



KIRLOSKAR ELECTRIC COMPANY LTD.,

Sect./04/2017
February 11, 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 meeting : 10.00 A.M

Time of conclusion of meeting : 02.15 P.M

Pursuant to the regulation under subject, please find enclosed unaudited financial results of the company for the quarter ended December 31, 2016 as approved by the Board of directors at its meeting held today and signed by Mr. Vijay Ravindra Kirloskar, Executive Chairman of the company, along with Limited Review Report of the statutory auditors.

Please find the same in order and oblige.

Thanking you

Yours faithfully
for **KIRLOSKAR ELECTRIC COMPANY LIMITED**


Chinnoy 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.

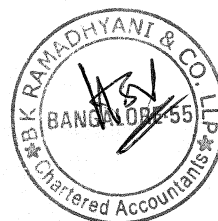
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016



(Rs.in Lakhs)

Sl No	Particulars	Standalone					
		Quarter ended			Nine months ended		Year ended
		December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	INCOME FROM OPERATIONS:						
a.	Net sales/ income from operations (net of excise duty)	14,460	12,720	12,268	42,100	37,784	54,775
b.	Other operating income	-	-	-	-	-	-
	Total income from operations (net)	14,460	12,720	12,268	42,100	37,784	54,775
2	Expenses						
a	Cost of materials consumed	10,311	9,197	9,873	30,891	28,624	40,597
b	Change in inventories of finished goods, work in progress and stock in trade	806	240	(702)	627	(101)	355
c	Employee benefit expense	1,766	1,923	2,007	5,426	6,094	7,517
d	Depreciation and amortisation expense	280	280	262	837	789	1,101
e	Other expenses	1,570	1,492	1,856	4,613	4,961	6,641
	Total expenses	14,733	13,132	13,296	42,394	40,367	56,211
3	Profit / (loss) from operations before other income, finance costs and exceptional items (1-2)	(273)	(412)	(1,028)	(294)	(2,583)	(1,436)
4	Other income	49	143	35	902	145	354
	Profit / (loss) from ordinary activities before finance cost and exceptional items (3+4)	(224)	(269)	(993)	608	(2,438)	(1,082)
5	Finance costs	1,009	981	1,031	2,940	3,125	4,186
	Profit / (loss) from ordinary activities after finance cost but before exceptional items (5-6)	(1,233)	(1,250)	(2,024)	(2,332)	(5,563)	(5,268)
7	Exceptional items (net)	-	-	-	-	-	-
9	Profit / (loss) from ordinary activities before tax (7-8)	(1,233)	(1,250)	(2,024)	(2,332)	(5,563)	(5,268)
10	Tax expense	-	-	-	-	-	-
11	Net profit / (loss) from ordinary activities after tax (9-10)	(1,233)	(1,250)	(2,024)	(2,332)	(5,563)	(5,268)
12	Extraordinary Item (net of tax expense)	-	-	2,155	-	2,155	2,155
13	Net profit / (loss) for the period (11+12)	(1,233)	(1,250)	131	(2,332)	(3,408)	(3,113)
14	Paid up equity share capital (face value of Rs.10/-)	6,641	6,641	5,318	6,641	5,318	5,573
15	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	NA	NA	NA	NA	NA	NA
16	Earnings per share (EPS) (Rs)						
a	Basic EPS before extra ordinary items (not annualised)	(1.86)	(2.14)	(3.81)	(5.14)	(10.46)	(9.84)
b	Diluted EPS before extra ordinary items (not annualised)	(1.86)	(2.14)	(3.81)	(5.14)	(10.46)	(9.84)
c	Basic EPS after extra ordinary items (not annualised)	(1.86)	(2.14)	0.24	(5.14)	(6.41)	(5.82)
d	Diluted EPS after extra ordinary items (not annualised)	(1.86)	(2.14)	0.24	(5.14)	(6.41)	(5.82)

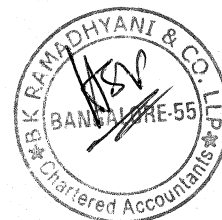
Angus R. Chinn



Revenues, results, assets, liabilities and capital employed for the segments for the quarter and nine months ended December 31, 2016

Sl No	Particulars	Standalone					
		Quarter ended			Nine months ended		Year ended
		December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenues						
	Power generation/ distribution	7,680	7,061	5,387	23,742	16,215	25,141
	Rotating machines	6,721	5,793	6,821	18,661	21,158	29,093
	Others	349	384	639	1,177	2,037	2,875
	Total	14,750	13,238	12,847	43,580	39,410	57,109
	Less: Inter segment revenues	290	518	579	1,480	1,626	2,334
	Net sales / income from operations	14,460	12,720	12,268	42,100	37,784	54,775
2	Segment Results						
	Profit / (loss) before interest and tax expense						
	Power generation/ distribution	179	144	(117)	1,056	8	704
	Rotating machines	66	(11)	35	186	(275)	234
	Others	130	166	222	490	460	771
	Total	375	299	140	1,732	193	1,709
	Less: Interest	1,009	981	1,031	2,940	3,125	4,186
	Less: Other unallocable expenditure (net off unallocable Income)	599	568	1,133	1,124	2,631	2,791
	Total profit / (loss) before tax expense	(1,233)	(1,250)	(2,024)	(2,332)	(5,563)	(5,268)
	Add: Extraordinary item	-	-	2,155	-	2,155	2,155
	Total profit / (loss) before tax expense and after extraordinary item	(1,233)	(1,250)	131	(2,332)	(3,408)	(3,113)
3	Segment Assets						
	Power generation/ distribution	12,442	11,497	12,706	12,442	12,706	12,834
	Rotating machines	21,178	19,719	21,101	21,178	21,101	18,967
	Others	540	621	(1,661)	540	(1,661)	573
	Total	34,160	31,837	32,146	34,160	32,146	32,374
	Add Unallocable Assets	24,907	26,257	26,525	24,907	26,525	25,860
	Total Segment Assets	59,067	58,094	58,671	59,067	58,671	58,234
4	Segment Liabilities						
	Power generation/ distribution	12,518	11,197	10,232	12,518	10,232	12,132
	Rotating machines	11,527	10,440	11,445	11,527	11,445	10,933
	Others	554	615	869	554	869	740
	Total	24,599	22,252	22,546	24,599	22,546	23,805
	Add Unallocable Liabilities	31,494	31,635	34,709	31,494	34,709	32,717
	Total Segment Liabilities	56,093	53,887	57,255	56,093	57,255	56,522
5	Capital Employed (Segment Assets-Segment Liabilities)						
	Power generation/ distribution	(76)	299	2,474	(76)	2,474	702
	Rotating machines	9,651	9,279	9,656	9,651	9,656	8,034
	Others	(14)	7	(2,530)	(14)	(2,530)	(167)
	Total capital employed in segments	9,561	9,585	9,600	9,561	9,600	8,569
	Add: Unallocated	(6,587)	(5,378)	(8,184)	(6,587)	(8,184)	(6,857)
	Total capital employed	2,974	4,207	1,416	2,974	1,416	1,712

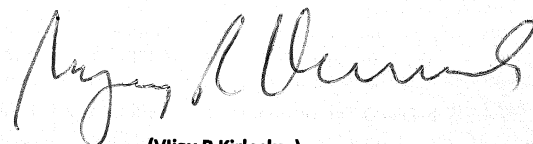
Pragati L. Chandra



Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 11, 2017.
- 2 The unaudited financial results of the Company for the quarter and nine months ended December 31, 2016 have been subject to limited review by its statutory auditors.
- 3 Other Income for the quarter and nine months ended December 31, 2016 includes Rs 4.14 lakhs and Rs.777.68 lakhs respectively (for the year ended March 31, 2016 Rs.149.39 Lakhs) pertaining to liabilities / provision no longer required written back.
- 4 The Company, in an earlier year, had revalued a portion of its land, thereby recognising a revaluation reserve of Rs 208.66 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 is yet to exercise the option of 'Cost Model' / 'Revaluation Model'. Pending such decision, total segment assets and capital employed furnished above include the revaluation surplus so recognised earlier. However this has no impact on the net loss for the quarter/period ended December 31, 2016.
- 5 As a measure of restructuring and with the consent of the 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 said subsidiaries as at December 31, 2016 in respect of the transfer of the assets as mentioned above and other expenses incurred by the subsidiaries reimbursed by the Company totally amounts to Rs 13,977.72 lakhs (as at March 31, 2016 Rs 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 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.
- 6 The net worth of the group in terms of the consolidated financial statements as at March 31, 2016 consisting of the Company, its subsidiaries and its associate is eroded and the Company had made net loss for the year ended March 31, 2016. The Company has incurred losses for the quarter and nine months ended December 31, 2016. 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 previous quarter 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.
- 7 During the previous quarter ended September 30, 2016, 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 3,688.20 lakhs.
- 8 During the previous quarter ended September 30, 2016, the company has allotted 2,688,583 Equity Shares to Vijay R Kirloskar at a premium of Rs.20.44 per share by conversion of Compulsory Convertible Preference Shares ("CCPS").
- 9 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. Hence 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.
- 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 presentation.

Place: Bangalore
Date: February 11, 2017



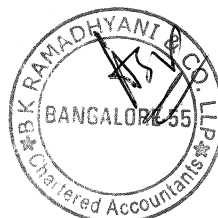
(Vijay R Kirloskar)
Executive Chairman



LIMITED REVIEW REPORT

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

1. We have reviewed the accompanying statement of unaudited financial results of Kirloskar Electric Company Limited ("the Company") for the quarter and nine months ended December 31, 2016, being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information performed by the independent auditor of the entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether these statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. **Basis of Qualified opinion:**
Attention of the members is invited to foot note 5 to the unaudited financial results regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immoveable properties, receivables 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 13,977.72 lakhs (as at March 31, 2016 Rs 14,950.73 Lakhs). Shortfall in realization of the amount outstanding, if any, could not be ascertained.
4. Based on our review conducted as above except in respect of matters stated in the paragraph on "Basis of Qualified Opinion" and read with foot note 4 to the unaudited financial results, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the Companies (Accounting Standard) Rules, 2006 as amended which continues to apply as per section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.



5. Emphasis of matter:

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

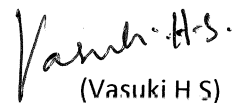
- (a) Foot note 6 of the unaudited financial results, where in the directors have detailed the reasons for compiling the statements on a going concern basis, though the net worth of the group, consisting of the Company, its subsidiaries and associate has been eroded. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds. We have relied on the representations made to us by the management.
- (b) Foot note 9 to the unaudited 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.

A copy of the unaudited financial results of the Company for the period under review, which formed the basis of our limited review, 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: Bangalore

Date: February 11, 2017

B K RAMADHYANI & CO. LLP
CHARTERED ACCOUNTANTS
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8th Main, 15th Cross, Malleswaram,
BANGALORE - 560 055.