



KIRLOSKAR ELECTRIC COMPANY LTD.,

Sect./30/2017

December 13, 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: Corrigendum to the unaudited financial results for the quarter ended September 30, 2017;

Ref: Letter no. Sect./29/2017 dated December 13, 2017;

Time of commencement of meeting: 10.30 A.M

Time of conclusion of meeting : 12.30 P.M

We refer to our letter under reference with regard to the submission of unaudited financial results for the quarter ended September 30, 2017. The submission made to the stock exchanges has missed two pages while scanning the document. However the same has been noticed and we wish to submit the revised results. Please find enclosed the same.

Thanking you

Yours faithfully

for **KIRLOSKAR ELECTRIC COMPANY LIMITED**


Sanjeev Kumar

Chief Financial Officer and Compliance Officer



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.kirloskarelectric.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.

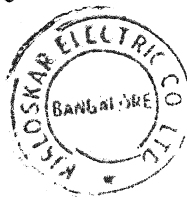
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017



(Rs.in Lakhs)

Sl No	Particulars	Standalone				
		Quarter ended			Half year ended	
		September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	INCOME FROM OPERATIONS:					
I	Revenue from Operations	8,369	10,328	13,943	18,697	30,289
II	Other income	361	473	551	834	1,657
III	Total Revenue (I+II)	8,730	10,801	14,494	19,531	31,946
IV	Expenses:					
a	Cost of materials consumed	4,274	8,903	8,895	13,177	20,278
b	Change in inventories of finished goods, work in progress and stock in trade	2,234	(1,362)	543	872	124
c	Excise duty	-	889	1,292	889	2,800
d	Employee benefit expense	1,802	1,854	1,917	3,656	3,648
e	Finance costs	838	784	984	1,622	1,938
f	Depreciation and amortisation expenses	265	276	281	541	558
g	Other expenses	1,634	1,846	1,688	3,480	3,479
	Total expenses	11,047	13,190	15,600	24,237	32,825
V	Profit / (loss) before exceptional and extra ordinary items and tax (III-IV)	(2,317)	(2,389)	(1,106)	(4,706)	(879)
VI	Exceptional items (net of tax expense)	-	-	-	-	-
VII	Profit / (loss) before extra ordinary items and tax (V-VI)	(2,317)	(2,389)	(1,106)	(4,706)	(879)
VIII	Extraordinary Item (net of tax expense)	-	-	-	-	-
IX	Profit / (loss) before tax (VII+VIII)	(2,317)	(2,389)	(1,106)	(4,706)	(879)
X	Tax expense:					
a	Current Tax	-	-	-	-	-
b	Deferred tax	-	-	-	-	-
XI	Profit / (loss) after tax from continuing operations	(2,317)	(2,389)	(1,106)	(4,706)	(879)
	Other comprehensive income					
	(I) Items that will not be reclassified to profit or loss					
a	Remeasurements of the defined benefit plans	(2)	(2)	(6)	(4)	(12)
b	Taxes on above	-	-	2	-	4
	(ii) Items that may be reclassified to profit or loss					
a	Mark to Market of Investments	1	(1)	-	-	-
b	Taxes on above	-	-	-	-	-
	Total other comprehensive income	(1)	(3)	(4)	(4)	(8)
	Total comprehensive income for the period	(2,318)	(2,392)	(1,110)	(4,710)	(887)
	Paid up equity share capital (face value of Rs. 10/- each)	6,641	6,641	6,641	6,641	6,641
	Earnings per share(EPS) (face value of Rs. 10/- each)					
a	Basic EPS before extra ordinary items (not annualised)	(3.49)	(3.60)	(1.90)	(7.09)	(1.55)
b	Diluted EPS before extra ordinary items (not annualised)	(3.49)	(3.60)	(1.90)	(7.09)	(1.55)
c	Basic EPS after extra ordinary items (not annualised)	(3.49)	(3.60)	(1.90)	(7.09)	(1.55)
d	Diluted EPS after extra ordinary items (not annualised)	(3.49)	(3.60)	(1.90)	(7.09)	(1.55)

Angus R. Bannell

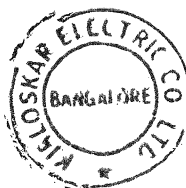


Alt



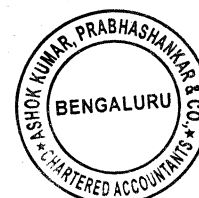
REVENUES, RESULTS, ASSETS, LIABILITIES AND CAPITAL EMPLOYED FOR THE SEGMENTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017

Sl No	Particulars	Standalone				
		Quarter ended		Half year ended		
		September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	Segment Revenues					
	Power generation/ distribution	3,489	5,864	7,723	9,353	17,570
	Rotating machines	4,759	4,510	6,406	9,269	13,162
	Others	207	190	332	397	747
	Total	8,455	10,564	14,461	19,019	31,479
	Less: Inter segment revenues	86	236	518	322	1,190
	Revenue from operations	8,369	10,328	13,943	18,697	30,289
2	Segment Results					
	Profit / (loss) before interest and tax expense					
	Power generation/ distribution	(674)	224	(44)	(450)	684
	Rotating machines	(1,237)	(495)	(167)	(1,732)	63
	Others	33	53	44	86	272
	Total	(1,878)	(218)	(167)	(2,096)	1,019
	Less: Interest	838	784	984	1,622	1,938
	Less: Other unallocable expenditure (net off unallocable Income)	(398)	1,390	(39)	992	(28)
	Total profit /(loss) before tax expense	(2,318)	(2,392)	(1,112)	(4,710)	(891)
	Add: Extraordinary item	-	-	-	-	-
	Add/(less) Tax expenses	-	-	2	-	4
	Total profit / (loss) before tax expense and after extraordinary item	(2,318)	(2,392)	(1,110)	(4,710)	(887)
3	Segment Assets					
	Power generation/ distribution	11,802	14,007	13,453	11,802	13,453
	Rotating machines	30,341	32,141	28,140	30,341	28,140
	Others	7,235	7,231	6,898	7,235	6,898
	Total	49,378	53,379	48,491	49,378	48,491
	Add Unallocable Assets	28,655	30,340	36,461	28,655	36,461
	Total Segment Assets	78,033	83,719	84,952	78,033	84,952
4	Segment Liabilities					
	Power generation/ distribution	9,437	12,450	11,318	9,437	11,318
	Rotating machines	10,815	12,068	10,539	10,815	10,539
	Others	497	527	621	497	621
	Total	20,749	25,045	22,478	20,749	22,478
	Add Unallocable Liabilities	34,109	33,181	31,607	34,109	31,607
	Total Segment Liabilities	54,858	58,226	54,085	54,858	54,085
5	Capital Employed (Segment Assets-Segment Liabilities)					
	Power generation/ distribution	2,365	1,557	2,135	2,365	2,135
	Rotating machines	19,526	20,073	17,601	19,526	17,601
	Others	6,738	6,704	6,277	6,738	6,277
	Total capital employed in segments	28,629	28,334	26,013	28,629	26,013
	Add: Unallocated	(5,454)	(2,841)	4,854	(5,454)	4,854
	Total capital employed	23,175	25,493	30,867	23,175	30,867



Amr Kumar

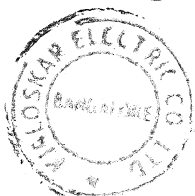
SH



STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2017

Sl. No	Particulars	Standalone			
		As at September 30, 2017		As at September 30, 2016	
		(Unaudited)		(Unaudited)	
A	EQUITY AND LIABILITIES				
1	Shareholders' funds:				
	(a) Share capital	6,641		6,641	
	(b) Reserves and surplus	16,534		24,226	
			23,175		30,867
	Minority interest				
2	Non - current liabilities				
	(a) Long term borrowings	5,797		7,360	
	(b) Other long term liabilities	1,514		1,615	
	(c) Long term provisions	2,096		1,876	
			9,407		10,851
3	Current liabilities				
	(a) Short term borrowings	15,756		14,680	
	(b) Trade payables				
	(a) Total Outstanding dues of micro and small enterprises	118		151	
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	14,439		16,761	
	(c) Other current liabilities	9,815		9,461	
	(d) Short term provisions	5,323		2,181	
			45,451		43,234
	Total		78,033		84,952
B	ASSETS:				
1	Non - current assets				
	(a) Property, Plant and Equipment				
	(i) Tangible assets	40,300		39,395	
	(ii) Intangible assets	13		38	
	(iii) Capital work in progress	873		1,404	
		41,186		40,837	
	(b) Non - current investments	7,182		6,911	
	(c) Deferred Tax (net)	-		-	
	(d) Long term loans and advances	1,783		1,748	
	(e) Other non current assets	10,594		9,509	
			60,745		59,005
2	Current assets				
	(a) Inventories	6,613		9,460	
	(b) Trade receivables	5,305		9,257	
	(c) Cash and bank balances	1,855		2,383	
	(d) Short term loans and advances	59		1,270	
	(e) Other current assets	3,456		3,577	
			17,288		25,947
	Total		78,033		84,952

Mugun R. Venkatesh



AK



Notes:

- 1 The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on December 13, 2017.
- 2 The unaudited financial results of the Company for the quarter and half year ended September 30, 2017 have been subject to limited review by the Statutory auditors.
- 3 The Company has adopted Indian Accounting Standards ("Ind AS") for the current period and accordingly, these unaudited financial results have been prepared 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 Ind AS financial results and financial information for the quarter and half year ended September 30, 2016 have not been subjected to any limited review or audit as per exemption given in SEBI circular no. CIR/CFD/FAC/62/2016 dated 05.07.2016. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of the results in accordance with Ind AS.
- 5 The preparation of these financial results in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, and capital employed. The changes required due to application of Ind AS on retained earnings as well on current year/comparatives' profits/losses have been provisionally assessed and carried out. Accordingly, judgements, estimates and assumptions made in preparing these financial statements and comparatives may require further adjustments that may be necessary due to fresh evidence/facts and interpretations of MCA/ICAI that may be observed/received at the time of finalization of annual financial statements for the year ending on March 31, 2018.
- 6 The adoption of Ind AS have necessitated changes in the accounting, recognition and measurement criteria of various items of income and expenditure. The reconciliation of the financial results as reported under previous GAAP with those restated as per Ind AS for the quarter and half year ended September 30, 2016 is as under:

Particulars	Rs. In lakhs	
	Quarter ended 30-Sep-16	Half year ended 30-Sep-16
Net profit/(loss) as per previous GAAP	(1,250)	(1,099)
Add/(less):		
Fairvalue adjustments on receivables of subsidiary	365	720
Expected credit loss recognized on trade receivables & probable sales returns	(120)	(268)
Fairvalue adjustments of warranty provision	23	3
Fairvalue adjustments of retention money	(29)	(44)
Expected credit loss recognized on dues from subsidiaries	(125)	(250)
Recognition of guarantee commission	25	49
Fairvalue adjustment of security deposits	(1)	(2)
Reclassification of remeasurement of employee benefits	6	12
Net profit / (loss) as per Ind AS	(1,106)	(879)
Other Comprehensive Income (net of tax)	(4)	(8)
Total Comprehensive Income	(1,110)	(887)



7 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 September 30, 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.13,882.33 lakhs (Rs.12,651.94 lakhs as at September 30, 2016) 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. The Board of Directors are confident of recovering all 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 Rs.2,502 lakhs has been provided in the above results.

8 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. The Company has incurred losses for the quarter under review and its net worth 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.

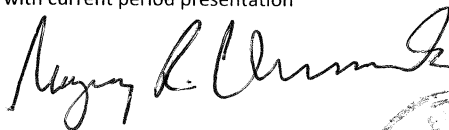
- 9 a. The Company has filed before the honorable Supreme Court, special leave petition (SLP) in respect of resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the parent company) and confirmed by the 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 to 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. The Company has 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 Rs.893 lakhs. According to the Company the said order has been passed based on incorrect interpretation of law. The Company has been legally advised that the said order is not sustainable and consequently a writ petition has been filed in the honorable High Court of Karnataka seeking relief from the said order and quashing of the same. The Company believes 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.

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.

10 Goods and Service Tax (GST) has been implemented w.e.f., July 01, 2017 and therefore the revenue from operations for the quarter ended September 30, 2017 is net of GST. The Revenue from operations and expenses for the previous periods are inclusive of excise duty and hence not comparable with the corresponding figures for the quarter and half year ended September 30, 2017.

11 Previous period figures have been regrouped wherever necessary to confirm with current period presentation

Place: Bengaluru
Date: December 13, 2017



(Vijay R Kirloskar)
Executive Chairman







ASHOK KUMAR, PRABHASHANKAR & CO.
CHARTERED ACCOUNTANTS
S-2, Narayana, 25, Mission Road, Shama Rao Compound
Bengaluru - 560 027. India
Telefax: +91-80-22237045, +91-80-22241284
e-mail: knp@akpco.com

Limited Review Report

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

We have reviewed the accompanying statement of unaudited financial results of **Kirloskar Electric Company Limited ("the Company")** for the quarter and half year ended 30th September 2017, being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016. 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 the unaudited financial statements based on our review.

We conducted our review in accordance with the Standards 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 the financial 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.

Basis of Qualified Opinion:

Attention of the Directors is invited to note 7 to the unaudited financial results regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immovable properties, interest charged and expenses reimbursed. We have relied on the representation that it is confident of realization of amounts due to the said subsidiaries aggregating to Rs.13,882 lakhs against which provision is recognized for an amount of Rs.2,502 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 review conducted as above except in respect of matters stated in the paragraph on "Basis of Qualified Opinion" and read with note 5 to the unaudited financial results, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with the applicable Indian Accounting Standards (Ind AS) as specified under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other recognised accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms 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 05, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.



Emphasis of Matter:

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

- a) Note 8 of the unaudited financial results, where the Company has detailed the reasons for preparing these unaudited financial results on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) have incurred losses and their net worth is eroded. There are certain overdue payments to creditors and banks. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds, with its attendant uncertainties. We have relied on the representation made by the Company.
- b) Note 9.a of the unaudited financial results, which states that the Company has filed Special Leave Petition in respect of demands of resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 lakhs before the honorable Supreme Court of India.
- c) Note 9.c of the unaudited financial results, which states that the Company has filed a Writ Petition in the honorable High Court of Karnataka challenging the demand of Karnataka Value Added Tax, 2003 of Rs.893 lakhs.

In respect of both the matters detailed in paragraph (b) and (c) above, management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on such representations.

Other Matters:

Attention is drawn to notes 3 and 4 of the unaudited financial results which state that the Company has adopted Ind AS for the current period and accordingly, the statements has been prepared by the Company's management in compliance with Ind AS. Further, we have not reviewed the figures reported for the quarter and half year ended September 30, 2016.

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




A. Umesh Patwardhan
Partner
M. No. 222945

Place: Bengaluru

Date: December 13, 2017