



KIRLOSKAR ELECTRIC COMPANY LTD.,

Sect./11/2017

May 26, 2017

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

Time of commencement of meeting : 10.30 A.M

Time of conclusion of meeting : 04.15 P.M

Pursuant to the regulation under subject, please find enclosed annual audited financial results together with consolidated financial results of the company for the year ended March 31, 2017 as approved by the Board of directors at its meeting held today and signed by Mr. Vijay Ravindra Kirloskar, Executive Chairman of the company. The audit report and statement on impact of audit qualifications are also enclosed.

Please find the same in order and oblige.

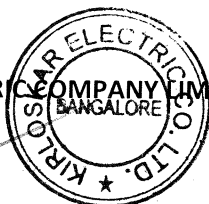
Thanking you

Yours faithfully

for KIRLOSKAR ELECTRIC COMPANY LIMITED

Chinmoy Patnaik

Associate Vice President - Legal & Company Secretary



Encl: a/a

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.kirloskar-electric.com

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

CIN:L31100KA1946PLC000415

KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

CIN:L31100KA1946PLC000415

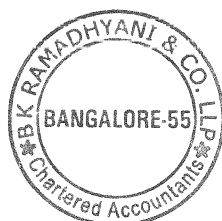
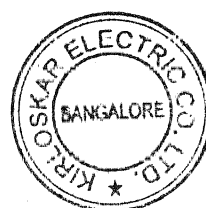
Regd Office: Industrial Suburb, Rajajinagar, Bangalore - 560 010.

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2017



(Rs.in Lakhs)

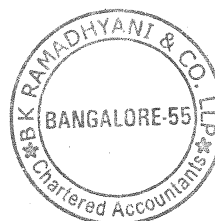
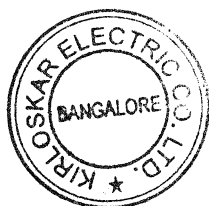
Sl No	Particulars	Standalone					Consolidated	
		Quarter ended		Year ended			Year ended	
		March 31, 2017	December 31, 2016	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
1	INCOME FROM OPERATIONS:							
a.	Net sales/ income from operations (net of excise duty)	15,456	14,460	16,991	57,556	54,775	57,558	54,775
b.	Other operating income	-	-	-	-	-	-	-
	Total income from operations (net)	15,456	14,460	16,991	57,556	54,775	57,558	54,775
2	Expenses							
a	Cost of materials consumed	10,982	10,311	11,973	41,873	40,597	41,873	40,597
b	Change in inventories of finished goods, work in progress and stock in trade	1,239	806	456	1,866	355	1,866	355
c	Employee benefit expense	1,790	1,766	1,423	7,216	7,517	7,216	7,517
d	Depreciation and amortisation expense	282	280	312	1,119	1,101	1,224	1,206
e	Other expenses	1,640	1,570	1,680	6,253	6,641	6,300	6,696
	Total expenses	15,933	14,733	15,844	58,327	56,211	58,479	56,371
3	Profit / (loss) from operations before other income, finance costs and exceptional items (1-2)	(477)	(273)	1,147	(771)	(1,436)	(921)	(1,596)
4	Other income	94	49	209	996	354	1,578	354
5	Profit / (loss) from ordinary activities before finance cost and exceptional items (3+4)	(383)	(224)	1,356	225	(1,082)	657	(1,242)
6	Finance costs	255	1,009	1,061	3,195	4,186	4,531	4,861
7	Profit / (loss) from ordinary activities after finance cost but before exceptional items (5-6)	(638)	(1,233)	295	(2,970)	(5,268)	(3,874)	(6,103)
8	Exceptional items (net)	-	-	-	-	-	-	-
9	Profit / (loss) from ordinary activities before tax (7-8)	(638)	(1,233)	295	(2,970)	(5,268)	(3,874)	(6,103)
10	Tax expense	(7)	-	-	(7)	-	(3)	-
11	Net profit / (loss) from ordinary activities after tax (9-10)	(631)	(1,233)	295	(2,963)	(5,268)	(3,871)	(6,103)
12	Extraordinary Item (net of tax expense)	-	-	-	-	2,155	-	2,155
13	Net profit / (loss) for the period (11+12)	(631)	(1,233)	295	(2,963)	(3,113)	(3,871)	(3,948)
14	Paid up equity share capital (face value of Rs.10/-)	6,641	6,641	5,573	6,641	5,573	6,641	5,573
15	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	NA	NA	NA	NA	NA	NA	NA
16	Earnings per share (EPS) (Rs)							
a	Basic EPS before extra ordinary items (not annualised)	(0.95)	(1.86)	0.54	(4.80)	(9.84)	(6.27)	(11.40)
b	Diluted EPS before extra ordinary items (not annualised)	(0.95)	(1.86)	0.54	(4.80)	(9.84)	(6.27)	(11.40)
c	Basic EPS after extra ordinary items (not annualised)	(0.95)	(1.86)	0.54	(4.80)	(5.82)	(6.27)	(7.38)
d	Diluted EPS after extra ordinary items (not annualised)	(0.95)	(1.86)	0.54	(4.80)	(5.82)	(6.27)	(7.38)



Revenues, results, assets, liabilities and capital employed for the segments for the quarter and year ended March 31, 2017

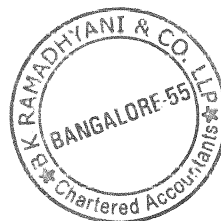
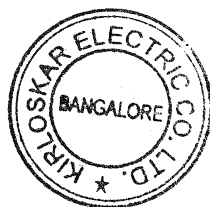
Amount (Rs.in Lakhs)

Sl No	Particulars	Standalone					Consolidated	
		Quarter ended		Year ended				
		March 31, 2017	December 31, 2016	March 31, 2016	March 31, 2017	March 31, 2016	Current year ended 31/03/2017	Previous year ended 31/03/2016
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
1	Segment Revenues							
	Power generation/ distribution	8,846	7,680	8,926	32,588	25,141	32,588	25,141
	Rotating machines	6,395	6,721	7,935	25,056	29,093	25,058	29,093
	Others	589	349	838	1,766	2,875	1,766	2,875
	Total	15,830	14,750	17,699	59,410	57,109	59,412	57,109
	Less: Inter segment revenues	374	290	708	1,854	2,334	1,854	2,334
	Net sales / income from operations	15,456	14,460	16,991	57,556	54,775	57,558	54,775
2	Segment Results							
	Profit / (loss) before interest and tax expense							
	Power generation/ distribution	141	179	793	1,197	959	1,197	703
	Rotating machines	(292)	66	720	(106)	1,068	325	234
	Others	215	130	314	705	782	709	771
	Total	64	375	1,827	1,796	2,809	2,231	1,708
	Less: Interest	255	1,009	1,061	3,195	4,186	4,531	4,861
	Less: Other unallocable expenditure (net off unallocable Income)	447	599	471	1,571	3,891	1,574	2,950
	Total profit / (loss) before tax expense	(638)	(1,233)	295	(2,970)	(5,268)	(3,874)	(6,103)
	Add: Extraordinary item	-	-	-	-	2,155	-	2,155
	Add/(less) Tax expenses	(7)	-	-	(7)	-	(3)	-
	Total profit / (loss) before tax expense and after extraordinary item	(631)	(1,233)	295	(2,963)	(3,113)	(3,871)	(3,948)
3	Segment Assets							
	Power generation/ distribution	16,752	12,442	12,833	16,752	12,833	16,752	14,988
	Rotating machines	26,318	21,178	18,967	26,318	18,967	11,913	18,967
	Others	7,187	540	573	7,187	573	7,187	(1,582)
	Total	50,257	34,160	32,373	50,257	32,373	35,852	32,373
	Add Unallocable Assets	40,000	24,907	26,410	40,000	26,410	39,205	12,220
	Total Segment Assets	90,257	59,067	58,783	90,257	58,783	75,057	44,593
4	Segment Liabilities							
	Power generation/ distribution	13,997	12,518	12,132	13,997	12,132	13,997	12,133
	Rotating machines	11,374	11,527	10,933	11,374	10,933	18,808	10,932
	Others	479	554	740	479	740	479	740
	Total	25,850	24,599	23,805	25,850	23,805	33,284	23,805
	Add Unallocable Liabilities	30,554	31,494	33,266	30,554	33,266	29,759	40,007
	Total Segment Liabilities	56,404	56,093	57,071	56,404	57,071	63,043	63,812
5	Capital Employed (Segment Assets-Segment Liabilities)							
	Power generation/ distribution	2,755	(76)	701	2,755	701	2,755	2,856
	Rotating machines	14,944	9,651	8,034	14,944	8,034	(6,895)	8,034
	Others	6,707	(14)	(167)	6,707	(167)	6,707	(2,321)
	Total capital employed in segments	24,406	9,561	8,568	24,406	8,568	2,567	8,569
	Add: Unallocated	9,447	(6,587)	(6,856)	9,447	(6,856)	9,447	(27,788)
	Total capital employed	33,853	2,974	1,712	33,853	1,712	12,014	(19,219)



STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2017

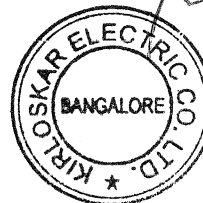
Sl. No	Particulars	Amount (Rs.in Lakhs)			
		Standalone		Consolidated	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
		(Audited)	(Audited)	(Audited)	(Audited)
A	EQUITY AND LIABILITIES				
1	Shareholders' funds:				
	(a) Share capital	6,641	6,392	6,641	6,392
	(b) Reserves and surplus	27,212	(4,680)	5,369	(25,615)
		33,853	1,712	12,010	(19,223)
	Minority interest			4	4
2	Non - current liabilities				
	(a) Long term borrowings	6,593	7,890	6,593	14,484
	(b) Other long term liabilities	1,584	1,481	1,584	1,482
	(c) Long term provisions	1,903	1,678	1,903	1,678
		10,080	11,049	10,080	17,644
3	Current liabilities				
	(a) Short term borrowings	14,817	14,422	14,817	14,422
	(b) Trade payables				
	(a) Total Outstanding dues of micro and small enterprises	122	81	122	81
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	20,285	18,146	20,287	18,286
	(c) Other current liabilities	8,597	10,423	15,234	10,429
	(d) Short term provisions	2,503	2,950	2,503	2,950
		46,324	46,022	52,963	46,168
	Total	90,257	58,783	75,057	44,593
B	ASSETS:				
1	Non - current assets				
	(a) Property, Plant and Equipment				
	(i) Tangible assets	38,961	8,420	38,961	8,450
	(ii) Intangible assets	20	54	646	784
	(iii) Capital work in progress	-	14	-	14
		38,981	8,488	39,607	9,248
	(b) Non - current investments	6,675	6,536	250	81
	(c) Deferred Tax (net)	-	-	-	-
	(d) Long term loans and advances	2,840	2,017	2,710	1,972
	(e) Other non current assets	13,822	12,825	1,001	451
		62,318	29,866	43,568	11,752
2	Current assets				
	(a) Inventories	7,564	9,711	7,609	9,757
	(b) Trade receivables	12,831	10,450	17,853	16,833
	(c) Cash and bank balances	2,227	3,147	2,252	3,170
	(d) Short term loans and advances	1,106	1,221	1,434	1,223
	(e) Other current assets	4,211	4,388	2,341	1,858
		27,939	28,917	31,489	32,841
	Total	90,257	58,783	75,057	44,593



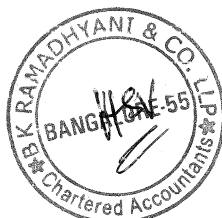
Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 26, 2017.
- 2 The financial results of the Company for the quarter and year ended March 31, 2017 have been audited by the statutory auditors of the Company.
- 3 **In respect of Standalone Financial results:**
 - a. Finance cost for the quarter and year is net of recovery of Interest of Rs.709 Lakhs from a Subsidiary.
 - b. The Company, in an earlier year, had revalued a portion of its land, thereby recognising a revaluation reserve of Rs 209 lakhs. In terms of revised Accounting Standard (AS) 10 (Property, Plant and Equipment) in the Companies (Accounting Standards) Amendment Rules, 2016, issued by the Ministry of Corporate Affairs, Government of India and effective for the financial statements prepared on or after April 1, 2016, the Company has exercised the option of 'Revaluation Model' and revalued the entire class of Land by further crediting to revaluation reserve Rs. 31,510 lakhs.
 - c. 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 had transferred in the year ended March 31, 2015 certain assets comprising of immovable properties, receivables and inventory to its subsidiaries Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited and SLPKG Estate Holdings Private Limited, which will function as special purpose vehicles to hold such assets, dispose off the same and pay off certain debts (bank dues) transferred by the Company. The amounts outstanding and due from the subsidiaries as at March 31, 2017 in respect of the transfer of the assets as mentioned above, other expenses incurred by the subsidiaries reimbursed by the Company and interest charged totally amounts to Rs 14,741 lakhs (as at March 31, 2016 Rs 14,951 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 Rs. 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.
- 4 **In respect of Consolidated Financial results:**
 - a. Confirmation of balances from customers are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Provision has been made to the extent required and further adjustments if any, will be made on completion of review/ reconciliation. The debts exceeding two years and considered good of recovery by the management is estimated at Rs.5,401 Lakhs.
 - b. The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at March 31, 2017 consisting of the Company, its subsidiaries and its associate is eroded and the Company had made net loss for the year ended March 31, 2017. The Company has incurred losses for the quarter and year ended March 31, 2017. The Company and its components have initiated several measures like active steps being taken for disposal of non-core assets, arrangement under JLF mechanism for restructuring of dues to banks, sanction of further non fund based limits by banks, infusion of capital by the promoters, rationalization of operations, introduction of value added products, push for sales, optimization in product mix and enhanced contribution, capital raising plans etc. There has been infusion of capital through Qualified Institutional Placement during the year and the Company is in advance stage for negotiation of funding arrangements from bankers of the Company which will improve the performance in forthcoming periods. The company is confident that this funding arrangement will have a positive impact in the net worth of the company. Accordingly, your directors have prepared these financial results of the Company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.
- 5 During the year, the company has allotted 7,991,765 Equity Shares of Rs 10 each at a premium of Rs.36.15 per share, to Qualified Institutional investors and had accordingly received Rs 3,688 lakhs and duly complied with the provisions of 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 Proceeds have been utilised for statutory payments, repayment of deposits, other working capital requirements and towards capital expenditure.
- 6 Other Income for the quarter and year ended March 31, 2017 includes Rs 9 lakhs and Rs.787 lakhs respectively (for the year ended March 31, 2016 Rs.149 Lakhs) pertaining to liabilities / provision no longer required written back.
- 7 During the year, the company has allotted 2,688,583 Equity Shares of Rs 10 each to Vijay R Kirloskar at a premium of Rs.20.44 per share by conversion of Compulsory Convertible Preference Shares ("CCPS").
- 8
 - 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.
 - b. 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.
 - c. 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.
- 9 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 input credit and making certain other disallowances 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 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.
- 10 Reserves have been reported as NA as the Company has a negative reserves and surplus.
- 11 Previous period/year figures have been regrouped wherever necessary to confirm with current period/year presentation.

Place: Bangalore
Date: May 26, 2017



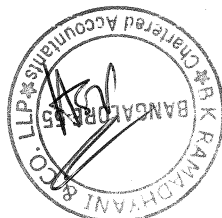
(Vijay R Kirloskar)
Executive Chairman



Auditor's Report on Standalone Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. We have audited the accompanying statement of quarterly standalone financial results of Kirloskar Electric Company Limited ("the Company) for the quarter and the year ended March 31, 2017, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the company's management and approved by the board of directors has been prepared in accordance with Accounting Standard prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the statement based on our audit of such standalone financial statements.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. **Basis of Qualified opinion:**
Attention of the members is invited to foot note 3(c) to the audited financial results regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immovable properties, receivables, interest charged and expenses reimbursed. We have relied on management's representations that it is confident of realization of amounts due from the said subsidiaries aggregating to Rs 14,741 lakhs (as at March 31, 2016 Rs 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.



4. Based on our audit conducted as above except in respect of matters stated in the paragraph on "Basis of Qualified Opinion" and to the best of our information and according to the explanations given to us these quarterly and year to date financial results:

- (i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2017 and for the year to date results for the period from April 1, 2016 to March 31, 2017.

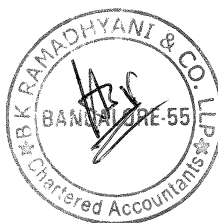
5. Other Matters:

We did not audit the financial statements /information of one branch, the Kuala Lumpur office of the Company, included in the quarterly and year to date financial results of the Company for the quarter ended and the year ended March 31, 2017 whose financial statements/information reflect total assets of Rs 189 lakhs as at March 31, 2017 and total revenues of Rs 1 Lakh for the year ended on that date. The financial statements /information of the said office have been audited by the branch auditors (M/s Sundar and Associates, Chartered Accountants) whose report has been furnished to us, and our opinion on the quarterly financial results and the year to date results, to the extent they have been derived from such financial statements is based solely on the report of such branch auditors. Our report is not qualified in respect of this matter.

6. Emphasis of matter:

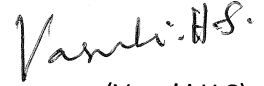
Without qualifying our opinion we invite the attention of the members to:

- (a) Foot note 4(b) of the audited financial results, 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) Foot note 8 to the audited financial results, 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) Foot note 9 to the audited financial results, 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.



A copy of the audited financial results of the Company for the quarter and the year ended March 31, 2017, which formed the basis of our qualified audit opinion, duly initialled by us for the purpose of identification is enclosed to this report.

For B K Ramadhyani & Co LLP
Chartered Accountants
Firm Registration No: 002878S/S200021



(Vasuki H S)

Partner

Membership No. 212013

Place: Bengaluru

Date: May 26, 2017

B K RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 68, # 1st Cross, 8th Main, 3rd Cross, M. Ram,
BANGALORE - 560 036.

Auditor's Report on Consolidated Financial Results for the year to Date Results of Kirloskar Electric Company Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. We have audited the Consolidated financial results of Kirloskar Electric Company Limited ("the Company) and its subsidiaries and associates (collectively referred as "the Group) for the year ended March 31, 2017, attached herewith being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the company's management and approved by the board of directors have been prepared in accordance with Accounting Standard prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the statement based on our audit of such consolidated financial results.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as Consolidated financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. **Basis of Qualified opinion:**
Attention is invited to foot note 4(a) to the financial results regarding trade receivables/ book debts exceeding two years and considered good by management estimated at Rs.5,401 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 extent of shortfall in the recovery of the same.
4. **Other Matters:**
 - a. We did not audit the financial statements of 7 subsidiaries included in the consolidated year to date financial results, whose consolidated financial results reflect total assets of Rs.1,033 Lakhs as at March 31, 2017 and total revenues of Rs. 34 Lakhs for the year ended on that date, as considered in the consolidated financial results. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the year to date Consolidated results to the extent they have been derived from such financial statements is based solely on the report of the such other auditors. Our report is not qualified in respect of this matter.

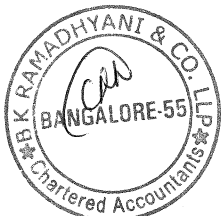


- b. Unaudited financial statements of Kirloskar (Malaysia) Sdn. Bhd. an associate in which share of loss of the Group was Rs. Nil (restricted to the value of the investments) has been considered for preparation of these financial statements. Unaudited financial statements as received from the said associate has been considered for the purpose of preparation of these consolidated financial results.
5. Based on our audit conducted as above except in respect of matters stated in the paragraph on "Basis of Qualified Opinion", Other Matters and to the best of our information and according to the explanations given to us these year to date Consolidated financial results include the year to date of the following entities:
- a. Kirsons B V
 - b. Kelbuzz Trading Private Limited
 - c. Luxquisite Parkland Private Limited
 - d. SKG Terra Promonede Private Limited
 - e. SLPKG Estate Holdings private Limited
 - f. Kesvik Developers Private Limited
 - g. Swaki Habitat Private Limited
- (i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view of the net loss and other financial information the year to date results for the period from April 1, 2016 to March 31, 2017.

5. Emphasis of matter:

Without qualifying our opinion we invite the attention of the members to:

- (a) Foot note 4(b) of the Consolidated audited financial results, 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) Foot note 8 to the audited financial results, 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) Foot note 9 to the audited financial results, 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.



A copy of the audited financial results of the Group for the year ended March 31, 2017, which formed the basis of our qualified audit opinion, duly initialled by us for the purpose of identification is enclosed to this report.

For B K Ramadhyani & Co LLP
Chartered Accountants
Firm Registration No: 002878S/S200021

C. R. Deepak

(C R Deepak)

Partner

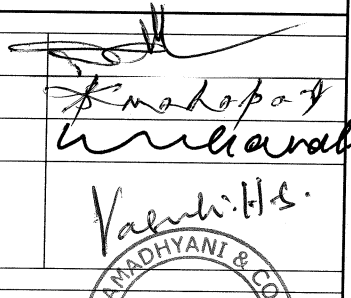
Membership No. 215398

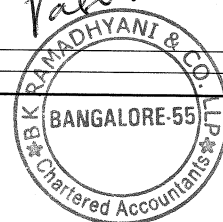
Place: Bengaluru
Date: May 26, 2017

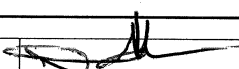
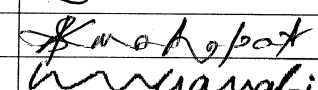
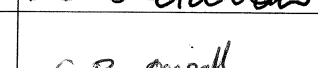
B K RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
No. 68, # 1st Floor, Chitrakoot, 8th Main, 10th Cross, Maragudram,
BANGALORE - 560 055.

ANNEXURE I
Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted
along-with Annual Audited Financial Results - Standalone

Statement on Impact of Audit Qualifications for the financial year March 31, 2017
[See regulation 33/52 of SEBI (LODR)(Amendment) Regulations, 2016]

[See Regulation 33/52 of SEBI (LODR)(Amendment)Regulations ,2016]				
	SL NO	Particulars	Audited Figures(as reported before adjusting for qualifications)	Adjusted Figures(audited figures after adjusting for qualifications)
I.			(Rs. In Lakhs)	(Rs. In Lakhs)
	1	Turnover / Total income	58,552	58,552
	2	Total Expenditure	61,522	61,522
	3	Net Profit/(Loss)	(2,970)	(2,970)
	4	Earnings Per Share	(4.80)	(4.80)
	5	Total Assets	90,257	90,257
	6	Total Liabilities	56,404	56,404
	7	Net Worth	33,853	33,853
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:	Attention of the members is invited to foot note 3(c) to the audited financial results regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immoveable properties, receivables, interest charged and expenses reimbursed. We have relied on management's representations that it is confident of realization of amounts due from the said subsidiaries aggregating to Rs 14,741 lakhs (as at March 31, 2016 Rs 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.		
	b. Type of Audit Qualification :	Qualified Opinion		
	c. Frequency of qualification:	Repetitive		
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable		
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
		(i) Management's estimation on the impact of audit qualification:	These subsidiaries are taking active steps to repay the dues of the Company, from collection of book debts assigned and from disposal of immoveable properties transferred apart from debts transferred as referred above. These subsidiaries have been sanctioned credit facilities to an aggregate extent of Rs. 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 we are sure of realising much more amount from the sale of immoveable properties.	
		(ii) If management is unable to estimate the impact, reasons for the same:	Same as above	
		(iii) Auditors' Comments on (i) or (ii) above:	Same as point (a)	
	III	Signatories:		
		CEO/Managing Director:	Vinayak Narayan Bapat	
		CFO:	Soumendra Kumar Mahapatra	
		Audit Committee Chairman:	Kamlesh Gandhi	
		Statutory Auditor:	Vasuki H S M No: 212013 B K Ramadhyani & Co LLP Chartered Accountants FRN: 0028785/S200021	
Place : Bengaluru Date : May 26, 2017				



ANNEXURE I				
Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - Consolidated				
Statement on Impact of Audit Qualifications for the financial year March 31, 2017 [See regulation 33/52 of SEBI (LODR)(Amendment) Regulations, 2016]				
	SL NO	Particulars	Audited Figures(as reported before adjusting for qualifications)	Adjusted Figures(audited figures after adjusting for qualifications)
I.			(Rs. In Lakhs)	(Rs. In Lakhs)
	1	Turnover / Total income	59,136	59,136
	2	Total Expenditure	63,010	63,010
	3	Net Profit/(Loss)	(3,874)	(3,874)
	4	Earnings Per Share	(6.27)	(6.27)
	5	Total Assets	75,057	75,057
	6	Total Liabilities	63,043	63,043
	7	Net Worth	12,014	12,014
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:	Attention is invited to note 4(a) to the financial results regarding trade receivables/ book debts exceeding two years and considered good by management estimated at Rs.5,401 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 extent of shortfall in the recovery of the same.		
	b. Type of Audit Qualification :	Qualified Opinion		
	c. Frequency of qualification:	Repetitive		
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable		
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
III	(i) Management's estimation on the impact of audit qualification:		The Company is in the process of completing the review and reconciliation of receivables/ book debts and in our opinion any further provision required will not have material impact on the financial results of the Company and we are confident of realising the book debts.	
	(ii) If management is unable to estimate the impact, reasons for the same:		Same as above	
	(iii) Auditors' Comments on (i) or (ii) above:		Same as point (a)	
III	Signatories:			
	CEO/Managing Director:	Vinayak Narayan Bapat		
	CFO:	Soumendra Kumar Mahapatra		
	Audit Committee Chairman:	Kamlesh Gandhi		
	Statutory Auditor:	C R Deepak M No: 215398 B K Ramadhyani & Co LLP Chartered Accountants FRN: 002878S/5200021		
Place : Bengaluru				
Date : May 26, 2017				

