

KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

CIN:L31100KA1946PLC000415

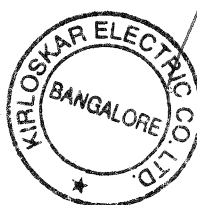
REGD OFFICE: INDUSTRIAL SUBURB, RAJAJINAGAR, BANGALORE - 560 010.

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2018



(₹ in Lakhs)

Sl No	Particulars	Standalone					Consolidated	
		Quarter ended			Year ended		Year ended	
		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Audited	Unaudited	Audited*	Audited	Audited*	Audited	Audited*
	INCOME FROM OPERATIONS:							
I	Revenue from Operations	10,924	8,292	16,688	37,913	62,612	37,925	62,614
II	Other income	375	332	534	1,541	2,664	670	1,660
III	Total Revenue (I+II)	11,299	8,624	17,222	39,454	65,276	38,595	64,274
IV	Expenses:							
a	Cost of materials consumed	8,036	6,172	11,095	27,385	41,873	27,385	41,873
b	Change in inventories of finished goods, work in progress and stock in trade	255	355	1,126	1,482	1,866	1,482	1,866
c	Excise duty on sale of goods	-	-	1,350	889	5,461	889	5,461
d	Employee benefit expense	1,380	1,729	1,801	6,765	7,209	6,765	7,209
e	Finance costs	877	811	258	3,310	3,207	4,340	4,543
f	Depreciation and amortisation expenses	262	261	282	1,064	1,119	1,169	1,224
g	Other expenses	1,448	1,314	1,969	6,242	7,286	5,279	7,333
	Total expenses	12,258	10,642	17,881	47,137	68,021	47,309	69,509
V	Profit / (loss) before exceptional and tax (III-IV)	(959)	(2,018)	(659)	(7,683)	(2,745)	(8,714)	(5,235)
VI	Exceptional items (net of tax expense)	-	-	-	-	-	-	-
VII	Profit / (loss) before tax (V-VI)	(959)	(2,018)	(659)	(7,683)	(2,745)	(8,714)	(5,235)
VIII	Tax expense:							
a	Current Tax	-	-	(7)	-	(7)	-	(3)
b	Deferred tax	-	-	-	-	-	-	-
IX	Profit / (loss) after tax (VII-VIII)	(959)	(2,018)	(652)	(7,683)	(2,738)	(8,714)	(5,232)
X	Other comprehensive income							
	(I) Items that will not be reclassified to profit or loss							
a)	Remeasurements of the defined benefit plans	155	(2)	11	149	(7)	149	(7)
b)	Taxes on above	(48)	2	(4)	(46)	2	(46)	2
	(ii) Items that may be reclassified to profit or loss							
a)	Mark to Market of Investments	15	2	(7)	17	(7)	17	(7)
b)	Revaluation gain on land	-	-	1,813	-	1,813	-	1,813
b)	Taxes on above	(5)	(1)	(259)	(6)	(259)	(6)	(259)
	Total other comprehensive income	117	1	1,554	114	1,542	114	1,542
XI	Total comprehensive income for the period (IX+X)	(842)	(2,017)	902	(7,569)	(1,196)	(8,600)	(3,690)
	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				13,676	21,245		
	Earnings per share(EPS) (face value of Rs. 10/- each)							
a	Basic EPS (not annualised)	(1.44)	(3.04)	(0.98)	(11.57)	(4.43)	(13.12)	(8.47)
b	Diluted EPS (not annualised)	(1.44)	(3.04)	(0.98)	(11.57)	(4.43)	(13.12)	(8.47)
	Paid-up debt capital/outstanding debts				-	-		
	Debenture redemption reserve				-	-		
	Net worth				(10,293)	(2,725)		
	Fixed asset coverage ratio				1.65	1.78		
	Debt equity ratio				1.19	0.82		
	Debt service coverage ratio (DSCR)				(0.73)	0.25		
	Interest service coverage ratio (ISCR)				(1.00)	0.49		



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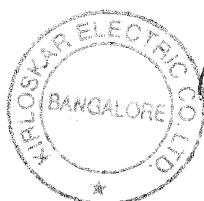
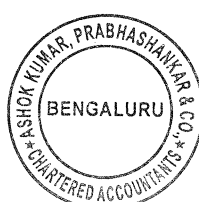


REVENUES, RESULTS, ASSETS, LIABILITIES AND CAPITAL EMPLOYED FOR THE SEGMENTS FOR QUARTER AND YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

Sl No	Particulars	Standalone					Consolidated	
		Quarter ended		Year ended			Year ended	
		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Audited	Unaudited	Audited*	Audited	Audited*	Audited	Audited*
1	Segment Revenues							
	Power generation/ distribution	5,320	3,755	9,478	18,428	35,291	18,428	35,291
	Rotating machines	5,234	4,258	7,076	18,761	27,673	18,773	27,674
	Others	482	335	507	1,214	1,501	1,214	1,502
	Total	11,036	8,348	17,061	38,403	64,465	38,415	64,467
	Less: Inter segment revenues	112	56	373	490	1,853	490	1,853
	Revenue from operations	10,924	8,292	16,688	37,913	62,612	37,925	62,614
2	Segment Results							
	Profit / (loss) before interest and tax expense							
	Power generation/ distribution	(62)	(245)	2,740	(757)	3,552	(866)	767
	Rotating machines	(308)	(756)	2,338	(2,796)	2,387	(2,878)	144
	Others	194	114	148	394	456	393	460
	Total	(176)	(887)	5,226	(3,159)	6,395	(3,351)	1,371
	Less: Interest	877	811	258	3,310	3,207	4,340	4,543
	Less: Other unallocable expenditure (net off unallocable Income)	(94)	320	5,627	1,214	5,933	1,023	2,063
	Total profit/(loss) before tax expense	(959)	(2,018)	(659)	(7,683)	(2,745)	(8,714)	(5,235)
3	Segment Assets							
	Power generation/ distribution	11,102	11,080	15,886	11,102	15,886	11,102	16,752
	Rotating machines	27,310	28,667	25,961	27,310	25,961	28,335	11,913
	Others	6,986	7,106	7,450	6,986	7,450	6,986	7,187
	Total	45,398	46,853	49,297	45,398	49,297	46,423	35,852
	Add Unallocable Assets	30,536	29,807	38,012	30,536	38,012	14,947	37,425
	Total Segment Assets	75,934	76,660	87,309	75,934	87,309	61,370	73,277
4	Segment Liabilities							
	Power generation/ distribution	10,415	9,646	14,125	10,415	14,125	10,415	13,997
	Rotating machines	10,917	10,975	11,468	10,917	11,468	11,017	18,808
	Others	524	478	485	524	485	524	479
	Total	21,856	21,099	26,078	21,856	26,078	21,956	33,284
	Add Unallocable Liabilities	33,761	34,402	33,345	33,761	33,345	40,876	32,854
	Total Segment Liabilities	55,617	55,501	59,423	55,617	59,423	62,832	66,138
5	Capital Employed (Segment Assets-Segment Liabilities)							
	Power generation/ distribution	687	1,434	1,760	687	1,760	687	1,760
	Rotating machines	16,393	17,691	14,493	16,393	14,493	16,393	(7,346)
	Others	6,462	6,628	6,965	6,462	6,965	6,462	6,965
	Total capital employed in segments	23,542	25,753	23,218	23,542	23,218	23,542	1,379
	Add: Unallocated	(3,225)	(4,594)	4,668	(3,225)	4,668	(25,003)	5,760
	Total capital employed	20,317	21,159	27,886	20,317	27,886	(1,461)	7,139

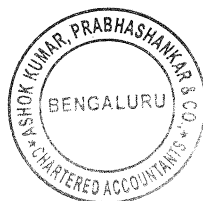
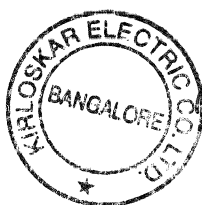
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STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2018

Particulars	Standalone		Consolidated	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	(Audited)	(Audited)	(Audited)	(Audited)
ASSETS				
Non-current assets				
(a) Property, plant and equipment	39,830	40,774	39,308	40,774
(b) Capital work-in-progress	8	-	8	-
(c) Investment Property	147	147	176	177
(d) Other Intangible assets	11	20	1,055	647
(e) Financial assets	-	-	-	-
(i) Investments	7,053	6,739	149	132
(ii) Trade Receivables	706	404	706	404
(iii) Loans	-	-	-	-
(iii) Other financial assets	52	35	52	35
(g) Other non-current assets	12,443	12,818	2,774	3,152
Total Non-current assets	60,250	60,937	44,228	45,321
Current assets				
(a) Inventories	5,473	7,564	5,473	7,609
(b) Financial assets				
(i) Trade receivables	3,935	11,298	6,845	14,319
(ii) Cash and cash equivalents	1,154	1,182	1,194	1,206
(iii) Other Bank balances	1,092	1,011	1,092	1,046
(iv) Other financial assets	-	-	-	-
(c) Advance Income Tax asset	-	-	-	-
(c) Other current assets	4,030	5,317	2,538	3,776
Total Current assets	15,684	26,372	17,142	27,956
TOTAL ASSETS	75,934	87,309	61,370	73,277
EQUITY AND LIABILITIES				
Shareholders' funds				
(a) Share capital	6,641	6,641	6,641	6,641
(b) Other equity	13,676	21,245	(8,106)	494
Equity attributable to shareholders of Kirloskar Electric Company Limited	20,317	27,886	(1,465)	7,135
Non-controlling interest	-	-	4	4
TOTAL EQUITY	20,317	27,886	(1,461)	7,139
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	4,963	6,593	11,721	6,593
(ii) Other financial liabilities	1,256	1,638	1,256	1,584
(b) Provisions	1,859	1,903	1,859	1,903
(c) Deferred tax liabilities (net)	2,973	2,922	2,973	2,922
(d) Other non-current liabilities	-	-	-	-
Total Non current liabilities	11,051	13,056	17,809	13,002
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	17,252	14,817	17,252	14,817
(ii) Trade payables	-	-	-	-
(i) micro and small enterprises, and	109	122	109	122
(ii) other than micro and small enterprises	14,781	20,285	14,862	20,287
(iii) Other financial liabilities	1,961	1,566	2,236	8,198
(b) Provisions	2,451	2,316	2,451	2,316
(c) Other current liabilities	8,012	7,261	8,112	7,396
(d) Current Tax Liabilities (Net)	-	-	-	-
Total Current liabilities	44,566	46,367	45,022	53,136
TOTAL EQUITY AND LIABILITIES	75,934	87,309	61,370	73,277

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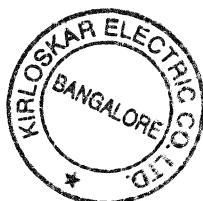
Notes:

- 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 28, 2018.
- 2 The financial results of the Company for the quarter and year ended March 31, 2018 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. The Company has adopted Ind AS from April 01, 2017 with transition date of April 01, 2016. The Comparative financial information for the year ended March 31, 2017, which was earlier prepared as per IGAAP, has also been converted and restated to comply with Ind AS.
- 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 **Reconciliation of financial results, equity and other equity as previously reported(referred to as "Previous GAAP") and Ind AS for quarter and year ended March 31, 2017 presented as under:**

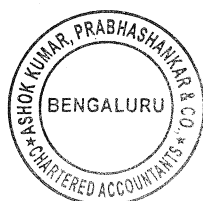
(Rs. in Lakhs)

Particulars	Total Comprehensive Income			Equity and other Equity	
	Standalone		Consolidated	Standalone	Consolidated
	Quarter ended 31/03/2017 (Audited)	Year ended 31/03/2017 (Audited)	Year ended 31/03/2017 (Audited)	Year ended 31/03/2017 (Audited)	Year ended 31/03/2017 (Audited)
Net Profit/(Loss) after tax under Previous GAAP/ Equity and Other Equity	(631)	(2,963)	(3,871)	27,212	5,369
Fair Value adjustment of long term receivable from subsidiaries	389	1,487	-	(1,191)	-
Expected credit loss recognized on trade receivables	(223)	(620)	(1,121)	(1,762)	(3,763)
Warranty adjustment	(23)	(71)	(71)	186	186
Fair value adjustment of retention money	(51)	(173)	(173)	(245)	(245)
Actuarial Gain/(Loss) on Employee defined benefits recognised in Other Comprehensive Income	(11)	7	7	-	-
Expected credit loss recognized on receivables from subsidiaries	(125)	(500)	-	(2,000)	-
Guarantee Income	24	98	-	98	-
Fair value adjustments of rent deposits	(1)	(3)	(3)	(3)	(3)
Fair Valuation of investments	-	-	-	59	59
Revaluation gain on land	-	-	-	1,813	1,813
Deferred tax liabilities (net)	-	-	-	(2,922)	(2,922)
Net Profit/(Loss) after tax for the period under IND AS/Equity and Other Equity	(652)	(2,738)	(5,232)	21,245	494
Other Comprehensive Income (net of tax)	1,554	1,542	1,542		
Total Comprehensive Income	902	(1,196)	(3,690)		



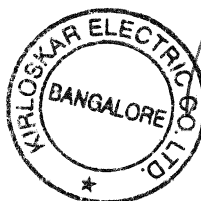
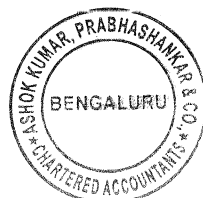
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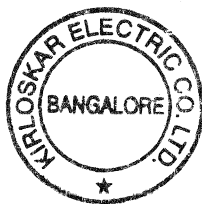
- 6 As a measure of restructuring and with the consent of a Lending Bank and other Lending banks under the Joint Lender Forum (JLF) mechanism, the Company had transferred in the year ended March 31, 2015 certain assets comprising of immovable properties, receivables and inventory to its subsidiaries - 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, 2018 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 ₹14,516.72 lakhs (₹ 13,504.63 lakhs as at March 31, 2017) 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 ₹2,970.77 lakhs has been provided as at March 31, 2018.
- 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.2,798 lakhs.
- 7 (b) The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at March 31, 2018 consisting of the Company, its subsidiaries and its associate is eroded. The Company has incurred losses for the quarter and year ended March 31, 2018 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.
- 8 a. The Company has filed before the honorable Supreme Court, special leave petition (SLP) in respect of resale tax and sales tax penalty demand of ₹527 lakhs and ₹362 lakhs respectively, 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 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 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.

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.

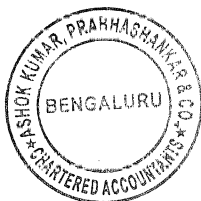


- 9 Goods and Service Tax (GST) has been implemented w.e.f., July 01, 2017 and therefore the revenue from operations from July 1, 2017 to March 31, 2018 is net of GST. The Revenue from operations and expenses for the previous periods are inclusive of excise duty and hence not comparable with the corresponding figures for the quarter and year ended March 31, 2018.
- 10 Details of Secured Redeemable Non-Convertible Debentures - NIL
- 11 The following have been computed as:
- a) Paid up debt capital/outstanding debt= Total outstanding short term and long term borrowings
 - b) Debt equity ratio= aggregate of total debts/(shareholders' funds less miscellaneous expenditure to the extent not written off).
 - c) DSCR= Earnings before finance cost, depreciation and tax/(long Term loan principal repaid+finance cost)
 - d) ISCR= Earnings before finance cost, depreciation and tax/finance cost.
 - f) Fixed asset coverage ratio= Total plant, property & equipments/ Total borrowings
- 12 Figures for the last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the end of third quarter of the respective financial year.
- 13 Previous period figures have been regrouped wherever necessary to confirm with current period presentation.

Place: Bengaluru
Date: May 28, 2018




(Vijay R Kirloskar)
Executive Chairman





ASHOK KUMAR, PRABHASHANKAR & CO.

CHARTERED ACCOUNTANTS

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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

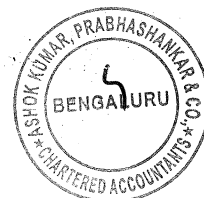
To,
The Board of Directors
Kirloskar Electric Company Limited
Bengaluru.

We have audited the accompanying statement of quarterly standalone financial results of Kirloskar Electric Company Limited ('the Company') for the quarter ended March 31, 2018 and for the year ended March 31, 2018, 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.

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 opinion.

Basis of Qualified Opinion:

Attention of the Directors is invited to note 6 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.14,516.72 lakhs (Rs.13,504.63 lakhs as at March 31, 2017) 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 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:

- 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 [the total comprehensive income (comprising of net loss and other comprehensive income) and other financial information for the quarter ended March 31, 2018 and for the year ended March 31, 2018.

Other Matters:

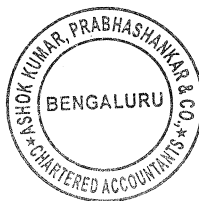
We did not audit the financial statements/information of one branch, the Kuala Lumpur office of the Company, included in the quarterly and year to day financial results of the Company for the quarter ended and year ended March 31, 2018 whose financial statements/information reflect total assets of Rs.188 lakhs as at March 31, 2018 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 qualified in respect of this matter.

Emphasis of Matter:

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

- a) Note 7(b) of the audited financial results, where 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, with its attendant uncertainties. We have relied on the representations made by the Company.
- b) 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 and sales tax penalty of Rs.527 lakhs and Rs.362 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.

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




A. Umesh Patwardhan
Partner
M. No. 222945

Place: Bengaluru
Date: May 28, 2018

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

Auditor's Report on Consolidated Financial Results for the 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.

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, 2018, 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.

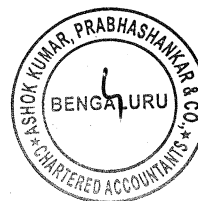
We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial results are free of material misstatement(s). An audit includes examining, on 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.

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.2,798 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.

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.1,059 lakhs as at March 31, 2018, total revenues of Rs.229 lakhs and net cash flows of Rs.16 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 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.

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 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
- i) are 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 total comprehensive income (comprising of net loss and other comprehensive income) and other financial information for the year ended March 31, 2018.

Emphasis of Matter:

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

- a) Note 7(b) of the Consolidated audited financial results, where in the directors have detailed the reasons for preparing these audited financial results on a going concern basis, though the Networth (after excluding the Revaluation Reserve) of the Group, consisting of the Company, its subsidiaries and associate has been 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 representations made by the Company.
- b) 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 and sales tax penalty of Rs.527 lakhs and Rs.362 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.

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




A. Umesh Patwardhan
Partner
M. No. 222945

Place: Bengaluru
Date: May 28, 2018

ANNEXURE I

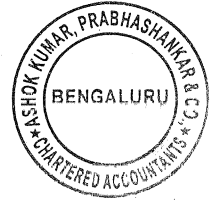
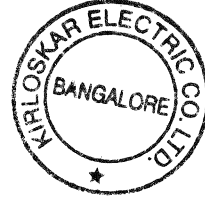
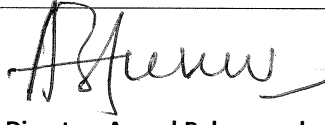
Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 [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	39,454	39,454
	2.	Total Expenditure	47,137	47,137
	3.	Net Profit/(Loss)	(7,683)	(7,683)
	4.	Earnings Per Share	(11.57)	(11.57)
	5.	Total Assets	75,934	75,934
	6.	Total Liabilities	55,617	55,617
	7.	Net Worth	20,317	20,317
	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 6 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.14,516.72 lakhs (Rs.13,504.63 lakhs as at March 31, 2017) 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.00049825



Place: Bengaluru

Date: May 28, 2018

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, 2018 [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	38,595	38,595
	2.	Total Expenditure	47,309	47,309
	3.	Net Profit/(Loss)	(8,714)	(8,714)
	4.	Earnings Per Share	(13.12)	(13.12)
	5.	Total Assets	61,370	61,370
	6.	Total Liabilities	62,831	62,831
	7.	Net Worth	(1,461)	(1,461)
	8.	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II.	<u>Audit Qualification (each audit qualification separately):</u> b. 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.2,798 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:		
		(iv) 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.

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

Same as Above comment.

(vi) 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

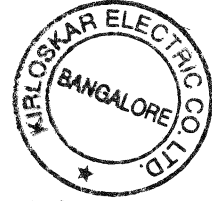
• Audit Committee Chairman: Kamlesh Gandhi

• Statutory Auditor: A.Umesh Patwardhan, Mem. No.222945

Ashok Kumar, Prabhashankar & Co.,

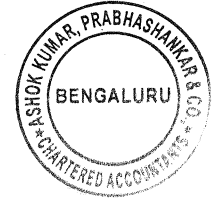
Chartered Accountants

Firm Regn. No.0004982S



unhannur

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Place: Bengaluru

Date: May 28, 2018