrease) in cash and cash equivalents	(184.56)	323.91
Cash and cash equivalents at beginning of the year	1,390.31	1,066.40
Adjustment for cash balance on account of loss of control in subsidiary	-	-
Cash and cash equivalents at end of the year	1,205.75	1,390.31
Cash & Cash equivalents:		
Cash and cash equivalents consist of cash on hand and balances with banks. 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	2,251.61	2,620.52
Less: Other bank balances	1,045.86	1,230.21
Cash and cash equivalents as restated	1,205.75	1,390.31

In Accordance with our report attached

For B K Ramadhyani & Co. LLP

Chartered Accountants

Firm number : 002878S/S200021

(CA. C R Deepak)

Partner

Membership No. : 215398

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

Vijay R. Kirloskar

Executive Chairman

DIN:00031253

CA. Vinayak Narayan Bapat

Managing Director

DIN:06936639

Kamlesh Suresh Gandhi

Director

DIN:00004969

CA. Soumendra Kumar Mahapatra

Vice President - Finance &

Chief Financial Officer

CS. Chinmoy Pattnaik

Associate Vice President -

Legal & Company Secretary

Place : Bengaluru

Date : May 26, 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**1 BACKGROUND:**

Kirloskar Electric Company Limited ("the Company") was incorporated in the year 1946 and is a company engaged in the manufacture and sale of electric motors, alternators, generators, transformers, switchgear, DG sets etc.

2 BASIS OF CONSOLIDATION:

The consolidated financial statements of Kirloskar Electric Company Limited ("Parent Company"), subsidiary companies and associates (collectively referred as "the Group") used in the preparation of this consolidated financial statements have been drawn up on the same reporting date as that of the parent company i.e. year ended March 31, 2017. The financial statement of Kirloskar (Malaysia) Sdn. Bhd., used is as received from it and is unaudited.

3 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

These consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with Accounting Standards ("AS") specified under Section 133 of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis. All income and expenditure, having a material bearing on financial statements, are recognized on accrual basis.

4 PRINCIPLES OF CONSOLIDATION:

- a) 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 Accounting Standard (AS) 21 - Consolidated Financial Statements.
- b) 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.
- c) 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.
- d) Investments in associate companies have been accounted under the equity method as per AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".
- e) 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.

5 SIGNIFICANT ACCOUNTING POLICIES:**5.1 PROPERTY, PLANT & EQUIPMENT:****(i) Tangible Assets**

Property Plant and Equipment (PPE) and other tangible assets excluding land are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses relating to the acquisition, installation, erection and commissioning less depreciation. Land owned by the Company has been revalued in accordance with revaluation model stated in Accounting Standard 10 (revised). Internally manufactured assets are valued at works cost. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are recognized in the Statement of Profit & Loss while incurred. Spare parts whose life has more than 12 months has been considered as PPE and capitalized by the Company.

(ii) Intangible Assets

Intangible assets are accounted at cost of acquisition less amortisation.

(iii) Depreciation & Amortisation:

- 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 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 the Act on a monthly basis, depending upon the month of the financial year in which the assets are installed/sold. For the assets acquired prior to April 1, 2014 the carrying amount as on April 1, 2014 is depreciated on straight-line basis over the remaining useful life based on an assessment made by a certified external technical expert.

Kirsons BV

Depreciation on technical know-how fees is amortised over a period of ten years.

5.2 ASSETS HELD FOR SALE:

Assets held for sale are stated at the cost or estimated net realizable value, whichever is lower.

5.3 INVESTMENTS:

- i) Investments unless otherwise stated are considered as long term in nature and are valued at acquisition cost less provision for diminution, if any other than those which are considered as temporary in nature.
- ii) Investment Property:- Land and building of company which are not intended to be occupied substantially for use or in operation of company has been considered as investment property and same has been accounted for in accordance with cost model as prescribed in AS-10 (Property Plant and Equipment).

5.4 INVENTORIES:

- i) Raw materials, stores, spare parts and components are valued at cost on weighted average basis or net realizable value whichever is lower.
- ii) Work in progress is valued at works cost or net realizable value whichever is lower.
- iii) Finished goods are valued at works cost or net realizable value whichever is lower.
- iv) Inventories does not include spare parts ,servicing equipment and stand by equipment which meet definition of PPE as per revised AS-10.
- v) Material cost of work in progress and finished goods have been computed on weighted average basis.

5.6 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 in the Statement of Profit and Loss, in the year in which an asset is identified as impaired.

5.7 RESEARCH AND DEVELOPMENT EXPENDITURE:

Revenue expenditure in carrying out research and development activity is charged in the statement of Profit and Loss of the year in which it is incurred. Capital expenditure in respect of research and development activity is capitalized as fixed assets and depreciation provided as detailed above.

5.8 REVENUE RECOGNITION:

Revenue is recognized to an extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (a) Sale of products and services is recognized on shipment of goods and transfer of significant risks and rewards to customers or on completion of services. Net sales are stated at contractual realizable values, net of excise duty, sales tax, service tax, value added tax and trade discounts.
- (b) Interest income is recognised on time proportion basis.
- (c) Dividend income is recognised, when the right to receive the dividend is established.
- (d) Rental income is recognised on time proportion basis.

5.9 EMPLOYEE BENEFITS:

- (i) Short Term Employee Benefits:

Employee benefits payable wholly within twelve months of rendering the service are classified as short term. Benefits such as salaries, bonus, leave travel allowance etc. are recognised in the period in which the employee renders the related service.

- (ii) Post Employment Benefits:

- a) Defined Contribution Plans:

The Company has contributed to provident, pension, superannuation funds and other social security contributions which are defined contribution plans. The contributions paid/ payable under the scheme are recognised during the year in which employee renders the related service.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**b) Defined Benefit Plans:**

Employees' gratuity and leave encashment are defined benefit plans. 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 Statement of Profit and Loss as income or expense. 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.

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.

5.10 FOREIGN CURRENCY TRANSACTIONS:

- a) 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.
- b) 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.
- c) Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.
- d) 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.
- e) The Company has entered into forward exchange contracts, which are not intended for trading or speculation purposes, to establish the amount of reporting currency required or available at the settlement date of a transaction. The premium or discount arising at the inception of such a forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

5.11 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.

5.12 BORROWING COSTS:

Interest and other borrowing costs on specific borrowings relating 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 Statement of Profit & Loss.

5.13 PROVISIONS & 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, decommissioning and site restoration cost) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5.14 USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Company to make estimates and assumptions that affect certain reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Accordingly, future results could differ due to changes in these estimates and the difference between the actual result and the estimate are recognised in the period in which the results are known / materialise.

- 6 The consolidation of financial statement(CFS) present the consolidated accounts of Kirloskar Electric Company Limited with its following subsidiaries and associates:

Name of the company	Nature of relationship	Country of Incorporation	Proportion of Ownership	
			Current Year	Previous year
Kelbuzz Trading Private Limited	Subsidiary	India	100%	100%
Luxquisite Parkland Private Limited	Subsidiary	India	100%	100%
SKG Terra Promonede Private Limited	Subsidiary	India	100%	100%
SLPKG Estate Holdings Private Limited	Subsidiary	India	100%	100%
Swaki Habitat Private Limited	Subsidiary	India	100%	100%
Kesvik Developers Private Limited	Subsidiary	India	100%	100%
Kirsons BV	Stepdown Subsidiary	The Netherlands	100%	100%
Lloyd Dymowwerke GmbH & Co KG ("LDW")	Subsidiary of stepdown subsidiary	Germany	Refer foot notes	Refer foot notes
Lloyd Beteiligungs GmbH				
Electrical Machine Industries (Bahrain) W.L.L. (Associate of LDW)	Associates	Bahrain	Refer foot notes	Refer foot notes
Kirloskar (Malaysia) Sdn.Bhd.	Associates	Malaysia	30%	30%

Foot note:

- Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW), a step down subsidiary of the Company, incurred substantial losses during the previous two years, thereby eroding its net worth. The local directors of LDW filed a preliminary insolvency petition on September 8, 2014 and on September 9, 2014 preliminary insolvency was declared and preliminary insolvency administrator was appointed by the court in Germany.
- The group 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 group, in spite of its best efforts. The group 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 group has also appointed a local legal counsel to represent its interest, prepare a case for recovering damages and file a case against the lenders of LDW and few other parties.
- As per German law from the date of filing preliminary insolvency petition, all disposals by LDW may be executed/made only with the consent of the insolvency administrator. The group has been advised that from a German legal perspective, Kirsons BV (wholly owned subsidiary of Luxquisite Parkland Private Limited) lost control over LDW on September 8, 2014 and is not in a position any longer to obtain any economic benefits from such activities, although it continues to be the major shareholder of LDW. Further, the insolvency administrator has already disposed off all significant assets, patents, estates, orders and employees of LDW to the South Korean Company and mere distribution of assets of LDW amongst its creditors is pending. The group has been given to understand that the financial statements of LDW, for the period from April 1, 2014 to September 8, 2014 have not been prepared and for subsequent period. Accordingly, these consolidated financial statements (CFS) do not include any transactions of LDW from the year 2014 - 15 onwards. Further, since the group has lost control over LDW during the year 2014 - 15, all assets and liabilities of LDW as at April 1, 2014 and recognised in the CFS for the financial year 2013 - 14 have been derecognised and the resultant deficit (after restoring certain intangible assets transferred from LDW to Kirsons BV in prior years and eliminated in the CFS in the year 2014 - 15 as an intra group transaction) has then been recognised in the CFS as an exceptional item in the said year.
- No financial statements have been received from Lloyd Beteiligungs GmbH from the year 2014 - 15 onwards and accordingly, have not been consolidated in these financial statements. In the opinion of the management, impact of the same will not be material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs
7 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	60,000,000	6,000.00
		<u>11,500.00</u>		<u>9,000.00</u>
Issued, subscribed and fully paid up:				
Preference shares of ₹ 100/- each				
At the beginning of the year	818,405	818.40	1,595,890	1,595.89
Issued during the year	-	-	-	-
Redeemed during the year (Refer foot note 1.c. below)	818,405	818.40	777,485	777.49
At the close of the year	-	-	818,405	818.40
Equity shares of ₹ 10/- each				
At the beginning of the year	55,733,723	5,573.38	53,179,567	5,317.96
Issued during the year				
- by way of Conversion of Preference Shares	2,688,583	268.86	2,554,156	255.42
- by way of Qualified Institutional Placement**	7,991,765	799.17	-	-
At the close of the year	66,414,071	6,641.41	55,733,723	5,573.38
Total		<u>6,641.41</u>		<u>6,391.78</u>

(*) The Company had passed resolution approved by the members at the 68th Annual General Meeting held on September 28, 2015 increasing the Authorised Share Capital of the Company from ₹ 900,000,000/- (Rupees Ninety Crores) divided into 60,000,000 (Six Crores) Equity Shares of ₹ 10/- each and 3,000,000 (Thirty Lakhs) Preference Shares of ₹ 100/- each to ₹ 1,650,000,000/- (Rupees One Hundred and Sixty Five crores) divided into 90,000,000 (Nine Crores) Equity Shares of ₹ 10/- each and 7,500,000 (Seventy Five Lakhs) Preference Shares of ₹ 100/- each. However the Company did not act on such increase in authorised share capital and consequently had not paid stamp duty thereon. Subsequently the Company has convened an Extra Ordinary General Meeting on June 24, 2016 vide a notice dated May 18, 2016 where a resolution has been passed that the above resolution passed shall stand cancelled, be treated as void ab initio, and not to take effect. The resolution dated June 24, 2016 has approved to increase the authorised share capital of the Company to ₹ 1,150,000,000/- (Rupees One Hundred and Fifteen Crores) divided into 85,000,000 (Eight Crores and Fifty Lakhs) Equity shares of ₹ 10/- each and 3,000,000 (Thirty Lakhs) Preference shares of ₹ 100/- each. Accordingly, the authorised share capital prevailing prior to the said resolution passed on September 28, 2015 has been shown in this note.

(**) The Board of Directors of the Company vide its meeting dated May 18, 2016 has delegated its power to the Qualified Institutional Placement ("QIP") Committee to act as deemed necessary in relation to the issue of equity shares by way of QIP in accordance with Chapter VIII of Securities Exchange Board of India ("Issue of Capital and Disclosure Requirements") Regulations, 2009, as amended and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant provisions in connection with this QIP. The QIP Committee in its meeting dated August 30, 2016 has accorded its approval to create, issue, offer and allot equity shares subject to Shareholders approval. The Company had obtained the Shareholders approval by way of special resolution passed in Extraordinary general Meeting held on June 24, 2016. The QIP committee has approved the allotment of 7,991,765 equity shares of face value ₹ 10 each pursuant to the QIP on receipt of funds aggregating ₹ 3,688.20 lacs. The said shares were allotted on September 01, 2016.

Foot notes
1 Preference shares:

- The Company had issued cumulative preference shares of ₹ 100/- each. The preference shareholders did not have voting rights.
- 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 Honourable High Court of Karnataka under sec 391 -394 of the Companies Act, 1956 without payment being received in cash.

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Preference shares bought back during the five years immediately preceding the date of the balance sheet	1,595,890	1,595.89	1,551,077	1,551.08
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 R. Kirloskar (Promoter) by way of private placement for a tenor not exceeding 18 months which will carry 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.				

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

d. Particulars of preference share holders holding more than 5% of the total number of preference share capital:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Percentage	Number	Percentage
Vijay R. Kirloskar	-	-	818,405	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:**

Particulars	As at March 31, 2017		As at March 31, 2016	
	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 Honourable High Court of Karnataka under sections 391 - 394 of the Companies Act, 1956. (Refer 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 September 29, 2007 of the Honourable 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 honourable 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	-	-

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 is 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) is considered as an extraordinary item.

d. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Percentage	Number	Percentage
(i) Abhiman Trading Company Private Limited	5,217,063	7.86%	5,217,063	9.36%
(ii) Vijayjyothi Investment & Agencies Private Limited	4,271,217	6.43%	4,257,682	7.64%
(iii) Mr. Vijay R. Kirloskar	11,840,618	17.83%	9,125,625	16.37%
(iv) Vijaykirti Investments and Agencies Private Limited	3,064,094	4.61%	3,064,094	5.50%
(v) Vijay Farms Private Limited	3,540,807	5.33%	3,540,807	6.35%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
8 Reserves and surplus:		
a) Capital reserve		
At the beginning of the year	18.06	18.06
Adjustments during the year	-	-
At the close of the year	18.06	18.06
b) Securities premium reserve		
At the beginning of the year	1,065.41	543.34
Proceeds from QIP (net of expenses)	2,795.88	-
Received during the year (refer foot note 1.c. to Note 7)	549.55	522.07
At the close of the year	4,410.84	1,065.41
c) Capital redemption reserve		
At the beginning of the year	2,401.75	2,401.75
At the close of the year	2,401.75	2,401.75
d) Revaluation reserve *		
At the beginning of the year	208.66	208.66
Addition during the year (Refer note 17)	31,510.24	-
At the close of the year	31,718.90	208.66
e) Capital Reserve on consolidation		
At the beginning of the year	54.78	54.78
At the close of the year	54.78	54.78
f) Reconstruction Reserve		
At the beginning of the year	641.67	641.67
At the close of the year	641.67	641.67
g) Reserve for doubtful debts		
At the beginning of the year	90.00	90.00
At the close of the year	90.00	90.00
h) Surplus i.e. balance in statement of profit and loss		
At the beginning of the year	(30,095.48)	(26,146.91)
Transferred from Statement of Profit and Loss	(3,871.39)	(3,948.57)
At the close of the year	(33,966.87)	(30,095.48)
TOTAL CLOSING BALANCE	5,369.13	(25,615.15)

* Not available for distribution to shareholders

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
9 Long term borrowings:		
1) Secured loans:		
Loan from a bank	13,954.62	15,201.30
Less: Current maturities	7,911.13	1,278.55
	<u>6,043.49</u>	<u>13,922.75</u>
2) Unsecured loans:		
Fixed deposits	794.70	2,746.70
Less: Current maturities	244.90	2,185.00
	<u>549.80</u>	<u>561.70</u>
3) Total long term borrowings (1+2)	<u>6,593.29</u>	<u>14,484.45</u>
Additional information:		
1) Details of security for secured loans:		
a. Working capital term loans and funded interest term loan 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.	7,322.04	8,607.18
b. 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 the Company.	4,076.00	4,005.81
c. 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.	2,556.58	2,588.31
2) Terms of repayment of term loans and others		
a) From Bank:		
i) Working Capital Term loans from consortium banks carry an interest of 11% (base rate of Bank of India plus 80 basis points) p.a. and repayable in 96 equal monthly instalments starting from April 30, 2016.	6,104.49	6,692.60
ii) Funded Interest Term loans from consortium banks carry an interest of 11% p.a. (base rate of Bank of India plus 80 basis points) and repayable in 60 equal monthly instalments starting from April 30, 2016.	1,217.56	1,914.58
iii) Loan taken by KTPL is repayable at the end of 30th month from the date of disbursement and carry an interest of 11.50% p.a.	4,076.00	4,005.81
iv) Loan taken by SEHPL is repayable with in 36 months from the date of disbursement and carries an interest of 11% p.a.	2,556.58	2,588.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3) Unsecured Loans:

- i) Fixed deposits are taken for periods of 24 and 36 months with interest rates ranging from 12% to 13%.
- ii) Fixed deposits include ₹ 235.00 lakhs (as at March 31, 2016 ₹ 224.10 lakhs) matured unclaimed deposits.

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
10 Deferred tax:		
i) Deferred tax liability:		
a) On account of depreciation on fixed assets	1,530.70	1,701.00
Total	1,530.70	1,701.00
ii) Deferred tax asset:		
a) On account of timing differences in recognition of expenditure	1,425.75	1,525.09
b) On account of Unabsorbed depreciation under the Income Tax Act, 1961 (restricted to deferred tax liability)	104.95	175.91
Total	1,530.70	1,701.00
Net Deferred tax (liability)/asset	-	-
11 Other Long term liabilities:		
Security deposits from suppliers, dealers etc	1,583.38	1,481.57
	1,583.38	1,481.57
12 Long term provisions:		
Employee defined benefit plans (refer note 47)	1,903.19	1,677.55
	1,903.19	1,677.55
13 Short term borrowings:		
1) Secured loans:		
a) Loans repayable on demand		
- from banks	11,936.29	11,548.50
b) Loan against pledge of fixed deposit from bank	6.34	13.87
	11,942.63	11,562.37
2) Unsecured loans:		
a) Fixed deposits	1.50	5.30
b) Inter corporate deposits	2,872.67	2,854.42
	2,874.17	2,859.72
Total	14,816.80	14,422.09

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Additional information:		
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 75 basis points) per annum and also guaranteed by the Executive Chairman of the Company.	9,231.74	8,578.68
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, lien on fixed deposit amounting to ₹ 175 lakhs and guaranteed by the Executive chairman of the Company. Further it carry an interest of 13.85% p.a.	2,526.53	2,716.95
c) Buyers Credit from the bank is secured by first pari passu charge on current assets as primary security, Equitable mortgage of certain immovable properties of the Company, pledge of 24,886,143 promoter's equity shares in the Company as at September 30, 2014 and also guaranteed by the Executive Chairman of the Company. Further it carry an interest linked to LIBOR as agreed from time to time with the bank.	178.01	252.87
d) Against pledge of fixed deposits	6.34	13.87
2) Unsecured loans:		
a) Fixed deposits are taken for a period of 12 months with interest rate of 11.50%		
b) Inter corporate deposits are taken for periods ranging between 90 to 360 days with interest rates averaging to 16% per annum.		
c) Fixed deposits include ₹ 1.50 lakhs (as at March 31, 2016: ₹ 1.50 lakhs) matured unclaimed deposits.		
14 Trade payables:		
a) Total outstanding dues of micro and small enterprises		
Trade payables	122.36	80.83
	122.36	80.83
b) Total outstanding dues of creditors other than micro and small enterprises		
i) Trade payables	11,449.87	11,823.15
ii) Acceptances	8,837.25	6,463.19
	20,287.12	18,286.34

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, 2017	As at March 31, 2016
1	Principal amount due and remaining unpaid	122.36	80.83
2	Interest due on (1) above and the unpaid interest	11.07	13.81
3	Interest paid on all delayed payments under the MSMED Act	Nil	Nil
4	Payment made beyond the appointed day during the year	197.42	38.18
5	Interest due and payable for the period of delay other than (3) above	8.89	2.19
6	Interest accrued and remaining unpaid	19.96	16.00
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.	69.46	49.50

15 Other current liabilities:

a)	Current maturities of fixed deposit	244.90	2,185.00
b)	Current maturities of secured loan from bank	7,911.13	1,278.55
c)	Interest accrued but not due on deposits	41.93	324.86
d)	Statutory liabilities	944.43	869.48
e)	Other liabilities	3,913.10	4,029.98
f)	Trade advances	1,383.35	1,190.90
g)	Book overdraft	795.02	-
		<u>15,233.86</u>	<u>9,878.77</u>

16 Short term provisions:

a)	Short term compensated absences	17.03	17.03
b)	Wage arrears	515.58	747.79
c)	Warranty	685.72	599.77
d)	Taxation (net of advance tax outside India)	0.09	7.70
e)	Contingencies (Refer note 51)	1,284.26	1,578.14
		<u>2,502.68</u>	<u>2,950.43</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Property plant and equipment:

(₹ In lakhs)

Gross block	Own Assets					Assets Taken on Finance Lease						Total
	Land	Building	Plant and equipment	Tools & Jigs	Electrical installations	Motor vehicles	Office equipments	Furniture and fittings	Leasehold improvements	Land	Plant & Machinery	
a) Tangible Assets												
Balance as at April 1, 2015	930.47	5,046.20	14,301.09	1,538.91	206.76	376.71	119.14	992.57	313.35	68.70	1,033.39	24,927.29
Additions	-	151.56	130.41	98.37	0.88	164.76	69.66	15.07	-	-	-	630.71
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	350.08	11.18	51.43	26.54	0.95	30.96	-	-	-	471.14
Balance as at March 31, 2016	930.47	5,197.76	14,081.42	1,626.10	156.21	514.93	187.85	976.68	313.35	68.70	1,033.39	25,086.86
Additions	-	14.22	170.53	50.65	-	-	15.67	11.29	-	-	-	262.36
Revaluation	27,888.86	-	-	-	-	-	-	-	-	3,621.38	-	31,510.24
Reclassification to investment property	161.19	98.42	-	-	-	-	-	-	-	-	-	259.61
Disposals/ other adjustments	-	0.62	167.21	0.20	-	67.16	-	284.01	-	-	-	519.20
Balance as at March 31, 2017	28,658.14	5,112.94	14,084.74	1,676.55	156.21	447.77	203.52	703.96	313.35	3,690.08	1,033.39	56,080.65
Accumulated depreciation												
Balance as at April 1, 2015	-	1,768.65	10,902.54	943.64	130.91	311.90	67.02	798.58	75.22	-	1,033.39	16,031.85
Depreciation charge for the year	-	189.11	631.41	66.20	22.13	45.32	38.66	50.15	10.47	-	-	1,053.45
Disposals	-	-	333.59	10.68	51.43	21.98	0.65	30.18	-	-	-	448.51
Balance as at March 31, 2016	-	1,957.76	11,200.36	999.16	101.61	335.24	105.03	818.55	85.69	-	1,033.39	16,636.79
Depreciation charge for the year	-	152.70	689.96	83.02	22.13	32.10	40.16	47.79	10.47	-	-	1,078.33
Reclassification to investment property	-	82.22	-	-	-	-	-	-	-	-	-	82.22
Disposals	-	-	166.78	-	-	62.43	-	283.80	-	-	-	513.01
Balance as at March 31, 2017	-	2,028.24	11,723.54	1,082.18	123.74	304.91	145.19	582.54	96.16	-	1,033.39	17,119.89
Net block												
Balance as at March 31, 2016	930.47	3,240.00	2,881.06	626.94	54.60	179.69	82.82	158.13	227.66	68.70	-	8,450.07
Balance as at March 31, 2017	28,658.14	3,084.70	2,361.20	594.37	32.47	142.86	58.33	121.42	217.19	3,690.08	-	38,960.76

Additional information:

- 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.
- Management has determined that there are no subsequent parts of assets whose useful life is different from that of the remaining useful life of the asset in terms of Note 4 Schedule II to the Companies Act, 2013. Accordingly, useful life of significant assets have been determined for the overall asset and not for individual components.
- 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.
- If the Company had valued its freehold & leasehold Land using Cost model the carrying amount would have been ₹ 985.09 lakhs as at March 31, 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17 b) Intangible Assets

Gross block	Goodwill	Computer Software	Technical know how & Product Development	Total
Balance as at April 1, 2015	423.46	558.61	1,087.21	2,069.28
Additions	-	14.40	-	14.40
Revaluation	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 March 2016	423.46	573.01	1,087.21	2,083.68
Additions	-	7.70	-	7.70
Revaluation	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 March 2017	423.46	580.71	1,087.21	2,091.38
Accumulated amortisation:				
Balance as at April 1, 2015	423.46	471.32	252.29	1,147.07
Depreciation charge for the year	-	48.14	104.36	152.50
Disposals	-	-	-	-
Balance as at 31 March 2016	423.46	519.46	356.65	1,299.57
Depreciation charge for the year	-	40.93	104.36	145.29
Disposals	-	-	-	-
Balance as at 31 March 2017	423.46	560.39	461.01	1,444.86
Net block				
Balance as at 31 March 2016	-	53.55	730.56	784.11
Balance as at 31 March 2017	-	20.32	626.20	646.52

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
18 Capital work in progress:		
i) Plant and machinery	-	-
ii) Building under construction	-	14.25
	-	14.25

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Details of investments	Name of the Company	As at March 31, 2017			As at March 31, 2016		
		No of shares	Face value	₹ In Lakhs	No of shares	Face value	₹ In Lakhs
19	Non Current Investments:						
a)	Investments in equity Instruments:						
i)	Associates: (Trade)						
	Fully paid up						
	Kirloskar (Malaysia) Sdn. Bhd.						
	Kuala Lumpur, Malaysia	300,000	MR1	-	300,000	MR1	-
	Electrical Machines Industries (Baharin) WLL	-	-	-	-	-	-
ii)	Others						
	Fully paid up						
	ICICI Ltd (on merger of Sangli Bank Limited)	5,405	2	1.00	5,405	2	1.00
	The Mysore Kirloskar Ltd (refer note 3 below)	770,750	10	-	770,750	10	-
	Kirloskar Proprietary Ltd	26	100	1.28	26	100	1.28
	Kirloskar Kenya Limited, Nairobi, Kenya		K.Sh 1000		1,272	K.Sh 1000	8.52
	Kirsons Trading Pte.Ltd	56,250	SGD 1	11.20	56,250	SGD 1	11.20
	Kirloskar Power Equipment Ltd	340,000	10	59.09	340,000	10	59.09
b)	Investments in debentures or bonds						
i)	Others						
	Fully paid up						
	The Mysore Kirloskar Ltd (refer note 3 below)	30,000	44	-	30,000	44	-
c)	Investment Property* (Refer note 4 below)			177.39			-
	Total			249.96			81.09

Additional Information:

- Aggregate value of quoted investments:

Cost	1.00	1.00
Market Value	12.79	67.29
- Aggregate value of unquoted investments:

Cost	71.57	80.09
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- Securities in The Mysore Kirloskar Limited have been written off.
- Investment property represents certain land & building reclassified, as required under AS - 10 (Revised) and same has been valued at cost.

(*) Includes ₹ 33.37 lakhs being the cost of ownership premises taken in possession for which Society is to be formed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
20 Long term loans and advances: (Unsecured and considered good)		
i) Capital advances	1,052.38	94.53
ii) Security deposits	330.47	402.47
iii) Loans and advances to related parties	100.00	280.00
iv) Disputed statutory liabilities/ taxes paid	1,226.67	1,194.85
	2,709.52	1,971.85
Included in (iii) above an amount due from a private company in which a director of the Company is a director	100.00	100.00
21 Other non current assets: (Unsecured and considered good)		
i) Long term trade receivables	649.65	148.26
ii) Advance payment of tax (net)	351.36	302.24
	1,001.01	450.50
22 Inventories:		
i) Raw materials, stores and spares, components (*)	1,957.78	1,716.01
ii) Work in progress	4,655.77	5,107.58
iii) Finished goods	963.70	2,400.47
iv) Others (scrap stock)	25.55	17.17
v) Stores and spares	-	525.93
Goods in transit:		
i) Raw materials, Stores and spares, components (*)	44.05	41.34
ii) Finished goods	18.52	4.27
	7,665.37	9,812.77
Less: Provision for non-moving stocks	55.94	55.94
	7,609.43	9,756.83
(*) Stores and spares, components are not separately ascertainable		
23 Trade receivables:		
i) Trade receivables exceeding six months	7,321.91	8,011.86
ii) others	11,123.08	9,413.10
	18,444.99	17,424.96
Less: Allowance for doubtful receivables	592.17	592.17
	17,852.82	16,832.79
Additional information:		
1) Breakup of above:		
i) Unsecured, considered good	17,852.82	16,832.79
ii) Doubtful	592.17	592.17
Total	18,444.99	17,424.96
Less:		
Allowance for doubtful receivables	592.17	592.17
	17,852.82	16,832.79
2) Debts due by private companies in which directors of the Company are directors	16.06	13.60

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	
24 Cash and bank balances:			
a) Cash and cash equivalents:			
i) Balances with banks			
- in other accounts	1,197.30	1,378.72	
ii) Cash on hand	8.45	11.59	
iii) Funds in transit	-	-	
	<u>1,205.75</u>	<u>1,390.31</u>	
b) Other bank balances:			
i) Balances with banks			
- in short term deposits	94.53	104.15	
- in margin money, security for borrowings, guarantees and other commitments	951.33	1,126.06	
	<u>1,045.86</u>	<u>1,230.21</u>	
Total (a + b)	<u>2,251.61</u>	<u>2,620.52</u>	
Details of Specified Bank notes (SBN) held and transacted during the period from 8.11.2016-30.12.2016 as provided in the table below			
	SBN's	Other Denomination notes	Total
Closing cash on hand on 8.11.2016	5.53	1.39	6.92
Add : Permitted Receipts/ withdrawn from banks	-	8.81	8.81
Less : Permitted Payments	-	3.87	3.87
Less : Amount Deposited in banks	5.53	-	5.53
Closing cash on hand on 30.12.2016	-	6.33	6.33
25 Short term loans and advances:			
i) Loans and advances to related parties (refer note 49)	345.51		324.82
ii) Advance paid to Suppliers and others	<u>1,514.39</u>		<u>1,626.25</u>
	1,859.90		1,951.07
Less: Allowance for doubtful advances for advance paid to suppliers and others	<u>425.68</u>		<u>728.23</u>
	<u>1,434.22</u>		<u>1,222.84</u>
Additional information:			
1) Breakup of above:			
i) Unsecured, considered good	1,434.22		1,222.84
ii) Doubtful	<u>425.68</u>		<u>728.23</u>
Total	1,859.90		1,951.07
Less:			
Allowance for doubtful advances	425.68		728.23
	<u>1,434.22</u>		<u>1,222.84</u>
2) Debts due by private companies in which directors of the Company are directors	<u>342.91</u>		<u>322.32</u>
26 Other Current assets:			
i) Central excise receivable	1,091.87		596.70
ii) VAT receivable	1,195.39		1,133.24
iii) Assets held for sale	<u>335.64</u>		<u>793.09</u>
	2,622.90		2,523.03
Less:			
Provision for asset held for sale	<u>281.53</u>		<u>665.22</u>
	<u>2,341.37</u>		<u>1,857.81</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
27 Contingent liabilities and commitments: (to the extent not provided for)		
a) Contingent liabilities:		
i) Claims against the Company not acknowledged as debts	1,530.73	1,740.51
ii) Guarantees	2,801.65	2,879.21
iii) Letters of credit	11,559.66	8,239.20
iv) Bills discounted with Bank	1,592.08	1,207.81
v) Penal damages levied by the Regional Provident Fund commissioner. During a previous year High Court of Karnataka, Bangalore quashed the demand and subsequently also quashed the appeal made by the PF Authorities and referred the matter to the original authority. An amount of ₹ 46.18 lakhs paid has been included in disputed statutory dues and the Company is confident of receiving the refund from the PF authorities.	Nil	Nil
vi) 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.	118.42	365.54
vii) Sales tax demanded under appeal (includes demand raised in respect of CST Act, 1956 amounting to ₹ 2,836.95 lakhs and Maharashtra Value Added Tax, 2002 amounting to ₹ 399.46 lakhs which are disputed by the Company before the Appellant authorities for demand raised due to application of wrong rate, pending revision). 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.	5,547.25	5,269.65
viii) Sales Tax Authorities have disallowed certain input credit availed in the returns filed and also disallowed certain sales returns, unfructified sales, labour charges and service tax, in the re- assessment for the year 2009-10. The Company has disputed and challenged the same in writ petition before the Honorable High Court of Karnataka and considers the said disallowances has been passed based on incorrect interpretation of law. The operation of said re-assessment order has been stayed by the Honorable High Court of Karnataka.	893.00	Nil
ix) "The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs and ₹ 362 Lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 479.23 lakhs (as at March 31, 2016 ₹ 479.23 lakhs) against the demand which has been included in disputed statutory dues as reported in Note 17 to Financial Statements. The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty referred above 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 regarding applicability of scheme for total amount of demand and not considering pre-deposits made by the Company. Consequently the Company has filed a writ petition in the Honorable High Court of Karnataka challenging the scheme on grounds of discrimination and seeking specific reliefs. The Authorities have received the application under Scheme in compliance to the directions contained in interim order of the Hon'ble High Court of Karnataka."	889.37	889.37

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
x) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	209.88	208.21
xi) 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
xii) Interest if any, on account of delays in payment to suppliers.	Not Ascertainable	Not Ascertainable
xiii) 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.	17.65	0.90
xiv) Income tax demands under appeal. The demands are consequential to certain amounts of computed interests being deemed as capital expenditure and certain other disallowances disputed by the Company.	10.34	1,370.49
xv) 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, 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
xvi) Arrears of fixed cumulative dividends on preference shares (including tax thereon)	1,347.28	1,346.76
xvii) 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 51.

b) Commitments

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	453.55	62.58
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	Current Year	Previous Year
28 Revenue from operations:		
i) Sale of products		
Motors, alternators and generators	25,998.44	30,324.76
Transformers	22,537.73	13,535.33
DG sets	10,174.84	10,268.31
Others	3,700.48	5,408.62
Total	62,411.49	59,537.02
ii) Sale of services	607.09	845.70
	63,018.58	60,382.72
Less:		
Excise duty	5,460.58	5,607.58
	57,558.00	54,775.14
29 Other income:		
i) Interest income	103.43	95.02
ii) Dividend income from non current investments	0.28	8.52
iii) Profit on sale of fixed assets (net)	198.55	42.51
iv) Profit on sale of non current investments	24.92	-
iv) Unclaimed credit balance written back	786.53	149.39
v) Rent received	2.09	10.30
vi) Provision for asset held for sale withdrawn	383.69	-
vii) Miscellaneous income	78.40	47.99
	1,577.89	353.73
30 Cost of materials consumed:		
Consumption of raw materials, components, stores and spare parts*	41,873.39	40,596.93
	41,873.39	40,596.93
* Value of stores and spare parts not ascertained separately		
Additional Information:		
i) Copper (Wires, strips, rods, sheets etc)	7,451.11	7,345.34
ii) Iron and steel (pigiron, rounds, plates, sheets , etc..)	7,832.74	7,867.56
iii) Stores & spares	618.56	879.29
iv) Others	25,970.98	24,504.74
31 Changes in inventories of finished goods, work in progress and stock in trade:		
i) Work in progress		
Motors, alternators and generators	2,985.15	3,212.89
Transformers	1,098.10	1,554.95
DG Sets	512.63	284.49
Others	59.88	55.25
Total	4,655.76	5,107.58
ii) Finished goods		
Motors, alternators and generators	645.01	1,277.47
Transformers	215.10	642.24
DG sets	94.81	316.29
Others	27.30	168.74
Total	982.22	2,404.74
iii) Scrap	25.55	17.17
	5,663.53	7,529.49

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	Current Year	Previous Year
Less:		
Stocks at the beginning of the year		
i) Work in progress		
Motors, alternators and generators	3,212.89	5,309.29
Transformers	1,554.95	965.59
DG sets	284.49	499.18
Others	55.25	29.84
Total	5,107.58	6,803.90
ii) Finished goods		
Motors, alternators and generators	1,277.47	826.65
Transformers	642.24	123.81
DG sets	316.29	17.38
Others	168.74	88.49
Total	2,404.74	1,056.33
iii) Scrap	17.17	24.63
	7,529.49	7,884.86
	1,865.96	355.37
32 Employee benefit expenses:		
i) Salaries, wages and bonus	5,690.19	6,079.10
ii) Contribution to provident and other funds	648.56	640.68
iii) Staff welfare expenses	876.86	797.68
	7,215.61	7,517.46
33 Finance costs:		
i) Interest expense	4,211.57	4,558.89
ii) Other borrowing costs	319.64	301.88
	4,531.21	4,860.77
34 Depreciation and amortization:		
i) Depreciation	1,078.33	1,053.45
ii) Amortization of intangible assets	145.29	152.50
	1,223.62	1,205.95
35 Other expenses:		
i) Power and fuel	819.33	798.64
ii) Rent	302.66	345.22
iii) Repairs to buildings	59.74	87.17
iv) Repairs to machinery	188.00	236.32
v) Repairs to others	328.43	331.31
vi) Vehicle maintenance	18.51	17.94
vii) Insurance	33.72	29.67
viii) Rates and taxes	161.57	276.52
ix) Payment to auditors		
- as auditor (includes branch audit fees of ₹0.12, previous year ₹0.13)	38.69	
- for taxation matters (includes ₹0.12, previous year ₹0.12 to branch auditor)	10.00	
- for Certification work *	7.00	
- for limited review	15.00	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	Current Year	Previous Year
x) Selling expenses	1,607.34	1,529.82
xi) Commission	15.19	37.21
xii) Warranty claims	230.63	248.13
xiii) Allowance for doubtful trade receivables	-	30.77
xiv) Allowance for doubtful loans and advances	-	352.00
xv) Net (gain)/loss on foreign currency transaction and translation	42.61	35.19
xvi) Bad trade receivables written off	-	0.30
Less: Allowance for doubtful trade receivable withdrawn	-	-
	-	0.30
xvii) Irrecoverable loans and advances written off	302.55	-
Less: Allowance for doubtful loans and advances withdrawn	302.55	-
	-	-
xviii) Loss on assets held for sale	383.69	-
Less: Provision for assets held for sale withdrawn	383.69	-
	-	-
xix) Donations	-	0.25
xx) Legal and professional charges	407.69	452.94
xxi) Travelling & conveyance	613.45	534.90
xxii) Printing and stationery	47.78	50.99
xxiii) Postage, telgrams and telephones	139.41	127.73
xxiv) Directors sitting fees	11.25	12.90
xxv) Provision for assets held for sale	383.69	-
Less: Provision for assets held for sale withdrawn	383.69	-
	-	-
xxvi) Provision for contingencies	60.63	60.00
xxvii) Security Charges	349.72	265.53
xxviii) Contract Labour Charges	732.48	636.25
xxix) Miscellaneous expenses	83.40	134.43
	6,324.23	6,696.15

* Excludes fees of ₹ 30.30 lakhs (Previous year: Rs nil) in connection with QIP issue which has been reduced from share premium account.

36 Exceptional item

Sale of equity shares held by KECL Investment Trust [refer note 7 footnote 2 (c)]	-	(2,155.18)
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37 Additional Information: (relating to India operations)

a) Value of Imports calculated on CIF basis:		
i) Raw Materials, Components and spare parts	214.98	417.35
ii) Capital goods	59.71	13.78
b) Expenditure in foreign currency: (net of withholding tax)		
i) Professional, consultancy and other fees	81.47	84.45
ii) Travel	63.92	82.44

c) SI No	Particulars	Amount	% to total	Amount	% to total
i)	Value of imported raw materials, spare parts and components consumed	0.46%	193.42	1.12%	455.67
ii)	Value of indigenous raw materials, spare parts and components consumed	99.54%	41,679.97	98.88%	40,141.26
		100.00%	41,873.39	100.00%	40,596.93

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	Current Year	Previous Year
d) Details of non-resident shareholdings		
i) Number of nonresident share holders	601	414
ii) Number of shares held by nonresident shareholders	4,019,975	2,323,244
e) Earnings in foreign exchange:		
i) Export of goods calculated on FOB basis (net) (inclusive of sales within India eligible for export incentives)	3,244.18	3,887.24
ii) Dividends received	-	8.25
iii) Remittances from overseas offices (Net)	161.34	902.45
iv) Sale of investments	33.44	-
38 Earnings per share:		
(i) Basic and diluted before exceptional item *		
Loss for the year after tax expense	3,871.39	3,948.57
Less: Exceptional item	-	(2,155.18)
Add: Preference dividend payable including dividend distribution tax	0.48	0.81
	3,871.88	6,104.56
Weighted average number of equity shares	61,752,954	53,528,495
Paid up value per share	10.00	10.00
Loss per share	6.27	11.40
(ii) Basic and diluted after exceptional item*		
Loss for the year after tax expense	3,871.39	3,948.57
Add: Preference dividend payable including dividend distribution tax	0.48	0.81
	3,871.88	3,949.38
Weighted average number of equity shares	61,752,954	53,528,495
Paid up value per share	10.00	10.00
Loss per share	6.27	7.38

* The effect of potential equity shares are antidilutive.

- 39** The order of the Honorable 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 honorable High Court of Karnataka.
- 40** The Company has preferred a suit for various claims against Deutsche Bank, one of the members of the consortium of bankers for breach of trust for withholding of monies belonging to the Company and freezing sanctioned working capital limits.
- 41** 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.
- 42** 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 overall 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 CONSOLIDATED FINANCIAL STATEMENTS

- 43 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.
- 44 Machinery purchased in prior years but currently held for sale for the past several years have been recognized at realizable value estimated by the management. Such value is consistent with quotations received from prospective buyers after considering the provision made and any shortfall in realisability is not expected to be material.
- 45 Current assets, loans and advances include ₹ 288.52 Lakhs (as at March 31, 2016 ₹ 268.17 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.
- 46 During an earlier 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, 2017 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

47 DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS":

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under:

Particulars	(₹ in Lakhs)	
	Current Year	Previous Year
Employer's contribution to provident & pension funds	332.17	335.20
Employer's contribution to superannuation fund	100.31	45.44

(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, 2017		As at March 31, 2016	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
Defined Benefit obligation at beginning of the year	2,437.49	485.04	2,490.09	529.10
Current Service Cost (*)	109.23	41.39	112.38	36.38
Interest Cost	182.19	38.75	184.64	41.80
Additional provision for increase in limit of gratuity/in excess of limit	(25.08)	-	4.40	-
Actuarial (gain)/ loss	(8.31)	141.47	12.60	10.54
Benefits Paid	(376.17)	(164.18)	(366.62)	(132.78)
Defined Benefit obligation at end of the year	2,319.35	542.47	2,437.49	485.04
2 Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	1,053.72	174.23	1,310.95	160.80
Expected return on plan assets	84.19	13.92	103.57	12.70
Employer Contribution	6.61	-	16.89	-
Benefits paid	(376.17)	-	(366.62)	-
Actuarial gain/(loss)	(15.35)	0.45	(11.07)	0.73
Fair value of plan assets at year end	753.00	188.60	1,053.72	174.23

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In lakhs)

	As at March 31, 2017		As at March 31, 2016	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
3 Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	753.00	188.60	1,053.72	174.23
Present value of obligation	2,319.35	542.47	2,437.49	485.04
Amount recognized in Balance Sheet under liabilities:	1,566.35	353.87	1,383.77	310.81
4 Expense recognized during the year: (under "Note 28" Employee Benefit Expenses" in the Statement of Profit and Loss)	Current Year		Previous Year	
Current Service Cost	109.23	41.39	112.38	36.38
Interest Cost	182.19	38.75	184.64	41.80
Expected return on plan assets	(84.19)	(13.92)	(103.57)	(12.70)
Additional provision for increase in limit of gratuity/ in excess of limit	(25.08)	-	4.40	-
Actuarial (gain)/ loss	7.04	141.02	23.67	9.81
Net Cost	189.19	207.24	221.52	75.28
5 Actuarial assumptions:	As at March 31, 2017		As at March 31, 2016	
Mortality Table	Indian Assured Lives (2006 -08) (Ultimate)		Indian Assured Lives (2006 -08) (Ultimate)	
Discount rate (per annum)	7.26%	7.26%	7.99%	7.99%
Expected rate of return on plan assets (per annum)	7.26%	7.26%	7.99%	7.99%
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.

Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for current and earlier periods of Gratuity (Funded):

	2016-17	2015-16	2014-15	2013-14	2012-13
Defined benefit obligation at the end of the period	(2,319.35)	(2,437.49)	(2,490.09)	(2,489.47)	(2,707.63)
Plan assets at end of the period	753.00	1,053.72	1,310.95	1,469.03	1,764.41
Unfunded amount	(1,566.35)	(1,383.77)	(1,179.14)	(1,020.44)	(943.22)
Experience Gain/ (loss) adjustments on plan liabilities	100.36	(24.27)	23.38	62.47	198.12
Experience Gain/ (loss) adjustments on plan assets	(15.35)	(11.07)	(20.58)	(10.38)	(9.22)
Actuarial gain/ (loss) due to change in assumptions	(92.05)	11.67	(174.33)	(164.81)	79.31

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

48 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)

SI No.	Particulars	Primary Segment			
		Power generation and distribution	Rotating machines group	Others	Total
1	Segment Revenues				
	External Revenues	32,483.89 (24,619.64)	23,325.26 (27,288.91)	1,748.85 (2,866.60)	57,558.00 (54,775.15)
	Intersegment revenues	104.11 (521.44)	1732.24 (1,803.95)	16.83 (8.51)	1,853.18 (2,333.90)
	Total Revenues	32,588.00 (25,141.08)	25,057.50 (29,092.86)	1,765.68 (2,875.11)	59,411.18 (57,109.05)
2	Segment Results: Profit/(Loss) Before Taxation and Interest	1,196.88 (703.00)	325.21 (233.70)	708.86 (770.50)	2,230.95 (1,707.20)
	Less: Interest				4,531.21 (4,860.77)
	Less: Depreciation and amortizations				1,223.62 (1,205.95)
3	Unallocable Expenditure				18,133.33 (2,950.18)
4	Unallocable and Other Income (including Extraordinary items)				17,782.87 (2,155.18)
5	Less: Tax expense				(2.95)
6	Share of Profits/(losses) in the Associates (net)				- (-)
7	Minority interest - share of losses				- -
	Total Profit/(Loss)				(3,871.39) (3,948.57)
8	Segment Assets	16,752.19 (14,987.96)	11,912.81 (18,967.18)	7,186.75 (1581.54)	35,851.75 (32,373.60)
9	Unallocable Assets				39,205.47 (11,669.06)
10	Segment Liabilities	13,997.15 (12,132.35)	18,807.53 (10,932.82)	479.28 (739.89)	33,283.96 (23,805.06)
11	Unallocable Liabilities				29,758.72 (39,456.97)
12	Capital Expenditure	325.53 -	148.90 -	1.88 -	476.31 -
13	Unallocated capital expenditure				31,303.99 (645.11)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ii) Geographical Segment:

(₹ In lakhs)

Particulars	Segment revenue by geographical market	
	Current Year	Previous Year
Sales in India	57,132.32	53,834.36
Sales outside India	425.68	940.78
Total	57,558.00	54,775.14

Carrying amounts of geographical assets & additions to tangible and intangible assets:

	Carrying amounts of segment assets		Additions to fixed assets & intangible assets	
	As at March 31, 2017	As at March 31, 2016	Current Year	Previous Year
Located in India	73,219.44	42,668.42	31,780.30	645.11
Located outside India	1,837.78	1,374.24	-	-
Total	75,057.22	44,042.66	31,780.30	645.11

49 RELATED PARTY TRANSACTIONS:

(a) List of related parties:

Sl. No.	Name of the Related Party	Relationship
1	Mr. Vijay R Kirloskar Mrs. Meena Kirloskar Ms. Janaki Kirloskar (upto February 11, 2017) Ms. Rukmini Kirloskar Mr. Vinayak Narayan Bapat Mr. Anand B Hunnur Ms. K S Swapnalatha (upto June 30,2015) Soumendra Kumar Mahapatra (from June 30, 2015) Chinmoy Pattnaik (from November 28, 2015)	Key Management Personnel and their relatives ("KMP")
2	Kirloskar (Malaysia) Sdn. Bhd	Associates
3	Senapathy Whiteley Private Limited. (upto November 5, 2015) Transport Corporation of India Maini Material Movement Private Limited MRF Limited Reliance Industries Limited Lakshmanan Isola Private Limited (upto November 5, 2015)	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")

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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	52.36	45.43
Sri Vijayadurga Investments and Agencies Private Limited		106.78	93.32
Ravindu Motors Private Limited		0.97	1.78
Abhiman Trading Company Private Limited		75.20	90.22
Lakshmanan Isola Private Limited	Others A	-	34.45
Senapathy Whitley Private Limited		-	0.32
Transport Corporation of India		219.82	141.65
Sale of goods and services:			
Kirloskar (Malaysia) Sdn. Bhd	Associates	161.36	148.43
Ravindu Motors Private Limited	Others B	16.72	7.63
Kirloskar Power Equipment Limited		16.70	15.36
Senapathy Whitley Private Limited	Others A	-	1.50
Maini Materials Movement Private Limited		23.80	-
MRF Limited		1.47	-
Reliance Industries Limited		3.21	-
Rent paid			
Kirloskar Power Equipment Limited	Others B	-	45.05
Vijayjyothi Investments and Agencies Private Limited		78.78	78.39
Remuneration paid:			
Vijay R Kirloskar*	KMP	148.68	106.68
Vinayak Narayan Bapat*		77.99	73.01
Anand B Hunnur*		48.28	45.70
Janaki Kirloskar **		0.30	2.02
Rukmini Kirloskar *		5.93	5.86
K S Swapnalatha *		-	5.99
Soumendra Mahapatra*		31.94	23.75
Chinmoy Pattnaik*		23.45	8.70
Meena Kirloskar (Sitting fees)		1.20	1.50
Issue/ redemption of Shares to/ from Vijay R Kirloskar	KMP		
Issue of equity shares		268.86	255.42
Share premium		549.55	522.07
Redemption of CCPS		818.41	777.49

* Remuneration paid excludes accrued gratuity, compensated absence (since liability has been recognized for the Company as a whole) free use of company car and communication facilities

** Current year amount relates to Sitting fees

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Outstanding balances at the end of the year:

(₹ In lakhs)

Particulars	Relationship	As at March 31, 2017	As at March 31, 2016
Amount due to Company:			
Kirloskar (Malaysia) Sdn. Bhd	Associate	161.59	151.29
Kirloskar Power Equipment Limited	Others A & B	-	180.00
Vijay Farms Private Limited		188.74	192.64
Sri Vijayadurga Investments and Agencies Private Limited		27.37	19.20
Vijayjyothi Investments and Agencies Private Limited		111.51	111.51
Ravindu Motors Private Limited		0.62	0.14
Maini Materials Movements Private Limited		15.68	10.97
Transport Corporation of India		-	0.24
Abhiman Trading Company Private Limited		98.97	98.97
MRF Limited		14.20	-
Kirloskar Batteries Private Limited		2.61	2.69
Amount due from Company:			
Kirloskar Batteries Private Limited	Others B	14.36	14.36
Kirloskar Power Equipment Limited		6.36	203.26
Vijay Farms Private Limited		6.59	5.68
Vijayjyothi Investments and Agencies Private Limited		126.24	108.34
Abhiman Trading Company Private Limited		21.75	26.63
Sri Vijayadurga Investments and Agencies Private Limited		13.91	10.34
Ravindu Motors Private Limited		0.81	0.14
Transport Corporation of India	Others A	89.82	71.07
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:			
Vijay R Kirloskar	KMP	25,890.91	26,749.80

50 OPERATING LEASE:

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 ₹ 302.66 Lakhs (Previous Year ₹ 345.22 Lakhs).

- 51 The Company has made provisions towards wage arrears, warranty claims from the customers towards sales, short term compensated absences, stamp duty and contingencies. Details of the same are as under:

(₹ in Lakhs)

Sl. No.	Particulars	Wage Arrears	Contingencies	Short Term Compensated Absences	Stamp Duty	Warranty Claims
1	Balance outstanding at the beginning of the year	747.79 (400.24)	1,578.14 (1,518.14)	17.03 (17.11)	- (895.38)	599.77 (597.90)
2	Provision for the year (net)	(232.21) (347.55)	(293.88) (60.00)	- (-0.08)	- (-895.38)	85.95 (1.87)
3	Balance outstanding at the end of the year	515.58 (747.79)	1,284.26 (1,578.14)	17.03 (17.03)	- -	685.72 (599.77)

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 has been made for contingencies as held in respect of ongoing litigations as detailed in note 27 and certain probable liability including in respect of customers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 52 The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on March 31, 2017 are as under:

Particulars	As at March 31, 2017		As at March 31, 2016	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	USD 651,261	508.63	USD 1099053	822.38
	EUR 126000		EUR 127344	
Liabilities (Payables)	USD 544557	558.18	USD 664838	638.03
	EUR 288747		EUR 248884	
			AED 47349	

- 53 The net worth (after excluding revaluation reserve) of the Group has been completely eroded. The Group has initiated several measures like identification and 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 operation, value added products push for sales, optimization in product mix and enhanced contribution, proposed capital raising plans etc. Accordingly, your directors have prepared the financial statements of the Group on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.
- 54 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 pari-passu with the existing equity shares of the Company.
- 55 a) "The Company has filed before the Honourable Supreme Court, Special Leave Petition (SLP) in respect of resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the parent company) and confirmed by the Honourable High Court of Karnataka. This SLP has been admitted by the Honorable Supreme Court.
- The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty referred above 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 has filed a writ petition in the Honorable High Court of Karnataka challenging the scheme on grounds of discrimination and seeking specific reliefs.
- Under the above circumstances , the Company believes based on legal advice / internal assessment that the outcome of these contingencies will be favourable, that losses are not probable and no provision is required to be recognized in this respect."
- b) The Company received a reassessment order under Karnataka Value Added Tax (KVAT) Act during the year in respect of the period April 2009 to March 2010 essentially denying certain input credit and and also disallowed certain sales returns, unfructified sales, labour charges and service tax, and consequently raised demand of Rs. 893 lakhs. According to the Company the said order has been passed based on incorrect interpretation of law. The Company has also been legally advised that the said order is not sustainable in law and consequently a writ petition has been filed in the Honorable High Court of Karnataka challenging the said demand, seeking relief from the said order and for quashing of the same. The Company believes that the outcome of these contingencies will be favourable, that losses are not probable and no provision is required to be recognized in this respect.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 56 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, 2017, 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.
- 57 Previous year's figures have been regrouped wherever required in conformity with current year presentation. Figures in brackets relates to previous year.
- 58 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	109.05%	13,101.71	85.52%	(3,310.67)
Subsidiaries				
<i>Indian</i>				
1 Kelbuzz Trading Private Limited	-8.27%	(993.07)	11.49%	(444.79)
2 SLPKG Estates Holdings Private Limited	-4.46%	(535.59)	7.48%	(289.66)
3 Luxquisite Parkland Private Limited	-0.52%	(62.05)	0.04%	(1.45)
4 SKG Terra Promenade Private Limited	0.02%	2.17	-0.22%	8.53
5 Swaki Habitat Private Limited	0.00%	0.48	0.01%	(0.30)
6 Kesvik Developers Private Limited	0.00%	0.47	0.01%	(0.30)
<i>Foreign</i>				
Kirsons B.V.	4.13%	496.42	-4.32%	167.25
Minority Interest in all subsidiaries	0.03%	4.00	0.00%	-
Associates (Investments as per the equity method)				
Kirloskar (Malaysia) Sdn. Bhd.	0.00%	-	0.00%	-

In Accordance with our report attached

For B K Ramadhyani & Co. LLP

Chartered Accountants

Firm number : 002878S/S200021

(CA. C R Deepak)

Partner

Membership No. : 215398

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

Vijay R. Kirloskar

Executive Chairman

DIN:00031253

CA. Vinayak Narayan Bapat

Managing Director

DIN:06936639

Kamlesh Suresh Gandhi

Director

DIN:00004969

CA. Soumendra Kumar Mahapatra

Vice President - Finance &

Chief Financial Officer

CS. Chinmoy Pattnaik

Associate Vice President -

Legal & Company Secretary

Place : Bengaluru

Date : May 26, 2017

KIRLOSKAR ELECTRIC COMPANY LIMITED

CIN: L31100KA1946PLC000415

REGISTERED OFFICE: Industrial Suburb, Rajajinagar, Bengaluru 560010

Phone No: 080 2337 4865; Fax No: 080 2337 7706

Website: www.kirloskar-electric.com

FORM NO.MGT - 11

Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014

Name of the Member	
Registered Address	
Email ID	
Folio No /Client ID- DP ID	

I/We, being the member(s) of.....shares of the above named company, hereby appoint

(1) Name :

Address:

.....

E-mail Id:Signature: or failing him;

(2) Name :

Address:

.....

E-mail Id:Signature: or failing him;

(3) Name :

Address:

.....

E-mail Id:Signature: or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 70th Annual General Meeting of the company, to be held on the 21st day of September, 2017 at Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560 008 At 10:00 A.M and at any adjournment thereof in respect of such resolutions as are indicated below :

Sl. No.	Resolution	Optional	
		For	Against
1	Adoption of financial statements.		
2	Appointment of auditors.		
3	Appointment of Mr. K Ganesh as a director liable to retire by rotation.		
4	Appointment of Mr. Shyamanta Bardoloi as a director.		
5	Ratification of Cost auditors' remuneration.		
6	Increase in remuneration payable to Mr. Vijay R Kirloskar, Executive Chairman.		
7	Reappointment of Mr. Vijay R Kirloskar as Executive Chairman.		
8	Appointment of Mr. Anand B Hunnur as Managing Director.		
9.	Revision in the remuneration payable to Mr. Vinayak N Bapat, Managing Director		

Signed this.....day of.....2017

Affix
Re. 1-00.
Revenue Stamp

Signature of member

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the meeting.
2. For the resolutions, explanatory statement and notes, please refer to notice of the 70th Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission
4. * It is optional to put a "X" in the appropriate column against the resolutions indicated in the box. If you leave the "for" or "against" column blank against any or all resolutions, your proxy will entitle to vote in the manner as he / she thinks appropriate.
5. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. The instrument appointing proxy should, however, be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified true copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.

ATTENDANCE SLIP
70th ANNUAL GENERAL MEETING

KIRLOSKAR ELECTRIC COMPANY LIMITED

CIN: L31100KA1946PLC000415
REGISTERED OFFICE: Industrial Suburb, Rajajinagar, Bengaluru 560010
Phone No: 080 2337 4865; Fax No: 080 2337 7706
Website: www.kirloskar-electric.com

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

I/we hereby record my / our presence at the 70th Annual General Meeting ("AGM") to be held on Thursday, the 21st day of September 2017 at Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore-560 008, at 10:00 a.m.

FOLIO / DP ID CLIENT ID:

NAME OF THE SHAREHOLDER:

ADDRESS OF THE SHAREHOLDER:

Name of the Member / Proxy / Authorised Representative * _____

Signature of the Member / Proxy / Authorised Representative * _____

*strike off whichever is not applicable

Notes:

1. The company will accept only Attendance Slip of a person personally attending the meeting as a member or valid proxy duly registered in time with the company. The company will not accept Attendance Slip from any other person even if signed by a member. Members are requested not to be accompanied by non-members or children.
2. Persons representing Bodies Corporate are required to submit with the company original resolution of the Board of directors or other governing body of such member, authorizing such person to act as its representative under section 113 of the Companies Act, 2013.
3. Shareholders/Proxy Holder/Authorised Representative attending the meeting should bring his/her copy of the Notice of 70th AGM for reference at the meeting.
4. To facilitate members, registration of attendance will commence at 9:00 a.m. on September 21, 2017
5. E-voting particulars are set out below:

EVSN (Electronic Voting Sequence Number)	PAN No./SEQ. No.	USER ID	PASSWORD
			Please refer the Notice of 70th AGM for instructions

E-voting facility will be open during the following period.

Commencement of E-voting	End of E-voting
Monday, September 18, 2017 at 9.00 A.M	Wednesday, September 20, 2017 at 5.00 P.M

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.



