



KIRLOSKAR ELECTRIC COMPANY LTD.,

Sect./07/2019
May 29, 2019

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, P J 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 : 01.00 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 quarter and year ended March 31, 2019 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**

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

Encl: a/a

Regd. Office: No. 19, 2nd Main Road, Peenya 1st Stage, Phase -1, Peenya, Bengaluru, Karnataka, 560058
T+91 80 2839 7256, F +91 80 2839 6727; Email Id: investors@kirloskarelectric.com
Customer care No. : 1800 102 8268, website: www.kirloskarelectric.com
CIN: L31100KA1946PLC000415

KIRLOSKAR ELECTRIC COMPANY LIMITED

CIN:L31100KA1946PLC000415

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

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019



(₹ in Lakhs)

		(₹ in Lakhs)						
SI No	Particulars	Standalone					Consolidated	
		Quarter ended		Year ended			Year ended	
		March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
	INCOME FROM OPERATIONS:							
I	Revenue from Operations	7,741	6,129	10,924	29,442	37,913	29,461	37,925
II	Other income	5,798	59	375	6,217	1,541	6,217	670
III	Total Revenue (I+II)	13,539	6,188	11,299	35,659	39,454	35,678	38,595
IV	Expenses:							
a	Cost of materials consumed	4,694	4,982	8,036	21,460	27,385	21,460	27,385
b	Change in inventories of finished goods, work in progress and stock in trade	942	(589)	255	567	1,482	567	1,482
c	Excise duty on sale of goods	-	-	-	-	889	-	889
d	Employee benefit expense	1,276	1,573	1,380	6,119	6,765	6,119	6,765
e	Finance costs	1,158	899	877	3,843	3,310	4,877	4,340
f	Depreciation and amortisation expenses	190	192	262	772	1,064	876	1,169
g	Other expenses	1,093	1,182	1,448	4,761	6,242	4,920	5,279
	Total expenses	9,353	8,239	12,258	37,522	47,137	38,819	47,309
V	Profit / (loss) before exceptional and tax (III-IV)	4,186	(2,051)	(959)	(1,863)	(7,683)	(3,141)	(8,714)
VI	Exceptional items (net of tax expense)	-	-	-	-	-	346	-
VII	Profit / (loss) before tax (V-VI)	4,186	(2,051)	(959)	(1,863)	(7,683)	(2,795)	(8,714)
VIII	Tax expense:							
a	Current Tax	-	-	-	-	-	-	-
b	Deferred tax	-	-	-	-	-	-	-
IX	Profit / (loss) after tax (VII-VIII)	4,186	(2,051)	(959)	(1,863)	(7,683)	(2,795)	(8,714)
X	Other comprehensive income							
	(i) Items that will not be reclassified to profit or loss							
a)	Remeasurements of the defined benefit plans	98	-	155	98	149	98	149
b)	Taxes on above	(30)	-	(48)	(30)	(46)	(30)	(46)
	(ii) Items that may be reclassified to profit or loss							
a)	Mark to Market of Investments	-	3	15	6	17	6	17
b)	Revaluation gain on land	(6,895)	-	-	(6,895)	-	(6,895)	-
c)	Taxes on above	1,953	(1)	(5)	1,951	(6)	1,951	(6)
	Total other comprehensive income	(4,874)	2	117	(4,870)	114	(4,870)	114
XI	Total comprehensive income for the period (IX+X)	(688)	(2,049)	(842)	(6,733)	(7,569)	(7,665)	(8,600)
	Paid-up equity share capital (face value of Rs. 10/- each)	6,641	6,641	6,641	6,641	6,641	6,641	6,641
	Other Equity				6,944	13,676		
	Earnings per share(EPS) (face value of Rs. 10/- each)							
a	Basic EPS (not annualised)	6.30	(3.09)	(1.44)	(2.81)	(11.57)	(4.21)	(13.12)
b	Diluted EPS (not annualised)	6.30	(3.09)	(1.44)	(2.81)	(11.57)	(4.21)	(13.12)
	Paid-up debt capital/outstanding debts				-	-		
	Debt redemption reserve				-	-		
	Net worth				(12,079)	(10,293)		
	Fixed asset coverage ratio				1.58	1.65		
	Debt equity ratio				1.50	1.19		
	Debt service coverage ratio (DSCR)				0.43	(0.73)		
	Interest service coverage ratio (ISCR)				0.72	(1.00)		



REVENUES, RESULTS, ASSETS, LIABILITIES AND CAPITAL EMPLOYED FOR THE SEGMENTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

Sl No	Particulars	Standalone					Consolidated	
		Quarter ended		Year ended			Year ended	
		March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
1	Segment Revenues							
	Power generation/ distribution	2,625	1,651	5,320	9,415	18,428	9,415	18,428
	Rotating machines	5,004	4,269	5,234	19,498	18,761	19,517	18,773
	Others	193	261	482	822	1,214	822	1,214
	Total	7,822	6,181	11,036	29,735	38,403	29,754	38,415
	Less: Inter segment revenues	81	52	112	293	490	293	490
	Revenue from operations	7,741	6,129	10,924	29,442	37,913	29,461	37,925
2	Segment Results							
	Profit / (loss) before interest and tax expense							
	Power generation/ distribution	(212)	(305)	(62)	(669)	(757)	(669)	(866)
	Rotating machines	199	(176)	(308)	(607)	(2,796)	(588)	(2,878)
	Others	98	113	194	313	394	313	393
	Total	85	(368)	(176)	(963)	(3,159)	(944)	(3,351)
	Less: Interest	1,158	899	877	3,843	3,310	4,877	4,340
	Less: Other unallocable expenditure (net off unallocable Income)	(5,259)	784	(94)	(2,943)	1,214	(3,026)	1,023
	Total profit / (loss) before tax expense	4,186	(2,051)	(959)	(1,863)	(7,683)	(2,795)	(8,714)
3	Segment Assets							
	Power generation/ distribution	8,393	9,205	11,102	8,393	11,102	8,393	11,102
	Rotating machines	25,573	25,386	27,310	25,573	27,310	25,573	28,335
	Others	7,037	6,757	6,986	7,037	6,986	7,037	6,986
	Total	41,003	41,348	45,398	41,003	45,398	41,003	46,423
	Add Unallocable Assets	22,101	29,966	30,536	22,101	30,536	6,692	14,947
	Total Segment Assets	63,104	71,314	75,934	63,104	75,934	47,695	61,370
4	Segment Liabilities							
	Power generation/ distribution	7,829	7,653	10,415	7,829	10,415	7,829	10,415
	Rotating machines	13,214	11,448	10,917	13,214	10,917	13,214	11,017
	Others	798	476	524	798	524	798	524
	Total	21,841	19,577	21,856	21,841	21,856	21,841	21,956
	Add Unallocable Liabilities	27,678	37,465	33,761	27,678	33,761	35,011	40,876
	Total Segment Liabilities	49,519	57,042	55,617	49,519	55,617	56,852	62,832
5	Capital Employed (Segment Assets-Segment Liabilities)							
	Power generation/ distribution	564	1,552	687	564	687	564	687
	Rotating machines	12,360	13,939	16,393	12,360	16,393	12,360	16,393
	Others	6,239	6,281	6,462	6,239	6,462	6,239	6,462
	Total capital employed in segments	19,163	21,772	23,542	19,163	23,542	19,163	23,542
	Add: Unallocated	(5,578)	(7,500)	(3,225)	(5,578)	(3,225)	(28,320)	(25,003)
	Total capital employed	13,585	14,272	20,317	13,585	20,317	(9,157)	(1,461)



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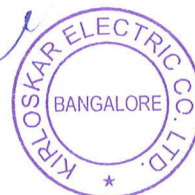
STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2019

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)
ASSETS				
Non-current assets				
(a) Property, plant and equipment	32,144	39,830	32,144	39,830
(b) Capital work-in-progress	20	8	20	8
(c) Investment Property	147	147	176	176
(d) Other Intangible assets	6	11	423	533
(e) Financial assets				
(i) Investments	7,059	7,053	124	149
(ii) Trade Receivables	547	706	547	706
(iii) Other financial assets	110	52	110	52
(f) Other non-current assets	2,661	12,443	2,667	2,774
Total Non-current assets	42,694	60,250	36,211	44,228
Current assets				
(a) Inventories	4,681	5,473	4,681	5,473
(b) Financial assets				
(i) Trade receivables	1,709	3,935	4,257	6,845
(ii) Cash and cash equivalents	925	1,154	962	1,194
(iii) Other Bank balances	600	1,092	601	1,092
(iv) Other financial assets	-	-	-	-
(c) Other current assets	12,495	4,030	983	2,538
Total Current assets	20,410	15,684	11,484	17,142
TOTAL ASSETS	63,104	75,934	47,695	61,370
EQUITY AND LIABILITIES				
Shareholders' funds				
(a) Share capital	6,641	6,641	6,641	6,641
(b) Other equity	6,944	13,676	(15,802)	(8,106)
Equity attributable to shareholders of Kirloskar Electric Company Limited	13,585	20,317	(9,161)	(1,465)
Non-controlling interest	-	-	4	4
TOTAL EQUITY	13,585	20,317	(9,157)	(1,461)
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	9,063	4,963	7,225	11,721
(ii) Other financial liabilities	900	1,256	900	1,256
(b) Provisions	1,962	1,859	1,962	1,859
(c) Deferred tax liabilities (net)	1,052	2,973	1,052	2,973
(d) Other non-current liabilities	-	-	-	-
Total Non current liabilities	12,977	11,051	11,139	17,809
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	10,323	17,252	11,646	17,252
(ii) Trade payables			-	-
(i) micro and small enterprises, and	2,427	109	2,427	109
(ii) other than micro and small enterprises	9,636	14,781	9,639	14,862
(iii) Other financial liabilities	2,826	1,961	10,601	2,236
(b) Provisions	2,673	2,451	2,674	2,451
(c) Other current liabilities	8,656	8,012	8,725	8,112
(d) Current tax liabilities (net)	1	-	1	-
Total Current liabilities	36,542	44,566	45,713	45,022
TOTAL EQUITY AND LIABILITIES	63,104	75,934	47,695	61,370



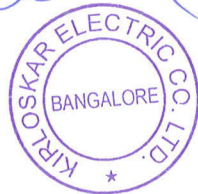
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Notes:

- 1 The above audited financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on May 29, 2019.
- 2 The financial results of the Company for the quarter and year ended March 31, 2019 have been audited by the Statutory auditors of the Company.
- 3 The Company has prepared these Standalone and Consolidated financial results in accordance with Companies (Indian Accounting Standard) Rules, 2015 as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 4 The format for Standalone and Consolidated results as prescribed in SEBI's circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 05, 2016, Ind AS and Schedule III of the Companies Act, 2013 applicable to the Companies that are required to comply with Ind AS.
- 5 As a measure of restructuring and with the consent of Leading Bank and other Lending banks under the Joint Lender Forum (JLF) mechanism, the Company had transferred in the year ended March 31, 2015 certain assets comprising of immovable properties, receivables and inventory to its subsidiaries - Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited and SLPKG Estate Holdings Private Limited, which will function as special purpose vehicles to hold such assets, dispose off the same and pay off certain debts (bank dues) transferred by the Company. The amounts outstanding and due from the subsidiaries as at March 31, 2019 in respect of the transfer of the assets as mentioned above, other expenses incurred by the subsidiaries reimbursed by the Company and interest charged totally amounts to ₹14,898.79 lakhs (₹14,516.72 lakhs as at March 31, 2018) after considering Ind AS adjustments. These subsidiaries are taking active steps to repay the dues of the Company from collection of debts (receivables) assigned and from disposal of immovable properties / inventories transferred apart from debts (bank dues) transferred / to be transferred as referred above. As on the date of results, the company was in advance stage of discussion for monetization of properties of its Subsidiaries. The Board of Directors are confident of recovering all the pending dues. However, based on expected credit losses as prescribed under Ind AS as against the incurred loss model envisaged under earlier GAAP, a sum of ₹2,970.77 lakhs has been provided upto March 31, 2019.
- 6 During the quarter ended June 30, 2018, Company Bankers - Axis Bank had assigned its total debts due (excluding the Bank Guarantee Limits) in the Company and one of its subsidiary, Kelbuzz Trading Private Limited alongwith the underlying financial documents together with rights, benefits and obligations' there under to Asset Reconstruction Company (India) Ltd (ARCIL). As on date of results, the Company is in discussion for finalisation of Terms of Assignment Document, pending which no effect has been given in the books of account for the quarter and year ended March 31, 2019.
- 7(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 made on completion of review/reconciliation. The debts exceeding two years and considered good of recovery by the management is estimated at Rs.2,579 lakhs.

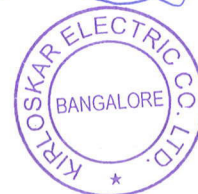


- 7 (b) The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at March 31, 2019 consisting of the Company, its subsidiaries and its associate is eroded. There were certain overdues in respect of banks and creditors. The Company and its components have initiated several measures like active steps being taken for disposal of non-core assets, arrangement under JLF mechanism for restructuring of dues to banks, sanction of further non-fund based limits by banks, infusion of capital by the promoters, rationalization of operations, introduction of value added products, push for sales, optimization in product mix and enhanced contribution, capital raising plans etc. The Company is in advanced stage of negotiation for funding arrangements with various parties which will improve the performance in forthcoming periods. The Company is confident that this funding arrangement will have a positive impact on the net worth of the Company. Accordingly, your directors have prepared these financial results of the Company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.
- 8 a. The Company has filed before the honorable Supreme Court, special leave petition (SLP) in respect of resale tax penalty demand of ₹527 lakhs on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the parent company) and confirmed by the honorable High Court of Karnataka. This SLP has been admitted by the honorable Supreme Court.
- b. The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty of ₹362 lakhs, under 'Karasamadhana Scheme 2017'(Scheme) which involves settlement of the matter by payment of 10% of the amount of penalty and withdrawing the appeal before the honorable Supreme Court. However, the same could not be resolved due to certain interpretation issues of the Scheme and demand for certain amount as further tax payment without considering the amounts already paid by the Company. Consequently, the Company filed a writ petition in the honorable High Court of Karnataka challenging the scheme on grounds of discrimination and seeking specific reliefs. The honorable High Court of Karnataka has passed the order on October 01, 2018, that the deposit of Penalty amount made by the Company so far under the interim orders of the honorable High Court of Karnataka and honorable Supreme Court, shall be considered as Deposit made under the provisions of the said scheme subject to the final order by the appropriate authority in terms of the scheme for the adjustment of such deposited amount of Penalty. Further, on March 23, 2019, the Company has received the Final order from Assistant Commissioner of State Tax, Local Goods & Service Tax-140. In the said order, out of Rs.180.05 Lakhs initial deposit amount paid under protest for preferring an appeal by the Company, Rs.36.21 Lakhs has been considered as the full and final settlement for adjustment against the pending amounts under 'Karasamadhana Scheme 2017' and the balance amount Rs.144.84 Lakhs has been refunded on March 29, 2019 to the Company.
- c. The Company received a reassessment order under Karnataka Value Added Tax Act, 2003 ("KVAT") in an earlier year for the period April 2009 to March 2010 essentially denying input credit and making certain other disallowances and consequently, raised a demand of ₹893 lakhs. According to the Company the said order was passed based on incorrect interpretation of law. The Company was legally advised that the said order is not sustainable and consequently a writ petition was filed in the honorable High Court of Karnataka seeking relief from the said order and quashing of the same. The honorable High Court of Karnataka disposed the writ petition made by the company on January 10, 2018 and has passed the order setting aside for passing the fresh order in accordance with the law by the assessing authorities. The concerned authority is yet to pass the fresh orders.

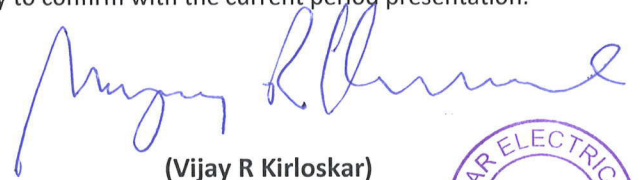
Under the above circumstances, the Company believes based on legal advice / internal assessment that the outcome of these contingencies will be favorable, that losses are not probable and no provision is required to be recognized in this respect.

- 9 Exceptional Items in the consolidated results include Rs.346.40 Lakhs income arising on account of One time settlement entered with State Bank of India for repayment and closure of its outstanding loan in subsidiary, SLPKG Estate Holdings Private Limited on February 27, 2019.



- 10 Other Income for the quarter and year ended March 31, 2019 primarily includes the profit on sale of properties of the Company situated at Malleshwaram West, Bangalore. Consequently, major part of the sale proceeds have been utilised towards the repayment of the financial dues to the banks and financial institutions.
- 11 Sales for the year ended March 31, 2019 is net of Goods and Service Tax (GST) due to implementation of GST with effect from July 1, 2017. However, sales for the previous year ended March 31, 2018 is gross of excise duty up to June 30, 2017 and subsequent to that, net of GST.
- 12 Details of Secured Redeemable Non-Convertible Debentures - NIL
- 13 The following have been computed as:
- a) Paid up debt capital/outstanding debt= Non Current Borrowing, current portion of long term borrowings and current borrowings.
 - b) Debt equity ratio= Aggregate of outstanding debts/Equity attributable to shareholders.
 - c) DSCR= Profit or (Loss) before Depreciation and amortisation expense, finance costs, exceptional items and tax/(Long Term Loan principal repaid+Finance costs-Finance income).
 - d) ISCR= Profit or (Loss) before Depreciation and amortisation expense, finance costs, exceptional items and tax and finance income/Finance costs.
 - f) Fixed asset coverage ratio= Revalued Value of Property, Plant & Equipment and Capital Work in Progress / Long Term Loan.
- 14 The figures for the quarter ended March 31, 2019 are the balancing figures between the audited figures in respect of the full year ended March 31, 2019 and nine months ended December 31, 2018.
- 15 Previous period figures have been regrouped wherever necessary to confirm with the current period presentation.

Place: Bengaluru
Date: May 29, 2019



(Vijay R Kirloskar)
Executive Chairman



ASHOK KUMAR, PRABHASHANKAR & CO.

CHARTERED ACCOUNTANTS

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

Bengaluru - 560 027. India

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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 Standalone financial results of Kirloskar Electric Company Limited ("the Company") for the quarter ended March 31, 2019 and for the year ended March 31, 2019, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ("Regulation"). This Statement, which is the responsibility of the company's management and approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (Ind AS 34) - Interim Financial Reporting, prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder as applicable and other accounting principles generally accepted in India. 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 misstatement(s). 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 qualified opinion.

3. Basis of Qualified Opinion:

Attention of the Directors is invited to note 5 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 the management's representations that it is confident of realization of amounts due to the said subsidiaries aggregating to Rs.14,898.79 lakhs (Rs.14,516.72 lakhs as at March 31, 2018) against which provision is recognized for an amount of Rs.2,970.77 lakhs. Pending disposals/realization of assets by the subsidiaries, shortfall in realization of the amount outstanding (net of provision), if any, could not be ascertained.

Based on our audit conducted as above except for the effects in respect of the matter 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:

- a) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and



- a) give a true and fair view of net loss including other comprehensive income and other financial information for the quarter ended March 31, 2019 and for the year ended March 31, 2019.

4. Key Audit Matters:

- a) Note 7(b) of the audited financial results - The directors have detailed the reasons for preparing these audited financial results on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) have incurred losses and their net worth (after excluding Revaluation Reserve) is eroded. There are certain overdue payments to creditors and banks. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds. We have been appraised of the restructuring plan including monetization of few non-core assets, projection of increase in turnover and infusion of funds in the near future. We have relied on the representations made by the Company and hence we are of the opinion that there is no existence of material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

5. Emphasis of Matter:

- a) Note 8(a) of the audited financial results, which states that the Company has filed Special Leave Petition in respect of demands of resale tax penalty of Rs.527 lakhs before the honorable Supreme Court of India. The Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation. Our opinion is not modified in respect of this matter.

6. 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 day financial results of the Company for the quarter ended and year ended March 31, 2019 whose financial statements/information reflect total assets of Rs.209.90 lakhs as at March 31, 2019 and total revenues of Rs.1 lakhs 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 and year to date financial 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 modified in respect of this matter.

7. The figures for the quarter ended March 31, 2019 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2019 and the published year-to-date figures upto December 31, 2018, being the date of the end of the third quarter of the current financial year, subjected to a limited review by us.

for Ashok Kumar, Prabhashankar & Co.,
Chartered Accountants
Firm Regn. No. 004982S




A. Umesh Patwardhan
Partner
M. No. 222945

Place: Bengaluru
Date: May 29, 2019

ASHOK KUMAR, PRABHASHANKAR & CO.

CHARTERED ACCOUNTANTS

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

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Auditor's Report on Consolidated Financial Results for the Year to Date Results of the Group 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 Consolidated financial results of Kirloskar Electric Company Limited ("the Company") and its subsidiaries and associates (collectively referred as "Group") for the year ended March 31, 2019, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ("Regulation"). This Statement, which is the responsibility of the company's management and approved by the Board of Directors has been prepared in accordance with the Accounting Standards 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 statements.
2. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Parent's internal financial control with reference to the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in paragraph 4 below, is sufficient and appropriate to provide a basis for our qualified audit opinion.

3. Basis of Qualified Opinion:

Attention of the Directors is invited to note 7(a) to the audited financial results regarding trade receivables/book debts exceeding two years and considered good by the management estimated at Rs.2,579 lakhs. The relevant accounts are subject to adjustments, if required after management completes review, reconciliation and identification of doubtful debts. We are unable to express an independent opinion on the extent of shortfall in the recovery of the same.



4. Key Audit Matters:

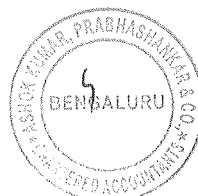
Note 7(b) of the audited financial results - The directors have detailed the reasons for preparing these audited financial results on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) have incurred losses and their net worth (after excluding Revaluation Reserve) is eroded. There are certain overdue payments to creditors and banks. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds. We have been appraised of the restructuring plan including monetization of few non-core assets, projection of increase in turnover and infusion of funds in the near future. We have relied on the representations made by the Company and hence we are of the opinion that there is no existence of material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

5. Emphasis of Matter:

- a) Note 8(a) of the audited financial results, which states that the Company has filed Special Leave Petition in respect of demand of resale tax penalty of Rs.527 lakhs before the honorable Supreme Court of India. The Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation. Our opinion is not modified in respect of this matter.

6. 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.878 lakhs as at March 31, 2019, total revenues of Rs.90 lakhs and net cash flows of (Rs.2.25) 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 such other auditors. Our report is not modified 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.
7. i. Based on our audit conducted as above except for the effects in respect of the matter 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 financial results of the following entities:
- a. Kirsons B V
 - b. Kelbuzz Trading Private Limited
 - c. Luxquisite Parkland Private Limited
 - d. SKG Terra Promonede Private Limited
 - e. SLPKG Estate Holding Private Limited
 - f. Kesvik Developers Private Limited
 - g. Swaki Habitat Private Limited
- ii. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and



- iii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated total comprehensive income (comprising of net loss and other comprehensive loss) and other financial information of the Group for the year ended March 31, 2019.

for Ashok Kumar, Prabhashankar & Co.,
Chartered Accountants
Firm Regn. No. 004982S




A. Umesh Patwardhan
Partner
M. No. 222945

Place: Bengaluru
Date: May 29, 2019

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 ended March 31, 2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lakhs)
	1.	Turnover / Total income	35,659	35,659
	2.	Total Expenditure	37,522	37,522
	3.	Net Profit/(Loss)	(1,863)	(1,863)
	4.	Earnings Per Share	(2.81)	(2.81)
	5.	Total Assets	63,104	63,104
	6.	Total Liabilities	49,519	49,519
	7.	Net Worth	13,585	13,585
	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 Directors is invited to note 5 to the audited financial results regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale and assignment of certain immovable properties, receivables, interest charged and expenses reimbursed. We have relied on the management's representations that it is confident of realization of amounts due to the said subsidiaries aggregating to Rs.14,898.79 lakhs (Rs. 14,516.72 lakhs as at March 31, 2018) against which provision is recognized for an amount of Rs.2,970.77 lakhs. Pending disposals/realization of assets by the subsidiaries, shortfall in realization of the amount outstanding (net of provision), 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 immovable properties transferred apart from debts transferred as referred above. The board of directors are confident of realisation of the entire amounts due from the said subsidiaries as we are sure or realizing much more amount from the sale of immovable properties.			

(ii) If management is unable to estimate the impact, reasons for the same:

Same as Above comment.

(iii) Auditors' Comments on (i) or (ii) above:

Same as Above in Point a

III.

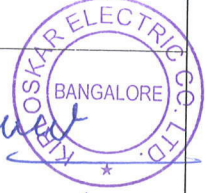
Signatories:

- CEO/Managing Director: Anand Balaramacharya Hunnur
- CFO: Sanjeev Kumar S
- Audit Committee Chairman: Kamlesh Gandhi
- Statutory Auditor: A.Umesh Patwardhan, Mem. No.222945

Ashok Kumar, Prabhashankar & Co.,
Chartered Accountants
Firm Regn. No.0004982S

Place: Bengaluru

Date: May 29, 2019



ANNEXURE I

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

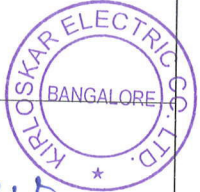
Statement on Impact of Audit Qualifications for the financial year ended March 31, 2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lakhs)
	1.	Turnover / Total income	35,678	35,678
	2.	Total Expenditure	38,819	38,819
	3.	Net Profit/(Loss)	(2,795)	(2,795)
	4.	Earnings Per Share	(4.21)	(4.21)
	5.	Total Assets	47,695	47,695
	6.	Total Liabilities	56,852	56,852
	7.	Net Worth	(9,157)	(9,157)
	8.	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II.	<u>Audit Qualification (each audit qualification separately):</u> a. Details of Audit Qualification: Attention of the Directors is invited to note 7(a) to the audited financial results regarding trade receivables/book debts exceeding two years and considered good by the management estimated at Rs.2,579 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: (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 realizing the book debts.			

(ii) If management is unable to estimate the impact, reasons for the same:

Same as Above comment.

(iii) Auditors' Comments on (i) or (ii) above:

Same as Above in Point a



III.

Signatories:

- CEO/Managing Director: Anand Balaramacharya Hunnur
- CFO: Sanjeev Kumar S
- Audit Committee Chairman: Kamlesh Gandhi
- Statutory Auditor: A.Umesh Patwardhan, Mem. No.222945

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A. Hunnur

Sanjeev Kumar S

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Place: Bengaluru

Date: May 29, 2019

