KIRLOSKAR ELECTRIC COMPANY LTD.

End-to-end presence in electrical engineering

71st

Annual Report

2017-18

(ABRIDGED)

Regd. Office: Industrial Suburb, Rajajinagar, Bangalore – 560010
CIN: L31100KA1946PLC000415

Green Initiative – Go paperless

Dear Shareholder,

Sub : Updation of PAN number and bank particulars in register of members of the company and compulsory Dematerialization of physical shares.

This is with reference to the SEBI Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 & SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 dated June 08, 2018 on the above subject, we wish to bring to your notice that you have not yet updated bank particulars and PAN details in the Register of members of the company. You are accordingly requested to furnish your PAN number and Bank account details in the Form given below **(together with a copy of cancelled cheque and PAN copy)** to our address provided below through post / courier.

Integrated Registry Management Services Private Limited
Unit: Kirloskar Electric Company Limited
No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560 003

As per the above referred SEBI circular the Pan and Bank details needs to be provided within 21 days from the date of this communication. As per the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 dated June 08, 2018 circular "Provided that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository". Hence kindly dematerialize the physical shares held by you before November 30, 2018.

Thanking You,
Yours faithfully,
For **Kirloskar Electric Company Limited**
Sd/-
Authorised Signatory

SINCE THIS IS A COMPUTER GENERATED LETTER, NO SIGNATURE IS REQUIRED.

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(Updation in the Company's Register of Members Pursuant to SEBI circular No SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 DATED 20 /04 /2018)

Sl.No.	Particulars	Details
1	Name of the Company	KIRLOSKAR ELECTRIC COMPANY LIMITED
2	A. Name of the first shareholder (in block letters)	
	B. Folio No. :	
3	C. Pan Number of the Shareholders :	
	D. 1st Shareholder	
	E. 2nd Shareholder	
	F. 3rd Shareholder	
4	Particulars of the Bank Account of the 1st Shareholder :	
	A. Bank Name	
	B. Full Address of the Bank's Branch	
	C. 9-digit account code number of the bank & branch appearing on the MICR cheque issued by the Bank **(Please attach photocopy of a cheque or a cancelled cheque issued by your bank for verifying the accuracy of the code number. Incase not having cheque copy send the pass book copy)**	
	D. Account Type (SB Account/Current Account)	
	E. Bank Account No.	
	F. IFSC Code	
	G. Email Id	

Signature of the Shareholder

BOARD OF DIRECTORS	Vijay R. Kirloskar	- *Executive Chairman*
	S.N. Agarwal	
	Anil Kumar Bhandari	
	Sarosh J Ghandy	
	V.P. Mahendra	
	Kamlesh Gandhi	
	K. Ganesh	- *Nominee Director (LIC)*
	Meena Kirloskar	
	Ashok Misra	
	Shyamanta Bardoloi	
	Anand B Hunnur	- *Managing Director (w.e.f 26.05.2017)*
COMPANY SECRETARY AND COMPLIANCE REPORT	K S Swapna Latha	(w.e.f 12.02.2018)
CHIEF FINANCIAL OFFICER	Sanjeev Kumar S	(w.e.f 10.08.2017)
AUDITORS	Ashok Kumar, Prabhashankar & Co., Bengaluru	
BANKERS	Bank of India Axis Bank Ltd State Bank of India ICICI Bank Ltd Corporation Bank Ltd Bank of Commerce, Kualalumpur(Malaysia) Bank of Baroda, Dubai	
REGISTERED OFFICE	Industrial Suburb, Rajajinagar Bangalore – 560 010 CIN: L31100KA1946PLC000415	
FACTORIES LOCATION	Govenahalli, Nelamangala - Bengaluru Budhihal, Nelamangala - Bengaluru; Gokul Road, Hubbali; Gabbur village, Hubbali; Belwadi industrial area, Mysore; Hirehalli village, Tumkur; Kondhapuri, Pune.	

Information for members:

71st Annual General Meeting (AGM)

Date : September 21, 2018

Day : Friday

Time : 10.00 am

Venue : Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 56008

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LETTER FROM THE EXECUTIVE CHAIRMAN

Dear Shareholders,

The year 2017-18 continued to be another challenging year, Indian economy is projected to grow at a lower than expected rate due to the “transitory effects” of goods and services tax (GST). Implementation of the GST had led to a downward revision in 2018 growth projections. Industrial investment has remained weak, very few new projects or expansions are happening in Core sectors viz, Cement, Steel, Sugar, Infrastructure and also in solar sectors and Real estate. We are taking a cautious approach for our inverter duty transformers due to inconsistency observed in the power tariff. The sluggishness in real estate industry has severely impacted our monetization efforts.

We have successfully managed the operational and supply chain transition to comply with the Governments quality control order that permits only the manufacture and sale of energy efficient motors.

Few of the major achievements are:

Manufacture of large flame proof motors of 400 kW 2 pole and 560 Kw pole 6600VAC Motors.
Manufacture of 870kW 6600V 750rpm Vertical CACA in MPA500VC Frame AC Motors a/c
Manufacture of 25 MVA, ZG027/1 Transformer A/c RSP
Manufacture of 11KV slip ring rotor motor in TEFV construction 350KW, 1000RPM in SDX500FSPL frame
Manufacture of 4000kW 1000 RPM 6600V Wound Rotor AC Motor for Cement plant.
Completed the design, development and successful testing of IP45 Enclosure for 2750kVA Cast Resin Dry Type transformer

Further your company has taken the required steps for continuous optimization of manufacturing and operational costs and the break in levels. Exposure to unsecured loans has been drastically decreased.

German Subsidiary’s (Lloyd Dynamowerke GmbH & Co.KG [LDW]) Bankruptcy and impairment of investment has adversely affected the operations of the company for the last three years. Further there has been continuous erosion of working capital due to cash losses. Your company has been operating at much below the earnings before interest deprecation and taxes (EBIDTA) levels.

During the year under review, your company has faced strong challenges and has tried to mitigate those using its core strengths in design and development, robust manufacturing practices, focus on the suitable market segments and also entering the new markets. Your company has been taking all the possible steps to mitigate the losses. Your company’s order booking continues to be strong.

Your company is now undertaking restructuring of loans and as such has also approached the financial institutions for working capital infusion. Further the company is also planning to augment its working capital by monetizing the noncore and surplus assets. These efforts are expected to yield results during the current year and the operation levels will improve. Your company will continue with rigorous efforts to cut the costs, increase the operational efficiency, increase in productivity and also improving skills of human resources by undertaking a number of measures.

I express my sincere thanks to all the shareholders, lenders, banks, financial institutions, customers, dealers, vendors and all other stake holders for their support extended. I express my sincere thanks to all the employees of the company for their hard work and support extended during these trying times.

NOTICE OF 71ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the **SEVENTY FIRST ANNUAL GENERAL MEETING ("AGM")** of the members of KIRLOSKAR ELECTRIC COMPANY LIMITED will be held on Friday on 21st day of September, 2018 at Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560008, at 10.00 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited financial statement along with the Audited consolidated financial statement of the company for the year ended March 31, 2018 together with the reports of the Board of directors and auditors thereon and in this regard, pass the following resolution as **Ordinary Resolution**:

(a) ***"RESOLVED THAT*** *the audited financial statement of the company for the financial year ended March 31, 2018 and the reports of the Board of directors and auditors thereon laid before this meeting, be and hereby considered and adopted."*

(b) ***"RESOLVED THAT*** *the audited consolidated financial statement of the company for the financial year ended March 31, 2018 and the report of the auditors thereon as laid before this meeting, be and hereby considered and adopted."*

2. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:

"RESOLVED THAT *Mrs. Meena Kirloskar (DIN: 00286774), who retires by rotation pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, is hereby reappointed as a director liable to retire by rotation."*

SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as Ordinary Resolution:

"RESOLVED THAT *pursuant to the provisions of Section 143(8) and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia, be and are hereby re-appointed as the auditor for conducting audit of sales office at Kuala Lumpur and to hold the office from the conclusion of this annual general meeting until the conclusion of next annual general meeting of the company and the Board of directors be and is hereby authorized to fix their remuneration.*

RESOLVED FURTHER THAT *the Board is hereby empowered to do all such acts and take all such steps as may be necessary, expedient or proper to give effect to foregoing resolution,"*

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as Ordinary Resolution:

"RESOLVED THAT *pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 (Act) and the Companies (Audit and Auditors) Rules, 2014, M./s. Rao, Murthy & Associates (Firm regn no.000065), Cost Accountant, were appointed by the Board on the recommendation of the Audit Committee of the company, to conduct the audit of the cost records of the company for the financial year ending March 31, 2018, be paid the remuneration as set out in the Statement annexed to the notice convening this meeting;*

RESOLVED FURTHER THAT *the Board of directors and the Company Secretary of the company be and are hereby authorized to perform all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution'*

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT *pursuant to the provisions of Section 186 and any other applicable provisions of the Companies Act, 2013 ("the Act") and Rules made thereunder, the consent of members be and is hereby accorded to the Board of directors of the company to give loans / to invest in shares, debentures and securities etc., to give corporate guarantees, on behalf of the company, up to a sum not exceeding Rs. 500 millions (Rupees five hundred millions only) in aggregate in Joint Ventures, subsidiaries or any other associate companies'/ body corporate / SPVs / JVs or other form of entity / entities which the company may be required to form or acquire or as may be approved by the Board of directors, from time to time, and as they may deem fit, notwithstanding the fact that the said loans/ investments/ guarantees together with the loans / investments / guarantees already made/ provided may exceed 60% of its paid up share capital, free reserves or 100% of its free reserves, whichever is more.*

"RESOLVED FURTHER THAT *the Board of directors of the company (including any Committee thereof) be and is hereby authorized to do all such acts, deeds and things as may be appropriate and necessary in the best interest of the company and its shareholders for the purpose of making loans/ investments/ giving*

guarantees etc., on behalf of the company, from time to time or may authorize the officials of the company to give effect to the foregoing resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

***"RESOLVED THAT** pursuant to the applicable provisions if any, of Companies Act, 2013, Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum and Articles of Association of the company and subject to such other requisite approvals, consents, permissions and sanctions as may be required, the consent of the members be and is hereby accorded to the Board of directors of the company (hereinafter referred to as 'Board', which term shall be deemed to include, unless the context otherwise requires, any committee of the Board or any director/s or officer/s authorised by the Board to exercise the powers conferred on the Board under this resolution) to divest by way of sale, transfer, lease, assign or hiving off, dispose off or otherwise transfer to strategic partner / investor / special purpose vehicle company (SPV) or to any third party either the entire investment or any substantial part thereof, in one or more of its subsidiary / subsidiaries or dispose of the assets of any of the subsidiary / subsidiaries with other integrated facilities and immovable / movable properties, if any, attached thereto, with or without associated liabilities, in one or more tranches, at such price and on such terms and conditions as may be decided by the Board and in such manner as the Board deems appropriate as well as the means, methods or modes including the receipt of consideration thereof.*

***RESOLVED FURTHER THAT** the Board of directors and the Company Secretary of the company be and are hereby severally authorised to finalise and execute the required transactional documents including but not limited to Agreement(s) for sale, lease, license, transfer, declarations, undertakings, forms, letters and such other documents with such modification/s as may be required from time to time and to do and perform or cause to be done all such acts, deeds, matters and things, as may be required or deemed necessary and/or expedient in their discretion, to settle any questions, difficulties, doubts that may arise in this regard, as they may in their absolute discretion deem fit and finalise all issues as may be deemed necessary or expedient in their own discretion and in the best interest of the company to give effect to the resolution for completion of the transaction, without being required to seek any further consent or approval of the shareholders and to delegate all or any of the powers or authorities herein conferred to any director/s or other officer/s of the company, or to engage any advisor, consultant, agent or intermediary, as may be deemed necessary.*

***RESOLVED FURTHER THAT** all acts, deeds, matters and things, either verbal or written or otherwise, already done by the company and / or any of its directors and / or officers and / or representatives for and in the name of the company in this regard be and the same are hereby noted, ratified and approved."*

By the order of the Board of directors
for **Kirloskar Electric Company Limited**

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

Place: Hubli
Date: 08-08-2018

NOTES:

(a) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business is annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. The proxy form duly completed and signed should be deposited at the corporate office not later than 48 hours before the commencement of the AGM. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the company. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy of any other person or member.

A proxy form is attached herewith. Proxies submitted on behalf of companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

(c) During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the company.

(d) Corporate members intending to send their authorized representatives to attend the AGM are requested to send to the company a certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at the AGM.

(e) In case of joint members attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote (if cast at the AGM).

(f) For the purpose of AGM, the share transfer books and Register of Members of the company will remain closed from September 15, 2018 to September 21, 2018 (both the days inclusive).

(g) Documents relating to any of the items mentioned in the Notice and the Explanatory Statement thereto are open for inspection at the registered office of the company on any working day during business hours.

(h) Members requiring information on the accounts and operations of the company are requested to write to as to reach the company at least seven days before the date of the AGM to enable the company to furnish the information.

(i) Members holding share(s) either singly or jointly in identical order in more than one folio are requested to write to the company enclosing the share certificates to enable the company to consolidate their holdings in one folio.

(j) Members holding shares in physical form are requested to notify any change of their addresses timely to the company's Registrar and Share Transfer Agent ("RTA"), i.e., M/s. Integrated Registry Management Services Private Limited, No. 30, Ramana Residency, 4th Cross, Sampige Road Malleswaram, Bangalore – 560003. Members holding shares in the electronic form are advised to notify any change in their address to the concerned depository participants.

(k) To support 'Green Initiative', members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the company electronically.

(l) Members desirous of making a nomination in respect of their shareholdings in the company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form No SH.13 duly completed to the secretarial department of the company.

(m) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their DEMAT accounts. Members holding shares in physical form can submit their PAN details to the company.

(n) Electronic copy of the Annual Report for the year ended March 31, 2018 and Notice of the AGM are being sent to all the members whose email IDs are registered with the company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year ended March 31, 2018 are being sent in the permitted mode. A copy of the notice of the AGM and annual report are also available for download from the website of the company at www.kirloskar-electric.com

(o) The physical copies of the annual report for the year ended March 31, 2018 and Notice of the AGM will also be available at the company's Registered Office in Bangalore for inspection on any working day during business hours. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request, by post free of cost. For any communication, the members may also send requests to the company's investor email id: investors@kirloskarelectric.com

(p) Voting through electronic means

In compliance with the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the company has provided a facility to its members to exercise their votes electronically through e - voting service arranged through Central Depository Services (India) Limited ("CDSL"). The facility to cast votes through ballot papers will also be made available at the AGM and members attending personally or though proxy, who have not cast/ exercised their rights to vote by remote evoting shall be able to exercise their right to vote at the AGM. Members who have cast their votes through remote evoting prior to the AGM may attend the AGM but shall not be entitled to cast their votes. The instructions for remote evoting are provided herein.

Mr. Karthick V, Practicing Company Secretary (ACS No.11910 / PCS No. 4680), has been appointed as scrutinizer the purpose of voting.

(q) **<u>Procedures for e-voting are as under:</u>**

(i) The voting period will begin on Tuesday, September 18, 2018 (from 9.00 A.M) and will end on Thursday, September 20, 2018 (at 5.00 P.M). During this period members of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The cut-off date for e-voting facility is September 14, 2018 and members whose names appear in the register of members shall be entitled to avail the service. Any person who becomes a member of the company after of the notice of the AGM and holding shares as on the cut-off date is requested to contact company's RTA to get the details relating to his/her user-id and password. Members may call the RTA through telephone number +91-80-23460815-818 or send an email request to irg@integratedindia.in.

(iii) The members should log on to the e-voting website www.evotingindia.com during the voting period

(iv) Click on "Shareholders / Members" tab.

(v) Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in DEMAT form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in DEMAT Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both DEMAT members as well as physical members) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the DEMAT account/folio number in the PAN Field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.
DOB#	Enter the Date of Birth as recorded in your DEMAT account or in the company records for the said DEMAT account or folio in dd/mm/yyyy format.

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in DEMAT form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the DEMAT holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN of KIRLOSKAR ELECTRIC COMPANY LIMITED on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If DEMAT account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Institutional Members(Non Individual and Custodians)

- Institutional members (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxii) The results of the e-voting along with the scrutinizer's report shall be placed in the company's website www.kirloskar-electric.com and on the website of CDSL within Forty Eight hours of the conclusion of AGM. The results will also be communicated to the stock exchanges where the shares of the company are listed.

(r) Information about directors seeking appointment / reappointment given in the **annexure** appended hereto and forms part of this report.

By the order of the Board of directors
for **Kirloskar Electric Company Limited**

Place: Hubli
Date: 08-08-2018

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

Statement pursuant to Section 102 of the Companies Act, 2013.

The following statement sets out all materials facts relating to the special business mentioned in the notice:

Item No.3:

Appointment of Branch Auditor

The company has sales office at Kuala Lampur, Malaysia and it is necessary to appoint branch auditors for carrying out the audit of the accounts of such branches. In this regard the consent of the M/s. Sundar and Associates, Chartered Accountants, Malaysia is obtained to act as branch auditor. The members are requested to appoint the said firm as branch auditors of the company and to authorize the Board of directors of the company and fix their remuneration.

The Board recommends the ordinary resolution set out at item no. 3 of the notice for approval of the members.

None of the directors, key managerial personnel or their relatives is concerned or interested in the resolution set forth under item no. 3

Item no. 4:

Approval of the remuneration to cost auditor

The Board, based on the recommendation of the Audit Committee had approved the appointment of M/s. Rao, Murthy & associates Cost Auditors at remuneration of ₹ 3,50,000/- (Rupees three lakhs fifty thousand only) to conduct the audit of the cost records of the company for the financial year ended March 31, 2018. In accordance with the provisions of the

Section 148 of the Act read with the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the company.

Therefore, Board recommends the ordinary resolution set out at item no. 4 of the notice for approval of the members.

None of the directors, key managerial personnel or their relatives is concerned or interested in the resolution set forth under item no. 4.

Item no. 5:

Approval of the limits for the Loans, Guarantees and Investment by the company as per Section 186 of the Companies Act, 2013

As part of requirement under various contracts of the company and also to achieve long term strategic and business objectives, company proposes to invest in other bodies corporate or grant loans, give corporate guarantees or provide securities to other persons or other body corporate as and when required. Pursuant to the provisions of section 186(3) of the Companies Act, 2013 and rules made there under, the company needs to obtain prior approval of shareholders / members by way of special resolution passed at the general meeting in case the amount of investment, loan, guarantee or security proposed to be made is more than sixty percent of the paid up share capital, free reserves and securities premium account or one hundred percent of free reserves and securities premium account, whichever is higher. Accordingly, the Board of directors of the company proposes to seek approval of shareholders by way of special resolution to authorize the Board to exercise powers for an amount not exceeding Rs. 500 million (Rupees five Hundred million only) outstanding at any time not withstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

Therefore, Board recommends the special resolution set out at item no. 5 of the notice for approval of the members.

None of the directors, key managerial personnel or their relatives is concerned or interested in the resolution set forth under item no. 5.

Item no. 6:

Approval for disposal of shares held in Subsidiaries/assets held by Subsidiaries

The shareholder of the company has accorded at the extraordinary general meeting of the company held on June 30, 2015 has approved proposal for reorganization of working capital facilities by banks. As a part of the said proposal, the company has transferred its assets noncore, non manufacturing business properties to Special purpose Vehicles (SPVs) along with certain liabilities and these SPVs will dispose-off these properties over a period of these properties over a period of 36 months and proceeds will be used to repay liabilities of the bank which will be monitored by banks.

In terms of regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, shareholders' approval by passing a special resolution is required to give effect to this sale of its material subsidiary.

Regulation 24(5) of SEBI (LODR) Regulations, 2015 provides that no company shall dispose of shares in its material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal.

Further, Regulation 24(6) of SEBI (LODR) Regulations, 2015 provides that no company shall sell, dispose of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court / Tribunal.

The proposed resolution seeks to deal with any of the following subsidiaries of the company, namely, KELBUZZ Trading Private Limited, Luxquisite Parkland Private Limited SLPKG Estate Holdings Private Limited, SKG Terra Promenade Private Limited, SWAKI HABITAT Private Limited, KESVIK Developers Private Limited, Kirsons B.V

The company is intending divest those noncore, non manufacturing business properties either through sale holding or through sale divest by way of sale, transfer, lease, assign or hiving off, dispose off or otherwise transfer to person(s) and/ or entity(ies) as may be determined by the Board including finalization of the suitable purchaser(s) as the case may be, the terms and conditions, methods and modes in respect thereof, determining the exact effective date, and finalizing and executing and registering the necessary documents including agreements, share purchase agreement, sale deed, and irrevocable powers of attorney etc. and such other documents in the best interest of the company

Therefore, Board recommends the special resolution set out at item no. 6 of the notice for approval of the members.

None of the directors, key managerial personnel or their relatives is concerned or interested in the resolution set forth under item no. 6.

Information about directors seeking appointment / reappointment

Annexure

Name of director	Mrs. Meena Kirloskar
Age	61 years
Date of appointment	31-07-2009
Relationship with other directors / KMP	Ms. Meena Kirloskar is spouse of Mr. Vijay R Kirloskar, Executive Chairman of the company.
Qualification & experience	Mrs. Meena Kirloskar has more than two decades of experience in the field of business management and has been with your Company since 2009.
Directorship in other listed companies	Mrs. Meena Kirloskar is a director in the following companies a. Ravindu Motors Private Limited b. Vijay Farms Private Limited c. Vijay Kirti Investments and Agencies Private Limited d. Vijayajyothi Investments and Agencies Private Limited e. Vimraj Investments Private Limited f. Sri Vijayadurga Investments And Agencies Private Limited g. Abhiman Trading Company Private Limited
Shareholding in the company	184,514
Chairperson of committees	Nil
Member of committees	a. Nomination and Remuneration Committee. b. Executive Committee

Board's report

Dear Shareholders,

The directors present the 71st Annual Report of Kirloskar Electric Company Limited (hereinafter referred as "the company" or "KECL") along with the audited financial statement for the financial year ended March 31, 2018. The consolidated performance of the company and its subsidiaries has been referred to wherever required.

Review of performance and state of company's affairs:

During the year under report, your company achieved a turnover of ₹ 39,454/- lakhs (previous year ₹ 65,276/- lakhs). The operations have resulted in net loss of ₹ 7,569/- lakhs (previous year net loss was ₹ 1,196/- lakhs).

The financial highlights are as follows; (₹ in Lakhs)

	Standalone		Consolidated	
PARTICULARS	**2017-18**	2016-17	**2017-18**	2016-17
Revenue from operations	**37,913**	62,612	**37,925**	62,614
Other income (net)	**1,541**	2,664	**670**	1,660
Total Income	**39,454**	65,276	**38,595**	64,274
Total Expense	**47,137**	68,021	**4,7309**	69,509
Profit / (Loss) before tax	**(7,683)**	(2,745)	**(8,714)**	5,235
Tax Expense	**-**	(7)	**-**	(3)
Profit / (Loss) after tax	**(7,683)**	(2,738)	**(8,714)**	5,232
Other comprehensive income (Net)	**114**	1,542	**114**	1,542
Total comprehensive income / (Loss) for the period	**(7,569)**	(1,196)	**(8,600)**	3,690

Note: The above figures are extracted from the audited standalone and consolidated financial statements as per Indian Accounting Standards (Ind AS)

Dividend:

In view of the losses, your directors do not recommend any dividend for the year.

Reserves:

The company has not transferred any amount to the general reserve account during the period under review.

Abridged Annual Report:

In terms of the provisions of regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 136 of the Companies Act, 2013, the Board of directors has decided to circulate the abridged annual report containing the salient features of the Balance Sheet and Statement of Profit and Loss account to the shareholders for the financial year ended on March 31, 2018. Full version of the annual report will be available on company's website www.kirloskar-electric.com and will also be made available to investors upon request.

Fixed deposits:

SL. No.	Particulars	Amount in Lakhs
1.	Accepted during the year	Nil
2.	Remained unpaid or unclaimed at the end of the year.	622.9
3.	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved • At the beginning of the year • Maximum during the year • At the end of the year	N/A
4.	Details of deposits which are not in compliance with the requirements of Chapter V of the Act	Nil

Subsidiaries, associate companies & joint ventures:

The company has six wholly owned subsidiaries and one associate company.

Reports on the performance and financial position of each of the subsidiary and associate companies have been provided in **Form AOC-1** appended to this report.

Directors and Key Managerial Personnel

Mr. Vijay R Kirloskar (DIN: 00031253) has been reappointed as Executive Chairman of the company effective from August 12, 2017 for a period of three (3) years.

Mr. Anand B Hunnur (DIN: 06650798) has been appointed as Managing Director of the company effective from May 26, 2017 for a period of three (3) years.

Mr. Vinayak N Bapat (DIN: 06936639) has resigned from the position of Managing Director, due to personal reason and has ceased to be Managing Director effective from August 11, 2017.

In accordance with the provisions of section 152 of the Companies Act, 2013 and Articles of Association of the company, Mrs. Meena Kirloskar (DIN: 00286774), Non-executive Director being longest in the office, shall retire by rotation and being eligible, offer herself for re-appointment seeking members' approval and the same has been set forth in the notice of the 71st annual general meeting of the company.

Mr. Soumendra Kumar Mahapatra has resigned from the position of chief financial officer, due to personal reason and has ceased to be chief financial officer effective from August 12, 2017.

Mr. Sanjeev Kumar S has been appointed as the chief financial officer of the company effective from August 10, 2017.

Mr. Chinmoy Patnaik has resigned from the position of Associate Vice President – Legal & Company Secretary, due to personal reason and has ceased to be Associate Vice President – Legal & Company Secretary effective from October 31, 2017.

Ms. K S Swapna Latha has been appointed as Sr. General Manager - Legal & Company Secretary of the company effective from February 12, 2018.

In terms of the provisions of Section 149 (7) of the Companies Act, 2013, the company has received declarations from all the independent directors stating that they continue to meet the criteria of independence as provided under the provisions of Section 149 (6) of the Companies Act, 2013.

Evaluation of Directors, Committees and the Board:

The evaluation process has been explained in the Corporate Governance Report which forms part of the annual report.

Number of meetings of the Board of directors and its committees:

Six meetings of the Board of directors were held during the financial year 2017-18. The composition of Committee and others details are contained in the Corporate Governance Report which forms part of the annual report. The Nomination and remuneration policy and risk management policy has been appended to this report as Annexure I and Annexure II respectively.

Managerial remuneration:

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is disclosed in the **Form MGT – 9**.

Particulars of employees:

In terms of the provisions of Section 197(12) of the Companies Act, 2013 the names and other particulars of specified employees are set out in annexure to the Board's report. Having regard to provisions of Section 136(1) of the Companies Act, 2013, the annual report excluding the aforesaid information is being sent to the members of the company. The said information is avaible for inspection on all working days, during business hours at the registered office of the company. Any member interested in obtaining such information may write to Company Secretary and the same will be furnished on request.

Corporate Social Responsibility:

In pursuance of the provisions of the Companies Act, 2013 and CSR Policy of the company, it is required to spend two percent of the average net profits of the company for the three immediately preceding financial years. The company has incurred heavy losses in preceding three financial years and the average net profits for three financial years is in negative, thus the company was not required to spend any money for the CSR activities during the financial year ending March 31, 2018.

Vigil mechanism for Directors and Employees:

The company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the directors and employees to report their concerns about any poor or unacceptable practices or any event of misconduct or violation of company's code of conduct. The purpose of this policy is to provide a framework to secure whistle blowing. It is to protect the employees who are willing to raise concerns about serious irregularities within the company. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the company has been denied access to the Audit Committee. The policy of Vigil Mechanism is available on the company's website (URL:http://www.kirloskar-electric.com/images/pdf/investor/policies/Whistle-Blower-Policy.pdf

Prevention of Sexual Harassment at Workplace:

Your company has zero tolerance policy in case of sexual harassment at workplace and committed to provide a healthy environment to each and every employee of the company. The company has in place 'Policy on sexual harassment Redressal'.

In terms of section 22 of the Sexual Harassment of Women at workplace (Prevention Prohibition and Redressal) Act, 2013 read with Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Rules, 2013, we report as follows for the year ended on March 31, 2018;

Sl. No	Particulars	Status
1	No of complaints received in the year	Nil
2	No of complaints disposed off in the year	Nil
3	Cases pending for more than 90 days	Nil
4	No of workshops and awareness programmes conducted in the year	5
5	Nature of action by employer or District office, if any	Nil

Particulars of loans, guarantee, investments and securities:

There was no loan and advance, guarantee or investment made by the company during the year under report.

Particulars of loans, advances, investments as required under the listing regulations:

The details of related party disclosures with respect loans, advance, investment at the year end and maximum outstanding amount thereof during the year as required under (part A of Schedule V of the Listing Regulations have been provided in the notes to the financial statement of company.

Your directors draw attention of the members to note no. 7 & 37(9) of the standalone financial statements which sets out the details of loan and advance, guarantee or investment.

Particulars of contracts or arrangements with related parties:

The particulars of every contract or arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto are disclosed in Form No. AOC -2 appended hereto.

All related party transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 and the provisions of Section 188 of the Companies Act, 2013 are not attracted.

There were no materially significant related party transactions made by the company during the year that would have required Shareholder approval as per provision of Companies Act 2013 read with applicable rules and Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

All related party transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted along with a statement giving details of all related party transactions is placed before the Audit Committee from time to time.

The Policy on Related Party Transaction is available on the company's website (URL: http://www.kirloskar-electric.com/images/pdf/investor/policies/Policy-on-related-party-transactions.pdf

Your directors draw attention of the members to note no. 37(13) to the standalone financials statement which sets out the related party disclosures.

Share Capital:

As at March 31, 2018, the paid up share capital of your company stood at ₹ 664,140,710/- divided into 66,414,071 Equity Shares of ₹ 10/- each.

Disclosure under section 43(a)(ii) of the Companies Act, 2013:

The company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

Disclosure under section 54(1)(d) of the Companies Act, 2013:

The company has not issued any sweat equity shares during the financial year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

Disclosure under section 62(1)(b) of the Companies Act, 2013:

The company has not issued any equity shares under Employees Stock Option Scheme during the financial year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 and hence no information has been furnished.

Disclosure under section 67(3) of the Companies Act, 2013:

During the financial year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 and hence no information has been furnished.

Secretarial Standards:

The Board confirms the compliance with applicable Secretarial Standards i.e., SS-1 and SS-2 relating to meeting of the Board of directors and General meeting respectively have been duly followed by the company.

Statutory audit:

M/s. Ashok Kumar, Prabhashankar & Co., Chartered Accountants, (Registration no. AAD-7041) were appointed as auditors of the company to hold office from the conclusion of the 70th annual general meeting until the conclusion of the 72nd annual general meeting. The proposed appointment is as per section 139 and 142 of the Companies Act, 2013. Subsequent to amendment of Companies (Amendment) Act, 2017 the company is not required to ratify their appointment.

Internal audit:

The company has appointed M/s. B K Ramadhyani Co. LLP as its internal auditors for 2017-18.

Cost audit:

M/s. Rao, Murthy and Associates, Cost Accountants, were appointed as cost auditors of the company for the financial year ended March 31, 2018. The Board of directors of your company has fixed Rs. 350,000/- (Rupees three lakhs fifty thousand only) as audit fees, which requires ratification by the members of the company in terms of the applicable provisions of the Companies Act, 2013. Accordingly, a resolution seeking members' approval has been set forth in the notice of the 71st annual general meeting of the company.

Disclosure under section 148(1) of the Companies Act, 2013:

During the period under review, the company has conducted the audit of cost records and maintained the cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.

Secretarial Audit:

M/s. Swaroop, Ravishankar & Associates, Company Secretaries, were appointed as secretarial auditors for the financial year 2017-18 to conduct secretarial audit in terms of the provisions of Section 204 of the Companies Act, 2013. The audit report is enclosed as **Form MR - 3.**

Explanations or comments on auditors' qualifications / adverse remarks / emphasis on matters:

The comments / observations of the auditors are self-explanatory and company's explanation thereto has been given in the relevant notes to accounts.

Extract of annual return:

According to the provisions of Section 92(3) of the Companies Act, 2013, an extract of the annual return is appended hereto as **Form MGT-9**, which forms part of this report.

Director's Responsibility Statement:

We, the directors of your company, confirm, to the best of our knowledge and ability that-

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

(b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

(c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) we have prepared the annual accounts on a going concern basis;

(e) we have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and operating effectively.

(f) we have devised proper systems to ensure compliance with the provisions of all applicable laws to the company and that such systems were adequate and operating effectively

Corporate Governance:

Your company's corporate governance report for the financial year 2017-18 is appended to this annual report. A certificate on the status of compliance on corporate governance is also appended and forms part of this annual report.

Material changes affecting the company:

There have been no material changes and commitments affecting the financial positions of the company between the end of the financial year and date of this report. There has been no change in the nature of business of the company.

No fraud has been reported by auditors to the Audit Committee of the Board.

Neither the Chairman and nor the Managing Director of the company receive any remuneration or commission form any of its subsidiaries.

Significant and material orders passed by the Regulators or Courts

There were no significant and material orders passed against the company by the regulators or courts or tribunals during financial year 2017-18 impacting the going concern status and company's operations in future.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The relevant data pertaining to conservation of energy, technology absorption and other details are given in the **Annexure - III,** which forms part of this report.

Management Discussion and Analysis:

Management discussion and analysis, is appended hereto as **Annexure – IV** and forms part of this report.

Details in respect of adequacy of internal financial controls with reference to the financial statement:

Internal Financial Controls:

The company has a robust system of internal financial control, which is in operation. The internal financial controls have been documented, digitized and embedded in the day to day affairs of the business process of the company. The effectiveness of the internal financial controls are obtained through management reviews at regular intervals, assessments, monitoring by the functional experts as well as auditing of the internal control systems by the internal auditors during the course of their audits. We believe that these systems provide better assurance that our internal financial control systems are well designed and are operating effectively.

Acknowledgements:

The Board of directors takes the opportunity to express its sincere appreciation for the continued support and confidence received from the company's bankers, customers, suppliers, depositors and the shareholders.

The company considers its employees as its most valuable asset. Employees at all levels have put in their best to the services of the company and the Board puts on record the sincere appreciation of their dedication and loyalty.

For and on behalf of the Board of directors,
Kirloskar Electric Company Limited

Vijay R Kirloskar
Executive Chairman
DIN : 00031253

Place: Hubli
Date: 08-08-2018

Annexure I

NOMINATION AND REMUNERATION POLICY

Your company considers human resources as its invaluable assets. Therefore to ensure equitable remuneration to all the directors, key managerial personnel (KMP) and employees of the company and to harmonize the aspirations of human resources consistent with the goals of the company, the nomination and remuneration policy of the company has been framed. This policy is designed to meet to the requirements prescribed under the provisions of Section 178 of the Companies Act, 2013 and applicable regulations of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Objective and purpose of the Policy:

1. To lay down criteria and terms and conditions for identifying persons who are qualified to become directors (executive and non-executive) and persons who may be appointed in senior management and key managerial positions and to determine their remuneration.
2. To determine remuneration based on the company's size and financial position and trends and practices on remuneration prevailing in peer companies.
3. To carry out evaluation of the performance of directors, as well as key managerial personnel.
4. To provide them reward linked directly to their effort, performance, dedication and achievement relating to the company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Composition of the committee:

Mr. S.N. Agarwal - Chairman
Mr. Anil Kumar Bhandari - Member
Mr. Sarosh J Ghandy - Member
Mrs. Meena Kirloskar - Member

Definitions:

Key Managerial Personnel:

(KMP) Key Managerial Personnel means—

(i) Chief Executive Officer or the Managing Director;
(ii) Company secretary,
(iii) Whole-time director;
(iv) Chief Financial Officer and
(v) Such other officer as may be specifically designated by the Board.

Applicability:

The policy is applicable to

• directors (executive and non executive)

• Key managerial personnel

General Terms:

This Policy is divided in three parts:

Part – A: covers matters to be dealt by the committee.

Part – B: covers appointments and nominations.

Part – C: covers remuneration and perquisites etc.

PART – A

Matters to be dealt by the nomination and remuneration committee

The committee shall:

o Formulate the criteria for determining qualifications, positive attributes and independence of a director.

o Identify persons who are qualified to become director and persons who may be appointed as key managerial personnel in accordance with the criteria laid down in this policy.

o Recommend to the Board, appointment and removal of director, KMP.

PART – B

Policy for appointment and removal of director and key managerial personnel

• Appointment criteria and qualification:

1. The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director, KMP level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The company shall not appoint or continue the employment of any person as whole-time director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure:

1. Managing Director/Whole-time Director:

   The company shall appoint or reappoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No reappointment shall be made earlier than one year before the expiry of term.

2. Independent director:

   - An independent director shall hold office for a term not exceeding five consecutive years on the board of the company and will be eligible for re-appointment on passing of a special resolution by the company and by disclosure of such appointment in the Board's Report.
   - No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after expiry of three years of ceasing to become an independent director. Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.
   - However, if a person who has already served as an independent director for 5 years or more in the company as on 1st October, 2014 or such other date as may be determined by the committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of independent director it should be ensured that number of boards on which such independent director serves is restricted to seven listed companies as an independent director and three listed companies as an independent director in case such person is serving as a whole-time director of a listed company.

Evaluation: The committee shall carry out evaluation of performance of every director, KMP at regular interval (yearly).

Removal: Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the committee may recommend, to the board with reasons recorded in writing, removal of a director, KMP or senior management personnel subject to the provisions and compliance of the said Act, rules and regulations and other matters.

Retirement: The director and KMP shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the company. The Board will have the discretion to retain the director, KMP in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the company.

PART – C

Policy relating to the remuneration for the whole-time director, key managerial personnel

General Terms:

1. The remuneration / compensation / commission, bonus etc. to the whole-time director and key managerial personnel may be determined by the committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the company and central government, wherever required.
2. The remuneration and commission to be paid to the whole-time director shall be in accordance with the percentage / slabs / conditions laid down in the articles of association of the company and as per the provisions of the Companies Act 2013, and the rules made there under.
3. Increments to the existing remuneration / compensation structure may be recommended by the committee to the Board which should be within the slabs approved by the shareholders in the case of whole-time director.
4. Where any insurance is taken by the company on behalf of its whole-time director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Whole-time / Executive / Managing Director / Key Managerial Personnel:

1. Fixed pay:

   The whole-time director and KMP shall be eligible for a monthly remuneration as may be approved by the board on the recommendation of the committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the board on the recommendation of the committee and approved by the shareholders and central government, wherever required.

2. Minimum Remuneration:

   If, in any financial year, the company has no profits or its profits are inadequate, the company shall pay remuneration to its whole-time director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the central government.

3. Provisions for excess remuneration:

   If any whole-time director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the central government, where required, he / she shall refund such sums to the company and until such sum is refunded, hold it in trust for the company. The company shall not waive recovery of such sum refundable to it unless permitted by the central government.

Remuneration to non- executive / independent director:

1) Remuneration / Commission:

   The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the articles of association of the company and the Companies Act, 2013 and the rules made there under.

2) Sitting Fees:

The non - executive / independent director may receive remuneration by way of fees for attending meetings of Board or committee thereof.

3) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit as fixed under various statues.

4) Stock Options:

An independent director shall not be entitled to any stock option of the company.

Minutes of committee meeting:

Minutes of all meetings must be signed by the Chairman of the committee at the subsequent meeting. Minutes of the committee meetings will be tabled at the subsequent board and committee meeting.

Annexure II

RISK MANAGEMENT POLICY

Risk management is the process of indentifying, measuring and minimizing uncertain events affecting resources. Enterprise risk management is about optimizing the process with which risks are taken and managed. The company needs to assess which method best suits its objectives and its business. Risk management oversees and ensures the integrity of the process with which risks are taken. An attempt has been made by way of this document to identify the risk associated with the company and the policies required to be adopted to mitigate the same.

Risk Management

i) The Board, its Audit Committee and its executive management should collectively identify the risks impacting the company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy

ii) The Board should also affirm and disclose in its report to members that it has put in place critical risk management framework across the company, which is overseen once every six months by the Board. The disclosure should also include a statement of those elements of risk, that the Board feels, may threaten the existence of the company.

It has therefore become mandatory for the listed companies to prepare a comprehensive framework of risk management for assessment of risks and determine the responses to these risks so as to minimize their adverse impact on the organization.

KECL recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner

The company believes that the Risk cannot be eliminated. However, it can be:

- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- Reduced, by having good internal controls;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

The Risk Management policy of the company shall primarily focus on identifying, assessing and managing risks in the following areas:

1. Company assets and property
2. Employees
3. Foreign Currency Risks
4. Operational Risks
5. Non-compliance of statutory enactments
6. Competition risks
7. Contractual risks

1. Policy for managing risks associated with company assets and property

The policy deals with nature of risk involved in relation to assets and property, objectives of risk management and measures to manage risk.

The risk management policy relating to assets aims at ensuring proper security and maintenance of assets and adequate coverage of insurance to facilitate speedy replacement of assets with minimal disruption to operations. The role and responsibilities of the departments shall be identified to ensure adequate physical security and maintenance of its assets.

2. Policy for managing risk relating to employees

The employees constitute the most important asset of the company. The risk management policy relating to employees is therefore necessary to cover all risks related to employees and their acts/omissions.

The policy deals with the nature of risk involved in relation to employees, objectives of risk management and measures to manage risk. In particular, the objectives of employee related risk management policy aims at reducing attrition rate, providing adequate security to employees in relation to life, disability, accident and sickness, providing adequate legal safeguards to protect confidential information, and protecting the company from any contractual liability due to misconduct/ errors/omissions of employees.

3. Policy for managing foreign currency risk

The revenues of the company are from both domestic and international sources. The company at times may resorts to long-term and short-term borrowings in foreign currency to finance expansion plans and growth. Any such move would attract the risk associated with frequent changes in valuation of foreign currencies.

The objective of foreign currency risk management is to protect cash flows and profit margins from volatility on account of fluctuations in exchange rates. The Policy for foreign currency risk management ensures that the treasury department continuously tracks movement of foreign currencies, avails services of experts and hedges the risk through appropriate mechanism such as forwarding contracts/options.

4. Operational risks

The company is constantly working to limit the operational risk that run through all the facets of operations. This requires the combined efforts and support from all units including branches. The startup database of loss events is populated from internal audit reports. Apparent trends are analyzed and various operating groups combine into task forces to address these. The business continuity plan is reviewed quarterly by each unit.

5. Risks associated with non-compliance of statutory enactments

The company being a legal entity engaged in manufacturing activity and listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). In view of the same, the company is required to ensure compliance of provisions of various applicable statutory enactments, failure to comply one or more such provisions may render strict penalties as may be prescribed under such statutory enactments.

The company shall ensure that qualified professionals are employed to comply with various laws. In addition to statutory audits, the company shall promote undertaking of internal audit/s at different levels periodically to ensure timely check on statutory compliances.

6. Competition risks

Risk of competition is inherent to all business activities. The company faces competition from the existing players in the domestic and international levels operating in the segment in which the company operates. There is always an inherent risk that the existing competition may further get acute with the advent of new players and foreign players.

The company needs to continuously upgrade its technology by conducting in-house research activities and should also have an updated knowledge about the requirement as per the industry standards. The company is providing tailor made products to its customers so as to be ahead with other competitors. Further, the company's strategy shall be to leverage its investments in its own high-profile brands, thereby leading to consolidation and value creation.

7. Contractual risks

There may be instances of defaults by customer/s in fulfilling contractual obligations as a result of which the company may face financial losses. Similarly, defaults by the company in fulfilling one or more contractual obligations due to reasons such as misrepresentations, breach of warranties etc cannot be ruled out.

The company shall ensure that proper drafting of the contract and adequate indemnity clauses are incorporated in the contracts entered into with one or more parties, In addition, internal controls from technical team and strict supervisions and checks on execution of contracts and delivery be undertaken.

Annexure - III

DISCLOSURE OF PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

A. Conservation of Energy:

a) Energy conservation measures taken:

The company conserves energy by

1. Improving system power factor.
2. Reduction of maximum demand and restricting the maximum demand to billing demand.
3. Monitoring of energy consumption and further requisite follow-up.
4. Optimum utilization of high energy consuming electrical equipments like winding machines.
5. Air-compressor pressure is maintained at reduced pressure with fixed timing and air leakages arrested.
6. Installation of capacitor panels.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy;

1. Implementation of induction brazing processes.
2. Optimization of varnish impregnation process
3. Installation of system to ensure uniform temperature.
4. Energy conservation audit through external audit agency.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The measures taken by the company have resulted in optimum usage of energy in terms of units and reducing costs.

d) Total energy consumption and energy consumption per unit of production

Not Applicable

B. Technology Absorption:

1. Research and Development

   Research and development is undertaken for the range of all the existing products, lowering costs and process improvements, indigenization or alternate sourcing of materials and development of energy efficient products.

2. Benefits derived as a result of the above R & D efforts.
   a. Process improvement resulting in higher production.
   b. Development of in-house skills for manufacture of high precision products.
   c. Enhanced design and product capability to achieve customer satisfaction.
   d. Product range extension to reach newer markets.
   e. Special motors for vehicle application developed.

3. Future plan of action:

To enhance product performance and for better customer satisfaction, your company will continue in:-

a. Upgrading existing technology.
b. Extending range of its products.
c. Developing new processes.
d. Applying research and value engineering.

4. Expenditure on R & D:

	(₹ in Lakhs)
Capital	Nil
Recurring	8.93
Total	8.93
Total R & D Expenditure	**8.93**
as a % of total turnover	0.02%

5. Technology absorption, adaptation and innovation:

a. Efforts made, in brief, for technology absorption, adaptation and innovation.
- In-house training of personnel.
- Indigenization of materials, components and processes.

b. Benefits derived as a result of the above efforts
- Enhanced product range
- Quality improvement
- Development of new products

c. Future plan of action
- Upgradation of existing technology
- Development of new processes

d. Technology imported during the last 5 years.
- Technology Imported – Nil
- Has the technology been fully absorbed? If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action – NA

C. <u>Foreign Exchange Earnings and Outgo:</u>

1. Activities relating to export; initiatives to increase exports; development of new export markets for products and services; and Export Plan;

   The company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year, the company has exports (FOB Value) worth ₹ 1,248.62/- Lakhs

2. Total foreign exchange used and earned.

		(₹ in Lakhs)
a)	Foreign Exchange earned:	
(i)	FOB value of goods exported (net) of sales	1,248.62
(ii)	Dividend on shares (net of tax)	0.00
(iii)	Repatriation of Profit	113.71
(iv)	Others (Sale of investment in Kirloskar Kenya Ltd)	0.00
b)	Foreign Exchange Used	
	Value of imports calculated on the CIF basis.	
(i)	Raw materials & Components and spare parts	322.02
(ii)	Capital Goods	3.10

Annexure- IV

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry outlook

As per latest reports, the Indian Economy is likely to regain its pace in the current fiscal and once again will become one of the fastest growing economy in the world. India's Gross Domestic Product growth estimated to be at the rate of 7.3% during ongoing fiscal reflecting the robust private consumption, firm investments and regain its pace once again in the current fiscal.

Our company being one of leading manufacturer of Electrical Capital goods such as AC Motors, Generators, DC Motors, Transformers etc depends on the expansion, fresh CAPEX investment for growth and to sustain the same. With India poised to be fastest developing country we expect expansion and investments in core sectors like steel, cement, coal, water, irrigation, hydro carbon, electric mobility, renewable energy including the solar in the country. Your company caters its products to all these sectors and the growth is expected to have its impact on the increased demand for electric goods manufactured by the company.

Your company has taken several bold steps to remain competitive by optimizing the costs, rationalizing manpower and consolidating the manufacturing operations. The company continues to enjoy strong brand image and acceptance of products and services on account of our constant focus on Product reliability, durability and competitiveness.

Opportunities;

Your company is one of the foremost manufacturers of Motors for Electric cars. India is well poised to register multifold growth in electric mobility space. As per various surveys, the number of electrical vehicles on road will grow from 3 million to 125 million 2030. Huge growth is expected for electrical vehicles in India which will see increase demand for Motors. Further we see a sustained a growth for energy efficient products viz., motors, Converter duty Transformers for Solar and also BIS and Star rated Transformers for power distribution applications.

Your company continues to face competition from the unorganized sector and also new players making their presence in the country.

Threats

The Key sectors and end user Industry are going through a very rough business phase more particularly mining, steel, coal and infrastructure including the real-estate industry. Any change in the government policy and projects guidelines concerning new investments in these sectors, may have an adverse impact on demand for your products. Capacity utilization of the company remains low and actual performance may also vary as it is dependent on several factors beyond the control of your company.

Segment wise or product wise performance

Your company has identified the reportable segments as rotating machines group, power generation and distribution group and others, taking into account the nature of products and services, the different risks and returns and the internal reporting systems.

The segment wise turnover of your company is as follows:

(₹ in lakhs)

Products	2017-18	2016-17
Rotating Machines Group	18,761	27,673
Power Generation and Distribution Group	18,428	35,291
Others	1,214	1,501
Total	**38,403**	**64,465**

Note: figures has been regrouped as per IND-AS

Future Outlook

We expect that business conditions will stabilize at the current levels and also more key reforms will be implemented in the coming years and we expect a stable growth over the coming years.

Risks mitigation measures

Your Company recognizes the unstable growth in core sectors as major risks and has initiated the following measures for mitigating the above business related risks:

Your Company continually upgrades its engineering strength and design capabilities by incorporating latest technologies in its products and services. Reduction in manufacturing costs and improvement in operating efficiencies are continuously pursued enabling it to offer competitive prices. The wide portfolio of products gives your company a competitive advantage, as we can cater to the major verticals of the electrical engineering capital goods industry.

Your company recognizes the importance of its supply chain in sourcing good quality raw materials and other inputs at competitive prices with high reliability in meeting delivery timelines.

Internal Control System

Your Company has reintroduced System Audit from the current year to have controls on the processes. System driven controls also ensure ease of monitoring and consistency of operations and Compliances. Your Company is under SAP ERP which ensures that there is reasonable assurance about the financial and accounting records and controls. To safeguard assets of the Company against damage/loss and accounting records are reliable for preparing financial statement the records are verified by Internal Auditors. Internal controls are evaluated by the internal auditors and supported by management reviews. All audit observations and follow up actions thereon are initiated for resolution by the respective functions.

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part A: Subsidiaries

Sl. No	Name of the Subsidiary	Share Capital (In ₹)	Reserves & Surplus (In ₹)	Total Assets (In ₹)	Investments (In ₹)	Turnover (In ₹)	% of Shareholding	
							Equity Share capital	Preference share capital
1.	KELBUZZ Trading Private Limited	70,200,000/-	(421,280,441)/-	(668,423,873)/-	Nil	Nil	100%	0.01%
2.	Luxquisite Parkland Private Limited	606,500,000/-	(6,587,827)/-	623,320,999/-	623,000,688/-	Nil	100%	0.01%
3.	SKG Terra Promenade Private Limited	200,000/-	(145,393,445)/-	210,568,778 /-	Nil	(35,916,248)/-	100%	0.01%
4.	SLPKG Estate Holdings Private Limited	1,000,000/-	(308,665,558)/-	(453,405,436)/-	Nil	Nil	100%	0.01%
5.	Swaki Habitat Private Limited	100,000/-	(69,498)/-	91,198/-	Nil	Nil	100%	Nil
6.	Kesvik Developers Private Limited	100,000/-	(70,298)/-	91,917/-	Nil	Nil	100%	Nil

Part B: Associate Companies/ Joint Ventures

Sl. No	Name of the Subsidiary	Latest Audited Balance Sheet Date	Shares of Associate/Joint Ventures held by thecompany on the year end	Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latestaudited Balance Sheet#	Profit / Loss for the year#
1.	Kirloskar Malaysia Sdn Bhd	31-03-2018	300,000	30% shares held by KECL	N/a	(refer below note)	(refer below note)

#since the networth of the associate is negative; the loss is restricted to the value of the investment

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

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

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: May 28, 2018

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

Kamlesh Suresh Gandhi
Director
DIN: 00004969

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

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

Form No. AOC-2

(Pursuant to *clause (h) of sub-section (3) of section 134 of the Act and* Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:-

Kirloskar Electric Company Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2017-18.

2. Details of material contracts or arrangement or transactions at arm's length basis

(i) There were no material contracts or arrangements with any related party.

(ii) Details of transactions undertaken at arm's length basis are as follows;

(a) Name(s) of the related party and nature of relationship:

1. Abhiman Trading Company Private Limited, Mrs. Meena Kirloskar is the interested directors of the company & Mr. Vijay R Kirloskar is member of the company;
2. Sri Vijayadurga Investments and Agencies Pvt Ltd, Mrs. Meena Kirloskar is the interested directors of the company & Mr. Vijay R Kirloskar is member of the company;
3. Vijayjyothi Investments and Agencies Pvt Ltd, Mrs. Meena Kirloskar is the interested directors of the company & Mr. Vijay R Kirloskar is member of the company;
4. Vijaya Farms Pvt Ltd, Mrs. Meena Kirloskar is the interested director of the company & Mr. Vijay R Kirloskar is member of the company;
5. Ravindu Motors Private Limited, Mrs. Meena Kirloskar is the Managing Director of the company;
6. Kirloskar Power Equipments Limited, Mr. Vijay R Kirloskar is interested director in the company;
7. Kirsons Trading Pte Ltd, Mr. Vijay R Kirloskar & Mr. Anand B Hunnur are the interested directors in the company;
8. Kirloskar (Malaysia) SDN BHD, Mr. Vijay R Kirloskar is interested director in the company;
9. Transport Corporation of India Ltd, Mr. S.N Agarwal is the interested director of the company;
10. Maini Materials Movement Pvt Ltd, Mr. Sarosh J Ghandy is the interested director of the company;
11. Kirsons BV, a step down subsidiary company;
12. SKG Terra Promenade Private Limited, a wholly owned subsidiary company;
13. SLPKG Estate Holdings Private Limited, a wholly owned subsidiary company;
14. KELBUZZ Trading Private Limited, a wholly owned subsidiary company;
15. Luxquisite Parkland Private Limited, a wholly owned subsidiary company;
16. Swaki Habitat Private Limited, a wholly owned subsidiary company;
17. Kesvik Developers Private Limited, a wholly owned subsidiary company;

(b) Nature of contracts/arrangements/transactions:

Sales, purchases of goods, materials and services

(c) Duration of the contracts / arrangements/transactions:

Agreement is perpetual until terminated by either party.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

Standard terms and conditions of the general agreement

(e) Date(s) of approval by the audit committee:

1. May 26, 2017
2. August 10, 2017
3. December 13, 2017
4. February 12, 2018

(f) Amount paid as advances, if any: NIL

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]

As on financial year ended on 31.03.2018

I. REGISTRATION & OTHER DETAILS:

1.	CIN	**L31100KA1946PLC000415**
2.	Registration Date	**July 26, 1946**
3.	Name of the Company	**KIRLOSKAR ELECTRIC COMPANY LIMITED**
4.	Category/Sub-category of the Company	**Company Limited by Shares/ Indian Non Government Company**
5.	Address of the Registered office & contact details	**Industrial Suburb, Rajajinagar, Bangalore – 560010**
6.	Whether listed company	**Listed**
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	**Integrated Registry Management Services Private Limited # 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003.Telephone No's: 23460815, 23460816, 23460817 and 2346081 Fax No. 23460819, Website: www.123alpha.com, Contact Person: Mr. Manjunath, Senior Manager.**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY **(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Electric Motors	2710	48.25%
2	Transformers	2710	37.71%
3	DG Sets	2710	4.99%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /	% of shares held	Applicable Section
1	**SKG Terra Promenade Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U70100KA2014PTC077579	Subsidiary Company	100%	2(87)
2	**SLPKG Estate Holdings Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U70109KA2014PTC077504	Subsidiary Company	100%	2(87)
3	**Luxquisite Parkland Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U51100KA2014PTC077510	Subsidiary Company	100%	2(87)

4	**KELBUZZ Trading Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U51109KA2014PTC077631	Subsidiary Company	100%	2(87)
5	**Swaki Habitat Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U70100KA2015PTC079374	Subsidiary Company	100%	2(87)
6	**Kesvik Developers Private Limited** Flat A-23, Navarathna Apartments, 17th Cross, Malleswaram west, Bangalore – 560 055	U70100KA2015PTC079459	Subsidiary Company	100%	2(87)
7.	**Kirloskar Malaysia Sdn Bhd**	60777-P	Associate Company	30%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	DEMAT	Physical	Total	% of Total Shares	DEMAT	Physical	Total	% of Total Shares	
A. Promoter(s)									
(1) **Indian**									
a) Individual/HUF	12,025,132	-	12,025,132	18.11	12,025,132	-	12,025,132	18.11	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	20,801,895	-	20,801,895	31.32	20,801,895	-	20,801,895	31.32	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**32,827,027**	**-**	**32,827,027**	49.43	**32,827,027**	**-**	**32,827,027**	49.43	**-**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	373,311	45,379	418,690	0.63	364,001	45,379	409,380	0.62	(0.01)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	3,240,824	-	3,240,824	4.88	3,240,824	-	3,240,824	4.88	-

g) FIIs	1,287,388	450	1,287,838	1.94	520,194	450	520,644	0.78	(1.16)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	4,901,523	45,829	4,947,352	7.45	4,125,019	45,829	4,170,848	6.28	(1.17)
2. Non-Institutions									
a) Bodies Corp.	3,479,570	30,868	3,510,438	5.29	2,458,046	31,346	2,489,392	3.75	(1.54)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) NBFC registered with RBI	8,850	-	8,850	0.01	950	-	950	0.00	(0.01)
c) Individuals	-	-	-	-	-	-	-	-	-
i) Individual hareholders holding nominal share capital upto Rs. 2 lakh	15,242,058	1,481,678	16,723,736	25.18	18,964,035	1,458,857	20,422,892	30.75	5.57
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	4,835,926	100,000	4,935,926	7.43	3,484,913	100,000	3,584,913	5.40	(2.03)
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	1,896,044	1,896,044	2.85	-	1,896,044	1,896,044	2.85	-
Foreign Nationals	995	839	1,834	0.00	1,113	586	1,699	0.00	(0.00)
Clearing Members	1,561,574	-	1,561,574	2.35	1,020,016	-	1,020,016	1.54	(0.82)
Trusts	1,058	-	1,058	0.00	58	-	58	0.00	(0.00)
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
Enemy Property	-	232	232	0.00	232	-	232	0.00	-
Sub-total (B)(2):-	25,130,031	3,509,661	28,639,692	43.12	25,929,363	3,486,833	29,416,196	44.29	1.17
Total Public Shareholding B)=(B)(1)+ (B)(2)	**30,031,554**	**3,555,490**	**33,587,044**	**50.57**	**30,054,382**	**3,532,662**	**33,587,044**	**50.57**	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**62,858,581**	**3,555,490**	**66,414,071**	**100.00**	**62,881,409**	**3,532,662**	**66,414,071**	**100.00**	-

B. Shareholding of promoters and promoter group-

Sl. No	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2017]			Shareholding at the end of the year [As on 31-March-2018]		
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares
1	Vijay Ravindra Kirloskar	11,840,618	17.83	33.05	11,840,618	17.83	33.05
2	Meena V Kirloskar	184,514	0.28	100	184,514	0.28	100
3	Abhiman Trading Company Private Limited	5,217,063	7.86	100	5,217,063	7.86	100
4	Vijayjyothi Investments and Agencies Private Limited	4,271,217	6.43	99.68	4,271,217	6.43	99.68
5	Vijay Farms Private Limited	3,540,807	5.33	100	3,540,807	5.33	100
6	Vijaykirti Investments and Agencies Pvt Ltd	3,064,094	4.61	100	3,064,094	4.61	100
7	Sri Vijaydurga Investments and Agencies Private Limited	1,774,506	2.67	100	1,774,506	2.67	100
8	Vimraj Enterprises Private Limited	1,606,483	2.42	100	1,606,483	2.42	100
9	Kirloskar Power Equipments Ltd	1,141,225	1.72	100	1,141,225	1.72	100
10	Kirloskar Batteries Pvt Limited	186,500	0.28	100	186,500	0.28	100
	TOTAL	**32,827,027**	**49.43**	**75.81**	**32,827,027**	**49.43**	**75.81**

C. Change in promoters' shareholding (please specify, if there is no change)

Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	32,827,027	49.43		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	32,827,027	49.43

D. Shareholding pattern of top ten Shareholders:
(Other than directors, promoters and holders of GDRs and ADRs):

SL NO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2017					CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2018	
		No. of Shares	% of Total shares of the company	Date	Increase/ Decrease in Share Holding	Reason	No of Shares	% of Total shares of the company
1	Life Insurance Corporation Of India	2,576,571	3.88	01.04.2017	No Movement During The Year			
				31.03.2018			**2,576,571**	**3.88**
2	M/S. Hawker Siddeley Management Ltd.,	1,896,044	2.85	01.04.2017	No Movement During The Year			
				31.03.2018			**1,896,044**	**2.85**
3	The New India Assurance Company Limited	506,412	0.76	01.04.2017	No Movement During The Year			
				31.03.2018			**506,412**	**0.76**
4	Hongkong Victory Investment Co Limited	470,194	0.71	01.04.2017	No Movement During The Year			
				31.03.2018			**470,194**	**0.71**
5	Kamalesh Shantilalji Jain	405,000	0.61	01.04.2017	0		405,000	0.61
				14.07.2017	-5000	Transfer	400,000	0.60
				31.03.2018			**400,000**	**0.60**
6	Globe Capital Market Ltd	183,563	0.28	01.04.2017	0		183,563	0.28
				07.04.2017	31420	Transfer	214,983	0.32
				14.04.2017	3523	Transfer	218,506	0.33
				28.04.2017	-10	Transfer	218,496	0.33
				05.05.2017	-18626	Transfer	199,870	0.30
				12.05.2017	-7414	Transfer	192,456	0.29
				19.05.2017	41573	Transfer	234,029	0.35
				26.05.2017	28740	Transfer	262,769	0.40
				02.06.2017	-1430	Transfer	261,339	0.39
				09.06.2017	-36137	Transfer	225,202	0.34
				16.06.2017	7837	Transfer	233,039	0.35
				23.06.2017	-11390	Transfer	221,649	0.33
				30.06.2017	-49542	Transfer	172,107	0.26
				07.07.2017	82300	Transfer	254,407	0.38
				14.07.2017	-14891	Transfer	239,516	0.36
				21.07.2017	-5618	Transfer	233,898	0.35
				28.07.2017	7242	Transfer	241,140	0.36
				04.08.2017	34943	Transfer	276,083	0.42
				11.08.2017	2699	Transfer	278,782	0.42
				18.08.2017	655	Transfer	279,437	0.42
				25.08.2017	3920	Transfer	283,357	0.43
				01.09.2017	2185	Transfer	285,542	0.43
				08.09.2017	63572	Transfer	349,114	0.53
				15.09.2017	-24315	Transfer	324,799	0.49

				22.09.2017	-25921	Transfer	298,878	0.45
				30.09.2017	53307	Transfer	352,185	0.53
				06.10.2017	22095	Transfer	374,280	0.56
				13.10.2017	40833	Transfer	415113	0.63
				20.10.2017	-7405	Transfer	407708	0.61
				27.10.2017	-150	Transfer	407558	0.61
				03.11.2017	146702	Transfer	554260	0.83
				10.11.2017	-25137	Transfer	529123	0.80
				17.11.2017	-61550	Transfer	467573	0.70
				24.11.2017	-7975	Transfer	459598	0.69
				01.12.2017	6000	Transfer	465598	0.70
				08.12.2017	-391	Transfer	465207	0.70
				15.12.2017	3250	Transfer	468457	0.71
				22.12.2017	-1175	Transfer	467282	0.70
				29.12.2017	-13374	Transfer	453908	0.68
				05.01.2018	-13770	Transfer	440138	0.66
				12.01.2018	5166	Transfer	445304	0.67
				19.01.2018	-117602	Transfer	327702	0.49
				25.01.2018	31936	Transfer	359638	0.54
				02.02.2018	-5458	Transfer	354180	0.53
				09.02.2018	-34508	Transfer	319672	0.48
				16.02.2018	-9825	Transfer	309847	0.47
				23.02.2018	-72394	Transfer	237453	0.36
				02.03.2018	-7080	Transfer	230373	0.35
				09.03.2018	8791	Transfer	239164	0.36
				16.03.2018	-59571	Transfer	179593	0.27
				23.03.2018	40150	Transfer	219743	0.33
				31.03.2018	**-14420**	Transfer	**205323**	**0.31**
7	Il And Fs Securities Services Limited	76,058	0.11	01.04.2017	0		76058	0.11
				07.04.2017	3594	Transfer	79652	0.12
				14.04.2017	-1500	Transfer	78152	0.12
				21.04.2017	378	Transfer	78530	0.12
				05.05.2017	3000	Transfer	81530	0.12
				12.05.2017	200	Transfer	81730	0.12
				19.05.2017	-26460	Transfer	55270	0.08
				26.05.2017	37860	Transfer	93130	0.14
				02.06.2017	6274	Transfer	99404	0.15
				09.06.2017	-1474	Transfer	97930	0.15
				16.06.2017	13174	Transfer	111104	0.17
				23.06.2017	-18600	Transfer	92504	0.14
				30.06.2017	500	Transfer	93004	0.14
				07.07.2017	48250	Transfer	141254	0.21
				14.07.2017	-6107	Transfer	135147	0.20
				21.07.2017	-5345	Transfer	129802	0.20
				28.07.2017	54657	Transfer	184459	0.28
				04.08.2017	-22112	Transfer	162347	0.24
				11.08.2017	-52975	Transfer	109372	0.16
				18.08.2017	47	Transfer	109419	0.16
				25.08.2017	29612	Transfer	139031	0.21
				01.09.2017	2485	Transfer	141516	0.21
				08.09.2017	-92	Transfer	141424	0.21
				15.09.2017	12350	Transfer	153774	0.23
				22.09.2017	-1844	Transfer	151930	0.23
				30.09.2017	56880	Transfer	208810	0.31

				06.10.2017	3000	Transfer	211810	0.32
				13.10.2017	1880	Transfer	213690	0.32
				20.10.2017	-3600	Transfer	210090	0.32
				27.10.2017	11800	Transfer	221890	0.33
				03.11.2017	-24406	Transfer	197484	0.30
				10.11.2017	23924	Transfer	221408	0.33
				17.11.2017	5895	Transfer	227303	0.34
				24.11.2017	-1273	Transfer	226030	0.34
				01.12.2017	-2600	Transfer	223430	0.34
				08.12.2017	-4100	Transfer	219330	0.33
				15.12.2017	-13426	Transfer	205904	0.31
				22.12.2017	4186	Transfer	210090	0.32
				29.12.2017	-57233	Transfer	152857	0.23
				30.12.2017	-49	Transfer	152808	0.23
				05.01.2018	155	Transfer	152963	0.23
				12.01.2018	5500	Transfer	158463	0.24
				19.01.2018	16517	Transfer	174980	0.26
				25.01.2018	24600	Transfer	199580	0.30
				02.02.2018	-11206	Transfer	188374	0.28
				09.02.2018	-3017	Transfer	185357	0.28
				16.02.2018	3502	Transfer	188859	0.28
				23.02.2018	20653	Transfer	209512	0.32
				02.03.2018	-1000	Transfer	208512	0.31
				09.03.2018	-6390	Transfer	202122	0.30
				16.03.2018	-677	Transfer	201445	0.30
				23.03.2018	-3076	Transfer	198369	0.30
				31.03.2018	**-20450**	**Transfer**	**177919**	**0.27**
8	Lok Prakashan Ltd	170,000	0.26	01.04.2017	No Movement During The Year			
				31.03.2018			**170000**	**0.26**
9	The Oriental Insurance Company Limited	152,353	0.23	01.04.2017	No Movement During The Year			
				31.03.2018			**152353**	**0.23**
10	Motilal Oswal Securities Ltd - Collateral Account	284,721	0.43	01.04.2017	0		284721	0.43
				07.04.2017	-69590	TRANSFER	215131	0.32
				14.04.2017	-69791	TRANSFER	145340	0.22
				21.04.2017		TRANSFER	188213	0.28
				28.04.2017	-11259	TRANSFER	134081	0.20
				05.05.2017	3545	TRANSFER	137626	0.21
				12.05.2017	5757	TRANSFER	143383	0.22
				19.05.2017	-25813	TRANSFER	117570	0.18
				26.05.2017	194203	TRANSFER	311773	0.47
				02.06.2017	2050	TRANSFER	313823	0.47
				09.06.2017	-8485	TRANSFER	305338	0.46
				16.06.2017	15307	TRANSFER	320645	0.48
				23.06.2017	-3879	TRANSFER	316766	0.48
				30.06.2017	-6980	TRANSFER	309786	0.47
				07.07.2017	12727	TRANSFER	322513	0.49
				14.07.2017	-52319	TRANSFER	270194	0.41

				21.07.2017	11188	TRANSFER	281382	0.42
				28.07.2017	-64949	TRANSFER	216433	0.33
				04.08.2017	-57068	TRANSFER	159365	0.24
				11.08.2017	-6527	TRANSFER	152838	0.23
				18.08.2017	-21551	TRANSFER	131287	0.20
				25.08.2017	1816	TRANSFER	133103	0.20
				01.09.2017	-5840	TRANSFER	127263	0.19
				08.09.2017	-5806	TRANSFER	121457	0.18
				15.09.2017	-32598	TRANSFER	88859	0.13
				22.09.2017	5113	TRANSFER	93972	0.14
				30.09.2017	-283	TRANSFER	93689	0.14
				06.10.2017	1529	TRANSFER	95218	0.14
				13.10.2017	-2383	TRANSFER	92835	0.14
				20.10.2017	-3,329	TRANSFER	89506	0.13
				27.10.2017	-5,774	TRANSFER	83732	0.13
				03.11.2017	25,680	TRANSFER	109412	0.16
				10.11.2017	-14,048	TRANSFER	95364	0.14
				17.11.2017	8,086	TRANSFER	103450	0.16
				24.11.2017	-5931	TRANSFER	97,519	0.15
				01.12.2017	1,765	TRANSFER	99,284	0.15
				08.12.2017	3,761	TRANSFER	103,045	0.16
				15.12.2017	28,562	TRANSFER	131,607	0.20
				22.12.2017	-9,732	TRANSFER	121,875	0.18
				29.12.2017	59,410	TRANSFER	181,285	0.27
				05.01.2018	-21,707	TRANSFER	159,578	0.24
				12.01.2018	14,679	TRANSFER	17,4257	0.26
				19.01.2018	13,238	TRANSFER	187,495	0.28
				25.01.2018	-43,855	TRANSFER	143,640	0.22
				02.02.2018	21,087	TRANSFER	164,727	0.25
				09.02.2018	-20,969	TRANSFER	143,758	0.22
				16.02.2018	24,297	TRANSFER	168,055	0.25
				23.02.2018	-167,955	TRANSFER	100	0.00
				02.03.2018	-100	TRANSFER	0	0.00
				09.03.2018	87	TRANSFER	87	0.00
				16.03.2018	2,913	TRANSFER	3,000	0.00
				23.03.2018	4,900	TRANSFER	7,900	0.01
				31.03.2018	**190,616**	**TRANSFER**	**198,516**	**0.30**

E. Shareholding of directors and key managerial personnel:

Sl. No	Shareholding of each directors and each key managerial personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares % of total	shares of the company
	At the beginning of the year				
1.	Mr. Vijay R Kirloskar	11,840,618	17.83	11,840,618	17.83
2.	Mrs. Meena Kirloskar	184,514	0.28	184,514	0.28
3.	Mr. Vinayak N Bapat	-	-	-	-
4.	Mr. Anand B Hunnur	1,208	0.00	1,208	0.00
5.	Mr. Kamlesh Gandhi	500	0.00	500	0.00
6.	Mr. Sarosh J Ghandy	615	0.00	615	0.00
7.	Mr. Anil Kumar Bhandari	500	0.00	500	0.00
8.	Mr. Mahendra V.P	2,533	0.00	2,533	0.00
9.	Mr. S.N Agarwal	500	0.00	500	0.00
10.	Mr. K Ganesh	500	0.00	500	0.00
11.	Dr. Ashok Misra	-	-	-	-
12.	Mr. Shyamanta Bardoloi	-	-	-	-
13.	Mr. Soumendra Kumar Mahapatra	-	-	-	-
14.	Mr. Chinmoy Patnaik	-	-	-	-
	Total at the beginning of the Year	**12,031,488**	**18.12**		
	Date wise increase / decrease in promoters' shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				
1.	Mr. Vijay R Kirloskar	-	-	11,840,618	17.83
2.	Mrs. Meena Kirloskar	-	-	184,514	0.28
3.	Mr. Vinayak N Bapat	-	-	-	-
4.	Mr. Anand B Hunnur	-	-	1,208	0.00
5.	Mr. Kamlesh Gandhi	-	-	500	0.00
6.	Mr. Sarosh J Ghandy	-	-	615	0.00
7.	Mr. Anil Kumar Bhandari	-	-	500	0.00
8.	Mr. Mahendra V.P	-	-	2,533	0.00
9.	Mr. S.N Agarwal	-	-	500	0.00
10.	Mr. K Ganesh	-	-	500	0.00
11.	Dr. Ashok Misra	-	-	-	-
12.	Mr. Shyamanta Bardoloi	-	-	-	-
13.	Mr. Soumendra Kumar Mahapatra	-	-	-	-
14.	Mr. Chinmoy Patnaik	-	-	-	-
15.	Mr. Sanjeev Kumar S	-	-	-	-
16.	Ms. K S Swapna Latha	-	-	-	-
	Total at the end of the year	-	-	**12,031,488**	**18.12**

V. INDEBTEDNESS -Indebtedness of the company including interest outstanding/accrued but not due for payment.

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	18,877.52		3,668.87	22,933.54
ii) Interest due but not paid				-
iii) Interest accrued but not due			41.93	41.93
Total (i+ii+iii)	18,877.52	-	3,710.80	22,975.47
Change in Indebtedness during the financial year				
* Addition	(387.15)			(387.15)
* Reduction	(1,238.16)		42.73	(1,195.43)
Indebtedness at the end of the financial year				
i) Principal Amount	20,115.68		3,613.22	23,728.90
ii) Interest due but not paid	387.15			387.15
iii) Interest accrued but not due			54.85	54.85
Total (i+ii+iii)	**20,502.83**	**-**	**3,668.07**	**24,170.90**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In Lakhs)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Vijay R Kirloskar, Executive Chairman	Mr. Vinayak N Bapat, Managing Director*	Mr. Anand B Hunnur, Director – Sales	
1	Gross salary	₹	₹	₹	₹
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,800,000	5,265,787	5,891,499	27,957,286
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	435,429	40,189	475,618
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
	(d)Total	16,800,000	5,701,216	5,931,688	28,432,904
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission – as % of profit – others, specify	-	-	-	-
5	Others, please specify:	-	-	-	-
	Total (A)	**16,800,000$**	**5,701,216**	**5,931,688**	**28,432,904**
	Ceiling as per the Act#	16,800,000	16,800,000	16,800,000	50,400,000

 # As per ministry of corporate affairs notification dated September 12, 2016 the limit has been increased to Rs. 1.68 crore per annum.

$ Excludes arrear of Rs. 42,00,000/- paid during current year, pertaining to previous year 2016-17 (from October 01, 2016 to March 31, 2017)

**Mr. Vinayak N Bapat has resigned from the office of Managing Director with effect from August 11, 2017.*

B. Remuneration to other directors

(Amount In ₹)

Sl. No	Particulars of Remuneration	Name of Directors						Total
		Mr. Sarosh J Ghandy	Mr. Anil Kumar Bhandari	Mr. VP Mahendra	Mr. Kamlesh Gandhi	Mr. S.N Agarwal	Dr. Ashok Misra	
1	**Independent Directors**							
	Fee for attending board & committee meetings	1,20,000	2,10,000	1,35,000	1,65,000	1,80,000	45,000	8,55,000
	Commission	-	-	-	-	-	-	-
	Others, please specify:	-	-	-	-	-	-	-
	Total (1)	**1,20,000**	**2,10,000**	**1,35,000**	**1,65,000**	**1,80,000**	**45,000**	**8,55,000**

Sl. No	Particulars of Remuneration	Name of directors		
2	**Other Non-Executive Directors**	**Mrs. Meena Kirloskar**	**Mr. Shyamanta Bardoloi**	**Total (2)**
	Fee for attending board & committee meetings	1,20,000	90,000	2,10,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	**1,20,000**	**90,000**	**2,10,000**
	Total (C)=(1+2)			10,65,000
	Total Managerial Remuneration			**29,497,904**
	Overall Ceiling as per the Act			62,400,000

Note: *Rs. 30,000/- was paid towards sitting fee to LIC for its nominee director which is excluded from the above calculation.*

C. Remuneration To Key Managerial Personnel other than Managing Director/Manager/Whole-Time Director

Sl. No	Particulars of Remuneration	Key Managerial Personnel				
		Chinmoy Patnaik CS	Soumendra Kumar Mahapatra CFO	Sanjeev Kumar S, CFO#	K S Swapna Latha CS*	Total
1	Gross salary	₹	₹	₹	₹	₹
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,888,704	1,181,077	1,419,000	359,196	4,847,977
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	23,483	15,260	30,510	7,759	77,012
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	
	(d) Total	**1,912,187**	**1,196,337**	**1,449,509**	**366,955**	**4,924,989**
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission – as % of profit – others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	**1,912,187**	**1,196,337**	**1,449,509**	**366,955**	**1,816,464**

 # Mr. Sanjeev Kumar S has been appointed as CFO with effect from 10-08-2017. Excludes remuneration paid before CFO (KMP) upto 09-08-2017 on proportionate basis.

** Ms. K S Swapna Latha has been appointed as Company Secretary with effect from 12-02-2018*

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made,if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Kirloskar Electric Company Limited,
CIN: L31100KA1946PLC000415
Bangalore – 560 010

I have conducted the secretarial audit in compliance with applicable statutory provisions and adherence to good corporate practices by **M/s Kirloskar Electric Company Limited, Bangalore** (herein after referred to as **"Company"**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

1. The Companies Act, 2013, (the Act), Including earlier Companies Act and the relevant Rules made there under;
2. The Securities Contracts (Regulation) Act,1956 ('SCRA') and the Rules made there under;
3. The Depositories Act,1996 and the Regulations and By-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'):
    a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;
    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations**,** 2015**;**
    c. The Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009;
    d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999; - **(Not Applicable during the year)**
    e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable during the year);**
    f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **(Not Applicable during the year);**
    g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client;
    h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **(Not Applicable during the year);**
    i. The Securities and Exchange Board of India (Buyback of Securities) Regulations,1998; - **(Not Applicable during the year);** and

j. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

k. Other laws as may be applicable to the Company as per the representation made by the Company, including the Listing Agreements entered into by the Company with BSE Ltd., and National Stock Exchange of India Ltd., and Secretarial Standards issued by The Institute of Company Secretaries of India to the extend applicable as on the date of our audit;

6. We have relied on the representation made by the Company, its Officers and on the reports given by designated professionals for systems and processes formed by the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations to the Company.

We further Report that,

a) CSR Expenditure - **Not Applicable** – pursuant to section 135 and The Companies (Corporate Social Responsibility Policy) Rules, 2014.

b) During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned above except few instances of delay in repayment of deposits, which the Company repaid with interest.

We have not examined compliance by the Company with:

i) Applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that:

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(ii) Adequate notice is given to all directors to schedule the Board and other Committee meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(iii) Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

(iv) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

(v) During the audit period the company has no major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013, having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

(vi) During the audit period, there were no instances of:

a) Redemption/ buyback of securities.

b) Merger/ amalgamation/ reconstruction etc.

c) Foreign technical collaborations.

For **Swaroop, Ravishankar and Associates**
Company Secretaries
Swaroop S
Partner
FCS: 8977 CP: 9997

Bengaluru
Dated: 30.05.2018

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure A to MR-3

To,
The Members,
Kirloskar Electric Company Limited,
Bengaluru

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Swaroop, Ravishankar and Associates**
Company Secretaries

Swaroop S
Partner
FCS: 8977 CP: 9997

Dated: 30.05.2018
Bengaluru

Corporate Governance Report 2017-18

1. Statement on company's philosophy on corporate governance:

Your company continues to be firmly committed to corporate governance and follows a system of good practices of transparency in its reporting. Your company continues with its firm commitment in meeting expectations of various stakeholders in matters related to trusteeship, integrity, ethical standards and legal requirements. Your company continues to comply with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Your company's Board fully understands and takes the responsibility for its commitments to various stakeholders. The primary objective of 'Customer Satisfaction' is relentlessly pursued.

2. Board of directors:

a) Composition as at March 31, 2018 and other matters:

Your company's Board comprised of eminent persons with optimum balance of executive directors, non executive directors and independent directors having professional or technical expertise from different fields such as technical, business strategy and management, marketing and finance. Mr. Vijay R Kirloskar (DIN: 00031253) is the Executive Chairman and other Board members comprised of six independent directors; two non-executive directors including one woman director, one nominee director and two executive directors which includes the Executive Chairman of the company.

All the independent directors satisfy the criteria of independence as defined under the Companies Act, 2013, and the Listing Regulations.

As regards to the appointments of new directors, Board considers the recommendations of the Nomination and Remuneration Committee, which in turn, considers various aspects including the qualifications, professional expertise and exposures, positive attributes and independence, wherever required, as per the laid down criteria.

The Board, inter-alia, provides leadership, strategic guidance and independent advise to the company's management.

The Board members get updates on the company's procedures and policies as per the familiarization program.

None of the directors on the Board is a member on more than 10 committees or Chairman of more than 5 committees across all the companies in which he is a director as specified under SEBI LODR Regulations. Necessary disclosures regarding committee positions have been made by the directors

b) Number of Board meetings held and their dates:

Six meetings of the Board of directors were held during the financial year 2017-18 on May 26, 2017, August 10, 2017, September 8, 2017, September 21, 2017, December 13, 2017 & February 12, 2018.

Sl. No	Date of Board meeting	No of directors entitled to attend	No of directors attended
1	May 26, 2017	12	10
2	August 10, 2017	11	7
3	September 8, 2017	11	9
4	September 21, 2017	11	9
5	December 13, 2017	11	9
6	February 12, 2018	11	11

The quorum was present for all the meetings. The maximum interval between any two meetings did not exceed one hundred and twenty days.

c) Category, attendance, directorships, membership, chairmanship of directors of your company during the financial year ended March 31, 2018;

Name of the Director	Designation	Attendance		Directorships/Committee Memberships@		
		Attend-ance of each director	Attendance at the previous AGM attended (Yes/No)	Directorships in Public companies Committee	Membership Committee	Chairmanship
Mr. Vijay R Kirloskar*	Executive -Chairman	6	Yes	5	1	0
Mr. S.N. Agarwal	Non Executive-Independent Director	5	Yes	7	3	0
Mr. Sarosh J Ghandy	Non Executive-Independent Director	4	Yes	3	1	0
Mr. Anil Kumar Bhandari	Non Executive-Independent Director	6	Yes	3	2	2
Mr. V.P. Mahendra	Non Executive-Independent Director	5	Yes	3	2	0
Mr. Kamlesh Gandhi	Non Executive-Independent Director	6	Yes	5	1	2
Mr. K Ganesh	Nominee Director	2	No	1	0	0
Dr. Ashok Misra	Non Executive-Independent Director	3	No	3	3	0
Mrs. Meena Kirloskar	Non Executive-Non Independent Director	5	Yes	1	0	0
Mr. Shyamanta Bardoloi	Non Executive-Non Independent Director	6	Yes	1	0	0
Mr. Anand B Hunnur$	Managing Director	6	Yes	1	0	0
Mr. Vinayak N Bapat#	Managing Director	1	N/A	1	0	0

@ excludes Private Limited companies, foreign companies and companies covered under section 8 of the Companies Act, 2013.

* Mr. Vijay R Kirloskar (DIN: 00031253) is director of Kirloskar Power Build Gears Limited which is under Liquidation.

$ Mr. Anand B Hunnur (DIN: 06650798) has been appointed as Managing Director of the company with effect from May 26, 2017.

Mr. Vinayak N Bapat (DIN: 06936639) has resigned from the position of Managing Director effective from August 11, 2017.

As per regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, membership/ chairmanship of audit committee and stakeholders' relationship committee in all Indian Public limited Companies are considered and, accordingly, reported. Further, none of the directors of the company hold membership of more than 10 committees, nor any director is the Chairman of more than 5 committees across all companies where he / she holds directorships.

d) Disclosure of relationships between directors inter-se:

As per the information available with the company, none of the directors were related inter se except for Mr. Vijay R Kirloskar (DIN: 00031253) and Mrs. Meena Kirloskar (DIN: 00286774).

e) Shareholding of non-executive directors as at March 31, 2018:

Name of the director	Number of Equity Shares
Mrs. Meena Kirloskar	184,514
Mr. Vellore Padmanaban Mahendra	2,533
Mr. Sarosh Ghandy	615
Mr. Anil Kumar Bhandari	500
Mr. Kamlesh Gandhi	500
Mr. Satyanarayana Agarwal	500
Mr. K Ganesh	500
Dr. Ashok Misra	Nil
Mr. Shyamanta Bardoloi	Nil

f) None of the non executive independent directors have any pecuniary relationship or transaction with the company.

g) Necessary information as required under schedule – II of listing regulations, as amended, have been placed before the meetings of the Board including the committees thereof.

h) Details of Familiarization Programmes to Directors

During the financial year, senior management team made presentations to the directors giving an overview of the company's operations, functions, strategies and risk management plans of the company. The details of the familiarization programs are available on the website of the company at: http://www.kirloskar-electric.com/investors/investors-information/policies.html.

i) Board Evaluation: The company believes that it is the effectiveness of the Board that contributes to the company's performance and long term growth. The criteria for Board evaluation contemplates evaluation of directors' performances based upon their performances as directors apart from their specific role as independent, non-executive and executive directors.

The criteria also specifies that the Board would evaluate each committee's performance based on the mandate on which the committee has been constituted and the contributions made by each member of the said committee in effective discharge of their responsibilities.

a. The Board of directors at its meeting held on February 12, 2018 evaluated the performance of independent directors of the company. Those directors who were subject to evaluation did not participate at the meeting. For the purpose, a comprehensive questionnaire was provided to each Board member. Each and every member except the director being evaluated, participated, discussed and filled in the questionnaire and provided their feedback. The results were thereafter compiled and noted.

b. Pursuant to applicable regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, (hereinafter referred as "SEBI LODR") the Nomination & Remuneration committee carried out evaluation of every director's performance. A comprehensive questionnaire was provided to each committee member for evaluation of every director's performance. Each member of the committee was requested to fill in the questionnaire and provide their feedback. The committee thereafter discussed and completed the evaluation process.

c. A separate meeting of independent directors was also held on February 12, 2018 to evaluate the performance of the non independent directors, the performance of the Chairman, the Board of director and its committees. A comprehensive questionnaire was shared with each member to carry out the evaluation process. The directors filled the questionnaire and provided their feedback.

The evaluation process contained the following;

1. Performance of the Board as a whole & its committees;

2. Performance of the Chairman and the executive directors, namely, Mr. Vijay R Kirloskar (DIN: 00031253), Executive Chairman & Mr. Anand B Hunnur (DIN: 06650798), Managing Director;

3. Performance of non-executive non independent directors, namely, Mr. K Ganesh (DIN: 05160176), Nominee Director; Mrs. Meena Kirloskar (DIN: 00286774), Director & Mr. Shyamanta Bardoloi (DIN: 01720375), Director;

Based on the review and consideration of the company's progress and performance during the year, the independent directors recorded the contributions made by the non independent directors.

The directors also reviewed the performance of the chairman after taking into account the views of executive and non-executive directors. The independent directors placed on record their appreciation of the leadership of the Chairman.

The independent directors further assessed the quality, quantity and timeliness of flow of information between the company and the management and the Board to effectively discharge their responsibilities and to perform their duties. They expressed their satisfaction on flow of information.

The independent directors acknowledged the fact that the Board was well informed of the company's activities. That had enabled the board to understand all the aspects of the company and had helped them to take decisions effectively.

i) Other Information:

Information flow to the members of the Board of directors:

Board is provided with all information concerning the agenda items for the meetings. Company's annual strategic plans and annual operating plans are also presented before the meetings seeking their inputs. Company's quarterly financial results and annual financial results are first presented to the Audit Committee and, subsequently, to the Board of directors for their approval. Agenda and notes on agenda are circulated among the members of the Board in advance of the meetings in accordance with the secretarial standards. The meetings facilitate directors to get insights on the affairs of the company and get their inputs and suggestions on strategic and operational matters of the company.

COMMITTEES OF BOARD

Our Board has constituted sub-committees to focus on specific areas and take informed decisions within the limits of authority delegated to each of the committees. Each committee of the Board is guided by its Charter, which defines the scope, powers and composition of the committee. All the decisions and recommendations of the committees are placed before the Board for information or approval.

As at March 31, 2018, your company has the following sub-committees of the Board;

3. Audit Committee:

Audit Committee as on March 31, 2018 comprised of five independent directors

Terms of reference of the audit committee cover the matters specified for audit committee under listing regulations and provisions of Section 177 of the Companies Act, 2013.

All the members of the committee are financially liberate. The composition of the committee is in conformity with the requirements of listing regulations and the provisions of section 177 of the Companies Act, 2013.

During the financial year 2017-18, the committee met five times on the May 26, 2017, August 10, 2017, September 8, 2017, December 13, 2017 & February 12, 2018.

Composition and attendance of each member were as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. Kamlesh Gandhi	Chairman	5	5
Mr. S. N. Agarwal	Member	5	4
Mr. Anil Kumar Bhandari	Member	5	5
Mr. Sarosh J Ghandy	Member	5	3
Mr. V.P. Mahendra	Member	5	4

The meetings of the committee were held at the corporate office and were attended by the Executive Chairman, Managing Director and Chief Financial Officer of the company, representatives from the auditors. The company secretary was the secretary to the committee.

4. Nomination and Remuneration Committee:

The committee comprised of four members as on March 31, 2018 all of whom are non executive directors. The committee met three times during the year on May 26, 2017, August 10, 2017 & on February 12, 2018.

Composition and attendance of each member were as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. S.N. Agarwal	Chairman	3	3
Mr. Anil Kumar Bhandari	Member	3	3
Mr. Sarosh J Ghandy	Member	3	1
Mrs. Meena Kirloskar	Member	3	3

Terms of reference of the committee cover all matters specified for Nomination and Remuneration committee under the provisions of Section 178 of the Companies Act, 2013 and the listing regulations.

Remuneration of directors:

The details of the policy is disclosed in the **Annexure VI** which forms part of Board's Report

Details of remuneration paid to the directors for the financial year 2017-18 and their shareholding as on March 31, 2018:

Name	Designation	Salary	Perquisites and allowances	Total Remuneration	Shareholding-No of equity shares
		₹	₹	₹	₹
Mr. Vijay R Kirloskar	Executive Chairman	8,400,000/-*	8,400,000 /-	16,800,000/-	11,840,618
Mr. Vinayak N Bapat	Managing Director	3,385,308 /- $	419,031 /-	3,804,339 /-	Nil
Mr. Anand B Hunnur	Managing Director	5,936,499/-	584,999/-	6,521,498/-	1,208

**Excludes arrear of Rs. 42,00,000/- paid during current year, pertaining to previous year 2016-17.*

$ The remuneration excludes taxable value of SAF portion paid in the year.

5. Stakeholder Relationship Committee:

The Stakeholder Relationship Committee consists of three directors. Mr. Anil Kumar Bhandari (DIN: 00031194) is the Chairman of the committee, Mr. Vijay R Kirloskar (DIN: 00031253) and Mr. V.P Mahendra (DIN: 00033270), are members of the committee.

There was no meeting during the year. However, resolution was passed by circulation on July 11, 2017 with regard to approval for the issue of duplicate share certificates.

Ms. K S Swapna Latha, Sr. General Manager - Legal & Company Secretary, is the Compliance Officer of the company.

Number of shareholders complaints, complaints resolved to the satisfaction of shareholders and number of pending complaints

Shareholders' complaints are taken up with high priority and it is the company's policy that investors' complaints are attended with utmost priority and resolved expeditiously.

A statement of the investor complaints for the financial year 2017-18 is given below:

Sl. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	Nil
2	Investor complaints received during the year	3
3	Investor complaints disposed off / resolved during the year	3
4	Investor complaints remaining unresolved at the end of the year	Nil

6. General Meetings

a) Location, time and special resolution for the last three AGMs:

	2014-15	2015-16	2016-17
Date, Venue and Time	28th September, 2015 G.M. Rejoyz #158, 8th main, 8th Cross, Malleswaram, Bangalore - 560 003 10.00 A.M	26th September, 2016 Vivanta by TAJ, 2275, Tumkur Road, Yeshwantpur, Bengaluru, 560 022 10.00 A.M	21st September 2017 Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560 008 10.00 A.M
Special Resolution Passed	1. Revision of remuneration of Mr. Vijay R Kirloskar, Executive Chairman of the Company for a period of 2 (Two) years with effect from July 01, 2015 2. Revision of remuneration of Mr. Vinayak N Bapat, Managing Director of the Company with effect from July 01, 2015 3. Revision of the remuneration of Mr. Anand B Hunnur, Director-Sales of the Company with effect from July 01, 2015 4. Approval for Employees Stock Option Scheme 5. To Raise Funds on Private Placement Basis 6. Alteration of Memorandum of Association 7. Alteration of Articles of Association	No special resolution was passed	1. Revision in the remuneration payable to Mr. Vijay R Kirloskar, Executive Chairman 2. Reappointment of Mr. Vijay R Kirloskar as Executive Chairman 3. Appointment of Mr. Anand B. Hunnur as Managing Director 4. Revision in the remuneration payable to Mr. Vinayak N Bapat, Managing Director:

b) Location, time and special resolution of the extraordinary general meeting of the company (EGM) held during the financial year 2017-18:

No EGM was held during the financial year 2017-18

c) No Postal Ballot was conducted during the financial year 2017-18

7. Means of communication:

a) The company has been regularly publishing audited / un-audited results in leading newspapers, immediately after the same is approved by the Board. The results are also posted on the company's website.

b) News paper wherein results normally published: The quarterly results are normally published in the all India edition of Business Standard and Bangalore edition of Kannada Prabha.

c) The quarterly results and other information relating to the company are posted on the company's website www.kirloskar-electric.com

d) There was no official news releases:

e) No presentation was made to institutional investors or to the analysts during the year 2017-18.

f) Email ID for registering complaints by investors: investors@kirloskarelectric.com.

8. General shareholder information:

(a) Date, Time and Venue of Annual General Meeting:

The 71st Annual General Meeting of the company will be held on Friday 21st day, of September, 2018 at Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 56008 at 10.00 A.M.

(b) Financial Year:

The company's financial year starts on 1st April and ends on 31st March.

(c) Dividend payment date:

The Board of directors has not recommended any dividend for the financial year ended March 31, 2018.

(d) Stock Exchanges

The company's Equity Shares are listed on the following stock exchanges and the company has paid the appropriate listing fees for the financial year 2017-18 and 2018-19;

1. **National Stock Exchange of India Limited**
   Exchange Plaza, C-1, Block G,
   Bandra Kurla Complex,
   Bandra (E),
   Mumbai – 400 051

2. **Bombay Stock Exchange Limited**
   Phiroze Jeejeebhoy Towers,
   Dalal Street,
   Mumbai- 400001

(e) Stock Code:

The Stock/Scrip code of the above mentioned stock exchange(s) are as mentioned below;

1. Bombay Stock Exchange Ltd – 533193
2. National Stock Exchange of India Ltd – KECL

(f) Market Price Data:

During the year under review, the shares of the company were traded at Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd. The prices at Bombay Stock Exchange and at National Stock Exchange were as follows:

Month	KEC on BSE			KEC on NSE		
	High (₹)	Low (₹)	Volume (No's)	High (₹)	Low (₹)	Volume (No's)
April 2017	44.75	43.35	1,351,518	44.75	40.40	5,173,889
May 2017	51.95	41.10	2,726,794	51.90	41.00	10,623,936
June 2017	44.60	39.90	974,937	44.50	39.65	3,377,649
July 2017	56.95	40.70	6,157,202	56.90	40.75	19,027,797
August 2017	55.00	44.05	2,244,895	53.50	44.10	6,878,634
September 2017	55.00	42.50	2,754,022	54.95	42.60	8,461,783
October 2017	49.85	43.40	1,236,080	49.75	43.20	4,431,050
November 2017	48.20	42.50	910,592	47.95	42.60	2,703,774
December 2017	49.10	42.00	2,679,140	49.00	41.50	9,065,813
January 2018	52.30	42.05	3,723,232	52.40	41.80	11,799,795
February 2018	44.10	36.50	760,420	44.00	36.10	3,093,165
March 2018	38.90	27.80	796,650	38.90	27.50	2,581,100

Source: *The foregoing information is compiled from the data available from the BSE Ltd and National Stock Exchange of India Ltd.*

(g) performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc:

Month	BSE		NSE	
	KEC's Closing Price (in ₹)	Sensex Closing	KEC's Closing Price (in ₹)	Nifty Closing
April 2017	42.00	29,918.40	42.00	9,304.05
May 2017	42.85	31,145.80	42.75	9,621.25
June 2017	41.10	30,921.61	41.30	9,520.90
July 2017	55.15	32,514.94	54.55	10,077.10
August 2017	48.35	31,730.49	48.45	9,917.90
September 2017	44.85	31,283.72	44.85	9,788.60
October 2017	46.60	33,213.13	46.75	10,335.30
November 2017	43.65	33,149.35	43.50	10,226.55
December 2017	46.55	34,056.83	46.65	10,530.70
January 2018	42.75	35,965.02	42.75	11,027.70
February 2018	37.10	34,184.04	37.15	10,492.85
March 2018	28.25	32,968.68	28.15	10,113.70

(h) The securities of the company were traded throughout the year and there was no notice of suspension from trading from any exchange.

(i) Registrar and Share Transfer Agents:

M/s. Integrated Registry Management Services Private Limited, #30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003. Telephone No's: 23460815, 23460816, 23460817 and 2346081 Fax No. 23460819, Website: www.123alpha.com, Contact Person: Mr. Manjunath, Senior Manager.

(j) Share Transfer System:

The company's shares are compulsorily traded in DEMAT form. The ISIN allotted to Kirloskar Electric Company Limited is: ISIN:-INE134B01017. Investors are required to establish an account with a Depository Participant to hold and trade the Shares in the dematerialized form.

The investors/members are requested to note that physical documents viz., DEMAT Request Forms (DRF), Share Certificates etc should be sent by their DP's directly to the Transfer Agents of the company. Investors/ members who purchase/acquire shares of the company in the physical form should similarly send the physical documents, viz., transfer deeds, share certificates etc to the transfer agents of the company.

There were three (03) complaints from investors during the year which has been resolved and no complaints were pending as on March 31, 2018. The details of investors' complaints received during the year 2017-18 have already been shared in the Boards' Report.

(k) There were no outstanding GDRs/ADRs/Warrants or any other convertible instruments.

(l) Plant locations

Details of addresses of plant locations are mentioned on page no. 3 of the Annual Report.

(m) Address for correspondence:

The Compliance Officer
Kirloskar Electric Company Ltd.
Post Box No. 5555, Malleswaram West, Bangalore 560 055
Telephone: 080 – 23374865; Fax: 080 – 23377706
Email: investors@kirloskarelectric.com
Web Site Address – www.kirloskar-electric.com

(n) Distribution of shareholding as on March 31, 2018:

Shareholding Range	No. of share holders in DEMAT Form	No. of share	No. of share holders in Physical Form	No. of Shares	Total No. of share holders	%	No. of shares	% of share holdings
1 - 500	25,555	4,308,829	20,952	882,186	46,507	85.10	5,191,015	7.82
501 - 1000	3,758	3,206,119	231	168,394	3,989	7.30	3,374,513	5.08
1,001 – 2000	1,928	3,055,541	122	168,603	2,050	3.75	3,224,144	4.85
2,001 – 3000	684	1,786,850	32	79,647	716	1.31	1,866,497	2.81
3,001 – 4000	284	1,037,933	17	58,754	301	0.55	1,096,687	1.65
4,001 – 5000	358	1,719,510	11	47,792	369	0.68	1,767,302	2.66
5,001 - 10000	396	2,922,641	11	77,926	407	0.74	3,000,567	4.52
10001 & above	307	44,843,986	4	2,049,360	311	0.57	46,893,346	70.61
Total	**33,270**	**62,881,409**	**21,380**	**3,532,662**	**54,650**	**100.00**	**66,414,071**	**100.00**

(o) Shareholding pattern as on March 31, 2018:

Category	No. of Shareholders	No of shares held	% of Shareholding
Promoters	10	32,827,027	49.43
Banks, financial institutions,	25	409,380	0.62
Insurance Companies	4	3,240,824	4.88
Private Corporate Bodies	457	2,489,392	3.75
NBFCs registered with RBI	2	950	0.00
Indian Public	53,908	24,007,805	36.15
Foreign Institutional Investors	4	520,644	0.78
NRIs / OCBs	11	1,699	0.00
Clearing Members	226	1,020,016	1.54
Trusts	1	58	0.00
Overseas corporate bodies	1	1,896,044	2.85
Enemy Property	1	232	0.00
Total	**54,650**	**66,414,071**	**100**

(p) Dematerialization of shares and liquidity:

The paid up equity capital of the company as on March 31, 2018 was Rs. 664,140,710/- (66,414,071 Shares of Rs. 10/- each). As on March 31, 2018, 62,881,409 Equity Shares representing 94.69% of the Equity Capital were held in dematerialized form

The company has arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate holding of the Shares in electronic form. Nearly 94.69% of the Company's Shares are held in electronic form. The company's Equity Shares are traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Other disclosures:

(a) Related party transactions

The Policy on the related party transaction is available on the company's website and the link is provided hereunder; http://www.kirloskar-electric.com/investors/investors-information/policies.html

(b) Details of non-compliance

During the previous three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

(c) Whistle Blower Policy

The company has established a mechanism for the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics. This mechanism will also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases.

(d) The policy for determining material subsidiaries has been disclosed on the website and the link is provided hereunder **http://www.kirloskar-electric.com/investors/investors-information/policies.html**

Annexure

Declaration signed by the chief executive officer stating that the members of Board of directors and senior management personnel have affirmed compliance with the Code of Conduct of Board of directors and senior management.

The Board has laid down a Code of Conduct for Board of directors and senior managers and the same is posted on the website of the company.

It is confirmed that all the Board members and senior managers have affirmed compliance with the Code of Conduct of the company, for the year 2017-18.

For and on behalf of the Board of Directors
Kirloskar Electric Company Limited

Anand B Hunnur
Managing Director
DIN: 06650798

Place: Hubli
Date: 08.08.2018

CERTIFICATE ON CORPORATE GOVERNANCE

To

Members of Kirloskar Electric Company Limited,

Bangalore.

1. This certificate is issued in accordance with the terms of our engagement letter dated August 10, 2017.

2. We, Swaroop, Ravishankar and Associates, Company Secretaries, Secretarial Auditors of Kirloskar Electric Company Limited ("the company") CIN: L31100KA1946PLC000415, have examined the compliance of the conditions of Corporate Governance by the company, for the year ended on 31 March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

5. We have examined the books of account and other relevant records and documents maintained by the company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the company.

Opinion

6. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

7. We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For **Swaroop, Ravishankar & Associates**
Company Secretaries

Swaroop S
Partner
FCS: 8977
CP No: 9997

INDEPENDENT AUDITORS'REPORT ON THE ABRIDGED FINANCIAL STATEMENTS TO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

Abridged Report on the abridged Standalone Ind AS financial statements

The accompanying abridged Standalone Ind AS financial statements of Kirloskar Electric Company Limited ("the Company"), which comprise the abridged Balance Sheet as at March 31, 2018, the abridged Statement of Profit and Loss(including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and related notes, are derived from the audited Standalone Ind AS financial statements of Kirloskar Electric Company Limited ("the Company") as at and for the year ended March 31, 2018. We expressed a qualified audit opinion on those financial statements in our report dated May 28, 2018.

The abridged Standalone Ind AS financial statements do not contain all the disclosures required by the Indian Accounting Standards referred to in section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules thereunder and accounting principles generally accepted in India. Reading the abridged Standalone Ind AS financial statements, therefore, is not a substitute for reading the audited Standalone Ind AS financial statements of the Company.

Management's Responsibility for the abridgedStandalone Financial Statements

Management is responsible for the preparation of a summary of the audited Standalone Ind AS financial statements in accordance with136(1) read with Rule 10 of Companies(Accounts) Rules, 2014 and are based on the audited StandaloneInd AS financial statements for the year ended March 31, 2018, which is prepared in accordance with Indian Accounting Standards referred to in Section 133 of the Act, read with relevant rules thereunder and accounting principles generally accepted in India.

Auditor's Responsibility

Our responsibility is to express an opinion on the abridged Standalone Ind AS financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Basis for Qualified Opinion

Attention of the Members is invited to note 17 to the abridged Standalone Ind AS financial statements regarding the 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.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above,the abridged Standalone Ind AS financial statements derived from the audited Standalone Ind AS financial statements of the Company as at and for the year ended March 31, 2018 are a fair summary of those Standalone Ind AS financial statements, in accordance with the Indian Accounting Standards specified under section 133 of the Act, read with relevant rules thereunder and accounting principles generally accepted in India.

Other Matters

We did not audit the financial statements/information of one branch, the Kuala Lumpur office of the Company, included in the abridged Standalone Ind AS financial statements of the Company whose financial statements reflect total assets of Rs 188lakhs as at 31st March, 2018 and total revenues of Rs 1 lakh for the year ended on that date, as considered in the Standalone Ind AS financial statements. The financial statements of the said office have been audited by the branch auditors (M/s Sundar & Associates, Chartered Accountants) whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Emphasis of Matter:

(a) Attention of the members is invited to note 18 of the abridged Standalone Ind AS financial statements, where in the directors have detailed the reasons for preparing these financial statements on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) have incurred losses and their networth (after excluding revaluation reserve) 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 to us by the Company.

(b) Attention of the members is invited to note 1a (vii) of the abridged Standalone Ind AS financial statementswhich sets out that the Company has filed Special Leave Petition in respect of demands of resale tax and sales tax penalty of Rs. 527lakhs and Rs.362Lakhs respectively before the Honourable Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation.

for **Ashok Kumar, Prabhashankar & Co.,**
Chartered Accountants
Firm Regn. No. 004982S
A. Umesh Patwardhan
Partner
M. No. 222945

Date:May 28, 2018
Place: Bengaluru

INDEPENDENT AUDITORS' REPORTTO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

Report on the Standalone Ind AS financial statements

We have audited the accompanying Standalone Ind AS financial statements of Kirloskar Electric Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information for the year then ended, in which are incorporated the Returns audited by the branch auditors M/s Sundar & Associates, Chartered Accountants of the Kuala Lumpur office of the Company in Malaysia (hereinafter referred to as 'Standalone Ind AS financial statements').

Management's Responsibility for the Standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with relevant rules thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether theStandalone Ind AS financial statements are free from material misstatement.An audit involves performing procedures to obtain audit evidence about the amounts and thedisclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone

Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Ind AS financial statements.

Basis for Qualified Opinion

Attention of the Members is invited to note 37(20) to the Standalone Ind AS financial statements regarding the 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 ₹ 14,516.72 lakhs (₹ 13,504.63 lakhs as at March 31, 2017) against which provision is recognized for an amount of ₹ 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.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us,except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements/information of one branch, the Kuala Lumpur office of the Company, included in the Standalone Ind AS financial statements of the Company whose financial statements reflect total assets of ₹188 lakhs as at March 31, 2018 and total revenues of ₹ 1lakh for the year ended on that date, as considered in the Standalone Ind AS financial statements. The financial statements of the said office have been audited by the branch auditors (M/s Sundar & Associates, Chartered Accountants) whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors. Our report is not qualified in respect of this matter.

Emphasis of Matter:

(a) Attention of the members is invited to note 37(21) of the financial statements, where in the directors have detailed the reasons for preparing these Standalone Ind AS financial statements on a going concern basis, though the Company/ Group (consisting of the Company, its subsidiaries and associate) have incurred losses and their networth (after excluding revaluation reserve) 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 to us by the Company.

(b) Attention of the members is invited to note 37(1a)(vii)of the Standalone Ind AS financial statements which sets out that the Company has filed Special Leave Petition in respect of demands of resale tax and sales tax penalty of ₹ 527 lakhs and ₹ 362 lakhs respectively before the Honourable Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by the section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

c. The report on the accounts of the Kuala Lumpur office in Malaysia of the Company audited under Section 143 (8) of the Act by branch auditors have been forwarded to us and have been duly dealt with by us while preparing this report.

d. The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us.

e. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant rules thereunder.

f. On the basis of the written representations received from the directors as on March 31, 2018 taken on the record by the Board of Directors, none of the directors is disqualified as on that date from being appointed as a director in terms of section 164(2) of the Act.

g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us,

i The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37(1a) to the financial statements.

ii The Company did not have any long-term contracts and has not entered into any derivative contracts. Accordingly no provision is required to be recognised in respect of material foreseeable losses under applicable laws or accounting standards.

iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for **Ashok Kumar, Prabhashankar & Co.,**
Chartered Accountants
Firm Regn. No. 004982S
A. Umesh Patwardhan
Partner
M. No. 222945

Date:May 28, 2018
Place: Bengaluru

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, plant and equipment (PPE). However comprehensive description of assets and their current location need to be updated in the asset records.

b. Management has physically verified these PPE in various units as per a phased program of physical verification, which is at reasonable intervals.The discrepancies noticed on such verification were not materialhowever the same has been properly dealt with in the books of account.

c. According to the information and explanation given to us and as represented to us by the company, the title deeds of Immoveable properties are held in the name of the Company.

2. The Company has a program of physical verification of inventory which is conducted at reasonable intervals by the management. Certain mistakes noticed in the inventory records have been corrected to the extent identified based on physical verification taken from time to time. The Company is in the process of identifying and analysing the differences adjusted/to be adjusted in the books of account on a comprehensive basis as reported in note 37(7) of the financial statements and consequently we are not in a position to comment on the extent of discrepancies and any further adjustments required in the books of account.

3. The Company has not granted any loans to companies, firms, Limited liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. For this purpose, we have relied on the representations of the management that monies due from parties referred to in note 37(9) to the financial statements are advances and not in the nature of loans.

4. In our opinion and according to the information and explanations given to us, the company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of investments made or guarantees given to the wholly owned

subsidiaries covered under section 186 of the Companies Act, 2013. There were no loans given nor securities provided to wholly owned subsidiaries covered under section 186 of the Companies Act, 2013.

5. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the said Act and the rules framed there under, with regard to deposits accepted from the public. There were no delays in repayment of deposits during the financial year ended March 31, 2018 and the management has represented to us that there are no deposits unpaid as laid down in section 74 and other relevant provisions of the Companies Act, 2013. Further and according to the Company no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and read with paragraph 2 above regarding inventory records, we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

7. a. The Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues barring delays in few cases in certain months in respect of provident fund and excise duty. According to the information and explanations given to us, there are no undisputed amounts payable in respect of above mentioned statutory dues which were in arrears, as at March 31, 2018 for a period of more than six months from the date they became payable except in respect of dues of excise duty amounting to ₹ 342.49 lakhs payable for December 2016, March 2017 to May 2017.

   b. According to the information and explanations given to us, the following dues of Sales Tax, Income Tax, Excise Duty, Value Added Tax, Service Tax and Cess had not been deposited as at March 31, 2018 with the relevant authorities on account of disputes.

(₹ In Lakhs)

Name of the statue	Nature of the dues	Amount (Rs in Lakhs.)	Period to which the amount relates	Forum where dispute is pending
Karnataka Sales Tax Act, 1957	Resale tax demanded	527.07	2003 – 2005	Supreme Court
Karnataka Value Added Tax Act, 2003	VAT penalty demanded	362.18	2005 – 2008	Supreme Court
Karnataka Value Added Tax Act, 2003	VAT demanded	88.59	2006 – 2007 to 2014-15	Joint Commissioner of Commercial Tax (Appeals)
The Central Excise, 1944	Cenvat availment	76.02	January, 2018 to April 2010, October 2008 to April 2010, September 2010 to March 2011	Commissioner of Central Excise (Appeals)
The Central Sales Tax Act, 1956 & The Bombay Sales Tax Act, 1959	Sales tax demand	1,823.25	1999 – 2000, 2005-2006, 2007-2008 and 2008-2 009, 2011-12, 2012-13	Joint Commissioner of Commercial Taxes
The West Bengal Sales Tax Act	Sales Tax demand	73.47	2011-12, 2012-13, 2013-14 & 2014-15	Commercial Taxes Appellate board and Senior joint commissioner Central Audit Unit-1 Kolkata

(₹ In Lakhs)

Lender's Name	As at March 31, 2018		Period of delay
	Principal	Interest	
BANK OF INDIA	14.02	2.39	Less than 90 days
BANK OF INDIA	30.06	19.03	Less than 90 days
AXIS BANK	2,540.00	280.65	Less than 180 days
AXIS BANK	21.14	5.38	Less than 180 days
AXIS BANK	42.96	27.90	Less than 180 days
CORPORATION BANK	2,234.00	25.55	Less than 90 days
STATE BANK OF INDIA	1.93	0.67	Less than 90 days
(STATE BANK OF	1.83	0.16	Less than 90 days
HYDERABAD)	3.99	2.73	Less than 90 days
	1.70	0.59	Less than 90 days
STATE BANK OF INDIA	1.60	0.56	Less than 90 days
(STATE BANK OF MYSORE)	5.16	3.49	Less than 90 days
STATE BANK OF INDIA	2.32	0.78	Less than 90 days
(STATE BANK OF	2.85	0.31	Less than 90 days
TRAVANCORE)	9.12	5.96	Less than 90 days

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks except for the following instances of delay/default in repayment of principal amount and interest in the below table. There are no loans taken from financial institution, Government or dues to debenture holders by the Company.

9. The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or fresh term loans from banks during the year.

10. According to the information and explanation given to us, there are no frauds reported by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.

12. The Company is not a Nidhi Company. Accordingly, the provisions of clause 11 of the said Order are not applicable.

13. In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. As represented to us by the management and according to the information and explanation given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 15 of the said Order are not applicable.

16. According to the information and explanation given, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provisions of clause 16 of the Order is not applicable.

for **Ashok Kumar, Prabhashankar & Co.,**
Chartered Accountants
Firm Regn. No. 004982S
A. Umesh Patwardhan
Partner
M. No. 222945

Date:May 28, 2018
Place: Bengaluru

ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kirloskar Electric Company Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on theStandalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

for **Ashok Kumar, Prabhashankar & Co.,**
Chartered Accountants
Firm Regn. No. 004982S
A. Umesh Patwardhan
Partner
M. No. 222945

Date:May 28, 2018
Place: Bengaluru

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Abridged
Financial Statement
2017-2018

Abridged Balance Sheet as at March 31, 2018

[Pursuant to first provision to sub-section (1) of Section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014]

(₹ in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
I ASSETS						
(1) **Non Current Assets**						
a Property, plant and equipment	39,829.52		40,773.35		39,782.66	
b Capital work-in-progress	8.48		-		14.25	
c Investment property	147.11		147.11		147.11	
d Other intangible assets	11.33		20.29		53.52	
e Goodwill	-		-		-	
f Financial assets						
i Investments	7,053.05		6,739.36		6,754.40	
ii Trade receivables	706.38		404.35		75.58	
iii Loans						
iv Other financial assets	51.83		35.03		23.51	
(g) Other non-current assets	12,442.46	60,250.16	12,818.07	60,937.56	10,515.53	57,366.56
(2) Current Assets						
(a) Inventories	5,473.14		7,563.73		9,711.15	
(b) Financial assets						
i Trade receivables	3,935.59		11,298.07		9,527.11	
ii Cash and cash equivalents	1,153.67		1,181.36		1,917.33	
iii Other Bank balances	1,091.60		1,010.83		1,206.70	
(c) Other current assets	4,030.22	15,684.22	5,317.19	26,371.18	5,609.33	27,971.62
TOTAL ASSETS		**75,934.38**		**87,308.74**		**85,338.18**
I EQUITY AND LIABILITIES						
(1) Equity						
(a) Share capital	6,641.41		6,641.41		6,391.78	
(b) Other equity	13,675.84	20,317.25	21,244.50	27,885.91	19,094.82	25,486.60

Abridged Balance Sheet as at March 31, 2018

[Pursuant to first provision to sub-section (1) of Section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014]

(₹ in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
II LIABILITIES						
(2) Non Current Liabilities						
(a) Financial liabilities						
i Borrowings	4,963.08		6,593.29		7,890.33	
ii Other financial liabilities	1,256.14		1,637.96		1,634.49	
(b) Provisions	1,858.62		1,903.19		1,677.55	
(c) Deferred tax liabilities (net)	2,973.40	11,051.24	2,921.84	13,056.28	2,665.26	13,867.63
(3) Current liabilities						
(a) Financial liabilities						
i Borrowings	17,251.52		14,816.80		14,422.09	
ii Trade payables						
(i) micro and small enterprises, and	108.58		122.36		80.83	
(ii) other than micro and small enterprises	14,781.30		20,284.75		18,145.81	
iii Other financial liabilities	1,961.08		1,565.38		3,788.41	
(b) Provisions	2,451.04		2,316.40		2,685.20	
(c) Other current liabilities	8,012.13		7,260.77		6,853.90	
(d) Current tax liabilities (net)	0.24	44,565.89	0.09	46,366.55	7.71	45,983.95
TOTAL EQUITY AND LIABILITIES		**75,934.38**		**87,308.74**		**85,338.18**

Note : Complete Balance Sheet, Statement of profit and loss, Statement of changes in equity, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2013 and would be made available at the Company's website www.kirloskarelectric.com

To be read with our report of even date

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

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: May 28, 2018

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

Kamlesh Suresh Gandhi
Director
DIN: 00004969

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

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

Abridged Statement of Profit and Loss for the year ended March 31, 2018

[Pursuant to first proviso to sub-section (1) of section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014]

(₹ in lakhs)

	Particulars	March 31,2018	March 31,2017
I	Revenue from Operations:	37,912.56	62,612.07
II	Other Income	1,541.09	2,663.57
III	**Total Income (I+II)**	**39,453.65**	**65,275.64**
IV	**Expenses**		
	Cost of materials consumed	27,385.03	41,873.39
	Changes in inventories of finished goods, work in progress and Stock-in-Trade	1,482.16	1,865.96
	Excise duty	888.99	5,460.58
	Employee benefits expense	6,765.42	7,208.57
	Finance costs	3,309.94	3,206.65
	Depreciation and amortization expense	1,064.25	1,119.26
	Other expenses	6,240.69	7,309.90
	Less: expenses capitalised	-	(23.79)
	Total expenses (IV)	**47,136.48**	**68,020.52**
V	**Loss before exceptional items and tax**	**(7,682.83)**	**(2,744.88)**
VI	Exceptional Items	-	-
VII	Loss before Tax	**(7,682.83)**	**(2,744.88)**
VIII	Tax Expense		
	(1) Current Tax	0.13	(6.77)
	(2) Deferred Tax	-	-
IX	**Loss after Tax**	**(7,682.96)**	**(2,738.11)**
X	**Other Comprehensive Income**		
	(i) Items that will not be reclassified to profit or loss		
	a) Remeasurements of the defined benefit plans	148.62	(7.04)
	b) Taxes on above	(45.93)	2.18
	(ii) Items that will be reclassified to profit or loss		
	a) Mark to Market of Investments	17.23	(6.51)
	b) Revaluation gain on Land	-	1,812.50
	c) Taxes on above	(5.63)	(258.76)
XI	**Total comprehensive income (Loss) for the year (IX+X)**	**(7,568.67)**	**(1,195.74)**
XII	**Earning per equity share before exceptional item (for continuing operations & combined)**		
	Basic & diluted (in ₹)	(11.57)	(4.43)
XIII	**Earning per equity share after exceptional item (for continuing operations & combined)**		
	Basic & diluted (in ₹)	(11.57)	(4.43)
	(Paid up value per share)	10.00	10.00
REFER NOTES FORMING PART OF THE ABRIDGED FINANCIAL STATEMENTS			

To be read with our report of even date

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

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

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

A. Umesh Patwardhan
Partner
Membership No: 222945

Kamlesh Suresh Gandhi
Director
DIN: 00004969

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

Place: Bengaluru
Date: May 28, 2018

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

Abridged Statement of changes in Equity for the year ended March 31, 2018
[Pursuant to first proviso to sub-section (1) of section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014]

(a) Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balance at the Beginning of the year	**6,641.41**	**6,391.77**	**6,913.85**
Changes in equity share capital during the year	-	249.64	(522.07)
Balance at the end of the year	**6,641.41**	**6,641.41**	**6,391.78**

(b) Other Equity

Particulars	Capital redemption reserve	Capital reserve	Securities premium	Retained earnings	Reserve for doubtful debts	Reconstruction reserves	Total (A)	Other Comprehensive Income			Total (B)	Total Other equity (A+B)
								Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
								Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee		
As at April 01, 2016	2,401.75	18.06	1,065.41	(9,105.97)	900.00	641.67	**(4,889.08)**	-	208.66	-	208.66	(4,680.42)
Add/(Less): Ind AS adjustments	-	-	-	(5,111.56)	-	-	(5,111.56)	65.48	31,510.24	(23.66)	31,552.06	26,440.50
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	(12.39)	(2,660.18)	7.31	(2,665.26)	(2,665.26)
As at April 01, 2016 (after opening Ind AS adjustments)	**2,401.75**	**18.06**	**1,065.41**	**(14,217.53)**	**900.00**	**641.67**	**(10,000.64)**	**53.09**	**29,058.72**	**(16.35)**	**29,095.46**	**19,094.82**
Add/(Less): Loss for the year	-	-	3,345.43	(2,963.19)	-	-	382.24	-	-	-	-	382.24
Add/(Less): Ind AS adjustments	-	-	-	225.07	-	-	225.07	(6.51)	1,812.50	(7.04)	1,798.95	2,024.02
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	2.00	(260.76)	2.18	(256.58)	(256.58)
Total comprehensive income as at March 31, 2017	**2,401.75**	**18.06**	**4,410.84**	**(16,955.65)**	**900.00**	**641.67**	**(9,393.33)**	**48.58**	**30,610.46**	**(21.21)**	**30,637.83**	**21,244.50**
Add/(Less): Gain/(Loss) for the year	-	-	-	(7,682.96)	-	-	(7,682.96)	17.23	-	-	17.23	(7,665.73)
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	148.62	148.62	148.62

Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	(5.63)	-	(45.93)	(51.56)	(51.56)
Transferred to Retained earnings*	-	-	-	90.00	(90.00)	-	-		-	-	-	-
Total comprehensive income as at March 31, 2018	**2,401.75**	**18.06**	**4,410.84**	**(24,548.61)**	**-**	**641.67**	**(17,076.29)**	**60.18**	**30,610.46**	**81.49**	**30,752.13**	**13,675.83**

* Reserve for doubtful debts of Rs 90 lakhs no longer required has been transferred to Retained Earnings during the year.

To be read with our report of even date

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

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: May 28, 2018

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

Kamlesh Suresh Gandhi
Director
DIN: 00004969

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

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

Abridged cash flow statement for year ended March 31, 2018

[Pursuant to first proviso to sub-section (1) of section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014]

(₹ in lakhs)

	Particulars	Current Year	Previous Year
1	Cash flows from operating activities	2,303.39	2,442.93
2	Cash flows from investing activities	(221.35)	(441.96)
3	Cash flows from financing activities	(2,109.73)	(2,736.94)
4	Net increase/(decrease) in cash and cash equivalents	(27.69)	(735.97)
5	Cash and cash equivalents at the beginning of the year	1,181.36	1,917.33
6	Cash and cash equivalents at the end of the year	1,153.67	1,181.36

To be read with our report of even date

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

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

Vijay Ravindra Kirloskar
Executive Chairman
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Director
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K S Swapna Latha
Sr. General Manager
- Legal & Company Secretary

Place: Bengaluru
Date: May 28, 2018

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

NOTES TO ABRIDGED FINANCIAL STATEMENTS

1 Note 37(1) of the financial statement
Contingent liabilities and commitments
(to the extent not provided for)

a) Contingent liabilities:

(₹ In Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Claims against the Company not acknowledged as debts	**867.43**	**1,530.73**
ii)	Guarantees	**1,482.27**	**2,801.65**
iii)	Bills discounted with Bank	**345.05**	**1,592.08**
iv)	Central excise and customs authorities have issued notices and raised certain demands, which are pending in appeal before various authorities, not acknowledged as debt by the Company.	**170.51**	**118.42**
v)	Sales tax demanded under appeal. The Company has paid an aggregate amount of ₹ **694.65** lakhs (as at March 31, 2016 ₹ **658.88** lakhs) against the demand which has been included in disputed statutory dues.	**2,013.14**	**5,547.25**
vi)	Sales Tax Authorities have disallowed certain input credit availed in the returns filed and also disallowed certain sales returns, unfructified sales, labour charges and service tax, in the re-assessment for the year 2009-10. The Company has disputed and challenged the same in writ petition before the Honorable High Court of Karnataka and considers the said disallowances	**Nil**	**893.00**

(₹ In Lakhs)

	has been passed based on incorrect interpretation of law. The operation of said re-assessment order had been stayed by the Honorable High Court of Karnataka. Further,The honorable High Court of Karnataka has 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.		
vii)	The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs and ₹ 362 Lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 479.23 lakhs as at March 31, 2017 (as at March 31, 2016 ₹ 479.23 lakhs) against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty referred 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. The Authorities have received the application under Scheme in compliance to the directions contained in interim order of the Hon'ble High Court of Karnataka.	**889.37**	**889.37**
viii)	Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	**5.00**	**209.88**
ix)	Sales tax liabilities in respect of pending assessments - C forms have not been received from several customers. Continuing efforts are being made to obtain them. Significant progress has been made in the matter as compared to the previous year.	**Not Ascertainable**	**Not Ascertainable**
x)	Interest if any, on account of delays in payment to suppliers.	**Not Ascertainable**	**Not Ascertainable**
xi)	Certain industrial disputes are pending before various judicial authorities – not acknowledged by the Company. Liability has been considered against those cases for which is ascertainable, some cases are pending for it is not possible to ascertain liability.	**17.65**	**17.65**
xii)	Income tax demands under appeal. The demands are consequential to certain amounts of computed interests being deemed as capital expenditure and certain other disallowances disputed by the Company.	**-**	**10.34**
xiii)	The Company had furnished a guarantee for the redemption of preference shares issued by Kirloskar Investment and Finance Ltd to an extent of ₹ 200 lakhs as at March 31, 2017 (as at March 31, 2016 ₹ 200 lakhs) and had obtained counter guarantee from the said Company. The preference shareholder has claimed a sum of ₹ 200 lakhs along with dividends in arrears of ₹ 205.60 lakhs and interest from the Company. This claim has been upheld	**405.60**	**405.60**

NOTES TO ABRIDGED FINANCIAL STATEMENTS

(₹ In Lakhs)

	by the Debt Recovery Tribunal (DRT). The Company has preferred an appeal before the Debt Recovery Appellate Tribunal(DRAT) to set aside the orders passed by the DRT. The Company has deposited during the previous year ₹ 102.80 lakhs with DRAT as directed by the Supreme Court of India and the matter stands re-posted for hearing. The Company does not acknowledge this liability.		
xiv)	Corporate guarantee given to its wholly owned subsidiary	**6,632.68**	**6,632.68**
xv)	Right to recompense to the lending banks subject to profitability and cash flows of the Company, approximate net present value of recompense as per Master Restructuring Agreement (MRA).	**514.00**	**514.00**

In respect of items above, future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums / settlement of matter. The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable. However as a matter of abundant caution the Company has recognized a provision for contingencies, to take care of any liabilities that may devolve, and included in **Note 37(15).**

b) Commitments

	i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**22.44**	**453.55**

2 Note 37(3) of the financial statements:

The order of the honourable High Court of Karnataka according approval for the scheme of arrangement and amalgamation under sections 391 to 394 of the Companies Act, 1956 ("Scheme") was received in September 2008 with April 1, 2007 as the appointed date. This scheme of arrangement and amalgamation interalia involved transfer of the operating business of Kirloskar Power Equipment Limited ("KPEL") and amalgamation of Kaytee Switchgear Limited ("KSL") with the Company. The Scheme was registered with the Registrar of Companies on October 17, 2008. Decree in Form 42 of the Companies (Court) Rules, 1949 is yet to be passed by the honourable High Court of Karnataka.

3 Note 37(5) of the financial statements:

Confirmation of balances from customers, suppliers and service providers with whom the Company had transactions are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Adjustments will be made on completion of review/ reconciliation. In the assessment of the management, effect on revenue if any, is not expected to be material.

4 Note 37(6) of the financial statements:

The customers of the Company had deducted liquidated damages and other charges for delays in delivery of goods as compared to contractual obligations. The Company has made representations to such customers explaining reasons for delays as well as impress upon them that the same were caused by various factors including those not attributable to it and as such being beyond its control. The Company had made necessary provision on an overeall assessment of the likely loss where in its opinion waiver is not likely. The Company is confident that its representations will be accepted by customers and liquidated damages and other charges deducted will be waived. Impact, if any, on the financial statements is not expected to be material.

5 Note 37(7) of the financial statements:

Certain mistakes noticed in the inventory records have been corrected to the extent identified based on physical inventory taken from time to time. The Company is in the process of identifying and analysing the differences adjusted/to be adjusted in the books of account on a comprehensive basis. The management has also formed a task force for liquidation of slow/non moving inventories in respect of which provision for inventories has been estimated and made. Any further adjustments required to the financial statements if any, is not expected to be material.

6 Note 37(8) of the financial statements:

Machinery purchased in prior years but currently held for sale for the past several years have been recognized at realizable value estimated by the management. Such value is consistent with quotations received from prospective buyers after considering the provision made and any shortfall in realisability is not expected to be material.

7 Note 37(10) of the financial statements:

During a previous year, the shareholders of the Company at the Annual General Meeting held on September 30, 2013 have approved an Employee Stock Option Scheme. However, the Company has not issued any options as at March 31, 2018 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

NOTES TO ABRIDGED FINANCIAL STATEMENTS

8 Note 37 (11) of the financial statements:

DISCLOSURES AS PER IND AS 19 "EMPLOYEE BENEFITS":

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under:

(₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Employer's contribution to provident & pension funds	**304.12**	**332.17**
Employer's contribution to superannuation fund	**101.43**	**77.25**

(b) Defined Benefit Plan:

The employees' gratuity fund scheme managed by a trust and leave encashment is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

(₹ In Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
1 Reconciliation of opening and closing balances of defined benefit obligation:				
Defined Benefit obligation at beginning of the year	2,319.35	542.47	2,437.49	485.04
Current Service Cost (*)	192.58	55.83	109.23	41.39
Interest Cost	107.60	39.38	182.19	38.75
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	(25.08)	-
Actuarial (gain)/ loss	(148.62)	(16.06)	(8.31)	141.47
Benefits Paid	(291.19)	(147.76)	(376.17)	(164.18)
Defined Benefit obligation at end of the year	**2,179.72**	**473.86**	**2,319.35**	**542.47**
2 Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	753.00	188.60	1,053.72	174.23
Expected return on plan assets	54.67	14.43	84.19	13.92
Employer Contribution	64.95	-	6.61	-
Benefits paid	(6.54)	-	(376.17)	-
Actuarial gain/(loss)	(291.19)	-	(15.35)	0.45
Fair value of plan assets at year end	**574.89**	**203.03**	**753.00**	**188.60**
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	574.89	203.03	753.00	188.60
Present value of obligation	2,179.72	473.86	2,319.35	542.47
Amount recognized in Balance Sheet under liabilities:	**1,604.83**	**270.83**	**1,566.35**	**353.87**

NOTES TO ABRIDGED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018		As at March 31, 2017	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
Expense recognized during the year: (under "Note 32" "Employee Benefit Expenses" in the Statement of profit and loss)	**Current Year**		**Previous Year**	
In Income Statement:				
Current Service Cost	192.58	55.83	109.23	41.39
Interest Cost	107.60	39.38	182.19	38.75
Expected return on plan assets	(54.67)	(14.43)	(84.19)	(13.92)
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	(25.08)	-
In Other Comprehensive Income:				
Actuarial (gain)/ loss	142.57	(16.06)	7.04	141.02
Net Cost	388.08	64.72	**189.19**	**207.24**

Actuarial assumptions:	**As at March 31, 2018**		**As at March 31, 2017**	
Mortality Table	**Indian Assured Lives (2006 -08) (Ultimate)**	**Indian Assured Lives (2006 -08) (Ultimate)**	**Indian Assured Lives (2006 -08) (Ultimate)**	**Indian Assured Lives (2006 -08) (Ultimate)**
Discount rate (per annum)	7.26%	7.26%	7.26%	7.26%
Expected rate of return on plan assets (per annum)	7.26%	7.26%	7.26%	7.26%
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%

(*) Leave provision for current year includes provision for short term compensated absence as assessed by the actuary.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

3 Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for current and earlier periods of Gratuity (Funded):

	2017-18	2016-17	2015-16	2014-15	2013-14
Defined benefit obligation at the end of the period	(2,179.72)	(2,319.35)	(2,437.49)	(2,490.09)	(2,489.47)
Plan assets at end of the period	574.89	753.00	1,053.72	1,310.95	1,469.03
Unfunded amount	(1,604.83)	(1,566.35)	(1,383.77)	(1,179.14)	(1,020.44)
Experience Gain/ (loss) adjustments on plan liabilities	80.92	100.36	(24.27)	23.38	62.47
Experience Gain/ (loss) adjustments on plan assets	(291.19)	(15.35)	(11.07)	(20.58)	(10.38)
Actuarial gain/ (loss) due to change in assumptions	67.71	(92.05)	11.67	(174.33)	(164.81)

NOTES TO ABRIDGED FINANCIAL STATEMENTS

(c) Sensitivity Analysis:

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, has been determined based on possible effect of changes of an assumption occurring at end of the reporting period , while holding all other assumptions constant.

Particulars	As at March 31, 2018		As at March 31, 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	60.25	(56.94)	67.76	(68.89)
Change in rate of salary increase (delta effect of +/- 0.5%)	(57.62)	60.43	(64.33)	67.61
Change in rate of plan assets (delta effect of +/- 0.5%)	(2.97)	2.83	(0.82)	0.77

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

9 Note 37 (12) of the financial statements:

SEGMENT REPORTING:

As per Ind AS 108 on" Operating Segments ", segment information has been provided under the Notes to Consolidated Financial Statements.

10 Note 37 (13) of the financial statements:

RELATED PARTY TRANSACTIONS:

(a) Name of related parties and description of relationship where controls exists:

Sl. No.	Name of the Related Party	Relationship
1	Luxquisite Parkland Private Limited SLPKG Estate Holdings Private Limited SKG Terra Promenade Private Limited KELBUZZ Trading Private Limited Kesvik Developers Private Limited Swaki Habitat Private Limited	Wholly owned subsidary
2	Kirsons B V Lloyd Dynamowerke GmbH & Co. KG (refer Note 49) Lloyd Beteiligungs GmbH	Step down subsidiary

NOTES TO ABRIDGED FINANCIAL STATEMENTS

3	Mr. Vijay R Kirloskar Mrs. Meena Kirloskar Ms. Janaki Kirloskar (upto Feb 11, 2017) Ms. Rukmini Kirloskar Mr. Vinayak Narayan Bapat (upto August 11,2017) Mr. Anand B Hunnur Mr. Soumendra Kumar Mahapatra (upto August 12,2017) Mr. Sanjeev Kumar S (from August 10,2017) Mr. Chinmoy Pattnaik (upto October 31,2017) Ms. K S Swapna Latha (from February 12,2018)	Key management personnel and their relatives ("KMP")
4	Kirloskar (Malaysia) Sdn. Bhd	Associates
5	Senapathy Whiteley Private Limited. (upto November 5, 2015) Transport Corporation of India Maini Material Movement Private Limited MRF Limited Reliance Industries Limited Lakshmanan Isola Private Limited (upto November 5, 2015)	Enterprises which are related parties as per section 2(76) of the Companies Act, 2013. ("Others-A")
6	Kirloskar Batteries Private Limited Kirloskar Power Equipment Limited Ravindu Motors Private Limited Vijay Farms Private Limited Sri Vijaydurga Investments and Agencies Private Limited Vijayjyothi Investment and Agencies Private Limited Abhiman Trading Company Private Limited	Enterprises over which key management personnel and their relatives are able to exercise significant influence ("Others-B")

(b) Transactions with the related parties **(₹ In Lakhs)**

Particulars	Relationship	March 31, 2018	March 31, 2017
Purchase of goods and services:			
Vijay Farms Private Limited	Others-B	38.73	52.36
Sri Vijayadurga Investments and Agencies Private Limited		95.15	106.78
Ravindu Motors Private Limited		0.09	0.97
Abhiman Trading Company Private Limited		59.91	75.20
Transport Corporation of India		210.07	219.82
Sale of goods and services:			
Kirsons BV	Subsidiary	216.22	15.26
Kirloskar (Malaysia) Sdn. Bhd	Associates	365.00	161.36
Ravindu Motors Private Limited	Others-B	2.84	16.72
Kirloskar Power Equipment Limited	Others-B	-	16.70
Maini materails movement private limited	Others-A	0.25	23.80

NOTES TO ABRIDGED FINANCIAL STATEMENTS

Particulars	Relationship	March 31, 2018	March 31, 2017
MRF Limited	Others-A	-	1.47
Reliance industries limited	Others-A	-	3.21
Rent paid			
Vijayjyothi Investments and Agencies Private Limited	Others-B	78.00	78.78
Remuneration paid:			
Vijay R Kirloskar*	KMP		
Short term employee benefits		190.68	148.68
Post employment benefits		$	$
Vinayak Narayan Bapat*			
Short term employee benefits		40.49	77.99
Post employment benefits		$	$
Anand B Hunnur*	KMP		
Short term employee benefits		65.21	48.28
Post employment benefits		$	$
Swapna Latha*			
Short term employee benefits		3.93	-
Post employment benefits		$	$
Soumendra Kumar Mahapatra*			
Short term employee benefits		13.01	31.94
Post employment benefits		$	$
Sanjeev Kumar S*			
Short term employee benefits		24.15	-
Post employment benefits		$	$
Chinmoy Pattnaik*			
Short term employee benefits		20.72	23.45
Post employment benefits		$	$
Rukmini Kirloskar*			
Short term employee benefits		3.27	5.93
Post employment benefits		$	$
Meena Kirloskar (Sitting fees)		1.20	1.20
Janaki Kirloskar**		-	0.30
Investments made			
Shares issued by KELBUZZ Trading Private Limited in consideration of transfer of assets by KEC KELBUZZ Trading Private Limited	Wholly owned subsidiary	296.45	-
Issue of Shares to Vijay R Kirloskar	KMP		
Conversion of CCPS into equity shares			
Issue of Equity shares		-	268.86
Share Premium		-	549.55

NOTES TO ABRIDGED FINANCIAL STATEMENTS

Particulars	Relationship	March 31, 2018	March 31, 2017
Expenses of subsidaries met by the Company and to be reimbursed			
KELBUZZ Trading Private Limited	Wholly owned subsidiary	110.75	407.42
Luxquisite Parkland Private Limited		0.49	0.69
SKG Terra Promenade Private Limited		238.32	11.62
SLPKG Estate Holdings Private Limited		282.12	321.16
Kesvik Developers Private Limited		0.09	0.22
Swaki Habitat Private Limited		0.09	0.22

$ Amount not ascertained since accrued gratuity and compensated absence liability has been recognized for the Company as a whole.

** Current year amount relates to sitting fees

* Key managerial personnel are provided free use of company car and communication facilities. These are in addition to remuneration furnished above.

(c) Outstanding balances at the end of the year: **(₹ In Lakhs)**

Particulars	Relationship	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Amount due to Company:				
KELBUZZ Trading Private Limited	Wholly owned subsidiary	5,717.97	5,944.71	5,765.51
Luxquisite Parkland Private Limited		233.65	105.16	60.47
SKG Terra Promenade Private Limited		3,557.10	3,691.95	3,683.60
SLPKG Estate Holdings Private Limited		5,052.80	4,998.60	5,440.89
Kesvik Developers Private Limited		0.44	0.35	0.14
Swaki Habitat Private Limited		0.43	0.34	0.13
Kirloskar (Malaysia) Sdn. Bhd	Associate	63.13	161.59	151.29
Kirloskar Power Equipment Limited	Others A & B	0.18	-	180.00
Vijay Farms Private Limited		194.04	188.74	192.64
Sri Vijayadurga Investments and Agencies Private Limited		2.71	27.37	19.20
Vijayjyothi Investments and Agencies Private Limited		75.53	111.51	111.51
Ravindu Motors Private Limited		0.38		0.14
Maini Materials Movement Pvt Ltd.,		6.37	15.68	10.97
Transport Corporation of India Ltd,		-	-	0.24
Abhiman Trading Company Private Limited		73.60	98.97	98.97
Kirloskar Batteries Private Limited		0.19	2.61	2.69
MRF limited		-	14.20	-
Amount due from Company:				
SLPKG Estate Holdings Private Limited	Wholly owned subsidiary	2,223.77	-	-
Lloyd Dynamowerke GmbH & Co. KG	Step down subsidiary	167.50	167.50	179.46
Transport Corporation of India	Others-A	68.89	89.82	71.07

NOTES TO ABRIDGED FINANCIAL STATEMENTS

Particulars	Relationship	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Kirloskar Batteries Private Limited	Others-B	11.94	14.36	14.36
Kirlokar Power Equipment Limited		-	6.36	203.26
Vijay Farms Private Limited		-	6.59	5.68
Vijayjyothi Investments and Agencies Private Limited		-	126.24	108.34
Abhiman Trading Company Private Limited		-	21.75	26.63
Sri Vijayadurga Investments and Agencies Private Limited		-	13.91	10.34
Ravindu Motors Private Limited		-	0.81	0.14
Investment held				
KELBUZZ Trading Private Limited	Wholly owned subsidiary	775.26	478.81	478.81
Luxquisite Parkland Private Limited		6,064.00	6,064.00	6,064.00
SKG Terra Promenade Private Limited		1.00	1.00	1.00
SLPKG Estate Holdings Private Limited		87.65	87.65	87.65
Kesvik Developers Private Limited		1.00	1.00	1.00
Swaki Habitat Private Limited		1.00	1.00	1.00
Kirloskar Power Equipment Limited	Others -B	44.71	30.00	23.48
Guarantees given by the Company and outstanding at the end of the year for the loan taken by:	Wholly owned subsidiary			
KELBUZZ Trading Private Limited		4,200.79	4,076.00	4,005.81
SLPKG Estate Holdings Private Limited		2,557.38	2,556.68	2,588.31
Guarantees given by the Subsidiary in respect of loan taken by the Company and outstanding at the end of the year:	Wholly owned subsidiary			
SKG Terra Promenade Private Limited		2,259.55	2,526.53	2,715.00
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:				
Vijay R Kirloskar	KMP	20,502.83	19,258.33	20,155.68

KEC North America Inc has been dissolved. The investments in and dues from the said company have not been written off, pending receipt of approvals from Reserve Bank of India. However, full provision has been made for the same. Since the said company has been dissolved, the same has not been considered for related party disclosures.

11 Note 37 (14) of the financial statements:

OPERATING LEASE (Ind AS 17):

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are **₹ 263.63 Lakhs** (Previous Year ₹ 302.66 Lakhs).

12 Note 37 (15) of the financial statements:

The Company has made provisions towards wage arrears, warranty claims from the customers towards sales, short term compensated absences and contingencies. Details of the same are as under:

NOTES TO ABRIDGED FINANCIAL STATEMENTS

(₹ In Lakhs)

Sl. No.	Particluars		Provision for Contingencies	Wage Arrears	Short Term Compensated Absences	Warranty Claims
1	Balance outstanding as at:	1-Apr-17	1,284.26	515.58	17.03	499.53
		1-Apr-16	1,578.14	747.79	17.03	342.24
		1-Apr-15	1,518.14	400.24	17.11	597.90
2	Provision for the year (net)	31-Mar-18	88.36	185.84	-	(139.57)
		31-Mar-17	(293.88)	(232.21)	-	157.29
		1-Apr-15	60.00	347.55	0.08	(255.66)
3	Balance outstanding as at	31-Mar-18	1,372.63	701.42	17.03	359.96
		31-Mar-17	1,284.26	515.58	17.03	499.53
		1-Apr-16	1,578.14	747.79	17.03	342.24

Foot Note:

Provision in respect of wage settlement has been made on estimated basis and differences if any will be accounted on final settlement. Further as a matter of abundant caution an estimated provision has been made for contingencies as held in respect of ongoing litigations as detailed in note 24 and certain probable liability including in respect of customers.

13 Note 37 (16) of the financial statements:

Financial risk management objectives and policies:

The entity's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations to support its operations. The entity's principal financial assets include trade and other receivables, rental and bank deposits and cash and cash equivalents that are derived directly from its operations.

The entity is exposed to market risk/credit and liquidity risks. The entity's senior management oversee the management of these risks. The board reviews their activities. No significant derivative activities have been undertaken so far.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the positions as at March 31, 2018, March 31, 2017 and April 1, 2016:

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumption has been made in calculating sensitivity analysis.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018, March 31, 2017 and April 1, 2016 including the effect of hedge accounting.

i. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the some of the vendor payments and customer receivables.

NOTES TO ABRIDGED FINANCIAL STATEMENTS

The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on Mar 31, 2018 are as under:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01,2016	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	USD 397,673	1,035.02	USD 651,261	508.63	USD 1,099,053	822.38
	EUR 324,614		EUR 126,000		EUR 127,344	
	AED 2,666		Nil		Nil	
Liabilities (Payables)	USD 561,170	1,411.40	USD 544,557	558.18	USD 664,838	638.03
	EUR 402,118		EUR 288,747		EUR 248,884	
	EUR 75,237		Nil		AED 47,349	
	MYR 27,550		Nil		Nil	

* Excludes receivable of Euro 11.62 lakhs from Lloyd Dynamowerke GmbH & Co. KG, as the same has been assigned to KELBUZZ Trading Private Limited, a wholly owned subsidiary.

Foreign currency sensitivity:

Every 1% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities for the years ended March 31, 2018 and March 31, 2017 would decrease the Company's loss and increase the Company's equity by approximately ₹ 3.76 Lakhs and ₹ 0.50 Lakhs respectively where as for April 1, 2016 would increase the Company's loss and decrease Company's equity by ₹ 1.84 Lakhs. A 1% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

14 Note 37 (17) of the financial statements:

Fair Value Measurement (Ind AS 113):

The Financial Instruments of the Company are initially recorded at fair value and subsequently measured at amortized cost based on the nature and timing of the cash flows.

The below table summarises particulars of Financial Instruments used:

(₹ In Lakhs)

Particulars	Note	31-Mar-18	31-Mar-17	1-Apr-16
Financial Assets at amortized cost:				
Investments	7	7,053.05	6,739.36	6,754.40
Trade Receivables	8	4,641.97	11,702.42	9,602.69
Other Financial Assets	9	51.83	35.03	23.51
Cash & cash equivalents	13	1,153.67	1,181.36	1,917.33
Other Bank Balances	13	1,091.60	1,010.83	1,206.70
Total Financial Assets		**13,992.12**	**20,669.00**	**19,504.63**
Financial Liabilities at amortized cost:				
Borrowings	18 & 22	22,214.60	21,410.09	22,312.42
Other Financial Liabilities	19	1,256.14	1,637.96	1,634.49
Trade Payables	23	14,889.88	20,407.11	18,226.64
Total Financial Liabilities		**38,360.62**	**43,455.16**	**42,173.55**

NOTES TO ABRIDGED FINANCIAL STATEMENTS

The Company has not classified any Financial Asset or Liabilities as measured at Fair value through Profit and Loss (FVTPL) or measured at Fair Value through Other Comprehensive Income (FVTOCI).

Fair value of shares held by the Company in ICICI Bank Limited as at the three reporting dates have been computed based on its value traded in an active market and constitutes Level 1 in the fair value hierarchy as set out in Ind AS 113. Shares held by the Company in other entities which are unlisted and not traded in an active market have been valued based on their net asset value per share as per their latest available audited financial statements with the company. The increase / (decrease) is recognized in other comprehensive income as at April 01,2016, March 31,2017 and March 31,2018 on this count is estimated at ₹ 65.48 Lakhs, ₹ (6.61) Lakhs and ₹ 17.23 Lakhs respectively.

The Fair Value of the above financial assets and liabilities are measured at amortized cost which is considered to be approximate to their fair values.

15 Note 37 (18) of the financial statements:

As reported in earlier years Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW), a step down subsidiary of the Company, incurred substantial losses , thereby eroding its net worth and consequent to the actions of local directors of LDW, insolvency administrator was appointed by the court in Germany during the preceding year. The Company has been given to understand that a South Korean company acquired all significant assets, patents, estates, orders and employees of LDW. However, relevant details of the consideration for this transfer and all other relevant information are not available with the Company, in spite of its best efforts. The Company has already filed its claim for an approximate value of Euro 3.52 million in respect of outstanding towards supplies made to LDW including dues of Kirsons B V (immediate holding company of LDW). The Company has also appointed a local legal counsel to represent its interest and has filed certain claims. The legal proceedings are in progress in Germany. However the Company does not expect any material impact on the financial statements due to the same.

16 Note 37 (19) of the financial statements:

a. Wholly owned subsidiaries of the Company have incurred losses during the year and a part/ whole of their net worth have been eroded. However having regard to the estimated fair value of the assets which these Companies hold, the diminution in value has been considered as temporary and consequently no provision is required to be recognised in the financial statements.

b. Further Investments in Kirsons B V the step down subsidiary has been valued independently which confirms that the fair value of the investment is not materially lower than the carrying amount. According to the management , business activities in Kirsons B V have started and the said step down subsidiary will have regular income thereon. Under these circumstances, the Board of Directors represent that there is no permanent dimunution to the value of investment in Luxquisite Parkland Private Limited and consequently no provision is required to be recognised in the financial statements.

17 Note 37(20) of the financial statements:

a) 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 transferred during the year ended March 31, 2015 certain assets comprising of immovable properties, receivables and inventory to its subsidiaries Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited and SLPKG Estate Holdings Private Limited, which will function as special purpose vehicles to hold such assets, dispose off the same and pay off certain debts (bank dues) transferred by the Company. The amounts outstanding and due from the said subsidiaries as at March 31, 2018 in respect of the transfer of the assets as mentioned above, other expenses relating to the subsidiaries met by the Company and interest charged aggregating to ₹ 14516.72 lakhs (as at March 31, 2017 ₹ 13,504.63 Lakhs). These subsidiaries are taking active steps to repay the dues of the Company from collection of debts (receivables) assigned and from disposal of immovable properties / inventories transferred apart from debts (bank dues) transferred / to be transfered as referred above. These subsidiaries have been sanctioned credit facilities to an aggregate extent of ₹ 500 lakhs (net of amounts drawn). The board of directors of the Company are confident of realisation of the entire amounts due from the said subsidiaries as realisation from the sale of immovable properties / inventories by the subsidiaries is expected to be higher than the transfer value.

b) The sale of the immovable properties referred above shall be carried out under the supervision of the Asset Sale Committee / Approval of Lender Bank. The Lenders forming part of JLF shall constitute the Asset Sale Committee.

NOTES TO ABRIDGED FINANCIAL STATEMENTS

18 Note 37(21) of the financial statements:

The net worth (after excluding revaluation reserve) of the group in terms of the Consolidated Financial Statements presented consisting of the Company, its subsidiaries and its associate is eroded. The Company and its components have initiated several measures like identification and 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 operation, introduction of value added products push for sales, optimization in product mix and enhanced contribution, proposed capital raising plans etc. Accordingly, your directors have prepared the financial statements 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.

19 Note 37(22) of the financial statements:

a) The Company has filed before the Honourable Supreme Court, special leave petition (SLP) in respect of resale tax and sales tax penalty of ₹ 527 lakhs and ₹ 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. The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty referred 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. Under the above circumstances , the Company believes based on legal advice / internal assessment that the outcome of these contingencies will be favourable, that losses are not probable and no provision is required to be recognized in this respect.

b) 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.

20 Note 37(23) of the financial statements:

The Company during an earlier year restructured its loans under Joint Lenders Forum mechanism ("JLF"). As per the JLF, interest on cash credit accounts for the period October 2014 to September 2015 and on working capital demand loan from October 2014 to March 2016 were converted into Funded Interest Term Loan. Consequently the joint deed and other documentation was duly completed as permitted in the extant guidelines of the JLF mechanism. A Master Restructuring Agreement ("MRA") has been entered by the Company and its Lenders, Bank of India being the lead bank on June 30, 2015. In pursuance of the MRA the Company has executed other supplementary agreements including Trust and Retention Agreement ("TRA"). The agreements contain various terms and conditions in respect of the facilities sanctioned to the Company including setting up and reporting to the Monitoring Committee. The lenders shall have the right to convert at its option the whole of the outstanding amount of the facilities and / or part thereof into fully paid up equity shares of the Company in the manner specified in the notice in writing to be given by the Lenders to the Company ("Notice of Conversion") prior to the date on which the conversion is to take effect, which date shall be specified in the notice ("Date of Conversion"). The said shares shall rank parri-passu with the existing equity shares of the Company. Under the above circumstance, the Company believes based on legal advice / internal assessment that the outcome will be favorable, that losses are not probable and no provision is required to be recognized in this respect.

21 Additional information point 6 to Note 17 of the financial statements:

Delay in repayment of Borrowing (Current and Non Current) and Interest

The Company has delayed in the payment of dues to the banks. The lender wise details are as under:

NOTES TO ABRIDGED FINANCIAL STATEMENTS

(₹ In Lakhs)

Lender's Name	As at March 31, 2018			Period of delay
	Principal	Interest	Total	
BANK OF INDIA	14.02	2.39	16.41	Less than 90 days
BANK OF INDIA	30.06	19.03	49.09	Less than 90 days
AXIS BANK	2,540.00	280.65	2,820.65	Less than 180 days
AXIS BANK	21.14	5.38	26.52	Less than 90 days
AXIS BANK	42.96	27.90	70.86	Less than 90 days
CORPORATION BANK	2,234.00	25.55	2,259.55	Less than 90 days
State Bank of India	1.93	0.67	2.60	Less than 90 days
State Bank of India	1.83	0.16	1.99	Less than 90 days
State Bank of India	3.99	2.73	6.72	Less than 90 days
State Bank of India	1.70	0.59	2.29	Less than 90 days
State Bank of India	1.60	0.56	2.16	Less than 90 days
State Bank of India	5.16	3.49	8.65	Less than 90 days
State Bank of India	2.32	0.78	3.10	Less than 90 days
State Bank of India	2.85	0.31	3.16	Less than 90 days
State Bank of India	9.12	5.96	15.08	Less than 90 days
Total	4,912.68	376.15	5,288.83	

22 Note 37(24) of the financial statements:

The Income Tax Act, 1961 contains provisions for determination of arm's length price for international transactions between the Company and its associated enterprises. The regulations envisage taxation of transactions which are not in consonance with the arm's length price so determined, maintenance of prescribed documents and information including furnishing of a report from an accountant before the due date for filing the return of income. For the year ended March 31, 2018, the Company is in the process of complying with the said regulations. Management believes that such transactions have been concluded on an arm's length basis and there would be no additional tax liability for the financial year under consideration as a result of such transactions.

23 Note 37(26) of the financial statements:

Previous year's figures have been regrouped wherever required in conformity with current year presentation.

To be read with our report of even date

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

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

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: May 28, 2018

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Kamlesh Suresh Gandhi
Director
DIN: 00004969

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

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

INDEPENDENT AUDITORS' REPORTTO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

Report on the Consolidated Ind AS financial statements

We have audited the accompanying Consolidated Ind AS financial statements of Kirloskar Electric Company Limited ("the Holding Company"), its subsidiaries and associate (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information for the year then ended(hereinafter referred to as 'Consolidated Ind AS financial statements').

Management's Responsibility for the Consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with relevant rules thereunder. This respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated Ind AS financial statements.

Basis for Qualified Opinion

Attention of the members is invited to note 37(5) to the Consolidated Ind AS financial statements 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.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us,except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of theconsolidated state of affairs of the Group as at March 31, 2018, and its consolidated lossincluding other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Other Matters

a. We did not audit the financial statements of 7 subsidiaries included in the Consolidated Ind AS financial statements, whose Ind AS financial statements reflect total assets of ₹ 1,059 lakhs as at March 31, 2018, total revenues of ₹ 229 lakhs and net cash flows of ₹ 16 lakhs for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us and our opinion on such Ind AS financial statements as consolidated is based solely on the report of such other auditors.

b. Unaudited Ind AS 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 Consolidated Ind AS financial statements. Unaudited Ind AS financial statements as received from the said associate has been considered for the purpose of preparation of these Consolidated Ind AS financial statements.

Emphasis of Matter

a. Attention of the members is invited to Note 37(20) of the Consolidated Ind AS financial statements, where in the directors have detailed the reasons for preparing these Consolidated Ind AS financial statements 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. Our report is not qualified in this respect.

b. Attention of the members is invited to Note 37(21a) of the Consolidated Ind AS financial statements, which states that the Company has filed Special Leave Petition in respect of demands of resale tax and sales tax penalty of ₹ 527 lakhs and ₹ 362 lakhs before the honourable Supreme Court of India. The Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation. Our report is not qualified in this respect.

Report on Other Legal and Regulatory Requirements:

1. As required by the section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept by the Group so far as it appears from our examination of those books and the reports of other auditors.
   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in Equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements.
   d. In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with relevant rules thereunder.
   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on the record by the Board of Directors of the Holding Company and the reports of the statutory auditors of it Indian subsidiaries, none of the directors is disqualified as on that date from being appointed as a director in terms of section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

g. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us,

i The Holding Company and its Indian subsidiaries has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements in Note 37(1a).

ii The Holding Company and its Indian subsidiaries did not have any long-term contracts and has not entered into any derivative contracts. Accordingly no provision is required to be recognised in respect of material foreseeable losses under the applicable laws or accounting standards.

iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

A.Umesh Patwardhan
Partner
M. No. 222945

Date: May 28, 2018
Place: Bengaluru

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Kirloskar Electric Company Limited ("the Company") and its subsidiary companies which are incorporated in India, as of that date..

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiaries incorporated in India, internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on theConsolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies which are incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matters

Our aforesaid reports under 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting as it related to 6 subsidiary companies, incorporated in India, are based on the corresponding reports of the auditor of such companies incorporated in India.

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

A.Umesh Patwardhan
Partner
M. No. 222945

Date: May 28, 2018
Place: Bengaluru

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Conslidated
Financial Statement
2017-2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2018

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2018	As at March 31,2017	As at April 01,2016
I. ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	39,829.52	40,773.35	39,782.66
(b) Capital work-in-progress	4	8.48	-	14.25
(c) Investment Property	5	175.64	177.39	177.65
(d) Other Intangible assets	6	533.20	646.52	784.11
(e) Financial assets				
(i) Investments	7	148.76	131.53	146.57
(ii) Trade Receivables	8	706.38	404.35	75.58
(iii) Other financial assets	9	51.83	35.03	23.51
(f) Other non-current assets	10	2,774.75	3,187.66	2,319.78
Total Non-current assets		**44,228.56**	**45,355.83**	**43,324.11**
Current assets				
(a) Inventories	11	5,473.14	7,609.43	9,756.83
(b) Financial assets				
(i) Trade receivables	12	6,845.20	14,319.48	14,364.52
(ii) Cash and cash equivalents	13(a)	1,193.78	1,205.75	1,939.82
(iii) Other Bank balances	13(b)	1,091.60	1,010.83	1,206.70
(c) Other current assets	14	2,538.09	3,775.59	3,080.65
Total Current assets		**17,141.81**	**27,921.08**	**30,348.52**
TOTAL ASSETS		**61,370.37**	**73,276.91**	**73,672.63**
I. EQUITY AND LIABILITIES				
Equity				
(a) Share capital	15	6,641.41	6,641.41	6,391.78
(b) Other equity	16	(8,106.40)	494.03	838.36
Equity attributable to shareholders		(1,464.99)	7,135.44	7,230.14
Non-controlling interest		4.00	4.00	4.00
TOTAL EQUITY		**(1,460.99)**	**7,139.44**	**7,234.14**
II. LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	4,963.08	6,593.29	14,484.45
(ii) Other financial liabilities	18	1,256.14	1,583.38	1,481.58
(b) Provisions	19	1,858.62	1,903.19	1,677.55
(c) Deferred tax liabilities (net)	20	2,973.40	2,921.84	2,665.26
Total non current liabilities		**11,051.24**	**13,001.70**	**20,308.84**

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2018

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2018	As at March 31,2017	As at April 01,2016
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	21	17,251.52	14,816.80	14,422.09
(ii) Trade payables				
(i) micro and small enterprises, and	22(a)	108.58	122.36	80.83
(ii) other than micro and small enterprises	22(b)	14,862.08	20,287.12	18,286.34
(iii) Other financial liabilities	23	8,994.73	8,197.96	3,788.41
(b) Provisions	24	2,451.04	2,316.40	2,685.20
(c) Other current liabilities	25	8,111.93	7,395.04	6,859.07
(d) Current Tax Liabilities (Net)	26	0.24	0.09	7.71
Total current liabilities		**51,780.12**	**53,135.77**	**46,129.65**
TOTAL EQUITY AND LIABILITIES		**61,370.37**	**73,276.91**	**73,672.63**

Significant accounting policies and notes attached form an integral part of the financial statements 1-37

To be read with our report of even date

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

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: May 28, 2018

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

Kamlesh Suresh Gandhi
Director
DIN: 00004969

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

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ In Lakhs)

	Particulars	Note No.	As at March 31,2018		As at March 31,2017	
I	Revenue from operations	27		37,924.96		62,613.71
II	Other income	28		670.34		1,660.00
III	**Total revenue (I + II)**			**38,595.30**		**64,273.71**
IV	**Expenses:**					
	Cost of materials consumed	29	27,385.03		41,873.39	
	Changes in inventories of finished goods, work in progress and Stock-in-Trade	30	1,482.17		1,865.96	
				28,867.20		43,739.35
	Excise Duty	31		888.99		5,460.58
	Employee benefits expense	32		6,765.42		7,208.57
	Finance costs	33		4,339.53		4,542.85
	Depreciation and amortization expense	34		1,168.61		1,223.62
	Other expenses	35		5,280.14		7,357.61
				47,309.89		**69,532.58**
	Less: expenses capitalised			-		23.79
	Total expenses			**47,309.89**		**69,508.79**
V	**Loss before exceptional items and tax (III-IV)**			**(8,714.59)**		**(5,235.08)**
VI	Exceptional Items			**-**		**-**
VII	**Loss before tax (V-VI)**			**(8,714.59)**		**(5,235.08)**
VIII	**Tax expense:**					
	Current tax		**0.13**		3.82	
	Prior year tax				(6.77)	
	Deferred tax		**-**	**0.13**		**(2.95)**
IX	**Loss for the year (VII - VIII)**			**(8,714.72)**		**(5,232.13)**
X	**Other comprehensive income**					
	(i) Items that will not be reclassified to profit or loss					
	a) Remeasurements of the defined benefit plans		148.62		(7.04)	
	b) Taxes on above		(45.93)		2.18	

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2018		As at March 31,2017	
(ii) Items that will be reclassified to profit or loss					
a) Mark to Market of Investments		17.23		(6.51)	
b) Revaluation gain on Land		-		1,812.50	
c) Taxes on above		(5.63)	**114.29**	(258.76)	**1,542.37**
XI **Total comprehensive income (Loss) for the period (IX+X)**			**(8,600.43)**		**(3,689.76)**
XII **Earning per equity share before exceptional item (for continuing operations & combined)**	36				
Basic & diluted (in ₹)			(13.12)		(8.47)
Earning per equity share after exceptional item (for continuing operations & combined)	36				
Basic & diluted (in ₹)			(13.12)		(8.47)
(Paid up value per share)			10.00		10.00
Significant accounting policies and notes attached form an integral part of the financial statements	**1-37**				

To be read with our report of even date

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

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: May 28, 2018

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

Kamlesh Suresh Gandhi
Director
DIN: 00004969

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

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2018		As at March 31,2017	
Cash flows from operating activities					
Profit / (Loss) before taxation			(8,714.59)		(5,235.08)
Adjustments for:					
Depreciation and amortisation		1,168.61		1,223.62	
Provisons (net)		444.73		281.35	
(Profit)/loss on sale of fixed assets		(376.95)		(198.55)	
Interest income		(99.74)		(103.43)	
(Profit)/loss on sale of Investment		-		(24.92)	
Dividends received		(0.14)		(0.28)	
Prov for asset held for sale withdrawn		-		(383.69)	
Finance costs		4,339.53		4,542.85	
			5,476.08		5,336.95
			(3,238.51)		**101.87**
(Increase)/ decrease in trade and other receivables		8,253.21		(1,728.14)	
(Increase)/ decrease in inventories		2,136.29		2,147.40	
Increase/ (decrease) in trade payables and other current liabilities		(5,049.17)		2,673.04	
			5,340.33		3,092.30
			2,101.78		**3,194.17**
Income taxes paid			(173.01)		53.79
Net cash from operating activities			**2,274.79**		**3,140.38**
Cash flows from investing activities					
Purchase of property, plant and equipment		71.49		(1,213.66)	
Proceeds from sale of property, plant and equipment		376.88		1,045.53	
Movement in Investment Properties		1.75		0.26	
Sale of Investment		-		33.44	
Interest received		98.80		110.04	
Increase in margin money and short term deposits		(97.57)		184.35	
Dividend received		0.14		0.28	
Net cash from investing activities			**451.49**		**160.24**
Cash flows from financing activities					
Proceeds from issue of share capital					
Proceeds from long term borrowings		(954.81)		(1,246.68)	
ICD's Accepted		300.00		493.25	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ In Lakhs)

Particulars	As at March 31,2018		As at March 31,2017	
ICD's Repaid	(182.35)		(475.00)	
Issue of shares	-		3,595.06	
Repayment of fixed deposits from public	(173.30)		(1,955.80)	
Increase/ (decrease) of short term borrowings (net)	2,318.57		380.26	
Finance costs	(4,046.36)		(4,825.78)	
Net cash from financing activities		**(2,738.25)**		**(4,034.69)**
Net increase/(decrease) in cash and cash equivalents		**(11.97)**		**(734.07)**
Cash and cash equivalents at beginning of the year		1,205.75		1,939.82
Cash and cash equivalents at end of the year		**1,193.78**		**1,205.75**

Cash & Cash equivalents:

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS-7, 'Statements of Cash Flow'. Cash and cash equivalents are net of bank overdraft as required under Ind AS -7. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:

Cash on hand and bank balances	2,285.38	2,216.58
Less: Other bank balances	1,091.60	1,010.83
Cash and cash equivalents as restated	**1,193.78**	**1,205.75**

To be read with our report of even date

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

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

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

A. Umesh Patwardhan
Partner
Membership No: 222945

Kamlesh Suresh Gandhi
Director
DIN: 00004969

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

Place: Bengaluru
Date: May 28, 2018

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(a) Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balance at the Beginning of the year	**6,641.41**	**6,391.77**	**6,913.85**
Changes in equity share capital during the year	-	249.64	(522.07)
Balance at the end of the year	**6,641.41**	**6,641.41**	**6,391.78**

(b) Other Equity

(₹ in Lakhs)

Particulars	Capital redemption reserve	Capital reserve on consolidation	Capital reserve	Securities premium	Retained earnings	Reserve for doubtful debts	Reconstruction reserves	Total (A)	Other Comprehensive Income			Total(B)	Total Other equity
									Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
									Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee benefits		
As at April 01, 2016	2,401.75	54.78	18.06	1,065.41	(30,095.48)	90.00	641.67	**(25,823.81)**	-	208.66	-	208.66	(25,615.15)
Add/(Less): Ind AS adjustments	-	-	-	-	(2,433.29)	-	-	(2,433.29)	65.48	31,510.24	(23.66)	31,552.06	29,118.77
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	(12.39)	(2,660.18)	7.31	(2,665.26)	(2,665.26)
As at 1st April 2016	**2,401.75**	**54.78**	**18.06**	**1,065.41**	**(32,528.77)**	**90.00**	**641.67**	**(28,257.10)**	**53.09**	**29,058.72**	**(16.35)**	**29,095.46**	**838.36**
Add/(Less): Loss for the year	-	-	-	3,345.43	(3,871.39)	-	-	(525.96)	-	-	-	-	(525.96)
Add/(Less): Ind AS adjustments	-	-	-	-	(1,360.74)	-	-	(1,360.74)	(6.51)	1,812.50	(7.04)	1,798.95	438.21
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	2.00	(260.76)	2.18	(256.58)	(256.58)
Total comprehensive income as at March 31 2017	**2,401.75**	**54.78**	**18.06**	**4,410.84**	**(37,760.90)**	**90.00**	**641.67**	**(30,143.80)**	**48.58**	**30,610.46**	**(21.21)**	**30,637.83**	**494.03**
Add/(Less): Loss for the Year	-	-	-	-	(8,714.72)	-	-	(8,714.72)	17.23	-	-	17.23	(8,697.49)
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	-	148.62	148.62	148.62
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	(5.63)	-	(45.93)	(51.56)	(51.56)
Transferred to Retained earnings *	-	-	-	-	90.00	(90.00)	-	-	-	-	-	-	-
Total comprehensive income as at March 31 2018	**2,401.75**	**54.78**	**18.06**	**4,410.84**	**(46,385.62)**	**-**	**641.67**	**(38,858.52)**	**60.18**	**30,610.46**	**81.48**	**30,752.12**	**(8,106.40)**

* Reserve for doubtful debts of ₹ 90 lakhs no longer required has been transferred to Retained Earnings during the year.

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

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

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: May 28, 2018

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

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DIN: 06650798

Kamlesh Suresh Gandhi
Director
DIN: 00004969

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

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 BACKGROUND:

The Consolidated Financial Statements comprise financial statements of Kirloskar Electric Company Limited ("the Holding Company") and its subsidiaries and associate (collectively referred as "the Group") for the year ended March 31, 2018 and the principal activities of the group is manufacture and sale of electric motors, alternators, generators, transformers, switchgear, DG sets etc.

2 SIGNIFICANT ACCOUNTING POLICIES:

a BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013 with effect from April 01, 2017. The consolidated financial statements of the Company, have been prepared and presented in accordance with Ind AS. Previous year numbers in the consolidated financial statements prepared in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation of other equity and total comprehensive income between the Consolidated financial statements under Accounting Standards notified under Previous GAAP to Ind AS as at March 31, 2017 and April 01, 2016 and for the year ended March 31, 2017 respectively.

b PRINCIPLES OF CONSOLIDATION

i) The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditures after eliminating intra group balances and transactions to the extent identified and reconciled in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements .

ii) The stepdown subsidiary of the Company, namely Kirsons BV has been classified as an 'Integral Foreign Operation'. Revenue items denominated in foreign currency have been converted at the average rate prevailing during the year. Non monetary foreign currency assets and liabilities have been accounted at the rate of exchange prevailing on the transaction date. Monetary foreign currency assets and liabilities have been converted at the rates prevailing at the end of the year. Resultant differences have been adjusted in the statement of profit & loss.

iii) Lloyd Dynamowerke GmbH & Co. KG ("LDW") and Lloyd Beteiligungs GmbH were classified as 'Non Integral Foreign Operations'. Revenue items were consolidated at the average rate prevailing during the year and all assets and liabilities were converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation was recognised in the Foreign currency translation reserve.

iv) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries and associates are recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

v) Investments in associate companies have been accounted under the equity method as per Ind AS 28 - "Investments in Associates and Joint Ventures".

vi) Under the equity method of accounting, the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of investment is adjusted thereafter for post acquisition changes in the investor's share of net assets of the investee. The consolidated statement of profit and loss reflects the investor's share of the results of operations of the investee. Calculation of goodwill/ capital reserve as well as post acquisition changes has been made based on available information. Comprehensive information was not available.

c FUNCTIONAL AND PRESENTATION CURRENCY:

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All financial information is presented in Indian Rupees (₹) rounded to the nearest Lakhs, except share and Earning per share data, unless otherwise stated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

d PROPERTY, PLANT AND EQUIPMENT ("PPE"):

(i) Tangible Assets:

Land has been recognized on the revaluation model envisaged in Ind AS 16. Revaluations are carried out at sufficient regularity. Other items of PPE are stated at the cost of acquisition less accumulated depreciation and write down for, impairment if any. Direct costs are capitalized until the assets are ready to be put to use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, which do not meet the definition of PPE as per Ind AS 16 are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of PPE and are recognized in the statement of profit and loss when the PPE is derecognized.

(ii) Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets comprise computer software held for use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

In both cases, the company has opted for the exemption provided in Ind AS 101 by treating the book value of PPE (other than land which was revalued on April 01,2016) and intangible assets as on the transition date (April 01,2016) as the deemed cost of the relevant assets.

(iii) Depreciation & Amortization:

a. Depreciation on furniture and fixtures costing above ₹ 5,000/- provided at the residences of the employees has been charged at the rate of 33.33% on the straight-line method irrespective of the month of addition

b. Depreciation on assets taken on finance lease is charged over the primary lease period.

c. Depreciation on PPE (other than Furniture and Fixtures provided to employees and assets taken on finance lease) bought/sold during the year is charged on straight line method as per the useful life in Schedule II of Companies Act 2013 on a monthly basis, depending upon the month of the financial year in which the assets are installed/sold.

d. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

e INVESTMENT PROPERTIES:

a. Investment properties are properties held for a currently undetermined future use and are valued at cost

b. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the standalone statement of profit and loss in the period in which the property is derecognized.

f NON CURRENT ASSETS HELD FOR SALE:

Non Current Assets held for sale are stated at cost or estimated net realizable value, whichever is lower.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

g INVENTORIES:

(i) Inventories does not include spare parts ,servicing equipment and stand by equipment which meet definition of PPE as per AS-10 (revised) .

(ii) Raw materials, stores, spare parts and components are valued at cost on weighted average basis or net realizable value whichever is lower.

(iii) Work in progress is valued at works cost or net realizable value whichever is lower.

(iv) Finished goods are valued at works cost or net realizable value whichever is lower.

(v) Material cost of work in progress and finished goods are computed on weighted average basis.

h REVENUE RECOGNITION:

Revenue is recognized to an extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a. the Company has transferred to the buyer the significant risks and rewards of ownership;

b. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. the amount of revenue can be measured reliably;

d. it is probable that the economic benefits associated with the transaction will flow to the Company; and

e. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Service Income is recognized on proportionate completion method.

(iii) Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest Income is recognized on time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iv) Dividend income from investments is recognized, when the right to receive the dividend is established.

(v) Rental income is recognized on time proportion basis.

i EMPLOYEE BENEFITS:

(i) **Short term employee benefits:**

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognized on an undiscounted basis and charged to the statement of profit and loss.

(ii) **Post employment benefits:**

a. **Defined contribution plans:**

The Company has contributed to provident, pension and superannuation funds which are defined contribution plans. The contributions paid/ payable under the scheme are recognized during the year in which employee renders the related service.

b. **Defined benefit plans:**

Employees' gratuity is defined benefit plan. The present value of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the other comprehensive income.

Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms that matches to the defined benefit obligation. Gratuity to employees is covered under Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.

c. **Compensated Absences:**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the statement of profit and loss in the year in which they arise.

j FOREIGN CURRENCY TRANSACTIONS:

(i) Foreign currency transactions are translated into rupees at the exchange rate prevailing on the date of the transaction / rates that approximate the actual rates as at that date.

(ii) Monetary foreign currency assets and liabilities outstanding as at the year-end are restated at the exchange rates prevailing as at the close of the financial year. All exchange differences are accounted for in the statement of profit and loss.

(iii) Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.

(iv) Branches are considered as integral foreign operations and have been translated at rates prevailing on the date of transaction/rate that approximates the actual rate as at that date. Branch monetary assets and liabilities outstanding as at year end are restated at the year end rates.

k TAXATION:

Income tax expense is the sum of current tax and deferred tax.

Current tax:

The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss due to the effect of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

l BORROWING COSTS:

Interest and other borrowing costs on specific borrowings relatable to qualifying assets are capitalized up to the date such assets are ready for use / intended to use. Other interest and borrowing costs are charged to the statement of profit and loss.

m PROVISIONS AND CONTINGENT LIABILITIES:

i) A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

ii) Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting obligations under a contract exceed the economic benefits expected to be received, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

iii) Provisions for warranty-related costs are recognized when the service provided to the customer. Initial recognition is based on historical experience and the present value of the future estimated obligation. The initial estimate of warranty-related costs is revised annually. The annual rewinding of interest is recognized in the Statement of Profit and Loss.

iv) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

n FINANCIAL INSTRUMENTS:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

(i) **Cash and Cash Equivalents:**

Cash and Cash Equivalents comprise cash and deposit with banks other than for term deposit earmarked for Bank Guarantee. The company considers all highly liquid investments including demand deposits with bank with an original maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(ii) **Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(iii) **Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

o IMPAIRMENT:

(i) **Financial Assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) **Other Equity Investments:**

All other equity instruments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

(iii) **Non Financial Assets:**

A non financial asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to statement of profit and loss, in the year in which an asset is identified as impaired.

2.1 Recent Accounting Pronouncements

Introduction of new Ind AS Standard/Amendments to Ind AS StandardsThrough a Notification dated 28th March 2018, the Ministry of Corporate Affairs has indicated 1st April 2018 as the effective date for the implementation of Ind AS 115- Revenue from Contracts with Customers. In addition, limited amendments have been made to some other Ind AS standards (Ind AS's 2, 12, 21, 28 and 40). The company is in the process of assessing the impact of the introduction of Ind AS 115- Revenue from Contracts with Customers and the limited amendments to the other Ind AS Standards. The impact, if any, will be disclosed in the financial statements for the period ended 30th June 2018/year ended 31st March 2019.

3. Property plant and equipment:

(₹ In Lakhs)

Tangible assets			Own Assets			Assets taken on Finance Lease						
Gross block	Land	Building	Plant and equipment	Tools & Jigs	Electrical installations	Motor vehicles	Office equip-ments	Furniture and fittings	Lease hold impro-vements	Land	Plant & Machinery	Total
Balance as at April 01, 2016	**28,805.25**	**5,098.93**	**14,081.47**	**1,626.10**	**156.21**	**514.93**	**187.85**	**976.69**	**313.35**	**3,690.08**	**1,033.39**	**56,484.25**
Reclassification to investment property	147.11	-	-	-	-	-	-	-	-	-	-	147.11
Balance as at April 01, 2016 After Ind AS)	**28,658.14**	**5,098.93**	**14,081.47**	**1,626.10**	**156.21**	**514.93**	**187.85**	**976.69**	**313.35**	**3,690.08**	**1,033.39**	**56,337.14**
Additions	-	14.22	170.53	50.65	-	-	15.67	11.29	-	-	-	262.36
Revaluation (Refer note 3 below)	1,413.41	-	-	-	-	-	-	-	-	399.09	-	1,812.50
Disposals	-	-	166.12	0.20	-	67.16	0.30	283.61	-	-	-	517.39
Balance as at March 31, 2017	**30,071.55**	**5,113.15**	**14,085.88**	**1,676.55**	**156.21**	**447.77**	**203.22**	**704.37**	**313.35**	**4,089.17**	**1,033.39**	**57,894.61**
Additions	-	3.51	61.49	20.06	-	-	11.75	8.94	-	-	-	105.75
Disposals	-	-	95.24	-	-	11.97	0.34	26.34	-	-	-	133.89
Balance as at March 31, 2018	**30,071.55**	**5,116.66**	**14,052.13**	**1,696.61**	**156.21**	**435.80**	**214.63**	**686.97**	**313.35**	**4,089.17**	**1,033.39**	**57,866.47**
Accumulated depreciation												
Balance as at April 01, 2016	**-**	**1,875.75**	**11,200.07**	**999.17**	**101.59**	**335.24**	**105.03**	**818.55**	**85.69**	**-**	**1,033.39**	**16,554.48**
Depreciation charge for the year	-	152.70	690.00	83.02	22.13	32.10	40.10	47.81	10.47	-	-	1,078.33
Disposals	-	-	165.53	-	-	62.43	0.20	283.39	-	-	-	511.55
Balance as at March 31, 2017	**-**	**2,028.45**	**11,724.54**	**1,082.19**	**123.72**	**304.91**	**144.93**	**582.97**	**96.16**	**-**	**1,033.39**	**17,121.26**
Depreciation charge for the year	-	152.67	661.68	88.14	21.40	28.70	41.09	45.50	10.47	-	-	1,049.65
Disposals	-	-	95.68	-	-	11.97	0.29	26.02	-	-	-	133.96
Balance as at March 31, 2018	**-**	**2,181.12**	**12,290.54**	**1,170.33**	**145.12**	**321.64**	**185.73**	**602.45**	**106.63**	**-**	**1,033.39**	**18,036.95**
Net block												
Balance as at April 01, 2016	28,658.14	3,223.18	2,881.40	626.93	54.62	179.69	82.82	158.14	227.66	3,690.08	-	39,782.66
Balance as at March 31, 2017	30,071.55	3,084.70	2,361.34	594.36	32.49	142.86	58.29	121.40	217.19	4,089.17	-	40,773.35
Balance as at March 31, 2018	**30,071.55**	**2,935.54**	**1,761.59**	**526.28**	**11.09**	**114.16**	**28.90**	**84.52**	**206.72**	**4,089.17**	**-**	**39,829.52**

Additional information:

1) Land taken on lease from KIADB at cost aggregating to ₹ 68.70 lakhs. On expiry of lease periods, payment of balance considerations if any, and execution of sale deeds, the relevant title will pass to the Company.
2) Management has determined that there are no significant parts of assets whose useful life is different from that of the principal asset to which it relates to in terms of Note 4 Schedule II to the Companies Act, 2013. Accordingly, useful life of assets have been determined for the overall asset and not for its individual components.
3) As required by the AS-10 (Revised), the Company has opted to follow revaluation model in respect of freehold land and leasehold land and has revalued the entire class of land as at April 1, 2016 which is the effective date of the revaluation by approved independent valuers and accordingly crediting revaluation reserve by ₹ 31,510.24 lakhs. The method adopted and significant assumptions applied in estimating fair values/revalues of the said lands are based on the local market surveys and from market enquiries. The independent valuers have arrived at the fair values/revalues of those lands considering the rates fixed by the respective State Government, the municipal limits where the respective lands are situated, considering the proxiimity/connectivities to the towns/cities and availability of similar kind of properties as duly assessed in the active markets.
4) If the Company has valued its freehold & leasehold Land using Cost model the carrying amount would have been ₹ 985.09 lakhs as at March 31,2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
4 Capital work in progress:			
i) Plant and machinery	8.48	-	-
ii) Building under construction	-	-	14.25
	8.48	**-**	**14.25**
5 Investment Property:			
i) Land	175.64	177.39	177.65
	175.64	**177.39**	**177.65**

6. Other Intangible Assets:

Gross block	Goodwill	Computer software	Techincal knowhow & product development	Total
Balance as at April 01, 2016	**423.46**	**573.01**	**1,087.21**	**2,083.68**
Additions	-	7.70	-	**7.70**
Balance as at March 31, 2017	**423.46**	**580.71**	**1,087.21**	**2,091.38**
Additions	-	5.64	-	5.64
Balance as at March 31, 2018	423.46	586.35	1,087.21	2,097.02
Accumulated amortisation:				
Balance as at April 01, 2016	423.46	519.46	356.65	1,299.57
Amortisation charge for the year	-	40.93	104.36	145.29
Balance as at March 31, 2017	423.46	560.39	461.01	1,444.86
Depreciation charge for the year	-	14.60	104.36	118.96
Balance as at March 31, 2018	**423.46**	**574.99**	**565.37**	**1,563.82**
Net block				
Balance as at April 01, 2016	-	53.55	730.56	784.11
Balance as at March 31, 2017	-	20.32	626.20	646.52
Balance as at March 31, 2018	**-**	**11.36**	**521.84**	**533.20**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 Non current investments:

Details of investments	Name of the Company	As at March 31, 2018			As at March 31, 2017			As at April 01, 2016		
		No of shares	Face value	Rs. In Lakhs	No of shares	Face value	Rs. In Lakhs	No of shares	Face value	Rs. In Lakhs
a) Investments in equity Instruments:										
i) Associates: (Trade)										
Fully paid up										
Kirloskar (Malaysia) Sdn. Bhd.										
Kuala Lumpur, Malaysia		300,000	MR1	-	300,000	MR1	-	300,000	MR1	-
ii) Others										
Fully paid up										
ICICI bank Limited (on merger of Sangli Bank Limited)		5,405	2	15.05	5,405	276.85	14.96	5,405	236.65	12.79
The Mysore Kirloskar Limited(refer additional information 3 below)		770,750	10	-	770,750	10	-	770,750	10	-
Kirloskar Proprietary Limited		26	100	21.22	26	100	19.49	26	100	18.26
Kirloskar Kenya Limited, Nairobi, Kenya (refer additional information 4 below)		-	0	-	-	0	-	1,272	K.Sh 1000	25.89
Kirsons Trading Pte.Limited		56,250	S $1	36.87	56,250	S $1	36.16	56,250	S $1	35.23
Kirloskar Power Equipment Limited		340,000	10	75.62	340,000	10	60.92	340,000	10	54.40
b) Investments in debentures or bonds										
i) Others										
Fully paid up										
The Mysore Kirloskar Ltd (refer additional information 3 below)		30,000	44	-	30,000	44	-	30,000	44	-
Total				**148.76**			**131.53**			**146.57**

Additional Information:

1) Aggregate value of quoted investments:			
Carrying Value	1.00	1.00	1.00
Market Value	15.05	14.96	12.79
2) Aggregate value of unquoted investments:			
Carrying Value	133.71	116.57	133.78

3) Securities in The Mysore Kirloskar Limited have been written off.

4) During an earlier year, Company has sold the investments made in Kirloskar Kenya Limited, Nairobi, Kenya

5) Shares held in Kirloskar Propietary Limited, Kirloskar Kenya Limited, Kirloskar Trading Pte Limited and Kirloskar Power Equipment Limited (all unlisted) have been mark to market based on the net asset value of an equity share as at March 31,2018 , March 31,2017 and March 31,2016 as per their latest audited financial statements as of those dates. The differential amounts as on the date of transition has been recognized in opening reserves and changes thereafter have been recognized as other comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
8 Trade receivables:			
(unsecured and considered good)			
i) Long term trade receivables	706.38	404.35	75.58
	706.38	**404.35**	**75.58**
9 Other Financial Assets:			
i) Bank deposits with more than twelve months maturity	51.83	35.03	23.51
	51.83	**35.03**	**23.51**
10 Other non current assets:			
(unsecured and considered good, unless otherwise stated)			
i) Capital advances	861.04	1,052.40	94.54
ii) Security deposits	361.02	386.98	366.26
iii) Rent Deposit to related parties	100.00	100.00	280.00
iv) Deferred Income - Rental Deposit	62.15	70.25	81.89
v) Disputed statutory liabilities/ taxes paid	1,212.17	1,226.67	1,194.85
vi) Advance Income Tax (net of provision)	178.37	351.36	302.24
	2,774.75	**3,187.66**	**2,319.78**
Amounts due from a private company in which a director of the Company is a director included in (iii) above	100.00	100.00	100.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
11 Inventories:			
i) Raw materials	905.15	1,957.78	1,716.01
ii) Work in progress	3,599.97	4,655.77	5,107.58
iii) Finished goods	572.79	963.70	2,400.47
iv) Stores and spares	442.57	-	525.93
v) Others (scrap stock)	8.60	25.55	17.17
Goods in transit:			
i) Raw materials	-	44.05	41.34
ii) Finished goods	-	18.52	4.27
	5,529.08	**7,665.37**	**9,812.77**
Less: Provision for non-moving stocks	55.94	55.94	55.94
	5,473.14	**7,609.43**	**9,756.83**
12 Trade receivables:			
i) Trade receivables exceeding six months	2,636.08	7,321.91	8,011.86
ii) others	8,540.67	11,123.08	9,367.42
	11,176.75	**18,444.99**	**17,379.28**
Less: Allowance for doubtful receivables exceeding six months	4,331.55	4,125.51	3,014.76
	6,845.20	**14,319.48**	**14,364.52**
Additional information:			
1) Breakup of above:			
i) Unsecured, considered good	6,845.20	14,319.48	14,364.52
ii) Doubtful	4,331.55	4,125.51	3,014.76
Total	**11,176.75**	**13,423.58**	**11,041.87**
Less: Allowance for doubtful receivables exceeding six months	4,331.55	4,125.51	3,014.76
	6,845.20	**9,298.07**	**8,027.11**
2) Amounts due by private companies in which directors of the Company are directors	6.75	16.06	13.60
13 a) Cash and Cash Equivalents:			
i) Balances with banks			
- in other accounts	1,191.68	1,197.30	1,928.23
ii) Cash on hand	2.10	8.45	11.59
	1,193.78	**1,205.75**	**1,939.82**
b) Other bank balances:			
i) Balances with banks			
- in short term deposits	144.69	59.50	80.64
- in margin money, security for borrowings, guarantees and other commitments	946.91	951.33	1,126.06
	1,091.60	**1,010.83**	**1,206.70**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
14 Other Current assets:			
(unsecured and considered good, unless otherwise stated)			
i) Loans and advances to related parties (Refer Note 37(9))	270.35	288.52	268.17
ii) Advance paid to Suppliers and others	1,952.07	1,571.38	1,682.90
	2,222.42	**1,859.90**	**1,951.07**
Less: Allowance for doubtful advances for advance paid to suppliers and others	425.68	425.68	728.23
	1,796.74	**1,434.22**	**1,222.84**
iii) Balance with Central Excise Authorities - GST	269.69	1,091.87	596.70
iv) Balance with VAT Authorities - GST	417.55	1,195.39	1,133.24
v) Assets held for sale	335.64	335.64	793.09
	1,022.88	**2,622.90**	**2,523.03**
Less: Provision for asset held for sale	281.53	281.53	665.22
	741.35	**2,341.37**	**1,857.81**
Total	**2,538.09**	**3,775.59**	**3,080.65**
Additional information:			
1) Breakup of above:			
i) Secured, considered good			
ii) Unsecured, considered good	1,796.74	1,434.22	1,222.84
iii) Doubtful	425.68	425.68	728.23
Total	2,222.42	1,859.90	1,951.07
Less: Allowance for doubtful advances for advance paid to suppliers and others	425.68	425.68	728.23
	1,796.74	1,434.22	1,222.84
2) Debts due by directors or other officers of the company			
a) Amounts due by private companies in which directors of the Company are directors	**270.35**	**288.52**	**268.17**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs	Number	₹ in Lakhs
15 Share capital:						
Authorized: (*)						
Preference Shares of ₹ 100/- each	3,000,000	3,000.00	3,000,000	3,000.00	3,000,000	3,000.00
Equity shares of ₹ 10/- each	85,000,000	8,500.00	85,000,000	8,500.00	60,000,000	6,000.00
		11,500.00		**11,500.00**		**9,000.00**
Issued, subscribed and fully paid up:						
Preference shares of ₹ 100/- each						
At the beginning of the year	-	-	818,405	818.40	1,595,890	1,595.89
Redeemed during the year (Refer foot note 1.c. below)	-	-	818,405	818.40	777,485	777.49
At the close of the year	**-**	**-**	**-**	**-**	**818,405**	**818.41**
Equity shares of ₹ 10/- each						
At the beginning of the year	66,414,071	6,641.41	55,733,723	5,573.38	53,179,567	5,317.96
Issued during the year						
- by way of Conversion of Preference Shares	-	-	2,688,583	268.86	2,554,156	255.42
- by way of Qualified Institutional Placement**	-	-	7,991,765	799.18	-	-
At the close of the year	**66,414,071**	**6,641.41**	**66,414,071**	**6,641.41**	**55,733,723**	**5,573.38**
Total carried to Balance Sheet		**6,641.41**		**6,641.41**		**6,391.78**

(*) The Company passed a resolution on June 24, 2016 to increase the authorized share capital of the Company to ₹ 1,150,000,000/- (Rupees One Hundred and Fifteen Crores) divided into 85,000,000 (Eight Crores and Fifty Lakhs) Equity shares of ₹ 10/- each and 3,000,000 (Thirty Lakhs) Preference shares of ₹ 100/- each.

(**) The Board of Directors of the Company vide its meeting dated May 18, 2016 delegated its power to the QIP Committee to act as deemed necessary in relation to the issue of equity shares by way of Qualified Institutional Placement ("QIP") in accordance with Chapter VIII of Securities Exchange Board of India ("Issue of Capital and Disclosure Requirements") Regulations,2009,as amended and Section 42 of the Companies Act,2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other relevant provisions in connection with this QIP. The QIP Committee in its meeting dated August 30 , 2016 accorded its approval to create, issue, offer and allot equity shares subject to Shareholders' approval. The Company obtained the Shareholders' approval by way of special resolution passed in extraordinary general Meeting held on June 24, 2016. The QIP committee approved the allotment of 7,991,765 equity shares of face value ₹ 10 each pursuant to the QIP on receipt of funds aggregating ₹ 3,688.20 lacs. The said shares were issued at a premium of ₹ 36.15 (Rupees thirty six and fifteen paise) and were allotted on September 01, 2016.

Foot notes

1 Preference shares:

a. The Company had issued cumulative preference shares of ₹ 100/- each. The preference shareholders did not have voting rights.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

b. 1,176,746 Preference shares (value 1,176.75 lakhs) were allotted pursuant to a contract without consideration being received in cash. These preference shareholders were allotted to preference share holders of Kaytee Switchgear Limited as fully paid up pursuant to the Scheme of arrangement approved by the Honorable High Court of Karnataka under sec 391 -394 of the Companies Act, 1956 without payment being received in cash.

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Number	₹ in Lakhs	Number	₹ in Lakhs	Number	₹ in Lakhs
Preference shares converted to equity shares during the five years immediately preceding the date of the balance sheet	1,595,890	1,595.89	1,551,077	1,551.08	1,551,077	1,551.08

c. During the financial year 2014-15 Company issued and allotted 1,595,890 (Fifteen lakh ninety five thousand eight hundred and ninety) Compulsory Convertible Preference Shares ("CCPS") of ₹ 100/-(Rupees one hundred), to Mr. Vijay Ravindra Kirloskar (Promoter) by way of private placement for a tenor not exceeding 18 months which will carry a preferential cumulative dividend of 0.1% (zero point one per cent) per annum, payable till the date of conversion into equity shares. 7,77,485 Preference shares were converted into 25,54,156 equity shares of face value of ₹ 10/- each issued at premium of ₹ 20.44 (Rupees twenty and forty four paise) as per the first tranche on February 11, 2016 and 8,18,405 Preference shares were converted into 26,88,583 equity shares of face value of ₹ 10/- each issued at a premium of ₹ 20.44 (Rupees twenty and forty four paise) as per the second tranche on September 26, 2016.

d. Particulars of preference share holders holding more than 5% of the total number of preference share capital:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Number	Percentage	Number	Percentage	Number	Percentage
Vijay Ravindra Kirloskar	-	-	-	-	818,405	100.00

2 Equity shares:

a. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

b. Equity Shares of ₹ 10/- each includes:

	Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Number	Rs. in Lakhs	Number	Rs. in Lakhs	Number	Rs. in Lakhs
(i)	Equity shares include Shares allotted pursuant to a contract without consideration being received in cash. These shares were issued to shareholders of Kaytee Switchgear Limited and Kirloskar Power Equipment Limited as fully paid, pursuant to Scheme of arrangement approved by the Honorable High Court of Karnataka under sections 391 - 394 of the Companies Act, 1956. (Refer foot note 2.c. below).	17,252,550	1,725.26	17,252,550	1,725.26	17,252,550	1,725.26
(ii)	Shares allotted during the year 2007-08 to the promoters group in terms of order dated September 29, 2007 of the Honorable High Court of Karnataka read with scheme of arrangement dated February 13, 2003 under sections 391 to 394 of The Companies Act, 1956.	2,000,000	200.00	2,000,000	200.00	2,000,000	200.00
(iii)	Shares allotted during the year 2003 - 04 to IDBI on conversion of Preference Share Capital at face value as per the scheme of arrangement approved by honorable High Court of Karnataka.	6,000,000	600.00	6,000,000	600.00	6,000,000	600.00
(iv)	Shares allotted during the year 2014-15 to Vijay R Kirloskar at a premium of ₹ 20.44 per share	2,658,200	265.82	2,658,200	265.82	2,658,200	265.82
(v)	Shares allotted during the year 2015-16 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,554,156	255.42	2,554,156	255.42	2,554,156	255.42
(vi)	Shares allotted during the year 2016-17 to Vijay R Kirloskar at a premium of ₹ 20.44 per share by conversion of CCPS.	2,688,583	268.86	2,688,583	268.86	-	-

c. During the previous year, the KECL Investment Trust sold 6,174,878 equity shares of ₹ 10/- each of the Company for which the Company was the sole beneficiary in terms of scheme of arrangement approved by the honorable High Court of Karnataka under section 391-394 of the Companies Act 1956 in an earlier year. The resultant profit of ₹ 2,155.32 lakhs (net of STT, service tax, exchange transaction charges, SEBI transaction fees and stamp duty charges) was considered as an extraordinary item in the financial year 2015-16.

d. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

	Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Number	Percentage	Number	Percentage	Number	Percentage
(i)	Abhiman Trading Company Private Limited	5,217,063	7.86%	5,217,063	7.86%	5,217,063	9.36%
(ii)	Vijayjyothi Investment & Agencies Private Limited	4,271,217	6.43%	4,271,217	6.43%	4,257,682	7.64%
(iii)	Mr. Vijay Ravindra Kirloskar	11,840,618	17.83%	11,840,618	17.83%	9,125,625	16.37%
(iv)	Vijaykirti Investments and Agencies Private Limited	3,064,094	4.61%	3,064,094	4.61%	3,064,094	5.50%
(v)	Vijay Farms Private Limited	3,540,807	5.33%	3,540,807	5.33%	3,540,807	6.35%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Other Equity

(₹ In Lakhs)

Particulars	Capital redemption reserve	Capital reserve on consolidation	Capital reserve	Securities premium	Retained earnings	Reserve for doubtful debts	Recon-struction reserves	Total (A)	Other Comprehensive Income			Total(B)	Total Other equity
									Items that will be reclassified to profit or loss		Items that will not be reclassified to profit or loss		
									Fair value of Investment	Revaluation of Land	Actuarial gains/ (losses) of employee benefits		
As at April 01, 2016	2,401.75	54.78	18.06	1,065.41	(30,095.48)	90.00	641.67	**(25,823.81)**	-	208.66	-	208.66	(25,615.15)
Add/(Less): Ind AS adjustments	-	-	-	-	(2,433.29)	-	-	(2,433.29)	65.48	31,510.24	(23.66)	31,552.06	29,118.77
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	(12.39)	(2,660.18)	7.31	(2,665.26)	(2,665.26)
As at 1st April 2016 (after opening Ind AS adjustments)	2,401.75	54.78	18.06	1,065.41	(32,528.77)	90.00	641.67	(28,257.10)	53.09	29,058.72	(16.35)	29,095.46	838.36
Add/(Less): Loss for the year	-	-	-	3,345.43	(3,871.39)	-	-	(525.96)	-	-	-	-	(525.96)
Add/(Less): Ind AS adjustments	-	-	-	-	(1,360.74)	-	-	(1,360.74)	(6.51)	1,812.50	(7.04)	1,798.95	438.21
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	2.00	(260.76)	2.18	(256.58)	(256.58)
Total comprehensive income as at March 31 2017	2,401.75	54.78	18.06	4,410.84	(37,760.90)	90.00	641.67	(30,143.80)	48.58	30,610.46	(21.21)	30,637.83	494.03
Add/(Less): Loss for the Year	-	-	-	-	(8,714.72)	-	-	(8,714.72)	17.23	-	-	17.23	(8,697.49)
Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	-	-	148.62	148.62	148.62
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	(5.63)	-	(45.93)	(51.56)	(51.56)
Transferred to Retained earning *	-	-	-	-	90.00	(90.00)	-	-	-	-	-	-	-
Total comprehensive income as at March 31 2018	2,401.75	54.78	18.06	4,410.84	(46,385.62)	-	641.67	(38,858.52)	60.18	30,610.46	81.48	30,752.12	(8,106.40)

* Reserve for doubtful debts of Rs 90 lakhs no longer required has been transferred to Retained Earnings during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non- Current Liabilities			
17 Borrowings:			
1) Secured loans:			
a. Term loan from banks	4,963.08	6,043.49	13,922.75
	4,963.08	**6,043.49**	**13,922.75**
2) Unsecured loans:			
a. Fixed deposits	-	549.80	561.70
	-	**549.80**	**561.70**
Total Borrowings (1+2)	**4,963.08**	**6,593.29**	**14,484.45**
Additional information:			
1) Details of security for secured loans:			
Working capital term loans and funded interest term loans from Lenders as specified in Master Restructuring Agreement ("MRA") are secured against a first pari passu charge by way of hypothecation of all book debts, receivables, stocks, inventories, operating cash flows, commissions, revenues of whatsoever nature and whatever arising (present & future) including Trust and Retention Account, a first pari passu charge by way of mortgage on all of the Company's immovable properties as set out in Schedule VI of MRA, a first pari passu charge by way of pledge of 24,886,143 fully paid equity shares of the Company held by the promoters as specified in MRA. These loans are guaranteed by the Executive Chairman of the Company.	6,241.63	7,322.04	8,607.18
Term loan from Axis Bank is secured against first pari passu charge on current assets of Kelbuzz Trading Private Limited ("KTPL") and Equitable Mortgage of immovable properties held in the name of KTPL and guaranteed by the Executive Chairman of the Company and Corporate guarantee the Company.	4,200.80	4,076.00	4,005.81
Term loan from consortium banks is secured against first pari passu charge on entire current assets of SLPKG Estate Holdings Private Limited ("SEHPL") and Equitable Mortgage of immovable properties held by SEHPL and guaranteed by the Executive Chairman of the Company and Corporate Guarantee of the Company.	2,557.38	2,556.58	2,588.31
2) Terms of repayment of term loans and others			
From Bank:			
i) Working Capital Term loans from consortium banks carry an interest of 11% (base rate of Bank of India plus 80 basis points) per annum and repayable in 96 equal monthly instalments commencing from April 30, 2016.	5,133.61	6,104.49	6,692.60
ii) Funded Interest Term loans from consortium banks carry an interest of 11% (base rate of Bank of India plus 80 basis points) per annum and repayable in 60 equal monthly instalments commencing from April 30, 2016.	1,108.02	1,217.56	1,914.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
iii) Loan taken by KTPL is repayable at the end of 30th month from the date of disbursement and carrry an interest of 11.50% p.a.	4,200.80	4,076.00	4,005.81
iv) Loan taken by SEHPL is repayable with in 36 months from the date of disbursement and carries and interest of 11% p.a.	2,557.38	2,556.58	2,588.31

3) Unsecured Loans:

a) Fixed deposits were taken for periods of 24 and 36 months with interest rates ranging from 12% to 13%.

b) Fixed deposits include ₹ 74.10 lakhs (as at March 31, 2017 ₹ 236.50 lakhs) matured unclaimed deposits.

4) Current and Non Current maturities of borrowings shown under Note 17

1) Secured loans:			
a. Term loan from banks	12,999.81	13,954.62	15,201.30
Less: Current maturities shown under Note 23	8,036.73	7,911.13	1,278.55
	4,963.08	**6,043.49**	**13,922.75**
2) Unsecured loans:			
a. Fixed deposits	622.90	794.70	2,746.70
Less: Current maturities shown under Note 23	622.90	244.90	2,185.00
	-	**549.80**	**561.70**
Total Borrowings (1+2)	**4,963.08**	**6,593.29**	**14,484.45**

5) Delay in repayment of Borrowing (Current and Non Current) and Interest
The Company has delayed in the payment of dues to the banks. The lenderwise details are as under:

(₹ In Lakhs)

Lender's Name	As at March 31, 2018			Period of delay
	Principal	Interest	Total	
BANK OF INDIA	14.02	2.39	16.41	Less than 90 days
BANK OF INDIA	30.06	19.03	49.09	Less than 90 days
AXIS BANK	2,540.00	280.65	2,820.65	Less than 180 days
AXIS BANK	21.14	5.38	26.52	Less than 90 days
AXIS BANK	42.96	27.90	70.86	Less than 90 days
CORPORATION BANK	2,234.00	25.55	2,259.55	Less than 90 days
State Bank of India	1.93	0.67	2.60	Less than 90 days
State Bank of India	1.83	0.16	1.99	Less than 90 days
State Bank of India	3.99	2.73	6.72	Less than 90 days
State Bank of India	1.70	0.59	2.29	Less than 90 days
State Bank of India	1.60	0.56	2.16	Less than 90 days
State Bank of India	5.16	3.49	8.65	Less than 90 days
State Bank of India	2.32	0.78	3.10	Less than 90 days
State Bank of India	2.85	0.31	3.16	Less than 90 days
State Bank of India	9.12	5.96	15.08	Less than 90 days
BANK OF INDIA	1,121.87	9.13	1,131.00	Less than 90 days
State Bank of India	353.69	3.31	357.00	Less than 90 days
State Bank of India	388.37	3.63	392.00	Less than 90 days
State Bank of India	668.26	8.74	677.00	Less than 90 days
AXIS BANK	4,038.00	388.00	4,426.00	Less than 360 days
Total	**11,482.87**	**788.96**	**12,271.83**	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non- Current Liabilities			
18 Other Financial Liabilities:			
Security deposits from suppliers and dealers	1,256.14	1,583.38	1,481.58
Financial Guarantee Liability	-		
	1,256.14	**1,583.38**	**1,481.58**
19 Provisions:			
Provisions for employee defined benefit plans	1,858.62	1,903.19	1,677.55
	1,858.62	**1,903.19**	**1,677.55**
20 Deferred tax Liabilities (Net):			
i) Deferred tax liability:			
a) On account of depreciation on fixed assets (other than land)	1,177.68	1,530.70	1,701.00
b) On account of revaluation of land	2,973.40	2,921.84	2,665.26
Total	**4,151.08**	**4,452.54**	**4,366.26**
ii) Deferred tax asset:			
a) On account of timing differences in recognition of expenditure (restricted to Deferred Tax Liability)	1,177.68	1,425.75	1,525.09
b) On account of Unabsorbed depreciation and brought forward losses under the Income Tax Act, 1961 (restricted to Deferred tax liability)	-	104.95	175.91
Total	**1,177.68**	**1,530.70**	**1,701.00**
Net Deferred tax (liability)/asset	**2,973.40**	**2,921.84**	**2,665.26**
Current Liabilities			
21 Borrowings:			
1) Secured loans:			
a) Loans repayable on demand			
- from banks	14,261.20	11,936.29	11,548.50
b) Loan against pledge of fixed deposit from bank	-	6.34	13.87
	14,261.20	**11,942.63**	**11,562.37**
2) Unsecured loans:			
Other than banks:			
a) Fixed deposits	-	1.50	5.30
b) Inter corporate deposits	2,990.32	2,872.67	2,854.42
	2,990.32	**2,874.17**	**2,859.72**
Total	**17,251.52**	**14,816.80**	**14,422.09**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
1) Details of security for secured loans:			
a) Working capital loans from Lenders as specified in Master Restructuring Agreement ("MRA") are secured against a first pari passu charge by way of hypothecation of all book debts, receivables, stocks, inventories, operating cash flows, commissions, revenues of whatsoever nature and whatever arising (present & future) including Trust and Retention Account, a first pari passu charge by way of mortgage on all of the Company's immovable properties as set out in Schedule VI of MRA, a first pari passu charge by way of pledge of 24,886,143 fully paid equity shares of the Company held by the promoters as specified in MRA. These loans carry an interest rate of 11% (base rate of Bank of India plus 80 basis points) per annum and also guaranteed by the Executive Chairman of the Company.	12,001.66	9,231.75	8,578.68
b) Loan from a bank is secured against the equitable mortgage of certain immovable property of the Company, equitable mortagage of immovable properties of SKG Terra Promenade Private Limited (SKG), lien on fixed deposits amounting to ₹ 175 lakhs and guaranteed by the Executive chairman of the Company. Further corporate guarantee is given by the said SKG in respect of those specified properties and the loan carries an interest of 13.85% per annum	2,259.55	2,526.53	2,716.95
c) Buyers Credit from a bank is secured by first pari passu charge on current assets as primary security, equitable mortgage of certain immoveable properties of the Company, pledge of 24,886,143 promoter's equity shares in the Company as at September 30, 2014 and also guaranteed by the Executive Chairman of the Company. Further it carries an interest linked to LIBOR as agreed from time to time with the bank.	-	178.01	252.87
d) Against pledge of fixed deposits	-	6.34	13.87

2) Details of security for Unsecured loans:

a) Fixed deposits were taken for a period of 12 months at interest rate of 11.50% .

b) Inter corporate deposits are taken for periods ranging between 90 to 360 days with interest rates averaging upto 16% per annum.

c) Fixed deposit include Nil (as at March 31, 2017; ₹1.50 lakhs) matured unclaimed deposits.

Current Liabilities

22 Trade payables:			
a) **Total outstanding dues of micro and small enterprises**			
Trade payables *	108.58	122.36	80.83
	108.58	**122.36**	**80.83**
b) **Total outstanding dues of creditors other than micro and small enterprises**			
i) Trade payables	9,970.18	11,449.87	11,823.15
ii) Acceptances	4,891.90	8,837.25	6,463.19
	14,862.08	**20,287.12**	**18,286.34**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additional Information:

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

(₹ In Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
1	Principal amount due and remaining unpaid	108.58	122.36	80.83
2	Interest due on (1) above and the unpaid interest	-	11.07	13.81
3	Interest paid on all delayed payments under the MSMED Act	-	Nil	Nil
4	Payment made beyond the appointed day during the year	-	197.42	38.18
5	Interest due and payable for the period of delay other than (3) above	-	8.89	2.19
6	Interest accrued and remaining unpaid	-	19.96	16.00
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	69.46	69.46	49.50

23	**Other financial liabilities**			
	a) Current maturities of fixed deposits	622.90	244.90	2,185.00
	b) Current maturities of secured loan from bank	8,036.73	7,911.13	1,278.55
	c) Interest accrued but not due on deposits	335.10	41.93	324.86
		8,994.73	**8,197.96**	**3,788.41**
24	**Provisions:**			
	a) Provision for short term compensated absences	17.03	17.03	17.03
	b) Provision for wage arrears	701.42	515.58	747.79
	c) Provision for warranty	359.96	499.53	342.24
	d) Provision for contingencies (refer Note 37(15))	1,372.63	1,284.26	1,578.14
		2,451.04	**2,316.40**	**2,685.20**
25	**Other current liabilities:**			
	d) Statutory liabilities	710.73	944.43	869.48
	e) Other liabilities	4,626.46	4,272.24	4,249.18
	f) Book overdraft-Bank	102.72	1,383.35	549.51
	g) Trade advances	2,672.02	795.02	1,190.90
		8,111.93	**7,395.04**	**6,859.07**
26	**Current Tax Liabilities (Net):**			
	a) Provision for tax (net of advance tax outside India)	0.24	0.09	7.71
		0.24	**0.09**	**7.71**

27 Revenue from operations:

	Particulars	March 31, 2018	March 31, 2017
i)	Sale of products		
	Motors, alternators and generators	18,294.58	25,940.42
	Transformers	14,296.89	22,505.31
	DG sets	1,890.62	10,164.99
	Others	3,022.77	3,395.90
	Total	**37,504.86**	**62,006.62**
ii)	Sale of services	420.10	607.09
	Total Revenue	**37,924.96**	**62,613.71**
		37,924.96	**62,613.71**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
28	**Other income:**		
	i) Interest income on Bank Deposits and Others	99.74	103.43
	ii) Interest and guarantee comission income from financial assets	135.73	82.11
	iii) Dividend income from long term investments	0.14	0.28
	iv) Profit on sale of fixed assets (net)	376.95	198.55
	v) Profit on sale of long term investments	-	24.92
	vi) Provision no longer required and Unclaimed credit balance written back	22.41	786.53
	vii) Provision for asset held for sale withdrawn	-	383.69
	viii) Rent received	0.87	2.09
	ix) Miscellaneous income	34.50	78.40
		670.34	**1,660.00**
29	**Cost of materials consumed:**		
	Consumption of raw materials, components, stores and spare parts	27,385.03	41,873.39
		27,385.03	**41,873.39**
	Additional Information:		
	i) Copper (Wires, strips, rods, sheets etc)	5,706.93	7,451.11
	ii) Iron and steel (pigiron, rounds, plates, sheets , etc.,)	2,544.32	7,832.74
	iii) Stores and spares	535.81	618.56
	iv) Others	18,597.97	25,970.98
30	**Changes in inventories of finished goods, work in progress and stock in trade:**		
	Stocks at the end of the year:		
	i) Work in progress		
	Motors, alternators and generators	2,339.35	2,985.15
	Transformers	895.35	1,098.10
	DG Sets	310.14	512.63
	Others	55.12	59.88
	Total	**3,599.96**	**4,655.76**
	ii) Finished goods		
	Motors, alternators and generators	371.18	645.01
	Transformers	163.53	215.10
	DG sets	30.19	94.81
	Others	7.90	27.30
	Total	**572.80**	**982.22**
	iii) Scrap	8.60	25.55
		4,181.36	**5,663.53**
	Less: Stocks at the beginning of the year		
	i) Work in progress		
	Motors, alternators and generators	2,985.15	3,212.89
	Transformers	1,098.10	1,554.95
	DG sets	461.54	284.49
	Others	110.97	55.25
	Total	**4,655.76**	**5,107.58**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
	ii) Finished goods		
	Motors, alternators and generators	645.01	1,277.47
	Transformers	215.10	642.24
	DG sets	94.81	316.29
	Others	27.30	168.74
	Total	**982.22**	**2,404.74**
	iii) Scrap	**25.55**	**17.17**
		5,663.53	7,529.49
		1,482.17	1,865.96
31	**Excise Duty:**		
	i) Excise duty on revenue	888.99	5,460.58
		888.99	**5,460.58**
32	**Employee benefit expenses:**		
	i) Salaries , wages and bonus	**5,381.63**	5,683.15
	ii) Contribution to provident and other funds	**640.00**	648.56
	iii) Staff welfare expenses	**743.79**	876.86
		6,765.42	**7,208.57**
33	**Finance costs:**		
	i) Interest expense	4,337.31	4,223.21
	ii) Other borrowing costs	242.79	319.64
		4,339.53	**4,542.85**
34	**Depreciation and amortization expense**		
	i) Depreciation of tangible assets	1,049.65	1,078.33
	ii) Amortization of intangible assets	118.96	145.29
		1,168.61	**1,223.62**
35	**Other expenses:**		
	i) Power and fuel	726.19	819.33
	ii) Rent	268.47	302.66
	iii) Repairs to buildings	37.93	59.74
	iv) Repairs to machinery	98.92	188.00
	v) Repairs to others	329.41	328.43
	vi) Vehicle maintenance	18.04	18.51
	vii) Insurance	39.34	33.72
	viii) Rates and taxes	402.72	161.57
	ix) Payment to auditors		
	- as auditor (includes branch audit fees of ₹ 0.12, previous year ₹ 0.13)	15.97	38.69
	- for taxation matters (includes ₹ 0.12, previous year ₹ 0.12 to branch auditor)	10.11	10.00
	- for Certification work *	3.76	7.00
	- for limited review	16.12	15.00
		45.96	70.69
	x) Selling expenses	1,052.31	1,458.63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars			As at March 31, 2018			As at March 31, 2017
xi)	Commission		35.86			15.19
xii)	Warranty claims		4.53			301.97
xiii)	Allowance for doubtful trade receivables		206.04			1,110.75
xiv)	Net (gain)/loss on foreign currency transaction and translation		(67.29)			42.61
xv)	Irrecoverable loans and advances written off	-		302.55		
	Less: Allowance for doubtful loans and advances withdrawn	-	-	302.55		-
xvi)	Legal and professional charges		570.65			407.69
xvii)	Travelling and conveyance		465.56			613.45
xviii)	Printing and stationary		34.17			47.78
xix)	Postage, telegrams and telephones		86.93			139.41
xx)	Directors sitting fees		10.95			11.25
xxi)	Loss on assets held for sale	-		383.69		
	Less: Provision for assets held for sale withdrawn	-	-	383.69		-
xxii)	Provision for contingencies		88.36			60.63
xxiii)	Security Charges		306.05			349.72
xxiv)	Contract Labour Charges		468.54			732.48
xxv)	Miscellaneous expenses		50.50			83.40
			5,280.14			**7,357.61**

*Excludes fees of ₹ 30.30 lakhs (Previous year: ₹ nil) in connection with QIP issue which has been reduced from share premium account.

36 Earnings per share:

(Basic and diluted)

(a)	**Before exceptional item**		
	Loss for the year after tax expense	(8,714.72)	(5,232.13)
	Add: Preference dividend payable including dividend tax	-	0.48
		(8,714.72)	**(5,231.65)**
	Weighted average number of equity shares	66,414,071	61,752,954
	Paid up value per share	10.00	10.00
	Loss per share (basic & diluted) (*)	**(13.12)**	**(8.47)**
(b)	**After exceptional item**		
	Loss for the year after tax expense	(8,714.72)	(5,232.13)
	Add: Preference dividend payable including dividend tax	-	0.48
		(8,714.72)	**(5,231.65)**
	Weighted average number of equity shares	66,414,071	61,752,954
	Paid up value per share	10.00	10.00
	Loss per share (basic & diluted) (*)	**(13.12)**	**(8.47)**

(*) Effect of potential equity shares is antidilutive

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
37	**Other notes to accounts:**		
	1 Contingent liabilities and commitments:		
	(to the extent not provided for)		
a)	**Contingent liabilities:**		
i)	Claims against the Company not acknowledged as debts	867.43	1,530.73
ii)	Guarantees	1,482.27	2,801.65
iii)	Bills discounted with Bank	345.05	1,592.08
iv)	Central excise and customs authorities have issued notices and raised certain demands, which are pending in appeal before various authorities, not acknowledged as debt by the Company.	170.51	118.42
v)	Sales tax demanded under appeal. The Company has paid an aggregate amount of **₹ 694.65** lakhs (as at March 31, 2016 **₹ 658.88** lakhs) against the demand which has been included in disputed statutory dues.	2,013.14	5,547.25
vi)	Sales Tax Authorities have disallowed certain input credit availed in the returns filed and also disallowed certain sales returns, unfructified sales, labour charges and service tax, in the re- assessment for the year 2009-10. The Company has disputed and challenged the same in writ petition before the Honorable High Court of Karnataka and considers the said disallowances has been passed based on incorrect interpretation of law. The operation of said re-assessment order had been stayed by the Honorable High Court of Karnataka. Further,The honorable High Court of Karnataka has 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.	Nil	893.00
vii)	The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs and ₹ 362 Lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 479.23 lakhs as at March 31, 2017 (as at March 31, 2016 ₹ 479.23 lakhs) against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements. The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty referred 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. The Authorities have received the application under Scheme in compliance to the directions contained in interim order of the Hon'ble High Court of Karnataka.	889.37	889.37
viii)	Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	5.00	209.88
ix)	Sales tax liabilities in respect of pending assessments - C forms have not been received from several customers. Continuing efforts are being made to obtain them. Significant progress has been made in the matter as compared to the previous year.	Not Ascertainable	Not Ascertainable
x)	Interest if any, on account of delays in payment to suppliers.	Not Ascertainable	Not Ascertainable
xi)	Certain industrial disputes are pending before various judicial authorities – not acknowledged by the Company. Liability has been considered against those cases for which is ascertainable, some cases are pending for it is not possible to ascertain liability.	17.65	17.65
xii)	Income tax demands under appeal. The demands are consequential to certain amounts of computed interests being deemed as capital expenditure and certain other disallowances disputed by the Company.	-	10.34

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
xiii)	The Company had furnished a guarantee for the redemption of preference shares issued by Kirloskar Investment and Finance Ltd to an extent of ₹ 200 lakhs as at March 31, 2017 (as at March 31, 2016 ₹ 200 lakhs) and had obtained counter guarantee from the said Company. The preference shareholder has claimed a sum of ₹ 200 lakhs along with dividends in arrears of ₹ 205.60 lakhs and interest from the Company. This claim has been upheld by the Debt Recovery Tribunal (DRT). The Company has preferred an appeal before the Debt Recovery Appellate Tribunal(DRAT) to set aside the orders passed by the DRT. The Company has deposited during the previous year ₹ 102.80 lakhs with DRAT as directed by the Supreme Court of India and the matter stands re-posted for hearing. The Company does not acknowledge this liability.	405.60	405.60
xiv)	Right to recompense to the lending banks subject to profitability and cash flows of the Company, approximate net present value of recompense as per Master Restructuring Agreement (MRA).	514.00	514.00

In respect of items above, future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums / settlement of matter. The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable. However as a matter of abundant caution the Company has recognized a provision for contingencies, to take care of any liabilities that may devolve, and included in **Note 37(15).**

b)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	22.44	453.55

	Particulars		As at March 31, 2018		As at March 31, 2017
2	**Additional Information:**				
a)	Value of Imports calculated on CIF basis:				
	i) Raw Materials, Components and spare parts		322.02		214.98
	ii) Capital goods		3.10		59.71
b)	Expenditure in foreign currency: (net of withholding tax)				
	i) Professional, consultancy and other fees		145.30		81.47
	ii) Travel		60.50		63.92
c)	Sl No Particulars	**Amount**	**% to total**	**Amount**	**% to total**
	i) Value of imported raw materials, spare parts and components consumed	287.30	1.05%	193.42	0.46%
	ii) Value of indigenous raw materials, spare parts and components consumed	27,097.73	98.95%	41,679.97	99.54%
		27,385.03	**100.00%**	**41,873.39**	**100.00%**
d)	Details of non-resident shareholdings				
	i) Number of nonresident share holders		293		601
	ii) Number of shares held by nonresident shareholders		2,938,906		4,019,975
e)	Earnings in foreign exchange:				
	i) Export of goods calculated on FOB basis (net) (inclusive of sales within India eligible for export incentives)		1,248.62		1,525.86
	ii) Remittances from overseas offices (Net)		113.71		161.34
	iii) Sale of Investments		-		33.44

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 The order of the honourable High Court of Karnataka according approval for the scheme of arrangement and amalgamation under sections 391 to 394 of the Companies Act, 1956 ("Scheme") was received in September 2008 with April 1, 2007 as the appointed date. This scheme of arrangement and amalgamation interalia involved transfer of the operating business of Kirloskar Power Equipment Limited ("KPEL") and amalgamation of Kaytee Switchgear Limited ("KSL") with the Company. The Scheme was registered with the Registrar of Companies on October 17, 2008. Decree in Form 42 of the Companies (Court) Rules, 1949 is yet to be passed by the honourable High Court of Karnataka.

4 The Company has preferred a suit for various claims against Deutsche Bank, one of the members of the erstwhile consortium of bankers for breach of trust for withholding of monies belonging to the Company and freezing sanctioned working capital limits.

5 Confirmation of balances from customers, suppliers and service providers with whom the Company had transactions are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Adjustments will be made on completion of review/reconciliation. In the assessment of the management, effect on revenue if any, is not expected to be material.

6 The customers of the Company had deducted liquidated damages and other charges for delays in delivery of goods as compared to contractual obligations. The Company has made representations to such customers explaining reasons for delays as well as impress upon them that the same were caused by various factors including those not attributable to it and as such being beyond its control. The Company had made necessary provision on an overeall assessment of the likely loss where in its opinion waiver is not likely. The Company is confident that its representations will be accepted by customers and liquidated damages and other charges deducted will be waived. Impact, if any, on the financial statements is not expected to be material.

7 Certain mistakes noticed in the inventory records have been corrected to the extent identified based on physical inventory taken from time to time. The Company is in the process of identifying and analysing the differences adjusted/to be adjusted in the books of account on a comprehensive basis. The management has also formed a task force for liquidation of slow/non moving inventories in respect of which provision for inventories has been estimated and made. Any further adjustments required to the financial statements if any, is not expected to be material.

8 Machinery purchased in prior years but currently held for sale for the past several years have been recognized at realizable value estimated by the management. Such value is consistent with quotations received from prospective buyers after considering the provision made and any shortfall in realisability is not expected to be material.

9 Current assets, loans and advances include **₹ 270.35 Lakhs** (as at March 31, 2017 ₹ 288.52 Lakhs) being rescheduled advances from certain companies in which certain key managerial personnel are interested. The Company is confident that these companies will fulfill their obligations and has considered these amounts as good of recovery.

10 During a previous year, the shareholders of the Company at the Annual General Meeting held on September 30, 2013 have approved an Employee Stock Option Scheme. However, the Company has not issued any options as at March 31, 2018 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 DISCLOSURES AS PER IND AS 19 "EMPLOYEE BENEFITS":

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under:

(₹ In Lakhs)

Particulars	March 31, 2018	March 31, 2017
Employer's contribution to provident & pension funds	304.12	332.17
Employer's contribution to superannuation fund	101.43	77.25

(b) Defined Benefit Plan:

The employees' gratuity fund scheme managed by a trust and leave encashment is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

	As at March 31, 2018		As at March 31, 2017	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
1 Reconciliation of opening and closing balances of defined benefit obligation:				
Defined Benefit obligation at beginning of the year	2,319.35	542.47	2,437.49	485.04
Current Service Cost (*)	192.58	55.83	109.23	41.39
Interest Cost	107.60	39.38	182.19	38.75
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	(25.08)	-
Actuarial (gain)/ loss	(148.62)	(16.06)	(8.31)	141.47
Benefits Paid	(291.19)	(147.76)	(376.17)	(164.18)
Defined Benefit obligation at end of the year	**2,179.72**	**473.86**	**2,319.35**	**542.47**
2 Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	753.00	188.60	1,053.72	174.23
Expected return on plan assets	54.67	14.43	84.19	13.92
Employer Contribution	64.95	-	6.61	-
Benefits paid	(6.54)	-	(376.17)	-
Actuarial gain/(loss)	(291.19)	-	(15.35)	0.45
Fair value of plan assets at year end	**574.89**	**203.03**	**753.00**	**188.60**
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	574.89	203.03	753.00	188.60
Present value of obligation	2,179.72	473.86	2,319.35	542.47
Amount recognized in Balance Sheet under liabilities:	**1,604.83**	**270.83**	**1,566.35**	**353.87**
Expense recognized during the year: (under "Note 32" "Employee Benefit Expenses" in the Statement of Profit and Loss)	**Current Year**		**Previous Year**	
In Income Statement:				
Current Service Cost	192.58	55.83	109.23	41.39
Interest Cost	107.60	39.38	182.19	38.75
Expected return on plan assets	(54.67)	(14.43)	(84.19)	(13.92)
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	(25.08)	-
In Other Comprehensive Income:				
Actuarial (gain)/ loss	142.57	(16.06)	7.04	141.02
Net Cost	**388.08**	**64.72**	**189.19**	**207.24**
Actuarial assumptions:				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Mortality Table	As at March 31, 2018		As at March 31, 2017	
	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)
Discount rate (per annum)	7.26%	7.26%	7.26%	7.26%
Expected rate of return on plan assets (per annum)	7.26%	7.26%	7.26%	7.26%
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%

(*) Leave provision for current year includes provision for short term compensated absence as assessed by the actuary.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

3 Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for current and earlier periods of Gratuity (Funded):

(₹ In Lakhs)

	2017-18	2016-17	2015-16	2014-15	2013-14
Defined benefit obligation at the end of the period	(2,179.72)	(2,319.35)	(2,437.49)	(2,490.09)	(2,489.47)
Plan assets at end of the period	574.89	753.00	1,053.72	1,310.95	1,469.03
Unfunded amount	(1,604.83)	(1,566.35)	(1,383.77)	(1,179.14)	(1,020.44)
Experience Gain/ (loss) adjustments on plan liablities	80.92	100.36	(24.27)	23.38	62.47
Experience Gain/ (loss) adjustments on plan assets	(291.19)	(15.35)	(11.07)	(20.58)	(10.38)
Actuarial gain/ (loss) due to change in assumptions	67.71	(92.05)	11.67	(174.33)	(164.81)

(c) Sensitivity Analysis:

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, has been determined based on possible effect of changes of an assumption occurring at end of the reporting period , while holding all other assumptions constant.

(₹ In Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	60.25	(56.94)	67.76	(68.89)
Change in rate of salary increase (delta effect of +/- 0.5%)	(57.62)	60.43	(64.33)	67.61
Change in rate of plan assets (delta effect of +/- 0.5%)	(2.97)	2.83	(0.82)	0.77

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 SEGMENT REPORTING:

The Company has identified the reportable segments as Power generation and distribution, Rotating machine group and others taking into account the nature of products and services, the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.

(₹ In Lakhs)

Sl No.	Particulars	Primary Segment			Total
		Power generation and distribution	Rotating machines group	Others	
1	**Segment Revenues**				
	External Revenues	**18,400.53**	**18,310.64**	**1,213.79**	**37,924.96**
		35,186.97	25,942.22	1,484.52	62,613.71
	Intersegment revenues	**27.46**	**462.97**	**0.05**	**490.48**
		104.11	1,732.24	16.83	1,853.18
	Total Revenues	**18,427.99**	**18,773.61**	**1,213.84**	**38,415.44**
		35,291.08	27,674.46	1,501.35	64,466.89
2	**Segment Results**:				
	Profit/ (loss) before depreciation, interest and taxation	**(865.90)**	**(2,878.18)**	**393.50**	**(3,350.58)**
		766.83	143.87	459.71	1,370.41
	Less: Interest				**4,339.53**
					4,542.85
	Less: Depreciation and amortizations				**1,168.61**
					1,223.62
3	Unallocable Expenditure				**526.21** 2499.02
4	Unallocable and Other Income (including Extraordinary items)				**670.34** 1,660.00
5	Less: Tax expense				**0.13** (2.95)
	Total Loss				**(8,714.72)** (5,232.13)
6	**Segment Assets**	**11,102.00**	**28,335.00**	**6,986.00**	**46,423.00**
		16,752.19	11,913.00	7,187.00	35,852.19
7	**Unallocable Assets**				**14,947.00** 37,425.00
8	**Segment Liabilities**	**10,415.00**	**11,017.00**	**524.00**	**21,956.00**
		13,997.00	18,808.00	479.00	33,284.00
9	**Unallocable Liabilities**				**40,876.00** 32,854.00
10	**Capital Expenditure**	**687.00** 1,760.00	**16,393.00** (7,346.00)	**6,462.00** 6,965.00	**23,542.00** **1,379.00**
11	**Unallocated capital expenditure**				**(25,003.00)** 5,760.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13 RELATED PARTY TRANSACTIONS:

(a) Name of related parties and description of relationship where controls exists:

Sl. No.	Name of the Related Party	Relationship
1	Mr. Vijay R Kirloskar Mrs. Meena Kirloskar Ms. Janaki Kirloskar (upto Feb 11, 2017) Ms. Rukmini Kirloskar Mr. Vinayak Narayan Bapat (upto August 11,2017) Mr. Anand B Hunnur Mr. Soumendra Kumar Mahapatra (upto August 12,2017) Mr. Sanjeev Kumar S (from August 10,2017) Mr. Chinmoy Pattnaik (upto October 31,2017) Ms. K S Swapna Latha (from February 12,2018)	Key Management Personnel and their relatives (“KMP”)
2	Kirloskar (Malaysia) Sdn. Bhd	Associates
3	Transport Corporation of India Maini Material Movement Private Limited MRF Limited Reliance Industries Limited	Enterprises which are related parties as per section 2(76) of the Companies Act, 2013. (“Others-A”)
4	Kirloskar Batteries Private Limited Kirloskar Power Equipment Limited Ravindu Motors Private Limited Vijay Farms Private Limited Sri Vijaydurga Investments and Agencies Private Limited Vijayjyothi Investment and Agencies Private Limited Abhiman Trading Company Private Limited	Enterprises over which key management personnel and their relatives are able to exercise significant influence (“Others-B”)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Transactions with the related parties

(₹ In Lakhs)

Particulars	Relationship	Current Year	Previous Year
Purchase of goods and services:			
Vijay Farms Private Limited	Others-B	38.73	52.36
Sri Vijayadurga Investments and Agencies Private Limited		95.15	106.78
Ravindu Motors Private Limited		0.09	0.97
Abhiman Trading Company Private Limited		59.91	75.20
Transport Corporation of India	Others-A	210.07	219.82
Sale of goods and services:			
Kirloskar (Malaysia) Sdn. Bhd	Associates	364.99	161.36
Ravindu Motors Private Limited	Others-B	2.84	16.72
Kirloskar Power Equipment Limited	Others-B	-	16.70
Senapathy Whitley Private Limited	Others-A	-	-
Maini materials movement private limited	Others-A	0.25	23.80
MRF Limited	Others-A	-	1.47
Reliance industries limited	Others-A	-	3.21
Rent paid			
Kirloskar Power Equipment Limited	Others-B	-	-
Vijayjyothi Investments and Agencies Private Limited		78.00	78.78
Remuneration paid:			
Vijay R Kirloskar*			
Short term employee benefits		190.68	148.68
Post employment benefits		$	$
Vinayak Narayan Bapat*			
Short term employee benefits		40.49	77.99
Post employment benefits		$	$
Anand B Hunnur*			
Short term employee benefits		65.21	48.28
Post employment benefits		$	$
Swapna Latha*			
Short term employee benefits		3.93	-
Post employment benefits		$	$
Soumendra Kumar Mahapatra*	KMP		
Short term employee benefits		13.01	31.94
Post employment benefits		$	$
Sanjeev Kumar S*			
Short term employee benefits		24.15	-
Post employment benefits		$	$
Chinmoy Pattnaik*			
Short term employee benefits		20.72	23.45
Post employment benefits		$	$
Rukmini Kirloskar*			
Short term employee benefits		3.27	5.93
Post employment benefits		$	$
Meena Kirloskar (Sitting fees)		1.20	1.20
Janaki Kirloskar**		-	0.30
Issue of Shares to Vijay R Kirloskar	KMP		
Conversion of CCPS into equity shares			
Issue of Equity shares		-	268.86
Share Premium		-	549.55

$ Amount not ascertained since accrued gratuity and compensated absence liability has been recognized for the Company as a whole.

** Current year amount relates to sitting fees

* Key managerial personnel are provided free use of company car and communication facilities. These are in addition to remuneration furnished above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Outstanding balances at the end of the year:

(₹ In Lakhs)

Particulars	Relationship	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Amount due to Company:				
Kirloskar (Malaysia) Sdn. Bhd	Associate	63.13	161.59	151.29
Kirloskar Power Equipment Limited	Others A & B	0.18	-	180.00
Vijay Farms Private Limited		194.04	188.74	192.64
Sri Vijayadurga Investments and Agencies Private Limited		2.71	27.37	19.20
Vijayjyothi Investments and Agencies Private Limited		75.53	111.51	111.51
Ravindu Motors Private Limited		0.38	0.62	0.14
Maini Materials Movement Pvt Ltd.,		6.37	15.68	10.97
Transport Corporation of India Ltd,		-	-	0.24
Abhiman Trading Company Private Limited		73.60	98.97	98.97
Kirloskar Batteries Private Limited		0.19	2.61	2.69
MRF limited		-	14.20	-
Amount due from Company:				
Lakshman Isola Private Limited	Others-A	18.80	-	-
Senapathy Symons Insulations (P) Ltd.		3.38	-	-
Senapathy Whiteley Private Limited		26.38	-	-
Transport Corporation of India		68.89	89.82	71.07
Kirloskar Batteries Private Limited	Others-B	11.94	14.36	14.36
Kirlokar Power Equipment Limited		-	6.36	203.26
Vijay Farms Private Limited		-	6.59	5.68
Vijayjyothi Investments and Agencies Private Limited		-	126.24	108.34
Abhiman Trading Company Private Limited		-	21.75	26.63
Sri Vijayadurga Investments and Agencies Private Limited		-	13.91	10.34
Ravindu Motors Private Limited		-	0.81	0.14
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:				
Vijay R Kirloskar	KMP	27,261.01	25,890.91	26,749.80

KEC North America Inc has been dissolved. The investments in and dues from the said company have not been written off, pending receipt of approvals from Reserve Bank of India. However, full provision has been made for the same. Since the said company has been dissolved, the same has not been considered for related party disclosures.

14 OPERATING LEASE (Ind AS 17):

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are **₹ 263.63 Lakhs** (Previous Year ₹ 302.66 Lakhs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15 The Company has made provisions towards wage arrears, warranty claims from the customers towards sales, short term compensated absences and contingencies. Details of the same are as under:

(₹ In Lakhs)

Sl. No.	Particluars		Provision for Contingencies	Wage Arrears	Short Term Compensated Absences	Warranty Claims
1	Balance outstanding as at:	1-Apr-17	1,284.26	515.58	17.03	499.53
		1-Apr-16	1,578.14	747.79	17.03	342.24
		1-Apr-15	1,518.14	400.24	17.11	597.90
2	Provision for the year ending (net):	31-Mar-18	88.36	185.84	-	(139.57)
		31-Mar-17	(293.88)	(232.21)	-	157.29
		31-Mar-16	60.00	347.55	(0.08)	(255.66)
3	Balance outstanding as at:	31-Mar-18	1,372.63	701.42	17.03	359.96
		31-Mar-17	1,284.26	515.58	17.03	499.53
		31-Mar-16	1,578.14	747.79	17.03	342.24

Foot Note:

Provision in respect of wage settlement has been made on estimated basis and differences if any will be accounted on final settlement. Further as a matter of abundant caution an estimated provision has been made for contingencies as held in respect of ongoing litigations as detailed in note 24 and certain probable liability including in respect of customers.

16 Financial risk management objectives and policies:

The entity's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations to support its operations. The entity's principal financial assets include trade and other receivables, rental and bank deposits and cash and cash equivalents that are derived directly from its operations.

The entity is exposed to market risk/credit and liquidity risks. The entity's senior management oversee the management of these risks. The board reviews their activities. No significant derivative activities have been undertaken so far.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the positions as at March 31, 2018, March 31, 2017 and April 1, 2016:

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumption has been made in calculating sensitivity analysis.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018, March 31, 2017 and April 1, 2016 including the effect of hedge accounting.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

i. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the some of the vendor payments and customer receivables.

The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on March 31, 2018 are as under:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01,2016	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	USD 397,673 EUR 127,344 AED 2666	879.08	USD 651,261 EUR 126,000 Nil	508.63	USD 1,099,053 EUR 127,344 Nil	822.38
Liabilities (Payables)	USD 561,170 EUR 302,118 AED 75237 MYR 27550	1,323.13	USD 544,557 EUR 288,747 Nil Nil	558.18	USD 664,838 EUR 248,884 AED 47,349 Nil	638.03

Foreign currency sensitivity:

Every 1% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities for the years ended March 31, 2018 and March 31, 2017 would decrease the Company's loss and increase the Company's equity by approximately ₹ 4.44 Lakhs and ₹ 0.5 Lakhs respectively where as for April 1, 2016 would increase the Company's loss and decrease Company's equity by ₹ 1.84 Lakhs. A 1% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

17 Fair Value Measurement (Ind AS 113):

The Financial Instruments of the Company are initially recorded at fair value and subsequently measured at amortized cost based on the nature and timing of the cash flows.

The below table summarises particulars of Financial Instruments used:

Particulars	Note	31-Mar-18	31-Mar-17	1-Apr-16
Financial Assets at amortized cost:				
Investments	7	148.76	131.53	146.57
Trade Receivables	8	7,551.58	14,723.83	14,440.10
Other Financial Assets	9	51.83	35.03	23.51
Cash & cash equivalents	13	1,193.78	1,205.75	1,939.82
Other Bank Balances	13	1,091.60	1,010.83	1,206.70
Total Financial Assets		**10,037.55**	**17,106.97**	**17,756.70**
Financial Liabilities at amortized cost:				
Borrowings	18 & 22	22,214.60	21,410.09	28,906.54
Other Financial Liabilities	19	1,256.14	1,583.38	1,481.58
Trade Payables	23	14,970.66	20,409.48	18,367.17
Total Financial Liabilities		**38,441.40**	**43,402.95**	**48,755.29**

The Company has not classified any Financial Asset or Liabilities as measured at Fair value through Profit and Loss (FVTPL) or measured at Fair Value through Other Comprehensive Income (FVTOCI).

Fair value of shares held by the Company in ICICI Bank Limited as at the three reporting dates have been computed based on its value traded in an active market and constitutes Level 1 in the fair value hierarchy as set out in Ind AS 113. Shares held by the Company in other entities which are unlisted and not traded in an active market have been valued based on their net asset value per share as per their latest available audited financial statements with the company. The increase/decrease is recognized in other comprehensive income as at April 01,2016, March 31,2017 and March 31,2018 on this count is estimated at ₹ 65.48 Lakhs, ₹ (6.51) Lakhs and ₹ 17.23 Lakhs respectively.

The Fair Value of the above financial assets and liabilities are measured at amortized cost which is considered to be approximate to their fair values.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18 As reported in earlier years Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW), a step down subsidiary of the Company, incurred substantial losses , thereby eroding its net worth and consequent to the actions of local directors of LDW, insolvency administrator was appointed by the court in Germany during the preceding year. The Company has been given to understand that a South Korean company acquired all significant assets, patents, estates, orders and employees of LDW. However, relevant details of the consideration for this transfer and all other relevant information are not available with the Company, in spite of its best efforts. The Company has already filed its claim for an approximate value of Euro 3.52 million in respect of outstanding towards supplies made to LDW including dues of Kirsons B V (immediate holding company of LDW). The Company has also appointed a local legal counsel to represent its interest and has filed certain claims. The legal proceedings are in progress in Germany. However the Company does not expect any material impact on the financial statements due to the same.

19 a. Wholly owned subsidiaries of the Company have incurred losses during the year and a part/ whole of their net worth have been eroded. However having regard to the estimated fair value of the assets which these Companies hold, the diminution in value has been considered as temporary and consequently no provision is required to be recognised in the financial statements.

b. Further Investments in Kirsons B V the step down subsidiary has been valued independently which confirms that the fair value of the investment is not materially lower than the carrying amount. According to the management , business activities in Kirsons B V have started and the said step down subsidiary will have regular income thereon. Under these circumstances, the Board of Directors represent that there is no permanent dimunution to the value of investment in Luxquisite Parkland Private Limited and consequently no provision is required to be recognised in the financial statements.

20 The net worth (after excluding revaluation reserve) of the group in terms of the Consolidated Financial Statements presented consisting of the Company, its subsidiaries and its associate is eroded. The Company and its components have initiated several measures like identification and 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 operation, introduction of value added products push for sales, optimization in product mix and enhanced contribution, proposed capital raising plans etc. Accordingly, your directors have prepared the financial statements 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.

21 **a)** The Company has filed before the Honourable Supreme Court, special leave petition (SLP) in respect of resale tax and sales tax penalty of ₹ 527 lakhs and ₹ 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. The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty referred 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. Under the above circumstances , the Company believes based on legal advice / internal assessment that the outcome of these contingencies will be favourable, that losses are not probable and no provision is required to be recognized in this respect.

b) 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.

22 The Company during an earlier year restructured its loans under Joint Lenders Forum mechanism ("JLF"). As per the JLF, interest on cash credit accounts for the period October 2014 to September 2015 and on working capital demand loan from October 2014 to March 2016 were converted into Funded Interest Term Loan. Consequently the joint deed and other documentation was duly completed as permitted in the extant guidelines of the JLF mechanism. A Master Restructuring Agreement ("MRA") has been entered by the Company and its Lenders, Bank of India being the lead bank on June 30, 2015. In pursuance of the MRA the Company has executed other supplementary agreements including Trust and Retention Agreement ("TRA"). The agreements contain various terms and conditions in respect of the facilities sanctioned to the Company including setting up and reporting to the Monitoring Committee. The lenders shall have the right to convert at its option the whole of the outstanding amount of the facilities and / or part thereof into fully paid up equity shares of the Company in the manner specified in the notice in writing to be given by the Lenders to the Company ("Notice of Conversion") prior to the date on which the conversion is to take effect, which date shall be specified in the notice ("Date of Conversion"). The said shares shall rank parri-passu with the existing equity shares of the Company.

23 The Income Tax Act, 1961 contains provisions for determination of arm's length price for international transactions between the Company and its associated enterprises. The regulations envisage taxation of transactions which are not in consonance with the arm's length price so determined, maintenance of prescribed documents and information including furnishing of a report from an accountant before the due date for filing the return of income. For the year ended March 31, 2018, the Company is in the process of complying with the said regulations. Management believes that such transactions have been concluded on an arm's length basis and there would be no additional tax liability for the financial year under consideration as a result of such transactions.

24 Transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' using transition date as April 1, 2016.

Ind AS 101 requires that all Ind AS be consistently and retrospectively applied for fiscal years presented. The Company has prepared Opening Balance Sheet on the transition date and subsequent financials based on the accounting policies set out in Note-1.

In preparing these financials, the Company has availed following exemptions in the transition from previous GAAP to Ind AS in accordance with Ind AS 101.

Optional Exemptions:

a) Business Combinations:

The Company has elected not to apply Ind AS 103- Business Combinations retrospectively for the past business combinations that occurred before the transition date. Thus business combinations that have occurred prior to transition date have not been restated.

b) Deemed Cost:

Property, plant and equipment and intangible assets were carried in the balance sheet prepared under previous GAAP as at March 31, 2016. The Company has elected to regard such carrying amount as deemed cost at the date of transition i.e. April 01, 2016.

Under previous GAAP, investment in subsidiaries, joint venture and associate were stated at cost and provisions made to recognise the decline, other than temporary. Under Ind AS, the Company has elected to regard such carrying amount as at March 31, 2016 as deemed cost at the date of transition.

The following statement provides first-time Ind AS adoption reconciliation that quantifies the significant differences arising on account of transition from previous GAAP to Ind AS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

a) Effect of Ind AS adoption on the balance sheet as at March 31, 2017 and April 1, 2016 (transition date):

(₹ In Lakhs)

	Particulars	Note No.	As at March 31,2017			As at April 01,2016		
			Amount as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
I.	ASSETS							
	Non-current assets							
	(a) Property, plant and equipment	I	38,960.76	1,812.59	40,773.35	8,450.07	31,332.59	39,782.66
	(b) Capital work-in-progress		-	-	-	14.25	-	14.25
	(c) Investment Property	A		177.39	177.39	-	177.65	177.65
	(d) Other Intangible assets		646.52	-	646.52	784.11	-	784.11
	(e) Financial assets							
	(i) Investments	B	249.96	(118.43)	131.53	81.09	65.48	146.57
	(ii) Trade Receivables	G	-	404.35	404.35	-	75.58	75.58
	(iii) Other financial assets	C	2,709.52	(2,674.49)	35.03	1,971.85	(1,948.34)	23.51
	(f) Other non-current assets	G	1,001.01	2,186.65	3,187.66	450.50	1,869.28	2,319.78
	Total Non-current assets		**43,567.77**	**1,788.06**	**45,355.83**	**11,751.87**	**31,572.24**	**43,324.11**
	Current assets							
	(a) Inventories		7,609.43	0.00	7,609.43	9,756.83	-	9,756.83
	(b) Financial assets							
	(i) Trade receivables	F	17,852.82	(3,533.34)	14,319.48	16,832.79	(2,468.27)	14,364.52
	(ii) Cash and cash equivalents		2,251.61	(1,045.86)	1,205.75	2,620.52	(680.70)	1,939.82
	(iii) Other Bank balances		-	1,010.83	1,010.83	-	1,206.70	1,206.70
	(iv) Other financial assets		1,434.22	(1,434.22)	-	1,222.84	(1,222.84)	-
	(c) Other current assets		2,341.37	1,434.22	3,775.59	1,857.81	1,222.84	3,080.65
	Total Current assets		**31,489.45**	**(3,568.37)**	**27,921.08**	**32,290.79**	**(1,942.27)**	**30,348.52**
	TOTAL ASSETS		**75,057.22**	**(1,780.31)**	**73,276.91**	**44,042.66**	**29,629.97**	**73,672.63**
I.	**EQUITY AND LIABILITIES**							
	Shareholders' funds							
	(a) Share capital		6,641.41	-	6,641.41	6,391.78	0.00	6,391.78
	(b) Other equity		5,369.13	(4,875.10)	494.03	(25,615.15)	26,453.51	838.36
	Equity attributable to shareholders of Kirloskar Electric Company Limited		12,010.54	(4,875.10)	7,135.44	(19,223.37)	26,453.51	7,230.14
	Non-controlling interest		4.00	-	4.00	4.00	-	4.00
	TOTAL EQUITY		**12,014.54**	**(4,875.10)**	**7,139.44**	**(19,219.37)**	**26,453.51**	**7,234.14**
II.	**LIABILITIES**							
	Non-current liabilities							
	(a) Financial liabilities							
	(i) Borrowings		6,593.29	-	6,593.29	14,484.45	-	14,484.45
	(ii)Other financial liabilities	D	1,583.38	-	1,583.38	1,481.57	0.01	1,481.58
	(b) Provisions		1,903.19	-	1,903.19	1,677.55	-	1,677.55
	(c) Deferred tax liabilities (net)	H	-	2,921.84	2,921.84	-	2,665.26	2,665.26
	Total Non current liabilities		**10,079.86**	**2,921.84**	**13,001.70**	**17,643.57**	**2,665.27**	**20,308.84**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	Note No.	As at March 31,2017			As at April 01,2016		
			Amount as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
	Current liabilities							
	(a) Financial liabilities							
	(i) Borrowings		14,816.80	-	14,816.80	14,422.09	-	14,422.09
	(ii) Trade payables							
	(i) micro and small enterprises, and		122.36	-	122.36	80.83	(0.00)	80.83
	(ii) other than micro and small enterprises		20,287.12	-	20,287.12	18,286.34	-	18,286.34
	(iii) Other financial liabilities		-	8,197.96	8,197.96	-	3,788.41	3,788.41
	(b) Provisions	E	2,502.68	(186.28)	2,316.40	2,950.43	(265.23)	2,685.20
	(c) Other current liabilities		15,233.86	(7,838.82)	7,395.04	9,878.77	(3,019.70)	6,859.07
	(d) Current Tax Liabilities (Net)		0.09	-	0.09	-	7.71	7.71
	Total Current liabilities		**52,962.91**	**172.86**	**53,135.77**	**45,618.46**	**511.19**	**46,129.65**
	TOTAL EQUITY AND LIABILITIES		**75,057.31**	**(1,780.40)**	**73,276.91**	**44,042.66**	**29,629.97**	**73,672.63**

b) Reconciliation of loss between Ind AS and previous GAAP

Nature of adjustments	Notes	Net Loss
Net Loss after tax as reported under Previous GAAP		(3871.39)
Ind AS: Adjustments increase/(decrease)		
Expected credit loss recognized on trade receivables	F	(1110.75)
Warranty adjustment	E	(71.34)
Fair value adjustment of retention money	G	(246.59)
Probable Sales returns		(9.57)
Actuarial gains/losses in respect of employees defined benefit plans reclassified as other comprehensive income	H	7.04
Interest income on retention money	G	73.98
Amortisation of deferred interest on Rent deposit	C	(11.64)
Interest income on rent deposits	C	8.13
Total Ind AS adjustments affecting loss as per statement of profit and loss		(1360.74)
Loss under Ind AS (after tax)		**(5232.13)**
Other comprehensive income		
Fair valuation of investments		(6.51)
Actuarial gains/losses in respect of employees defined benefit plans reclassified as other comprehensive income	H	(7.04)
Fair value adjustments on investments	B	2.18
Revaluation gain on land	I	1812.50
Deferred tax liability in respect of above items(net)	J	(258.76)
Total Ind AS adjustments of other comprehensive income		1542.37
Total comprehensive income reported under Ind AS		**(3689.76)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

c) Reconciliation of Other equity between Ind AS and previous GAAP

(₹ In Lakhs)

Nature of adjustments	Notes	As at March 31,2017	As at April 1,2016
Other Equity as reported under Previous GAAP		5369.13	(25615.15)
Effect of Transition to Ind AS:			
Fair Value adjustment of long term receivable from subsidaries	G		
Expected credit loss recognized on trade receivables	F	(1,533.34)	(922.59)
Warranty adjustment	E	186.19	257.53
Probable Sales returns		(228.77)	(219.20)
Fair value adjustment of retention money	D	(319.28)	(72.69)
Interest income on Retention money	D	73.98	-
Expected credit loss recognized on receivables from subsidiaries	G	(2,000.00)	(1500.00)
Fair valuation of investments	B	58.97	65.48
Revaluation gain on Land	I	1,812.50	31510.24
Deferred tax liabilties (net)	J	(2,921.84)	(2665.26)
Guarantee Income	D		
Amortisation of deferred interest on Rent deposit	C	(11.64)	-
Interest income on Rent deposit	C	8.13	-
Total Ind AS Adjustments		(4,875.10)	26453.51
Other equity under Ind AS		494.03	838.36

d) There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

Notes:

A Under previous GAAP, there was no requirement to present investment property as a distinct line item and the same was included under property, plant and equipment as at March 31,2016 and non current investments as at March 31,2017 and measured at cost. Under Ind AS, investment property is required to be presented as a distinct item under the head non current assets - investment property.

B Under previous GAAP, non current Investments were recognized at cost. Where applicable, provision was made to recognize a decline, other than temporary, in valuation of such Investments. Under Ind AS, financial assets in equity instruments (other than investments in subsidiaries, associate and joint ventures) are to be recognized at fair value through other comprehensive income.

C Under previous GAAP, rental deposits were recognised at amount paid to lessors. Under Ind AS, lease deposits are carried at amortised cost over the period of deposits.

D Financial guarantee contracts have been recognised at fair value at the inception in accordance with Ind AS 109 along with accrued guarantee charges. Under previous GAAP financial guarantee given was disclosed as contingent liability and commitments. The carrying value of investments in subsidaries include fair value of guarantees given by the company on behalf of the subsidiaries and the cumulative value of guarantee charges recognised as income. No guarantee fees is chargable as per contractual terms.

E Under previous GAAP, provision for warranty was recorded at transaction price. Under Ind AS, warranty provision is discounted to its present value where the effect of time value of money is material. The imputed interest on the provision is subsequently recognised in statement of profit and loss.

F Under previous GAAP, allowance for trade receivables and dues from subsidaries were recognized based on the incurred loss method. Under Ind AS, loss allowance are based on probable loss assessment as estimated by the management.

G Under previous GAAP, long term receivables and retention money were recorded at transaction price. Under Ind AS, they are discounted to its present value where the effect of time value of money is material. The imputed interest is recognised in statement of profit and loss on a time proportionate basis.

H Under previous GAAP, actuarial gains and losses on measurement of employees defined benefit plans were recognized in the statement of profit and loss. Under Ind AS, the same are recognized under other comprehensive income. Suitable reclassifications have been done.

I Under previous GAAP, gains on revaluation of land were recognized as and when such revaluations were carried out and were credited to revaluation reserve. Under Ind AS, such revaluation is to be carried out at sufficient regularity and is to be recognized in other comprehensive income. Revaluation of land was last carried out as at April 01,2016. No fresh revaluation was done as on March 31,2017. Accordingly, in these Ind AS financial statements, land has been revalued as on March 31,2017 and March 31,2018 and the incremental amounts have been recognized in other comprehensive income.

J Under previous GAAP, deferred tax was accounted based on timing differences impacting the Statement of Profit and Loss for the period. Under Ind AS, Deferred tax is recognised for temporary differences between tax and book bases of the relevant assets and liabilities. No deferred tax liability was recognised under previous GAAP in respect of the incremental amount arising on revaluation of land. In the current financial statements, deferred tax liability has been recognized on such amount applying the rates of tax leviable on long term capital gains after suitable indexation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25 Previous year's figures have been regrouped wherever required in conformity with current year presentation. Figures in brackets relates to previous year.

26 Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary or associates:

(₹ In Lakhs)

Name of the Enterprise	Net Assets i.e. total assets minus		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)
Parent				
Kirloskar Electric Company Limited	4.87	7,111.99	-70.61%	(6,153.34)
Subsidiaries				
Indian				
1 Kelbuzz Trading Private Limited	(2.88)	(4,212.80)	-7.86%	(684.67)
2 SLPKG Estates Holdings Private Limited	(2.11)	(3,086.66)	-11.03%	(960.96)
3 Luxquisite Parkland Private Limited	(0.05)	(65.88)	-0.04%	(3.82)
4 SKG Terra Promenade Private Limited	(1.15)	(1,679.22)	-11.60%	(1,011.16)
5 Swaki Habitat Private Limited	(0.00)	(0.69)	0.00%	(0.18)
6 Kesvik Developers Private Limited	(0.00)	(0.69)	0.00%	(0.18)
Foreign				
Kirsons B.V.	0.32	468.99	1.14%	99.72
Minority Interest in all subsidiaries		4.00		-
Associates (Investments as per the equity method)				
Kirloskar (Malaysia) Sdn. Bhd.	0.00%	-	0.00%	-

To be read with our report of even date

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

A. Umesh Patwardhan
Partner
Membership No: 222945

Place: Bengaluru
Date: May 28, 2018

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

Kamlesh Suresh Gandhi
Director
DIN: 00004969

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

Sanjeev Kumar S
Associate Vice President -Finance & Chief Financial Officer

KIRLOSKAR ELECTRIC COMPANY LIMITED

Registered Office: Industrial Suburb, Rajajinagar, Bangalore - 560 010
Tel: +91 80-23374865; Fax: +91 80-23377706
Web: www.kirloskar-electric.com; CIN: L31100KA1946PLC000415

ATTENDANCE SLIP
71st ANNUAL GENERAL MEETING

Please complete this attendance slip and hand it over at entrance of the Meeting Hall.

DP ID CLIENT ID:_____ **FOLIO No.** _____

No. of shares:_____

Name & Address of the shareholder:_____

I / we hereby record my / our presence at the 71st Annual General Meeting ("AGM") to be held on Friday, the 21st day of September 2018 at Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560 008 (PIN), at 10:00 a.m.

To facilitate members, registration of attendance will commence at 9:00 a.m. on September 21, 2018

KIRLOSKAR ELECTRIC COMPANY LIMITED

Registered Office: Industrial Suburb, Rajajinagar, Bangalore - 560 010
Tel: +91 80-23374865; Fax: +91 80-23377706
Web: www.kirloskar-electric.com; CIN: L31100KA1946PLC000415

FORM NO.MGT -11

Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the member(s) Email Id:

Registered address: Folio no. / Client ID:

DP ID:

I/We, being the member(s) of.....shares of the above named company, hereby appoint

(1) Name: .....

Address: .....

E-mail Id: .....Signature: ..... or failing him;

(2) Name: .....

Address: .....

E-mail Id: .....Signature: ..... or failing him;

(3) Name: .....

Address: .....

E-mail Id: .....Signature: ..... or failing him;

Sl. No	Agenda Item	I, Assent to the Resolution	I, Dissent from the Resolution
	ORDINARY BUSINESS		
1.	Adoption of audited financial statements along with audited consolidated financial statements of the company for the year ended March 31, 2018.		
2.	Appointment of Mrs. Meena Kirloskar as a director liable to retire by rotation.		
	SPECIAL BUSINESS		
3.	Appointment of Branch Auditors		
4.	Approval to the remuneration of the cost auditors		
5.	Approval of the limits for the Loans, Guarantees and Investment		
6.	Approval for disposal of shares held in Subsidiaries/assets held by Subsidiaries		

Signed this.....day of.....2018

Affix
Re. 1-00
Revenue Stamp

Signature of member

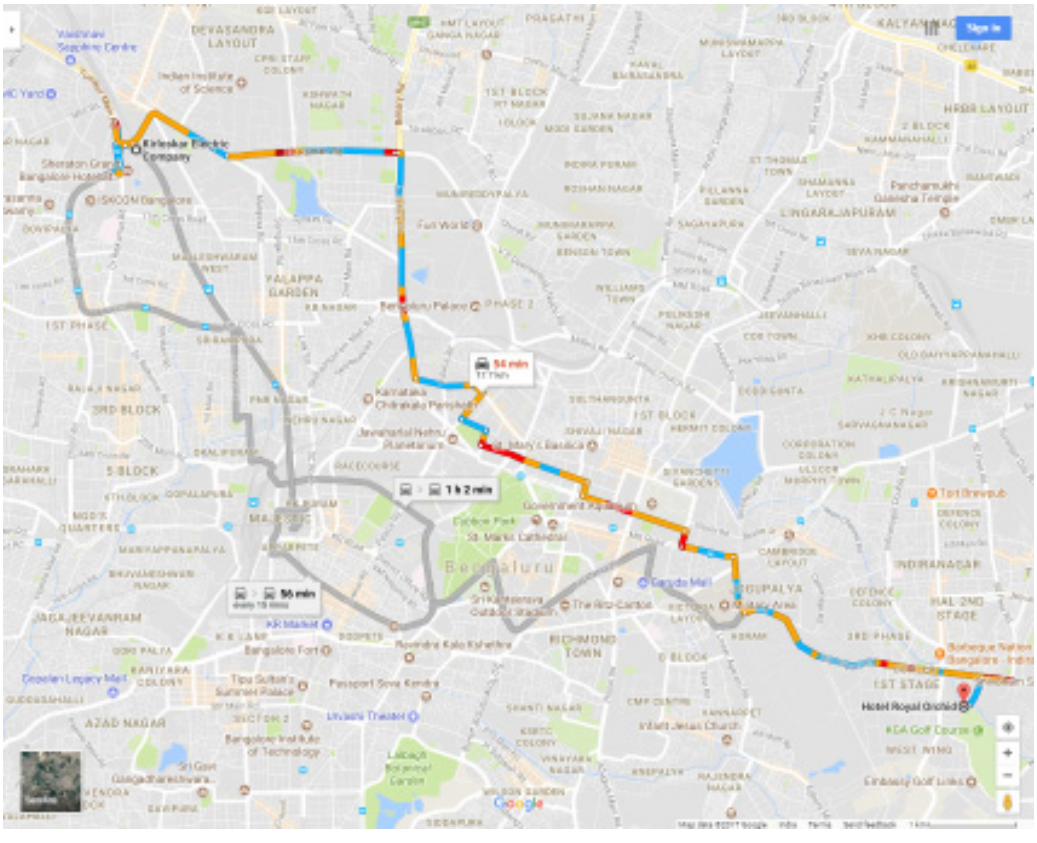
Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the meeting.
2. A proxy need not be a member of the company and shall prove his identity at the time of attending the meeting.
3. For the resolutions, explanatory statement and notes please refer to notice of the 71st Annual General Meeting.
4. Please complete all details including details of member(s) in above box before submission
5. * It is optional to put a “X” in the appropriate column against the resolutions indicated in the box. If you leave the “for” or “against” column blank against any or all resolutions, your proxy will entitle to vote in the manner as he / she thinks appropriate.
6. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. The instrument appointing proxy should, however, be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified true copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
7. Appointing a proxy does not prevent a member from attending the meeting in person if he / she so wishes. When a member appoints a proxy and both the member and proxy attend the meeting, the proxy will stand automatically revoked.
8. In case of joint holders, the signature of any one holder will be sufficient, but names of all joint holders should be stated.
9. This form of proxy shall be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
10. Undated proxy form will not be considered valid

1. Route map to the venue of 71st AGM:

Hotel Royal Orchid, **#1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560 008**



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