



KIRLOSKAR ELECTRIC COMPANY LTD.,

Sect./12/2018
May 28, 2018

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 : 02.15 P.M

Pursuant to the regulation under subject, please find enclosed annual audited financial results together with consolidated financial results of the company for the quarter and year ended March 31, 2018 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

K S Swapna Latha

Sr. General Manager (Legal) & Company Secretary

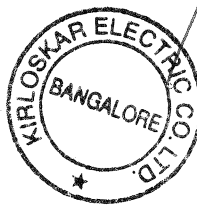
Encl: a/a

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



(₹ 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, 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 | | |



Signature

Signature



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

(₹ in Lakhs)

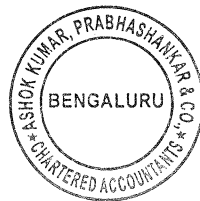
| SI No | Particulars | Standalone | | | | Consolidated | |
|-------|--|----------------|-------------------|----------------|----------------|----------------|----------------|
| | | Quarter ended | | Year ended | | Year ended | |
| | | March 31, 2018 | December 31, 2017 | March 31, 2017 | March 31,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

* Restated



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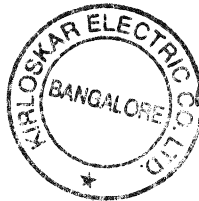
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STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2018

| 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 |

* Restated



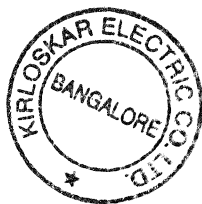
Notes:

- 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:**

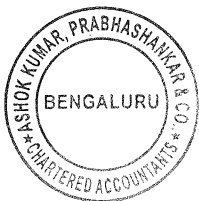
(Rs. in Lakhs)

| 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.

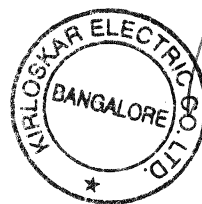
7 (b) The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at March 31, 2018 consisting of the Company, its subsidiaries and its associate is eroded. The Company has incurred losses for the quarter and year ended March 31, 2018 and its 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.

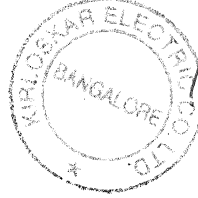
10 Details of Secured Redeemable Non-Convertible Debentures - NIL

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

Place: Bengaluru
Date: May 28, 2018



Vijay R Kirloskar
(Vijay R Kirloskar)
Executive Chairman

Abh



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 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

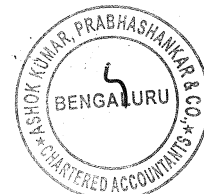
To,
The Board of Directors
Kirloskar Electric Company Limited
Bengaluru.

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:

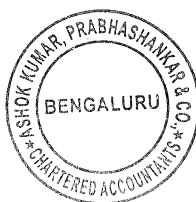
We did not audit the financial statements/information of one branch, the Kuala Lumpur office of the Company, included in the quarterly and year to day financial results of the Company for the quarter ended and year ended March 31, 2018 whose financial statements/information reflect total assets of Rs.188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

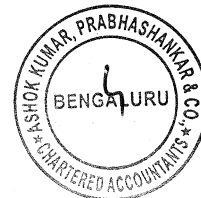
We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial results are free of material misstatement(s). An audit includes examining, on 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, Prabhaskar & Co.,
Chartered Accountants
Firm Regn. No. 004982S



AU
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. | <p><u>Audit Qualification (each audit qualification separately):</u></p> <p>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.</p> <p>b. Type of Audit Qualification : Qualified Opinion</p> <p>c. Frequency of qualification: Repetitive</p> <p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p> <p>(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.</p> | | | |

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

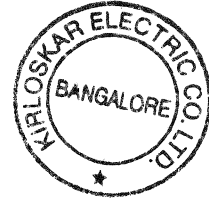

Same as Above comment.

(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

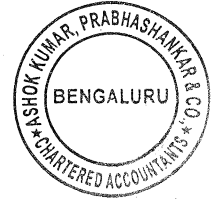
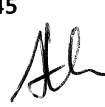


• Audit Committee Chairman: Kamlesh Gandhi



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

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



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. | Audit Qualification (each audit qualification separately): | | | |
| | b. | <p>Details of Audit Qualification:</p> <p>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.</p> | | |
| | 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

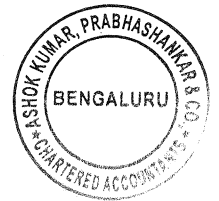
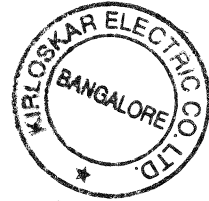
• Audit Committee Chairman: Kamlesh Gandhi

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

Ashok Kumar, Prabhashankar & Co.,

Chartered Accountants

Firm Regn. No.0004982S



Place: Bengaluru

Date: May 28, 2018