KIRLOSKAR ELECTRIC COMPANY LTD.

Converting Energy to Serve the Billions

72nd

Annual Report

2018-19

(ABRIDGED)

Regd. Office: No. 19, 2nd Main Road, Peenya 1st stage, Phase – I, Peenya, Bangalore – 560058
CIN: L31100KA1946PLC000415

NOTES

BOARD OF DIRECTORS	Mr. Vijay Ravindra Kirloskar	*- Executive Chairman*
	Mr. Satyanarayan Agarwal	
	Mr. Anil Kumar Bhandari	
	Mr. Sarosh Jehangir Ghandy	
	Mr. Mahendra Vellore Padmanaban	
	Mr. Kamlesh Suresh Gandhi	
	Mrs. Meena Kirloskar	
	Mr. Ashok Misra	
	Mr. Shyamanta Bardoloi	*- Upto 13.02.2019*
	Mr. K. Ganesh	*- Upto 11.07.2019*
	Mr. Anand Balaramacharya Hunnur	*- Upto 31.05.2019*
COMPANY SECRETARY AND COMPLIANCE OFFICER	Ms. K S Swapna Latha	
CHIEF FINANCIAL OFFICER	Mr. Sanjeev Kumar S	
AUDITORS	M/s. 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	No. 19, 2nd Main Road, Peenya 1st Stage, Phase - I, Peenya,Bangalore – 560 058	
FACTORIES LOCATION	Govenahalli, Nelamangala - Bengaluru Budhihal, Nelamangala - Bengaluru; Gokul Road, Hubbali; Belwadi industrial area, Mysore; Hirehalli village, Tumkur; Kondhapuri, Pune.	

Information for members:

72nd Annual General Meeting (AGM)

Date : September 21, 2019

Day : Saturday

Time : 10.00 am

Venue : Hotel Taj Yeshwanthpur, 2275, Tumkur Main Road, Yeshwanthpur Industrial Area, Phase-1, Yeshwanthpur, Bangalore 560 022

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LETTER FROM THE EXECUTIVE CHAIRMAN

Dear Shareholders,

During the year 2018-19, we have faced various financial challenges and passed through yet another learning curve to look ahead for a brighter future. It was very evident that the year was one of those that introduced the era of rapidly changing and challenging business environment in the Country.

Yet the Company has sustained and stayed its ground. In the financial year 2018-19, the Indian economy witnessed a growth of 7.2 per cent which is a little higher than the previous year's growth figures of 6.7 per cent growth. The increase is with the improved performance of the agriculture and manufacturing sectors. Your Company continues to face the paucity of working capital which has affected the operations leading to decline in turnover. Nevertheless your Company is confident that during the coming years, the working capital situation will improve resulting in increased revenue from operations.

During the year under review, your Company has tried to mitigate various risks and challenges through its core competencies, inherent strengths in design, engineering, development, quality systems and processes. Your Company has been taking all the possible steps to optimise the various costs and treading towards a strong order book position and enhancing the brand value. Your Company has adopted the various best practices to optimise the costs. Your Company is in the process of reducing its debts and infusion of working capital through monetization of noncore assets of the Company.

The future of your Company looks promising as the Government of India has schemes like FAME 2 (Faster Adoption and Manufacture of (Hybrid and) Electric Vehicles) which will create huge demand for the Company's products. The Company is all set to explore its experience and expertise by taking benefit of the various initiatives and incentives of the Government of India.

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

Vijay R. Kirloskar
Executive Chairman

NOTICE OF 72ND ANNUAL GENERAL MEETING

NOTICE is hereby given that the **SEVENTY SECOND ANNUAL GENERAL MEETING ("AGM")** of the members of KIRLOSKAR ELECTRIC COMPANY LIMITED will be held on Saturday, 21st day of September 2019 at 10.00 A.M at Hotel Taj Yeshwanthpur, 2275, Tumkur Main Road, Yeshwanthpur Industrial Area, Phase-1, Yeshwanthpur, Bangalore 560 022, 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, 2019 together with the reports of the Board of Directors and auditor's 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, 2019 and the reports of the Board of Directors and auditor's thereon laid before this meeting, be and are hereby considered and adopted."*

(b) ***"RESOLVED THAT*** *the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of the auditor's thereon as laid before this meeting, be and are hereby considered and adopted."*

2. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an 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."*

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

"RESOLVED THAT *pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Ashok Kumar, Prabhashankar & Co., Chartered Accountants, (FRN : 004982S), Bengaluru, be and are hereby reappointed as Statutory Auditor of the Company for a second term of 5 (five) years from the conclusion of the 72nd Annual General Meeting until the conclusion of the 77th Annual General Meeting of the Company, at such remuneration as shall be fixed by the Board of Directors of the Company."*

SPECIAL BUSINESS

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

"RESOLVED THAT *pursuant to the provisions of Section 143(8) and other applicable provisions, if any, 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, the retiring auditor of the Company's sales office at Kuala Lumpur, Malaysia are hereby appointed as Auditor of the sales office, to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and, at such remuneration as shall be fixed by the Board of Directors of the Company."*

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

"RESOLVED THAT *pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications (s) or re-enactment thereof, for the time being in force), M./s. Rao, Murthy & Associates (Firm regn no.000065), Cost Accountants, were appointed by the Board of Directors 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, 2019, 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."*

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 provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing*

Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Satyanarayan Agarwal (DIN: 00111187), Independent Director, who was appointed as Independent Director at the Sixty Seventh Annual General Meeting of the Company, who holds office upto September 30, 2019 and who is eligible for re-appointment and who meets the criteria of Independence as provided in section 149(6) of the Act along with rules framed thereunder and Regulations 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to the effect and in respect of whom the Company has received a notice in writing from Member under Section 160 (1) of the Act proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second consecutive term of five (05) consecutive years on the Board of Directors of the Company upto September 20, 2024.

***RESOLVED FURTHER THAT** pursuant to the provisions of Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations"), other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder including any statutory modification(s) or re-enactment thereof and subject to such other approvals as may be necessary in this regard, the consent of the members of the Company be and is hereby accorded to continue the directorship of Mr. Satyanarayan Agarwal (DIN: 00111187) as the Independent Director of the Company, who will attain the age of 75 years on January 15, 2020, till the expiry of his term, i.e., upto September 20, 2024."*

7. 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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Kamlesh Suresh Gandhi (DIN: 00004969), Independent Director, who was appointed as Independent Director at the Sixty Seventh Annual General Meeting of the Company, who holds office upto September 30, 2019 and who is eligible for re-appointment and who meets the criteria of Independence as provided in section 149(6) of the Act along with rules framed thereunder and Regulations 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to the effect and in respect of whom the Company has received a notice in writing from Member under Section 160 (1) of the Act proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second consecutive term of five (05) consecutive years on the Board of Directors of the Company upto September 20, 2024."*

8. 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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Sarosh Jehangir Ghandy (DIN: 00031237), Independent Director, who was appointed as Independent Director at the Sixty Seventh Annual General Meeting of the Company, who holds office upto September 30, 2019 and who is eligible for re-appointment and who meets the criteria of Independence as provided in section 149(6) of the Act along with rules framed thereunder and Regulations 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to the effect and in respect of whom the Company has received a notice in writing from Member under Section 160 (1) of the Act proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second consecutive term of five (05) consecutive years on the Board of Directors of the Company upto September 20, 2024.*

***RESOLVED FURTHER THAT** pursuant to the provisions of Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations"), other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder including any statutory modification(s) or re-enactment thereof and subject to such other approvals as may be necessary in this*

regard, the consent of the members of the Company be and is hereby accorded to continue the directorship of Mr. Sarosh Jehangir Ghandy (DIN: 00031237), as the Independent Director of the Company, who has attained the age above 75 years on June 18, 2019, till the expiry of his term i.e., upto September 20, 2024."

9. 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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Mahendra Vellore Padmanaban (DIN: 00033270), Independent Director, who was appointed as Independent Director at the Sixty Seventh Annual General Meeting of the Company, who holds office upto September 30, 2019 and who is eligible for re-appointment and who meets the criteria of Independence as provided in section 149(6) of the Act along with rules framed thereunder and Regulations 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to the effect and in respect of whom the Company has received a notice in writing from Member under Section 160 (1) of the Act proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second consecutive term of five (05) consecutive years on the Board of Directors of the Company upto September 20, 2024.*

***RESOLVED FURTHER THAT** pursuant to the provisions of Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations"), other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder including any statutory modification(s) or re-enactment thereof and subject to such other approvals as may be necessary in this regard, the consent of the members of the Company be and is hereby accorded to continue the directorship of Mr. Mahendra Vellore Padmanaban (DIN: 00033270), as the non-executive Independent Director of the Company, who has attained the age above 75 years, from the effective date of the said Amendment Regulations i.e., April 01, 2019 till the expiry of his term i.e., upto September 20, 2024."*

10. 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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended from time to time and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Anil Kumar Bhandari (DIN: 00031194), Independent Director, who was appointed as Independent Director at the Sixty Seventh Annual General Meeting of the Company, who holds office upto September 30, 2019 and who is eligible for re-appointment and who meets the criteria of Independence as provided in section 149(6) of the Act along with rules framed thereunder and Regulations 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to the effect and in respect of whom the Company has received a notice in writing from Member under Section 160 (1) of the Act proposing his candidature for the office of Director, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second consecutive term of five (05) consecutive years on the Board of Directors of the Company upto September 20, 2024.*

***RESOLVED FURTHER THAT** pursuant to the provisions of Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations"), other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder including any statutory modification(s) or re-enactment thereof and subject to such other approvals as may be necessary in this regard, the consent of the members of the Company be and is hereby accorded to continue the directorship of Mr. Anil Kumar Bhandari (DIN: 00031194), as the non-executive Independent Director of the Company, who has attained the age above 75 years, from the effective date of the said Amendment Regulations i.e., April 01, 2019 till the expiry of his term i.e., upto September 20, 2024."*

11. 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 180(1)(a) and other applicable provisions of*

the Companies Act, 2013 ("Act"), if any, and the rules framed thereunder including, the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), the Memorandum and Articles of Association of the Company and other applicable statutory provisions and regulations, if any as amended from time to time and subject to such other approvals, consents and permissions and sanctions required, if any from the appropriate authorities under any laws or regulations or guidelines and subject to such terms and conditions as may be specified by any of them while granting any such approvals and which may be agreed to, by the Board of Directors of the Company, (hereinafter referred to as "Board)" the approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company, to sell / transfer / dispose of its manufacturing unit (Transformer Division) situated at U-16, GAT no. 309, 315, 318 & 317 opp. Govt. Milk Dairy, Kondhapuri, Tal Shirur, Pune – 412209 ("Undertaking"), together with all specified tangible and intangible assets, including moveable and immoveable properties, personnel / employees, plant and machinery and other assets in relation to the Undertaking but excluding its brand name, as a going concern in manner as the Board may deem fit in the best interest of the Company to Shirdi Sai Electricals Limited (CIN: U31401TG2010PLC069777) having its office at Hyderabad for a consideration of ₹ 45,00,00,000.00/- (Rupees Forty Five Crores only) on such necessary adjustment that may be agreed and also on terms and conditions as may be deemed fit by the Board.

***RESOLVED FURTHER THAT** the Board be and is hereby authorised and empowered to finalise and execute necessary documents including but not limited to definitive Agreements, and other ancillary documents, and to do all such other acts, deeds, matters and things as they may deem necessary and/ or expedient to give effect to the above Resolution including without limitation, to settle any questions, difficulties or doubts that may arise in regard to sale and transfer of the Undertaking as they may in their absolute discretion deem fit.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any Officers of the Company, with authorities as required, affixing the Common Seal of the Company on agreements / documents, arranging delivery and execution of contracts, deeds, agreements and instruments."*

12. 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 62(3) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, and in accordance with the Memorandum of Association and Articles of Association of the Company and applicable regulations of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to all such approval(s), consent(s), permission(s), sanction(s), if any, of appropriate statutory, governmental and other authorities and departments in this regard and subject to such condition(s) and modification(s) as may be prescribed or imposed, while granting such approval(s), consent(s), permission(s) or sanction(s), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called the "Board", which term shall be deemed to include any committee(s) constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution, to the extent permitted by law) to convert the whole or part of the outstanding loan of the Company (whether disbursed on or prior to or after the date of this resolution and whether then due or payable or not), by the Company under the lending arrangements (existing and future arrangements) with Laburnum Chemicals Private Limited bearing CIN: U24100GJ2013PTC075644 (hereinafter referred to as the "Lender"), at the option of the Lender, the loan or any other financial assistance categorized as loans (hereinafter referred to as the "Financial Assistance"), in Indian Rupees, which have already been availed from the Lender or as may be availed from the Lender, not exceeding ₹ 30,00,00,000.00/- Crores (Rupees Thirty Crores only) in one or more tranches for a term of 60 months (5 years), for meeting working capital fund requirement of the Company, consistent with the existing borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013, such Financial Assistance being separate and distinct from the other, into fully paid up equity shares of the Company on such terms and conditions as may be stipulated in the Convertible Loan Agreement executed or to be executed in respect of the Financial Assistance and subject to applicable law and in the manner specified in a notice in writing to be given by the Lender or their agents or trustees to the Company (hereinafter referred to as the "Notice of Conversion") and in accordance with the conditions stipulated in the Convertible Loan Agreement and in accordance with the following conditions:*

(i) the conversion right reserved as aforesaid may be exercised by the Lender in one or more trenches/occasions during the currency of the Loan/Financial Assistance;

(ii) on receipt of the Notice of Conversion, the Company shall, subject to the provisions of the loan/financing documents, allot and issue the requisite number of fully paid-up equity shares to the Lender or any other person identified by the Lender as from the date of conversion and the Lender may accept the same in satisfaction of the part of the loans so converted;

(iii) the part of the loan so converted shall cease to carry interest as from the date of conversion and the loan shall stand correspondingly reduced. Upon such conversion, the repayment installments of the loan payable after the date of conversion as per the loan/financing documents shall stand reduced proportionately by the amounts of the loan so converted. The equity shares so allotted and issued to the Lender or such other person identified by the Lender shall carry, from the date of conversion, the right to receive proportionately the dividends and other distributions declared or to be declared in respect of the equity capital of the Company. Save as aforesaid, the said shares shall rank pari passu with the existing equity shares of the Company in all respects.

(iv) in the event that the Lender exercises the conversion right as aforesaid, the Company shall at its cost get the equity shares, issued to the Lenders or such other person identified by the Lender as a result of the conversion, listed with such stock exchanges as may be prescribed by the Lender or such other person identified by the Lender and for the said purpose the Company shall take all such steps as may be necessary to the satisfaction of the Lender or such other person identified by the Lender, to ensure that the equity shares are listed as required by the Lender or such other person identified by the Lender.

(v) the loans shall be converted into equity shares at a price to be determined in accordance with the applicable Securities and Exchange Board of India Regulations at the time of such conversion.

***RESOLVED FURTHER THAT** on receipt of the notice of conversion, the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary and shall allot and issue requisite number of fully paid-up equity shares in the Company to such Lender.*

***RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board, be and is hereby authorized to create, offer, issue and allot the aforesaid shares, to dematerialize the shares of the Company and to resolve and settle any question, difficulty or doubt that may arise in this regard and to do all such other acts, deeds, matters and things in connection or incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept such modifications and to accept such terms and conditions as may be imposed or required by the Lender arising from or incidental to the aforesaid terms providing for such option and to do all such acts and things as may be necessary to give effect to this resolution.*

By the order of the Board of Directors
For **Kirloskar Electric Company Limited**

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

Place: Bangalore
Date: August 14, 2019

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 13, 2019 to September 21, 2019 (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 the business hours of the Company.

(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, 2019 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, 2019 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.kirloskarelectric.com

(o) The physical copies of the annual report for the year ended March 31, 2019 and Notice of the AGM will also be available at the Company's Registered Office in Bangalore for inspection on any working day during the 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 for the purpose of voting.

(q) **Procedures for e-voting are as under:**

(i) The voting period will begin on Wednesday, September 18, 2019 (from 9.00 A.M) and will end on Friday, September 20, 2019 (at 5.00 P.M). During this period, the 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 Friday, September 13, 2019 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.kirloskarelectric.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**

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

Place: Bangalore
Date: August 14, 2019

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

Item no. 4:

The Company is having a branch office at Malaysia and M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia were appointed as Branch Auditor to hold the office upto the conclusion of this Annual General Meeting of the Company. Being eligible for reappointment, the approval is sought from the members to reappoint the branch auditor of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company.

The members are further requested to authorize the Board of Directors of the Company to fix their remuneration.

None of the Directors or Key Managerial Person (KMP) or relatives of Directors and KMP, are in any way concerned with or interested, financially or otherwise, in the resolution at item no. 4 of the accompanying notice. The Board recommends the resolution at Item No. 4 to be passed as an ordinary resolution.

Item no. 5:

The Board on the recommendation of the Audit Committee had approved the appointment of M/s. Rao, Murthy. Cost Auditors at remuneration of ₹ 4,50,000/- (Rupees Four lakhs fifty thousand only) to conduct the audit of the cost records of the company for the financial year ended March 31, 2019. 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.

None of the Directors or Key Managerial Person (KMP) or relatives of Directors and KMP, are in any way concerned with or interested, financially or otherwise, in the resolution at item no. 5 of the accompanying notice. The Board recommends the resolution at Item No. 5 to be passed as an ordinary resolution.

Item no. 6, 7, 8, 9 & 10:

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the rules framed thereunder and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges, at the 67th Annual General Meeting of the Company held on 30th September, 2014, the following directors were appointed as an Independent Directors of the Company for a period of 5 (five) years;

(1). Mr. Satyanarayan Agarwal (DIN: 00111187),

(2). Mr. Kamlesh Suresh Gandhi (DIN: 00004969)

(3). Mr. Sarosh Jehangir Ghandy (DIN: 00031237)

(4). Mr. Mahendra Vellore Padmanaban (DIN: 00033270)

(5). Mr. Anil Kumar Bhandari (DIN: 00031194)

(Hereinafter called as Independent Directors)

The above Independent Directors will complete their initial term of 5 years on 30th September, 2019 and are eligible for reappointment for second consecutive term for five years.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, ("Amendment Regulations, 2018"), inter alia, provides that "no listed Company shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 (seventy five) years unless it is approved by the members by passing a special resolution to that effect". Therefore the above Independent Directors except Mr. Kamlesh Gandhi will attain the age of 75 years or has already attained the age of 75 years and hence continuation beyond 75 years requires the approval of members by way of a special resolution.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company has accorded its approval at the meeting held on August 14, 2019 subject to the approval of members at this Annual General Meeting and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on their skills, rich experience, knowledge, contributions, continued valuable guidance to the management made by the independent directors during their tenure and outcome of performance evaluation of the Independent Directors, the approval of the members of the Company sought for reappointment of above said Independent Directors, for the second consecutive term of 5 (five) consecutive years and continuation of such appointment for 5 years even after attaining the age of 75 years or who has attained the age of 75 years. Further the independent directors shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

The Company has also received declarations from the above said Independent Directors and consent(s) in writing to act as directors in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 confirming the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and under the Regulation 16(b) of the Listing Regulations. The Directors are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013, as amended from time to time. In the opinion of the Board, the director(s) fulfills the conditions specified in the Companies Act, 2013 and are independent of the management.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

The Board considers that the Independent Directors continued association would be of immense benefit to the Company and it is desirable to continue to avail their services. Accordingly, the consent of the members is sought for passing Special Resolution as set out in items of the Notice for reappointment of Independent Directors of the Company.

The terms and conditions of reappointment of above Independent Directors shall be open for inspection by the members of the Company at the registered office of the Company during normal business hours from 09.00 a.m to 05.00 p.m on any working day.

For the purpose of Item no. 6, except Mr. Satyanarayan Agarwal, being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no. 6.

For the purpose of Item no. 7, except Mr. Kamlesh Suresh Gandhi, being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no. 7.

For the purpose of Item no. 8, except Mr. Sarosh Jehangir Ghandy, being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no. 8.

For the purpose of Item no. 9, except Mr. Mahendra Vellore Padmanaban, being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no. 9.

For the purpose of Item no. 10, except Mr. Anil Kumar Bhandari, being appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is / are concerned or interested, financially or otherwise, in the resolution set out at item no. 10.

The brief profile(s) of the Independent Director(s) to be reappointed are given elsewhere in the annual report.

This Explanatory Statement may also be regarded as an appropriate disclosure in Annexure under the Listing Regulations.

Item no. 11:

Members of the Company are requested to note that the provisions of Section 180(1)(a) of the Companies Act, 2013 mandates that the Board of Directors of a Company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of any undertaking(s) of the Company, only with the approval of the members of the Company by way of a special resolution.

Explanation (i) to Section 180(1)(a) of the Companies Act, 2013 states that the meaning of an 'undertaking' for the purposes of Section 180(1)(a) of the Companies Act, 2013 is an undertaking in which the investment of the Company exceeds twenty percent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty percent of the total income of the Company during the previous financial year.

Explanation (ii) the meaning of 'substantially the whole of the undertaking' for the purposes of Section 180(1)(a) is in any financial year shall mean twenty percent or more of the value of the undertaking as per the audited balance sheet of the preceding financial year;

Since the networth of the Company is negative, the manufacturing unit situated at Pune ('undertaking') falls under the explanation (i) and therefore members' approval by way of 'Special Resolution' for disposal of the said undertaking is required. For working capital requirements and other general business purpose it is proposed to sell, transfer, or dispose of the unit situated in Pune ('undertaking') and to pay off the debts / augment its working capital of the Company,

The Board of Directors of the company ("the Board") at its meeting held on July 01, 2019 accorded its approval to enter into Memorandum of Understanding and to Transfer or such other mode as may be agreed, subject to the completion of satisfactory due diligence and after receipt of other approvals as may be required. Further, subject to the completion of satisfactory due diligence by the buyer and completion of the conditions precedents, the Board will evaluate the transaction and will take appropriate decision for the benefit of the Company. This resolution is an enabling resolution authorizing the Board to negotiate and finalize the transaction.

None of the Directors and Key Managerial personnel of the Company and their relatives is / are concerned or interested financially or otherwise in the resolution No. 11 of the accompaning notice. Therefore the board recommends the resolution No. 11 to be passed as a Special Resolution.

Item no. 12:

The Company proposes to borrow a loan upto a sum of ₹ 30,00,00,000.00/- (Rupees Thirty Crore Only) from Laburnum Chemicals Private Limited ("Lender") in one or more tranches for a term of 60 months (5 years), for meeting the working capital fund requirement of the Company under the terms and conditions mentioned in the 'Convertible Loan Agreement'. The loan amount shall be secured by charge over all fixed and movable assets including current assets of the Company, ranking subservient to the existing charges created on the assets in favour of the existing secured lenders of the Company. The security shall be created by way of execution of deed of Mortgage and deed of hypothecation within 60 days from the 1st withdrawal of the Loan. The interest shall be due on the outstanding sum of the principal amount at a compound rate of 18% per annum, on monthly basis within 3 days of completion of every calendar month. The unpaid loan amount and/or accrued interest if any after the expiry of term i.e., 5 years from the date of disbursement of the Loan may be converted at the Lender's option at any time into ordinary shares of the Company in single or multiple tranches at the conversion rate as may be applicable as per SEBI guidelines on the respective date of conversion. Such shares upon conversion of Loan shall be listed on the stock exchanges where the shares of the Company are listed.

Pursuant to Section 62(3) and (4) of the Companies Act, 2013, the subscribed and paid up capital of a Company can be increased without further approval by shareholders for the loan raised by the Company to convert such loans into shares of the Company provided that the terms of the loan containing such an option have been approved before the raising of loan by a special resolution passed by the Company in general meeting.

Thereunder, while sanctioning a loan facility, a condition that the lender shall have the right of conversion of outstanding obligations into paid up equity share capital in case of default in payment / repayment by the Company.

None of the Directors and Key Managerial personnel of the Company and their relatives is / are concerned or interested financially or otherwise in the resolution No. 12 of the accompaning notice. Therefore the board recommends the resolution No. 12 to be passed as a Special Resolution.

Information about directors seeking appointment / reappointment

Annexure

1

Name of director	Mrs. Meena Kirloskar
Age	64 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 Limitedd. d. Vijayajyothi Investments and Agencies Private Limited e. Vimraj Enterprises Private Limited f. Sri Vijayadurga Investments And Agencies Private Limited g. Abhiman Trading Company Private Limited
Shareholding in the Company	184,514 Equity Shares
Chairperson of committees Members of committees	Nil a. Nomination and Remuneration Committee. b. Executive Committee

2

Name of director	Mr. Satyanarayan Agarwal
Age	74 years
Date of appointment	20/10/2000
Relationship with other directors / KMP	Mr. Satyanarayan Agarwal is not related to any directors of the Company
Qualification & experience	Mr. Satyanarayan Agarwal is a graduate engineer and alumni of Harvard Business School (AMP- 1985). He is the Chairman of Bhoruka Group which has diversified interests in core industries like Transportation, Steel, Power, Industrial Gases etc. He is a Member of Executive Committee – Federation of Indian Chambers of Commerce & Industry (FICCI); Member, Management Board – Indian Institute of Health Management & Research, (IIHMR), Jaipur; Member, Court – Indian Institute of Science and Member, Board of Governors – Indian Institute of Management, Bangalore. Mr. Agarwal has served as Chairman of Steel Furnace Association of India; Confederation of Indian Industry (CII), Karnataka Region and Bangalore Chamber of Industry and Commerce (BCIC).
Directorship in other listed companies	Mr. Satyanarayan Agarwal is a director in the following companies a. Bhoruka Cogen Power Private Limited b. Prabhu Structures Investment India Private Limited c. Prabhu Structures Holdings Private Limited d. Shahapur Power Limited e. Transport Corporation Of India Limited f. Pharmed Limited g. Bhoruka Steel And Services Limited h. Bhuruka Gases Investments India Private Limited i. Bhoruka Agro Business Private Limited j. Bhoruka Power Corporation Limited k. Bhuruka Gases Limited
Shareholding in the Company	500 Equity Shares
Chairperson of committees	Nomination and Remuneration Committee.
Member of committees	Audit Committee

3

Name of director	Mr. Kamlesh Suresh Gandhi
Age	69 years
Date of appointment	25/06/2007
Relationship with other directors / KMP	Mr. Kamlesh Suresh Gandhi is not related to any directors of the Company
Qualification & experience	Mr. Kamlesh Suresh Gandhi, a Commerce Graduate and is associatedwith capital and Financial Markets in India for the past 38 years and was member of the BSE for 14 years from 1981 to 1995. He was a Director in the Board of Association of Merchant Bankers of India for 4 years from inception of the Association. As a Merchant Banker, he is instrumental in raising funds for over 300 capital issues and is involved in placement of equities of several companies with retail, high net worth and Institutional Investors, both domestic and overseas. He was the Guest Speaker at Training Institutes of Banks

	and Bankers Training College of RBI, on Merchant Banking Activities. He was a Non Executive Director of Several Companies including Dr. Reddy's Group and Rasi Group. He is involved in advising several NRO investors including many high net worth NRI's.
Directorship in other listed companies	Mr. Kamlesh Suresh Gandhi Gandhi is a director in the following companies
	a. Bhagyanagar India Limited b. NCL Industries Ltd c. Sundaram -Clayton Limited d. NCL Alltek & Seccolor Limited
Shareholding in the Company	500 Equity Shares
Chairperson of committees	Audit Committee.
Member of committees	Nomination and Remuneration Committee

4

Name of director	Mr. Sarosh Jehangir Ghandy
Age	81 years
Date of appointment	26/08/2003
Relationship with other directors / KMP	Mr. Sarosh Jehangir Ghandy is not related to any directors of the Company.
Qualification & experience	Mr. Sarosh Jehangir Ghandy, is a graduate from Carneigie Institute of Technology, USA, he joined Tata Engineering & Locomotive Co. Ltd, Jamshedpur in 1958. He held various positions in TELCO, Jamshedpur and joined the Board of Directors of TELCO in 1976 and was on the Board of TELCO till 1999. Mr. Ghandy was Managing Director of Telco Construction Equipment Company Ltd from 1999 to 2002. Mr. Ghandy was also a Special Advisor to the Chairman of Telco Construction Equipment Company Limited for a year.
Directorship in other listed companies	Mr. Sarosh Jehangir Ghandy is a director in the following companies/firms associations; a. Bhuruka Gases Limited b. Janaadhar (India) Private Limited *c. Quippo Infrastructure Equipment Limited#* d. Maini Materials Movement Private Limited e. Teleradiology Solutions Private Limited f. Edutech NTTF India Private Limited g. Nettur Technical Training Foundation h. Parinaam Foundation
Shareholding in the Company	615 Equity Shares
Chairperson of committees	Corporate Social Responsibility (CSR) Committee.
Member of committees	a. Nomination and Remuneration Committee b. Audit Committee

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5

Name of director	Mr. Mahendra Vellore Padmanaban
Age	77 years
Date of appointment	25/06/2007
Relationship with other directors / KMP	Mr. Mahendra Vellore Padmanaban is not related to any directors of the Company.
Qualification & experience	Mr. Mahendra Vellore Padmanaban, is an engineering graduate, he joined VST Tillers Tractors Limited in the year 1968 and worked in various capacities through the years and was appointed as Deputy Managing Director of the Company in February, 1984. He was elevated to the position of Managing Director in 1989 which post he holds to date. Besides being on the Board of several companies he is also member of several philanthropic institutions.
Directorship in other listed companies	Mr. Mahendra Vellore Padmanaban is a director in the following Companies / firms / associations; a. VST Tillers Tractors Limited b. Lakshmi Ring Travellers (Coimbatore) Private Limited c. V.S.T. Motors Private Limited d. Mitsubishi Heavy Industries-VST Diesel Engines Private Limited e. Crest Constructions Private Limited f. V.S.T. & Sons Private Limited g. V.S.T. Auto Parts Private Limited h. Bangalore Motors Private Limited i. V.S.T. Auto Ancillaries Private Limited j. Hotel Pearls Private Limited k. Gove Finance Limited l. VST Holdings Private Limited m. Pearls Estates Private Limited
Shareholding in the Company	2,533 Equity Shares
Chairperson of committees	Nil.
Member of committees	a. Audit Committee b. Stakeholder Relationship Committee c. Corporate Social Responsibility (CSR) Committee.

6

Name of director	Mr. Anil Kumar Bhandari
Age	75 years
Date of appointment	27/02/2002
Relationship with other directors / KMP	Mr. Anil Kumar Bhandari is not related to any directors of the Company.
Qualification & experience	Mr. Anil Kumar Bhandari, is an Economics Graduate, he is a former Vice Chairman and presently a member of Coffee Board. He is also Chairman of Coffee Committee of United Planters Association of South India and Chairman of Karnataka Planters Association.
Directorship in other listed companies	Mr. Anil Kumar Bhandari is a director in the following Companies / firms / associations; a. The Waterbase Limited b. *Pinnae Feeds Limited#* c. Karnataka Coffee Brokers Private Limited d. Bhoruka Park Private Limited e. Luxquisite Parkland Private Limited f. Swaki Habitat Private Limited g. SLPKG Estate Holdings Private Limited
Shareholding in the Company	500 Equity Shares
Chairperson of committees	Nil.
Member of committees	a. Audit Committee b. Nomination and Remuneration Committee c. Stakeholder Relationship Committee d. Corporate Social Responsibility (CSR) Committee.

 # Amalgamated

Board's report

Dear Shareholders,

The directors present the 72nd 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, 2019. 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 total turnover of ₹ 35,660 Lakhs (previous year ₹ 39,454 Lakhs). The operations have resulted in net loss of ₹ 6,732 Lakhs (previous year net loss was ₹ 7,569 Lakhs).

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

	Standalone		Consolidated	
PARTICULARS	**2018-19**	2017-18	**2018-19**	2017-18
Revenue from operations	**29,442**	37,913	**29,461**	37,925
Other income (net)	**6,217**	1,541	**6,217**	670
Total Income	**35,660**	39,454	**35,678**	38,595
Total Expense	**37,522**	47,136	**38,819**	47,310
Profit / Loss before tax	**(1,862)**	(7,683)	**(2,794)**	(8,715)
Tax Expense	**-**	-	**-**	-
Profit /Loss after tax	**(1,862)**	(7,683)	**(2,794)**	(8,715)
Total other comprehensive income	**(4,870)**	114	**(4,870)**	114
Total comprehensive income for the period	**(6,732)**	(7,569)	**(7,664)**	(8,600)

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.

Transfer to Investor Education and Protection Fund:

As required under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), during the year 2018-19, a matured deposit including the interest amount for the financial year 2010-11 of ₹ 50,312/- (Rupees Fifty Thousand Three Hundred And Twelve Only), was transferred to the Investor Education and Protection Fund ("IEPF").

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.

Fixed deposits:

SL.No.	Particulars	₹ in Lakhs
1.	Accepted / renewed during the year	Nil
2.	Remained unpaid or unclaimed at the end of the year.	52.30
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

Directors and Key Managerial Personnel:

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), a Non-executive Director being longest in the office, shall retire by rotation and being eligible, has offered herself for reappointment seeking members' approval has been set forth in the notice of the 72nd Annual General Meeting of the Company.

Mr. Shyamanta Bardoloi (DIN: 01720375), non executive non independent director of the Company has resigned from the directorship due to ill health, with effect from the close of office hours on February 13, 2019.

Due to personal reasons Mr. Anand Balaramacharya Hunnur (DIN: 06650798) Managing Director of the Company has decided to step-down from the office as Managing Director of the Company and resigned from the position of Managing Director with effect from the close of office hours on May 31, 2019.

Mr. Ganesh Krishnamurthy (DIN: 05160176), nominee of Life Insurance Corporation of India, has resigned from the directorship due to personal reason, with effect from the close of office hours on July 11, 2019.

The following Independent Director's term will be ending at September 30, 2019 and they are eligible for reappointment for a second consecutive five year term;

(1). Mr. Satyanarayan Agarwal (DIN: 00111187),

(2). Mr. Kamlesh Suresh Gandhi (DIN: 00004969)

(3). Mr. Sarosh Jehangir Ghandy (DIN: 00031237)

(4). Mr. Mahendra Vellore Padmanaban (DIN: 00033270)

(5). Mr. Anil Kumar Bhandari (DIN: 00031194)

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company has accorded its approval at the meeting held on August 14, 2019 and the approval of the members of the Company is sought for the reappointment of above said Independent Directors, for the second consecutive term of 5 (five) consecutive years and continuation of such appointment for 5 years even after attaining the age of 75 years or who has attained the age of 75 years.

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 2018-19. 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.

Corporate Social Responsibility:

In terms of section 135 of the Companies Act, 2013, the Company has constituted CSR Committee and the CSR Policy of the Company (which can be accessed at the following URL:http://www.kirloskarelectric.com/investors/investors-information/policies.html, wherein the Company 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, 2019.

Vigil mechanism for Directors and Employees:

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal procedural course 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 incidents and 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.kirloskarelectric.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, 2019:

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 programme(s) conducted in the year	4
5	Nature of action by employer or District office, if any	Nil

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 No. MGT – 9**.

Particulars of employees:

In terms of the provisions of Section 197 (12) of the Companies Act, 2013 read with rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, 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 available for inspection on all working days, during business hours at the registerd office of the company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Particulars of loans, guarantee, investments and securities:

There were no loans 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 to loans, advances, 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. 17 & 37(12) 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 subsection (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 and 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.kirloskarelectric.com/images/pdf/investor/policies/Policy-on-related-party-transactions.pdf

Your directors draw attention of the members to note no. 37(12) to the standalone financials statement which sets out the related party disclosures

Share Capital:

As at March 31, 2019, 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 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 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 and are the retiring auditors. In terms of the provisions of Section 139 of the Companies Act, 2013, the auditors are eligible for reappointment and based on the recommendation of the Audit Committee, the Board proposes to appoint, M/s. Ashok Kumar, Prabhashankar & Co., chartered accountants, as auditors of the Company to hold office from the conclusion of 72nd Annual General Meeting until the conclusion of 77th Annual General Meeting of the Company subject to approval of the members of the Company.

Branch audit:

M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia, were reappointed as the auditors for conducting audit of sales office at Kuala Lumpur and to hold the office from the conclusion of 71st Annual General Meeting until the conclusion of 72nd Annual General Meeting of the Company. Based on the recommendation of the Audit Committee, the Board of Directors of the Company has proposed to appoint, M/s. Sundar and Associates (AF no. 1172), Chartered Accountants, Malaysia, as auditors for conducting audit of sales office at Kuala Lumpur and to hold the office from the conclusion of 72nd Annual General Meeting until the conclusion of 73rd Annual General Meeting of the Company subject to the approval of the members of the Company.

Internal audit:

The Company has appointed M/s. B K Ramadhyani Co. LLP as its internal auditors for 2018-19.

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, 2019. The Board of Directors of your Company has fixed ₹ 450,000/- (Rupees Four 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 72nd 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 has maintained the cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.

Secretarial Audit:

Mr. Karthick V (ACS no. 11910 / COP no. 4680), practicing Company secretary, was appointed as secretarial auditor of the Company for the financial year 2018-19 to conduct secretarial audit in terms of the provisions of Section 204 of the Companies Act, 2013. The audit report is enclosed as **Form No. 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.

Annual Return:

According to the provisions of Section 134(3)(a) read with Section 92(3) of the Companies Act, 2013, the details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Act which forms an integral part of this Report and is also available on the Company's website https://kirloskarelectric.com/investors/investors-information/financial.html

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 / loss 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 2018-19 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 Executive Chairman and nor the Managing Director of the Company or any Key Managerial Personnel receive any remuneration or commission from 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 2018-19 impacting the going concern status and Company's operations.

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: Bangalore
Date: August 14, 2019

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. Satyanarayan Agarwal - Chairman
Mr. Anil Kumar Bhandari - Member
Mr. Sarosh Jehangir 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. <u>Conservation of Energy:</u>

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. <u>Technology Absorption:</u>

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	8.70
Total	8.70
Total R & D Expenditure	**8.70**
as a % of total turnover	0.03%

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. Foreign Exchange Earnings and Outgo:

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 ₹ 1,153.59/- Lakhs

2. Total foreign exchange used and earned.

	(₹ in Lakhs)
a) Foreign Exchange earned:	
(i) FOB value of goods exported (net) of sales	1,154
(ii) Dividend on shares (net of tax)	0.00
(iii) Repatriation of Profit	0.00
(iv) Others	0.00
b) Foreign Exchange Used	
Value of imports calculated on the CIF basis.	
(v) Raw materials & Components and spare parts	2,912
(vi) Capital Goods	0.00

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 about 7.2% 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 by 2030. Huge growth is expected for electrical vehicles in India which will see increase in 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	2018-19	2017-18
Rotating Machines Group	19,239	18,295
Power Generation and Distribution Group	9,081	16,188
Others	1,122	3,430
Total	**29,442**	**37,913**

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 as on 31.03.2019

Part A: Subsidiaries

Sl. No	Name of the Subsidiary	Share Capital (In Rs.)	Reserves & Surplus (In Rs.)	Total Assets (In Rs.)	Total Liabilities (In Rs.)	Investments (In Rs.)	Turnover (In Rs.)	Profit before taxation	Profit after taxation	% of Shareholding	
										Equity Share capital	Preference share capital
1.	KELBUZZ Trading Private Limited	70,200,000/-	(56,550,272)	667,301,905	667,301,905	Nil	Nil	(56,550,272)	(56,550,272)	100%	0.01%
2.	Luxquisite Parkland Private Limited	606,500,000/-	(6,673,219)	623,283,357	623,283,357	623,000,688	Nil	(85,392)	(85,392)	100%	0.01%
3.	SKG Terra Promenade Private Limited	200,000/-	(167,324,527)	20,956,2281	20,956,2281	Nil	Nil	(21,931,082)	(21,931,082)	100%	0.01%
4.	SLPKG Estate Holdings Private Limited	1,000,000/-	(309,343,436)	432,693,863	432,693,863	Nil	Nil	(677,879)	(677,879)	100%	0.01%
5.	Swaki Habitat Private Limited	100,000/-	(108,798)	105,384	105,384	Nil	Nil	(39,300)	(39,300)	100%	Nil
6.	Kesvik Developers Private Limited	100,000/-	(89,148)	99,822	99,822	Nil	Nil	(18,850)	(18,850)	100%	Nil

1. Names of subsidiaries which are yet to commence operations : Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

Part B: Associate Companies/ Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and 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 (Amount of Investment & Extend of Holding %	Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet#	Profit / Loss for the year#
1.	Kirloskar Malaysia Sdn Bhd	31-03-2019	300,000 (30%)	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 29, 2019

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 2018-19.

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 28, 2018
   2. August 08, 2018
   3. November 13, 2018
   4. February 13, 2019

   (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 31.03.2019

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	**No. 19, 2nd Main Road, Peenya 1st stage, Phase – I, Peenya, Bangalore – 560058**
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.integratedindia.in, Contact Person: Mr. Vijaygopal, Vice Prisident.**

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	65.34%
2	Transformers	2710	27.69%
3	DG Sets	2710	3.16%

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-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% 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	-	12,075,132	18.18	0.07
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	0.00
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**	49.5	**0.07**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	364,001	45,379	409,380	0.62	225,256	45,379	270,635	0.41	0.21
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	520,194	450	520,664	0.78	470,194	50	470,244	0.71	0.07
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**4,125,019**	**45,829**	**4,170,848**	**6.28**	**3,936,274**	**45,429**	**3,981,703**	**6.00**	**-0.28**
2. Non-Institutions									
a) Bodies Corp.	2,458,046	31,346	2,489,932	3.75	1,752,514	30,808	1,783,322	2.69	-1.06
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) NBFC registered with RBI	950	-	950	0	2500	-	2500	0.00	-
c) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	18,964,035	1,458,857	20,422,892	30.75	19,713,388	1,385,307	21,098,695	31.77	1.02
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	3,484,913	100,000	3,584,913	5.4	3,999,638	100.000	4,099,638	6.17	0.77
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	1,896,044	1,896,044	2.85	0	1,896,444	1,896,444	2.86	0.01
Foreign Nationals	1,113	586	1,1699	0.00	618	9,357	9,975	0.02	0.02
Clearing Members	1,020,016	-	1,020,016	1.54	664,709	0	664,709	1.00	0.54
Trusts	58	-	58	0.00	58	-	58	0.00	-
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
Enemy Property	232	-	232	0	-	-	-	-	-
Sub-total (B)(2):-	25,929,363	3,486,833	29,416,196	44.29	26,133,425	3,421,916	29,555,341	44.50	0.21
Total Public Shareholding B)=(B)(1)+ (B)(2)	**30,054,382**	**3,532,662**	33,587,044	50.57	30,069,699	3,467,345	33,537,044	50.50	0.07
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**62,881,409**	**3,532,662**	**66,414,071**	**100**	**62,946,726**	**3,467,345**	**66,414,071**	**100**	**-**

B. Shareholding of promoters and promoter group-

Sl. No	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2018]			Shareholding at the end of the year [As on 31-March-2019]		
		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	Mr. Vijay Ravindra Kirloskar	11,840,618	17.83	33.05	11,890,618	17.90	33.05
2	Mrs. Meena 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	Vijay Kirti Investments and Agencies Private Limited	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 Limited	1,141,225	1.72	100	1,141,225	1.72	100
10	Kirloskar Batteries Private Limited	186,500	0.28	100	186,500	0.28	100
	TOTAL	**32,827,027**	**49.43**	**75.81**	**32,827,027**	**49.50**	**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.):	-	-	-	-
	Purchase from the securities market on 10/04/2018 & 18/04/2018	-	-	50,000	0.08
	At the end of the year	-	-	32,877,027	49.50

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 - 01.04.2018					CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2019	
		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	2576571	3.88	01.04.2018	No Movement During The Year			
				31.03.2019			**2576571**	**3.88**
2	M/S. Hawker Siddeley Management Ltd.,	1896044	2.85	01.04.2018	No Movement During The Year			
				31.03.2019			**1896044**	**2.85**
3	The New India Assurance Company Limited	506412	0.76	01.04.2018	No Movement During The Year			
				31.03.2019			**506412**	**0.76**
4	Hongkong Victory Investment Co Limited	470194	0.71	01.04.2018	No Movement During The Year			
				31.03.2019			**470194**	**0.71**
5	Kamalesh Shantilalji Jain	400000	0.60	01.04.2018	No Movement During The Year			
				31.03.2019			**400000**	**0.60**
6	Lok Prakashan Ltd	170000	0.26	01.04.2018	No Movement During The Year			
				31.03.2019			**170000**	**0.26**
7	The Oriental Insurance Company Limited	152353	0.23	01.04.2018	No Movement During The Year			
				31.03.2019			**152353**	**0.23**
8	Jainam Share Consultants Pvt. Ltd	50372	0.08	01.04.2018			50372	0.08
				06.04.2018	1076	Transfer	51448	0.08
				13.04.2018	-553	Transfer	50895	0.08
				20.04.2018	790	Transfer	51685	0.08
				27.04.2018	1921	Transfer	53606	0.08
				04.05.2018	3137	Transfer	56743	0.09
				11.05.2018	110	Transfer	56853	0.09
				18.05.2018	-3757	Transfer	53096	0.08
				25.05.2018	-52596	Transfer	500	0.00
				01.06.2018	51846	Transfer	52346	0.08
				08.06.2018	140	Transfer	52486	0.08
				15.06.2018	-200	Transfer	52286	0.08
				22.06.2018	-200	Transfer	52086	0.08
				30.06.2018	1400	Transfer	53486	0.08
				06.07.2018	3473	Transfer	56959	0.09

				20.07.2018	-55409	Transfer	1550	0.00
				27.07.2018	551170	Transfer	552720	0.83
				03.08.2018	-502761	Transfer	49959	0.08
				10.08.2018	-8039	Transfer	41920	0.06
				17.08.2018	300	Transfer	42220	0.06
				24.08.2018	-750	Transfer	41470	0.06
				31.08.2018	7000	Transfer	48470	0.07
				07.09.2018	80	Transfer	48550	0.07
				14.09.2018	300	Transfer	48850	0.07
				21.09.2018	-100	Transfer	48750	0.07
				29.09.2018	-650	Transfer	48100	0.07
				05.10.2018	-270	Transfer	47830	0.07
				12.10.2018	-9500	Transfer	38330	0.06
				19.10.2018	-577	Transfer	37753	0.06
				26.10.2018	-603	Transfer	37150	0.06
				02.11.2018	89130	Transfer	126280	0.19
				07.12.2018	485	Transfer	126765	0.19
				14.12.2018	-895	Transfer	125870	0.19
				21.12.2018	-1800	Transfer	124070	0.19
				31.12.2018	-800	Transfer	123270	0.19
				04.01.2019	-150	Transfer	123120	0.19
				11.01.2019	364	Transfer	123484	0.19
				18.01.2019	-576	Transfer	122908	0.19
				25.01.2019	-417	Transfer	122491	0.18
				01.02.2019	-150	Transfer	122341	0.18
				08.02.2019	1125	Transfer	123466	0.19
				15.02.2019	222	Transfer	123688	0.19
				22.02.2019	100	Transfer	123788	0.19
				01.03.2019	-322	Transfer	123466	0.19
				08.03.2019	125	Transfer	123591	0.19
				15.03.2019	-1590	Transfer	122001	0.18
				22.03.2019	-500	Transfer	121501	0.18
				31.03.2019	**290**	**Transfer**	**121791**	**0.18**
9	Angel Broking Limited	216685	0.33	01.04.2018			216685	0.33
				06.04.2018	-62265	Transfer	154420	0.23
				13.04.2018	-7136	Transfer	147284	0.22
				20.04.2018	-10354	Transfer	136930	0.21
				27.04.2018	-13107	Transfer	123823	0.19
				04.05.2018	292	Transfer	124115	0.19
				11.05.2018	-3247	Transfer	120868	0.18
				18.05.2018	638	Transfer	121506	0.18
				25.05.2018	-7768	Transfer	113738	0.17
				01.06.2018	7465	Transfer	121203	0.18

				08.06.2018	4177	Transfer	125380	0.19
				15.06.2018	16374	Transfer	141754	0.21
				22.06.2018	-20816	Transfer	120938	0.18
				30.06.2018	-12191	Transfer	108747	0.16
				06.07.2018	-200	Transfer	108547	0.16
				13.07.2018	4712	Transfer	113259	0.17
				20.07.2018	-1751	Transfer	111508	0.17
				27.07.2018	12117	Transfer	123625	0.19
				03.08.2018	-25895	Transfer	97730	0.15
				10.08.2018	-4080	Transfer	93650	0.14
				17.08.2018	-7395	Transfer	86255	0.13
				24.08.2018	13458	Transfer	99713	0.15
				31.08.2018	-2855	Transfer	96858	0.15
				07.09.2018	-962	Transfer	95896	0.14
				14.09.2018	-9353	Transfer	86543	0.13
				21.09.2018	3654	Transfer	90197	0.14
				29.09.2018	7745	Transfer	97942	0.15
				05.10.2018	2136	Transfer	100078	0.15
				12.10.2018	7870	Transfer	107948	0.16
				19.10.2018	-11598	Transfer	96350	0.15
				26.10.2018	-1299	Transfer	95051	0.14
				02.11.2018	1552	Transfer	96603	0.15
				07.12.2018	-573	Transfer	96030	0.14
				14.12.2018	-994	Transfer	95036	0.14
				21.12.2018	6756	Transfer	101792	0.15
				31.12.2018	-22385	Transfer	79407	0.12
				04.01.2019	2400	Transfer	81807	0.12
				11.01.2019	28992	Transfer	110799	0.17
				18.01.2019	547	Transfer	111346	0.17
				25.01.2019	8795	Transfer	120141	0.18
				01.02.2019	-2281	Transfer	117860	0.18
				08.02.2019	-7964	Transfer	109896	0.17
				15.02.2019	4347	Transfer	114243	0.17
				22.02.2019	8455	Transfer	122698	0.18
				01.03.2019	5937	Transfer	128635	0.19
				08.03.2019	-14899	Transfer	113736	0.17
				15.03.2019	-2394	Transfer	111342	0.17
				22.03.2019	3369	Transfer	114711	0.17
				31.03.2019	**-338**	**Transfer**	**114373**	**0.17**
10	Shankar Dey	107015	0.16	01.04.2018	No Movement During The Year			
				31.03.2019			**107015**	**0.16**

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	11,890,618	17.90
2	Mrs. Meena Kirloskar	184,514	0.28	184,514	0.28
3	Mr. Anand B Hunnur	1,208	0	1,208	0.00
4	Mr. Kamlesh Gandhi	500	0	500	0.00
5	Mr. Sarosh J Ghandy	615	0	615	0.00
6	Mr. Anil Kumar Bhandari	500	0	500	0.00
7	Mr. Mahendra V.P	2,533	0	2,533	0.00
8	Mr. S.N Agarwal	500	0	500	0.00
9	Mr. K Ganesh	500	0	500	0.00
10	Dr. Ashok Misra	-	-	-	-
11	Mr. Shyamanta Bardoloi	-	-	-	-
12	Mr. Sanjeev Kumar S	-	-	-	-
13	Ms. K S Swapna Latha	-	-	-	-
	Total at the beginning of the Year	**12,031,488**	**18.11**		
	Date wise increase / decrease in promoters' shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	Purchase from the securities market on 10/04/2018 & 18/04/2018			50,000	0.08
	At the end of the year				
1	Mr. Vijay R Kirloskar	-	-	11,890,618	17.90
2	Mrs. Meena Kirloskar	-	-	184,514	0.28
3	Mr. Anand B Hunnur	-	-	1,208	0.00
4	Mr. Kamlesh Gandhi	-	-	500	0.00
5	Mr. Sarosh J Ghandy	-	-	615	0.00
6	Mr. Anil Kumar Bhandari	-	-	500	0.00
7	Mr. Mahendra V.P	-	-	2,533	0.00
8	Mr. S.N Agarwal	-	-	500	0.00
9	Mr. K Ganesh	-	-	500	0.00
10	Dr. Ashok Misra	-	-	0.00	0.00
11	Mr. Sanjeev Kumar S	-	-	0.00	0.00
12	Ms. K S Swapna Latha	-	-	0.00	0.00
	Total at the end of the year	-	-	**12,081,488**	**18.19**

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	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**
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
** Reduction*	3,265.34		(1,688.88)	1,576.46
Indebtedness at the end of the financial year				
i) Principal Amount	16,850.34	-	3,547.11	20,397.45
ii) Interest due but not paid	63.75	-	10.67	74.42
iii) Interest accrued but not due	1,735.42	-	-	1,735.42
Total (i+ii+iii)	**18,649.51**	**-**	**3,557.78**	**22,207.29**

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. Anand B Hunnur, Managing Director	
1	Gross salary	₹	₹	₹
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,800,000	6,159,740	22,959,740
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	50,000	50,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
	(d)Total	16,800,000	6,209,740	23,009,740
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission – as % of profit – others, specify	-	-	
5	Others, please specify:	-	-	
	Total (A)	**16,800,000**	**6,209,740**	**23,009,740**
	Ceiling as per the Act	16,800,000	16,800,000	33,600,000

B. Remuneration to other directors

(Amount In ₹)

Sl. No	Particulars of Remuneration	Name of Directors						Total (1)
		Mr. Sarosh Jehangir Ghandy	Mr. Anil Kumar Bhandari	Mr. Mahendra Vellore Padmanaban	Mr. Kamlesh Suressh Gandhi	Mr. Satyanarayan Agarwal	Dr. Ashok Misra	
1	**Independent Directors**							
	Fee for attending board & committee meetings	135,000	121,500	135,000	121,500	108,000	67,500	688,500
	Commission	0	0	0	0	0	0	0
	Others, please specify:	0	0	0	0	0	0	0
	Total (1)	**135,000**	**121,500**	**135,000**	**121,500**	**108,000**	**67,500**	**688,500**

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	27,000	54,000	81,000
	Commission	0	0	0
	Others, please specify	0	0	0
	Total (2)	**27,000**	**54,000**	**81,000**
	Total (C)=(1+2)			769,500
	Total Managerial Remuneration			**23,779,240**
	Overall Ceiling as per the Act			42,600,000

Note: *₹ 67,500/- 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		
		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	2,307,424	2,341,156	4,648,580
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	54,190	45,485	99,675
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
	(d) Total	**2,361,614**	**2,386,641**	**4,748,255**
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission – as % of profit – others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	**2,361,614**	**2,386,641**	**4,748,255**

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

To,
The Members,
Kirloskar Electric Company Limited,
No.19, 2nd Main Road,
Peenya 1st Stage Phase-1, Peenya,
Bengaluru - 560058

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes 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. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I 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 responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the further viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Karthick V.
Practicing Company Secretary,
Membership No. ACS – 11910
Certificate of Practice No. – 4680

Place : Bengaluru
Date : 14th August, 2019

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[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,
No.19, 2nd Main Road,
Peenya 1st Stage Phase-1, Peenya,
Bengaluru - 560058

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **Kirloskar Electric Company Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in the manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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 the secretarial audit, I hereby report that in my opinion, the Company has, during the financial year ended on 31st March, 2019 ("audit period") 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 2019 according to the provisions of:

(i) The Companies Act, 2013 (the 'Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) 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. Except for requirement of annual reporting, there was no instance / trigger leading to compliance under these Regulations;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not Applicable to the Company during the audit period under review];

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [Not Applicable to the Company during the audit period];

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not Applicable as the Company has not issued any debt securities during the audit period];

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the audit period];

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable as the Company has not delisted / proposed to delist its equity shares from any stock exchange during the audit period]; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not Applicable during the audit period];

(vi) Other laws applicable to the Company: As per the representation made by the Company, there are no 'Industry specific' law(s) applicable to the Company. The Company has systems and processes in place to comply with general employee welfare laws applicable to it.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. The provisions relating to Corporate Social Responsibility ("CSR") are applicable to the Company. However, in view of losses, the management represents that during the year, the Company is not required to spend any amount on this account. Further, in respect of outstanding deposits, the management represents that all the claims received by it are being repaid and that the Company is not accepting/ renewing any new deposits.

I further report that

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 audit period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

As represented by the Company, all decisions at the Meetings of the Board of Directors and Board Committees are carried out unanimously or with requisite majority as recorded in the Minutes of the respective meetings as the case may be and no dissenting views were required to be recorded.

I further report that 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.

I further report that during the audit period, the following resolutions were passed:

1. Towards authorizing the Board to make investments/ loans etc. up to a limit of Rs. 50 Crores in terms of section 186 of the Companies Act 2013, special resolution was passed.
2. Approval for sale / disposal / transfer of the non-core assets of the Companyupto Rs. 300 Crores; Necessary resolution was passed under Sec 180(1)(a) of the Companies Act 2013 through the process of postal ballot.
3. Approval of Related Party Transaction, if any, related to sale / disposal / transfer of the non-core assets of the Company as stated above. This resolution was passed as Ordinary Resolution through the process of postal ballot.
4. To continue appointment of all the non-executive independent director(s) who had/ would attain the age of 75 years. These resolutions were passed as Special Resolutions through the process of postal ballot.
5. The Company has shifted its Registered Office to the new location within local municipal limits by passing necessary Board resolution.

Karthick V.
Practicing Company Secretary,
Membership No. ACS – 11910
Certificate of Practice No. – 4680

Place : Bengaluru
Date : 14th August, 2019

Corporate Governance Report 2018-19

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") as amended from time to time.

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, 2019 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; one non-executive 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 2018-19 on May 28, 2018, August 08, 2018, September 21, 2018, November 13, 2018, December 17, 2018 & February 13, 2019.

Sl. No	Date of Board meeting	No of directors entitled to attend	No of directors attended
1	May 28, 2018	11	10
2	August 08, 2018	11	9
3	September 21, 2018	11	7
4	November 13, 2018	11	11
5	December 17, 2018	11	7
6	February 13, 2019	11	10

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, 2019;

Name of the Director	Designation	Attendance		Directorships/Committee Memberships@			Directorship in other listed entity (Category of Directorship)
		Attendance of each director at the meeting of Board of Directors	Attendance at the previous AGM attended (Yes/No)	Directorships in Public companies	Committee Membership	Committee Chairmanship	
Mr. Vijay Ravindra Kirloskar*	Executive Chairman	6	Yes	5	1	0	1. MRF Limited - (Non Executive - Independent Director) 2. Batliboi Limited (Non Executive - Independent Director)
Mr. Satyanarayan Agarwal	Non Executive-Independent Director	4	No	7	3	0	Transport Corporation of India Limited (Non Executive Director)
Mr. Sarosh Jehangir Ghandy	Non Executive-Independent Director	6	Yes	3	1	0	NIL
Mr. Anil Kumar Bhandari	Non Executive-Independent Director	5	Yes	3	2	2	NIL
Mr. Mahendra Vellore Padmanaban	Non Executive-Independent Director	6	Yes	3	2	0	VST Tillers Tractors Limited (Chairman & Managing Director)
Mr. Kamlesh SureshGandhi	Non Executive-Independent Director	5	Yes	5	1	2	1. Bhagyanagar India Limited (Non Executive-Independent Director) 2. NCL Industries Ltd (Non Executive - Independent Director) 3. Sundaram -Clayton Limited (Non Executive - Independent Director)
Mr. K Ganesh#	Nominee Director	5	Yes	1	0	0	NIL
Dr. Ashok Misra	Non Executive-Independent Director	5	No	2	2	0	Jubilant Life Sciences Limited (Non Executive - Independent Director)
Mrs. Meena Kirloskar	Non Executive-Non Independent Director	2	No	1	0	0	Nil
Mr. Shyamanta Bardoloi**	Non Executive Non Independent Director	4	Yes	1	0	0	Nil
Mr. Anand Balaramacharya Hunnur$	Managing Director	6	Yes	1	0	0	Nil

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

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

Mr. K Ganesh has resigned from the directorship effective from July 11, 2019.

**Mr. Shyamanta Bardoloi has resigned from the directorship effective from February 13, 2019.

$Mr. Anand Balaramacharya Hunnur has resigned from the position of Managing Director, effective from May 31, 2019.

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, 2019:

Name of the director	Number of Equity Shares
Mrs. Meena Kirloskar	184,514
Mr. Vellore Padmanaban Mahendra	2,533
Mr. Sarosh Jehangir Ghandy	615
Mr. Anil Kumar Bhandari	500
Mr. Kamlesh Suresh 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.kirloskarelectric.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 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 November 13, 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: 0031253), Executive Chairman & Mr. Anand Balaramacharya 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.

j) 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, 2019, your company has the following sub-committees of the Board;

3. Audit Committee:

Audit Committee as on March 31, 2019 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 2018-19, the committee met four (04) times on May 28, 2018, August 08, 2018, November 13, 2018 & February 13, 2019.

Composition and attendance of each member were as follows:

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.

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. Kamlesh Suresh Gandhi	Chairman	04	04
Mr. Satyanarayan Agarwal	Member	04	04
Mr. Anil Kumar Bhandari	Member	04	04
Mr. Sarosh Jehangir Ghandy	Member	04	04
Mr. Mahendra Vellore Padmanaban	Member	04	04

4. Nomination and Remuneration Committee:

The committee comprised of four members as on March 31, 2019 all of whom are non executive directors.

There was no meeting during the year.

Composition of the committee is as follows:

Name	Category
Mr. Satyanarayan Agarwal	Chairman
Mr. Anil Kumar Bhandari	Member
Mr. Sarosh Jehangir Ghandy	Member
Mrs. Meena Kirloskar	Member

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 2018-19 and their shareholding as on March 31, 2019:

Name	Designation	Salary	Perquisites and allowances	Total Remuneration	Shareholding-No of equity shares
		₹	₹	₹	
Mr. Vijay Ravindra Kirloskar	Executive Chairman	1,68,00,000/-	-	1,68,00,000/-	11,890,618
Mr. Anand Balaramacharya Hunnur*	Managing Director	61,59,740/-	50,000/-	62,09,740/-	1,208

**Due to personal reasons Mr. Anand Balaramacharya Hunnur (DIN: 06650798) Managing Director of the Company has decided to step-down from the office as Managing Director of the Company and resigned from the position of Managing Director with effect from the close of office hours on May 31, 2019.*

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 Ravindra Kirloskar (DIN: 00031253) and Mr. Mahendra Vellore Padmanaban (DIN: 00033270), are members of the committee.

There was no meeting during the year.

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 2018-19 is given below:

Sl. No.	Particulars	No. of Complaints
1	Investor complaints pending at the beginning of the year	0
2	Investor complaints received during the year	3
3	Investor complaints disposed off / resolved during the year	2
4	Investor complaints remaining unresolved at the end of the year	1*

**The complaint was resolved by the company, however the investor had closed the ticket subsequently in the first quarter of FY 2019-20.*

6. General Meetings

a) Annual General Meeting:

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

	2015-16	2016-17	2017-18
Date, Venue and Time	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	21st September 2018 Hotel Royal Orchid, #1, Golf Avenue, Adjoining KGA Golf Course, HAL Airport Road, Kodihalli, Bangalore 560 008 10.00 A.M
Special Resolution Passed	No special resolution was passed	1. Revision in the remuneration payable to Mr. Vijay Ravindra Kirloskar, Executive Chairman 2. Reappointment of Mr. Vijay Ravindra Kirloskar as Executive Chairman 3. Appointment of Mr. Anand Balaramacharya Hunnur as Managing Director 4. Revision in the remuneration payable to Mr. Vinayak N Bapat, Managing Director:	1. Approval of the limits for the Loans, Guarantees and Investment by the company as per Section 186 of the Companies Act, 2013. 2. Approval for disposal of shares held in Subsidiaries/assets held by Subsidiaries

b) Extraordinary General Meeting:

Location, time and special resolution of the extraordinary general meeting of the company (EGM) held during the financial year 2018-19:

No EGM was held during the financial year 2018-19

c) Postal Ballot

During the year under review, the company completed process of one postal ballot as per provisions of Section 110 of the Companies Act, 2013. Mr. Karthick V (COP no. 4680), Company Secretary in Practice was appointed as the Scrutinizer for conducting postal ballot in a fair and transparent manner. The voting was conducted through physical mode as well as electronic mode. The company had engaged the services of CDSL to provide e-voting facility to its members.

The notice of postal ballot was accompanied with detailed instructions kit to enable the members to understand the procedure and manner in which postal ballot voting (including remote e-voting) is to be carried out. The following Resolutions are deemed to have been passed on the last date of e-voting and receipt of Postal Ballot forms i.e. on Monday, January 28, 2019. The Scrutinizer's Report has been displayed on the website of the company (https://kirloskarelectric.com/images/pdf/postal-ballot-results-2019.pdf) and CDSL viz. www.evotingindia.com. The resolutions were approved with requisite majority.

The details of results of Postal Ballot are as under:

Sl. No	Particulars	No. & % of votes received	No. & % of votes in favour	No. & % of votes against	Details of invalid votes
1	Approval for sale / disposal / transfer of the non-core assets of the company.	3,55,40,613 (53.51%)	3,29,52,326 (92.71%)	25,88,287 (7.28%)	844 (0.001%)
2	Approval to related party transaction.	3,55,39,794 (53.51%)	3,29,51,206 (92.71%)	25,88,588 (7.28%)	844 (0.001%)
3	Continuation of directorship of Mr. Sarosh Jehangir Ghandy (DIN: 00031237), non-executive independent director who has attained the age above 75 years	3,55,39,979 (53.51%)	3,55,27,263 (99.96%)	12,716 (0.035%)	844 (0.001%)
4	Continuation of directorship of Mr. Mahendra Vellore Padmanaban (DIN: 00033270), non-executive independent director who has attained the age above 75 years.	3,55,40,423 (53.51%)	3,55,27,884 (99.96%)	12,539 (0.035%)	844 (0.001%)
5	Continuation of directorship of Mr. Anil Kumar Bhandari (DIN: 00031194), non-executive independent director who will attain the age of 75 years after April 01, 2019.	3,55,39,923 (53.51%)	3,55,27,385 (99.96%)	12,538 (0.035%)	844 (0.001%)

At present there is no special resolution proposed to be conducted through postal ballot.

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) Newspaper 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.kirloskarelectric.com

d) There was no official news releases.

e) No presentation was made to institutional investors or to the analysts during the year 2018-19.

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 72nd Annual General Meeting of the company will be held on Saturday, 21st day, of September 2019 at Hotel Taj Yeshwanthpur, 2275, Tumkur Main Road, Yeshwanthpur Industrial Area, Phase-1, Yeshwanthpur, Bangalore-560 022 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, 2019.

(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 2018-19 and 2019-20;

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

2. BSE 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. BSE 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 2018	34.35	28.45	5,07,670	35.50	28.05	15,86,045
May 2018	30.15	23.45	3,97,375	30.80	23.00	14,13,508
June 2018	26.15	20.00	22,95,46	25.90	20.00	8,82,954
July 2018	24.70	16.85	5,87,736	24.65	16.20	16,80,471
August 2018	26.00	20.05	5,41,304	26.10	20.70	19,58,262
September 2018	23.30	16.00	3,45,206	25.00	16.30	10,51,973
October 2018	19.90	14.15	4,45,079	19.80	13.60	13,87,559
November 2018	19.90	16.40	1,61,847	19.45	16.50	7,81,135
December 2018	18.90	15.75	1,58,469	19.00	15.50	10,23,357
January 2019	24.65	16.60	12,85,305	24.65	16.55	67,72,269
February 2019	17.75	13.00	2,29,995	17.45	14.50	7,64,415
March 2019	20.30	16.00	3,82,446	20.50	15.70	16,96,423

***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 2018	29.50	35,160.36	29.55	10,739.35
May 2018	25.65	35,322.38	25.85	10,736.15
June 2018	20.90	35,423.48	21.05	10,714.30
July 2018	23.70	37,606.58	23.60	11,356.50
August 2018	22.55	38,645.07	22.65	11,680.50
September 2018	16.35	36,227.14	16.60	10,930.45
October 2018	19.10	34,442.05	19.25	10,386.60
November 2018	16.90	36,194.30	16.80	10,876.75
December 2018	17.55	36,068.33	18.20	10,862.55
January 2019	17.00	36,256.69	16.95	10,830.95
February 2019	15.60	35,867.44	15.70	10,792.50
March 2019	18.00	38,672.91	16.40	11,623.90

(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:

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.integratedindia.in Contact Person: Mr. Vijayagopal S, Vice President

(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, 2019. The details of investors' complaints received during the year 2018-19 have already been shared in the Boards' Report.

(k) Distribution of shareholding as on March 31, 2019:

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	24,556	4,053,182	20,490	8,59,915	45,046	84.52	4,913,097	7.40
501 - 1,000	3,691	3,131,667	218	1,59,524	3,909	7.33	3,291,191	4.96
1,001 – 2,000	2,019	3,190,659	117	1,61,136	2,136	4.01	3,351,795	5.05
2,001 – 3,000	724	1,887,183	30	74,687	754	1.41	1,961,870	2.95
3,001 – 4,000	340	1,240,857	16	55,663	356	0.67	1,296,520	1.95
4,001 – 5,000	320	1,538,146	10	43,659	330	0.62	1,581,805	2.38
5,001 - 10,000	426	3,149,888	9	63,401	435	0.82	3,213,289	4.84
10,001 & above	327	44,755,144	4	2,049,360	331	0.62	46,804,504	70.47
Total	32,403	62,946,726	20,894	3,467,345	53,297	100.00	66,414,071	100.00

(l) Shareholding pattern as on March 31, 2019:

Category	No. of Shareholders	No of shares held	% of Shareholding
Promoters	10	32,877,027	49.50
Banks, financial institutions,	22	270,635	0.41
Insurance Companies	4	3,240,824	4.88
Private Corporate Bodies	385	1,783,322	2.69
NBFCs registered with RBI	2	2,500	0.00
Indian Public	52,708	25,198,333	37.94
Foreign Institutional Investors	2	470,244	0.71
NRIs / OCBs	4	9,975	0.02
Clearing Members	157	664,709	1.00
Trusts	1	58	0.00
Overseas corporate bodies	2	1,896,444	2.86
Enemy Property	Nil	-	-
Total	**53,297**	**66,414,071**	**100**

(m) Dematerialization of shares and liquidity:

The paid up equity capital of the company as on March 31, 2019 was ₹ 664,140,710/- (66,414,071 Shares of ₹ 10/- each). As on March 31, 2019, 6,29,46,726 Equity Shares representing 94.78% 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 94.78% 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.

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

(o) Plant locations

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

(p) Address for correspondence:
The Compliance Officer
Kirloskar Electric Company Ltd.
No. 19, 2nd Main Road, Peenya 1st Stage, Phase – 1,
Peenya, Bangalore – 560 058
Telephone: 080 – 28397256; Fax: 080 – 28396727
Email: investors@kirloskarelectric.com
Web Site Address – www.kirloskarelectric.com

Other disclosures:

(a) Related party transactions

Information on transactions with related parties are given in Form AOC-2 and the same forms part of this report. The Policy on the related party transaction is available on the company's website and the link is provided hereunder; http://www.kirloskarelectric.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) Details of compliance with mandatory requirements and adoption of the non mandatory requirements:

The extent of adoption of non-mandatory requirements is as follows:

- The Board

  The Chairman of the Company is an Executive Director. He maintains his office at the Company's expense and is also allowed reimbursement of expenses incurred in performance of his duties.

- Audit qualifications

  There are no audit qualifications on the financial statements.

- Shareholder Rights

  Since the Company publishes its quarterly results in newspapers (English and Kannada) having wide circulation, and the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any declaration of half yearly performance to the shareholders.

- The position of Executive Chairman is separate.

(e) Policy on Material Subsidiary

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

(f) Disclosure in relation to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

Sl. No	Particulars	Status
1	No of complaints filed during the financial year	Nil
2	No of complaints disposed off during the financial year	Nil
3	No. of complaints as on end of the financials year	Nil

(g) The certificate from Mr. Karthick V, Practicing Company Secretary (Membership no. 11910 & COP no.4680), stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority has been obtained. The Certificate is enclosed with this section as Annexure - I.

Annexure-1

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Kirloskar Electric Company Limited,
No.19, 2nd Main Road,
Peenya 1st Stage Phase-1, Peenya,
Bengaluru - 560058

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Kirloskar Electric Company Limited** having CIN: L31100KA1946PLC000415 and having registered office at No.19, 2nd Main Road, Peenya 1st Stage Phase-1, Peenya, Bengaluru - 560058(hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ended on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Karthick V
Practicing Company Secretary,
Membership No. ACS – 11910
Certificate of Practice No. – 4680

Place : Bengaluru
Date :12th August, 2019

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 2018-19.

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

Sd/-
Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Place: Bangalore
Date: 14.08.2019

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
Members of Kirloskar Electric Company Limited,
No.19, 2nd Main Road,
Peenya 1st Stage, Phase – I,
Peenya, Bangalore - 560058

1. We, Ashok Kumar, Prabhashankar & Co., Chartered Accountants, Bangalore (Firm Registration no. 004982S) Statutory 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 31st March 2019, 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

2. 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

3. 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.

4. 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

5. 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, 2019.

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

A.Umesh Patwardhan
Partner
M. No. 222945

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

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, 2019, 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, 2019. We expressed a qualified audit opinion on those financial statements in our report dated May 29, 2019.

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 with 136(1) read with Rule 10 of Companies (Accounts) Rules, 2014 and are based on the audited Standalone Ind AS financial statements for the year ended March 31, 2019, 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 16 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 ₹ 14,898.79 lakhs (₹ 14,562.40 lakhs as at March 31, 2018) 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, 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, 2019 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.

Key Audit Matters

Note 17 of the abridged Standalone Ind AS financial statements: 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. We have been appraised of the restructuring plan including monetization of few non-core assets, projection of increase in turnover and infusion of funds in the near future. We have relied on the representations made by the Company and hence we are of the opinion that there is no existence of material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

Attention of the members is invited to note 18 of the abridged Standalone Ind AS financial statements which sets out that the Company has filed Special Leave Petition in respect of demand of resale tax penalty of ₹ 527 lakhs 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. Our opinion is not modified in respect of this matter.

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 ₹ 209.90 lakhs as at March 31, 2019 and total revenues of ₹ 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.Our opinion is not modified in respect of this matter.

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

A.Umesh Patwardhan
Partner
M. No. 222945

Date: May 29, 2019
Place: Bengaluru

INDEPENDENT AUDITORS' REPORT
To the Members of KIRLOSKAR ELECTRIC COMPANY LIMITED, BENGALURU

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

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, 2019, and the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 below, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, and its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention of the Members is invited to note 37(19) 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 from the said subsidiaries aggregating to ₹ 14,898.79 lakhs (₹ 14,562.40 lakhs as at March 31, 2018) against which provision is recognized for an amount of ₹ 2,970.77 lakhs as at March 31, 2019. Pending disposals/realization of assets by the subsidiaries, shortfall in realization of the amount outstanding (net of provision), if any, could not be ascertained.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

a. Going Concern Assessment – Effect of erosion in net worth of the company

Note 37(20) of the Standalone Ind AS financial statements – 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.

- Our Address on the Key Audit Matter

We have been appraised of the restructuring plan including monetization of few non-core assets, projection of increase in turnover and infusion of funds in the near future. We have relied on the representations made by the Company and hence we are of the opinion that there is no existence of material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

a. Attention of the members is invited to note 37(21) of the Standalone Ind AS financial statements which sets out that the Company has filed Special Leave Petition in respect of demand of resale tax penalty of ₹ 527 lakhs 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. Our opinion is not modified in respect of this matter.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Standalone Ind AS financial statements and our auditor's report thereon. Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence regarding the quantification of shortfall in realization of consideration receivable from certain subsidiaries pending disposals/realization of assets by the subsidiaries. Accordingly, we are unable to conclude whether or not the other information in relation to this is materially misstated with respect to this matter.

Responsibility of Management and Those Charged with Governance for 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/ information of one branch, the Kaula Lampur Office of the company, included in the Standalone Ind AS financial statements of the company whose financial statements/financial information reflect total assets of ₹ 209.90 lakhs as at March 31, 2019 and the total revenue of ₹ 1 lakhs for the year ended on that date, as considered in the Standalone Ind AS financial statements. The financial statements/information of this branch has been audited by the branch auditors (M/s Sundar & Associates, Chartered Accountants) whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors. Our report is not qualified in respect of this matter.

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 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 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 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 the 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 Lossincluding Other Comprehensive Income, 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;
   e. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules as amended;
   f. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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*"**; and
   h. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company have disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 37(1a) to the Standalone Ind AS financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under applicable laws or accounting standards;
      iii. There has been no delay in transferring amounts, required to be transfeered, 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 29, 2019
Place: Bengaluru

ANNEXURE 'A' TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Kirloskar Electric Company Limited for the year ended March 31, 2019. We report that:

i) 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 material however the same has been properly dealt with in the books of account.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii) With regard to inventory, physical verification has been conducted by the management at reasonable intervals and 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 Standalone Ind AS 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.

iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited LiabilityPartnership 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(8)to the financial statements are advances and not in the nature of loans.

iv) 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.

v) 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, 2019 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.

vi) 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. However, we have not carried out a detailed examination of such records.

vii) a) The Company has been regular in depositing undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Goods and Services 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, excise duty and professional tax. 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, 2019 for a period of more than six months from the date they became payable except in respect of dues of Duty of Excise amounting to ₹ 176.03 lakhs payable for December 2016, March 2017 to May 2017 and dues of Provident fund amounting to ₹ 2.08 lakhs payable for August 2018.

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, 2019 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 – 05	Supreme Court
Karnataka Value Added Tax Act, 2003	VAT demanded	88.59	2007 – 08 to 2014-15	Joint Commissione of Commercial Tax (Appeals)
The Central Excise, 1944	Cenvat availment	6.85	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	1,723.92	1999 – 2000, 2005-2006, 2007-2008 and 2008-2009, 2011-12, 20112-13	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

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

(₹ In Lakhs)

Lender's Name	As at March 31, 2019			Period of delay
	Principal	Interest	Total	
State Bank of India	206.60	85.54	292.14	Less than 180 days
State Bank of India	77.48	32.08	109.56	Less than 90 days
Corporation Bank	2,234.00	25.09	2,259.09	More than 365 Days
Bank of India	14.02	4.73	18.75	Less than 90 days
Bank of India	30.06	19.84	49.90	Less than 90 days
Axis Bank*	7,135.00	-	7,135.00	More than 365 Days
Total	**9,697.16**	**167.28**	**9,864.44**	

*The entire loan was repayable by 30-06-2017 as per the sanction terms. The company has defaulted in repayment of the said loan. The asset was classified as Non-Performing Asset by the bank w.e.f 27-09-2017. Thereafter, during the period covered under audit, the bankers have assigned the loan along with the securities charged to Asset Reconstruction Company India Limited (ARCIL).

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

x) 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.

xi) 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.

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

xiii) 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.

xiv) 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.

xv) 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.

xvi) 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 29, 2019
Place: Bengaluru

Annexure 'B' to the 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, 2019 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 ('ICAI'). 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 judgment, including the assessment of the risks of material misstatement of the 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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, 2019, 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 29, 2019
Place: Bengaluru

Abridged
Financial Statement
2018-2019

Abridged Balance Sheet as at March 31, 2019

[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, 2019		As at April 01, 2018	
I ASSETS				
(1) Non Current Assets				
a Property, plant and equipment	32,143.91		39,829.52	
b Capital work-in-progress	20.25		8.48	
c Investment property	147.11		147.11	
d Other intangible assets	5.75		11.33	
e Goodwill	-		-	
f Financial assets				
i Investments	7,059.31		7,053.05	
ii Trade receivables	546.54		706.38	
iii Loans				
iv Other financial assets	109.92		51.83	
g Other non-current assets	2,661.35	42,694.14	12,442.46	60,250.16
(2) Current Assets				
(a) Inventories	4,681.20		5,473.14	
(b) Financial assets				
i Trade receivables	1,709.05		3,935.59	
ii Cash and cash equivalents	924.60		1,153.67	
iii Other Bank balances	600.19		1,091.60	
(c) Other current assets	12,494.74	20,409.78	4,030.22	15,684.22
TOTAL ASSETS		**63,103.92**		**75,934.38**
I EQUITY AND LIABILITIES				
(1) Equity				
(a) Share capital	6,641.41		6,641.41	
(b) Other equity	6,943.62	13,585.03	13,675.84	20,317.25

Abridged Balance Sheet as at March 31, 2019

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

Particulars	As at March 31, 2019		As at April 01, 2018	
II LIABILITIES				
(2) Non Current Liabilities				
(a) Financial liabilities				
i Borrowings	9,062.89		4,963.08	
ii Other financial liabilities	899.90		1,256.14	
(b) Provisions	1,961.90		1,858.62	
(c) Deferred tax liabilities (net)	1,052.44	12,977.13	2,973.40	11,051.24
(3) Current liabilities				
(a) Financial liabilities				
i Borrowings	10,322.81		17,251.52	
ii Trade payables				
(i) micro and small enterprises, and	2,427.14		108.58	
(ii) other than micro and small enterprises	9,636.07		14,781.30	
iii Other financial liabilities	2,826.17		1,961.08	
(b) Provisions	2,557.50		2,451.04	
(c) Other current liabilities	8,771.51		8,012.13	
(d) Current tax liabilities (net)	0.56	36,541.76	0.24	44,565.89
TOTAL EQUITY AND LIABILITIES		**63,103.92**		**75,934.38**

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 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 29, 2019

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

Abridged Statement of Profit and Loss for the year ended March 31, 2019

[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	March 31,2019	March 31,2018
I	Revenue from Operations:	29,442.12	37,912.56
II	Other Income	6,217.45	1,541.09
III	**Total Income (I+II)**	**35,659.57**	**39,453.65**
IV	**Expenses**		
	Cost of materials consumed	21,460.08	27,385.03
	Changes in inventories of finished goods, work in progress and Stock-in-Trade	566.87	1,482.16
	Excise duty	-	888.99
	Employee benefits expense	6,118.61	6,765.42
	Finance costs	3,842.80	3,309.94
	Depreciation and amortization expense	771.70	1,064.25
	Other expenses	4,761.64	6,240.69
	Total expenses (IV)	**37,521.70**	**47,136.48**
V	**Loss before exceptional items and tax**	**(1,862.13)**	**(7,682.83)**
VI	Exceptional Items	-	-
VII	**Loss before Tax**	**(1,862.13)**	**(7,682.83)**
VIII	**Tax Expense**		
	1) Current Tax	0.31	0.13
	(2) Deferred Tax	-	-
IX	**Loss after Tax**	**(1,862.44)**	**(7,682.96)**
X	**Other Comprehensive Income**		
	(I) Items that will not be reclassified to profit or loss		
	a) Remeasurements of the defined benefit plans	98.49	148.62
	b) Taxes on above	(30.43)	(45.93)
	(ii) Items that will be reclassified to profit or loss		
	a) Mark to Market of Investments	6.27	17.23
	b) Reversal Revaluation gain on Land on sale of asset	(6,895.48)	-
	c) Taxes on above	1,951.39	(5.63)
	Total (X)	**(4,869.76)**	**114.30**
XI	**Total comprehensive income (Loss) for the year (IX+X)**	**(6,732.20)**	**(7,568.66)**
XII	**Earning per equity share before exceptional item (for continuing operations & combined)**		
	Basic & diluted (in)	(2.80)	(11.57)
XIII	**Earning per equity share after exceptional item (for continuing operations & combined)**		
	Basic & diluted (in)	(2.80)	(11.57)
	(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

A. Umesh Patwardhan
Partner
Membership No: 222945

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Kamlesh Suresh Gandhi
Director
DIN: 00004969

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

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

Place: Bengaluru
Date: May 29, 2019

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

Abridged cash flow statement for year ended March 31, 2019

[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	Current Year	Previous Year
1	Cash flows from operating activities	(672.24)	2,303.39
2	Cash flows from investing activities	6,249.78	(221.35)
3	Cash flows from financing activities	(5,806.61)	(2,109.73)
4	Net increase/(decrease) in cash and cash equivalents	(229.07)	(27.69)
5	Cash and cash equivalents at the beginning of the year	1,153.67	1,181.36
6	Cash and cash equivalents at the end of the year	924.60	1,153.67

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

Vijay Ravindra Kirloskar
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Managing Director
DIN: 06650798

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

Place: Bengaluru
Date: May 29, 2019

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

Abridged Statement of changes in Equity for the year ended March 31, 2019
[Pursuant to first provision 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, 2019	As at March 31, 2018
Balance at the Beginning of the year	**6,641.41**	**6,641.41**
Changes in equity share capital during the year	-	-
Balance at the end of the year	**6,641.41**	**6,641.41**

(b) Other Equity

(₹ in lakhs)

Particulars	Capital redemption reserve	Capital reserve	Securities premium	Retained earnings	Reserve for doubtful debts	Reco-nstruction 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	Revalu-ation of Land	Actuarial gains/ (losses) of employee		
Total comprehensive income as at March 31, 2017	**2,401.75**	**18.06**	**4,410.84**	**(16,955.65)**	**90.00**	**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**	**81.48**	**30,752.12**	**13,675.83**
Add/(Less): Gain/(Loss) for the year	-	-	-	(1,862.44)	-	-	(1,862.44)	6.27	-	-	6.27	(1,856.17)

Add/(Less): Ind AS adjustments	-	-	-	-	-	-	-	-	(6,895.48)	98.49	(6,796.99)	(6,796.99)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	1.96	1,949.43	(30.43)	1,920.96	1,920.96
Total comprehensive income as at March 31, 2019	**2,401.75**	**18.06**	**4,410.84**	**(26,411.06)**	**-**	**641.67**	**(18,938.74)**	**68.41**	**25,664.41**	**149.54**	**25,882.36**	**6,943.62**

* Reserve for doubtful debts of Rs 90 lakhs no longer required has been transferred to Retained Earnings during the financial year 2017-2018.

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 29, 2019

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

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, 2019	As at March 31, 2018
i)	Claims against the Company not acknowledged as debts	**854.22**	**867.43**
ii)	Guarantees	**771.72**	**1,482.27**
iii)	Bills discounted with Bank	**577.59**	**345.05**
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.	**6.85**	**170.51**
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.	**1,885.98**	**2,013.14**
vi)	The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty of ₹ 362 lakhs, 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 filed a writ petition in the honorable High Court of Karnataka challenging the scheme on grounds of discrimination and seeking specific reliefs. The honorable High Court of Karnataka has passed the order on October 01, 2018, that the deposit of Penalty amount made by the Company so far under the interim orders of the honorable High Court of Karnataka and honorable Supreme Court, shall be considered as Deposit made under the provisions of the said scheme subject to the final order by the appropriate authority in terms of the scheme for the adjustment of such deposited amount of Penalty. Further, on March 23, 2019, the Company has received the Final order from Assistant Commissioner of State Tax, Local Goods & Service Tax-140. In the said order, out of ₹ 180.05 Lakhs initial deposit amount paid under protest for preferring an appeal by the Company, ₹ 36.21 Lakhs has been considered as the full and final settlement for adjustment against the pending amounts under 'Karasamadhana Scheme 2017' and the balance amount ₹ 144.84 Lakhs has been refunded on March 29, 2019 to the Company.	**Nil**	**362.31**
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 (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of 298.17 lakhs as at March 31, 2017 against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.	**527.06**	**527.06**

(₹ In Lakhs)

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**	**5.00**
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)	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 earlier 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**
xiii)	Corporate Guarantee given to its wholly owned subsidiary	**5,370.12**	**6,632.68**
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(14).

b) Commitments

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**124.17**	**22.44**

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.

NOTES TO ABRIDGED FINANCIAL STATEMENTS

(₹ In Lakhs)

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(9) 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, 2019 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

Left intentionally blank

NOTES TO ABRIDGED FINANCIAL STATEMENTS

7 Note 37 (10) 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, 2019	As at March 31, 2018
Employer's contribution to provident & pension funds	**290.10**	**304.12**
Employer's contribution to superannuation fund	**55.02**	**101.43**

(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, 2019		As at March 31, 2018	
	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	2,179.72	473.86	2,187.12	542.47
Current Service Cost (*)	92.11	51.89	107.59	55.83
Past Service Cost	-	-	166.02	-
Interest Cost	170.45	37.05	158.78	39.38
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	-	-
Actuarial (gain)/ loss	(98.48)	(4.41)	(148.61)	(16.06)
Benefits paid from funds	(261.83)		(291.18)	
Benefits paid directly by employer	(1.37)	(92.25)	-	(147.75)
Defined Benefit obligation at end of the year	2,080.60	466.14	2,179.72	473.86
2. Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	574.89	203.03	753.00	188.60
Interest Income	44.96	15.87	54.67	13.69
Employer Contribution	4.00	-	64.95	-
Benefits paid from funds	(261.83)	-	(291.19)	-
Actuarial gain/(loss)	(11.72)	(0.04)	(6.54)	0.74
Fair value of plan assets at year end	350.30	218.86	574.89	203.03
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	350.30	218.86	574.89	203.03
Present value of obligation	2,080.60	466.14	2,179.72	473.86

NOTES TO ABRIDGED FINANCIAL STATEMENTS

Particulars	As at March 31, 2019		As at March 31, 2018	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
Amount recognized in Balance Sheet under liabilities:	1,730.30	247.28	1,604.83	270.83
Expense recognized during the year: (under "Note 28" "Employee Benefit Expenses" in the Statement of Profit and Loss)	**Current Year**		**Previous Year**	
In Income Statement:				
Current Service Cost	92.11	51.89	107.59	55.83
Past Service Cost	-	-	166.02	-
Interest Cost	170.45	37.05	158.78	39.38
Actual return on plan assets	(44.96)	(15.87)	(54.67)	(13.69)
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	-	-
In Other Comprehensive Income:				
Actuarial (gain)/ loss	(86.76)	(4.37)	(142.07)	(16.80)
Net Cost	130.84	68.70	235.65	64.72

Actuarial assumptions:	**As at March 31, 2019**		**As at March 31, 2018**	
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)	7.69%	7.69%	7.82%	7.82%
Expected rate of return on plan assets (per annum)	7.69%	7.69%	7.82%	7.82%
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):

	2018-19	2017-18	2016-17	2015-16	2014-15
Defined benefit obligation at the end of the period	(2,080.60)	(2,179.72)	(2,319.35)	(2,437.49)	(2,490.09)
Plan assets at end of the period	350.30	574.89	753.00	1,053.72	1,310.95
Unfunded amount	(1,730.30)	(1,604.83)	(1,566.35)	(1,383.77)	(1,179.14)
Experience Gain/ (loss) adjustments on plan liablities	113.32	80.92	100.36	(24.27)	23.38
Experience Gain/ (loss) adjustments on plan assets	(11.72)	(6.54)	(15.35)	(11.07)	(20.58)
Actuarial gain/ (loss) due to change in assumptions	(14.83)	67.71	(92.05)	11.67	(174.33)

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, 2019		As at March 31, 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	59.18	(55.89)	60.25	(56.94)
Change in rate of salary increase (delta effect of +/- 0.5%)	(56.49)	59.29	(57.62)	60.43
Change in rate of plan assets (delta effect of +/- 0.5%)	(2.40)	2.27	(2.97)	2.83

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.

8 Note 37 (11) 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.

9 Note 37 (12) 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 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 Swapnalatha (from February 12,2018)	Key management personnel and their relatives ("KMP")
4	Kirloskar (Malaysia) Sdn. Bhd	Associates
5	Transport Corporation of India Maini Material Movement Private Limited	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, 2019	March 31, 2018
Purchase of goods and services:			
Vijay Farms Private Limited	Others-B	28.73	38.73
Sri Vijayadurga Investments and Agencies Private Limited		106.90	95.15
Ravindu Motors Private Limited		-	0.09
Abhiman Trading Company Private Limited		48.40	59.91
Transport Corporation of India	Others-A	230.45	210.07
Sale of goods and services: Kirsons BV	Step down subsidiary	70.81	216.22
Kirloskar (Malaysia) Sdn. Bhd	Associates	275.85	365.00
Ravindu Motors Private Limited	Others-B	9.32	2.84
Maini Materials Movement Private Limited	Others-A	1.34	0.25
Rent paid			
Vijayjyothi Investments and Agencies Private Limited		78.00	78.00
Remuneration paid:			
Vijay R Kirloskar* Short term employee benefits	KMP	190.68	190.68

NOTES TO ABRIDGED FINANCIAL STATEMENTS

Particulars	Relationship	March 31, 2019	March 31, 2018
Vinayak Narayan Bapat*			
Short term employee benefits		-	55.45
Anand B Hunnur*			
Short term employee benefits		68.80	65.21
Swapna Latha*			
Short term employee benefits		25.48	3.93
Soumendra Kumar Mahapatra*	KMP		
Short term employee benefits		-	13.01
Sanjeev Kumar S*			
Short term employee benefits		24.90	24.15
Chinmoy Pattnaik*			
Short term employee benefits		-	20.72
Rukmini Kirloskar*			
Short term employee benefits		-	3.27
Meena Kirloskar (Sitting fees)		0.45	1.20
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
Expenses of subsidaries met by the Company and to be reimbursed			
KELBUZZ Trading Private Limited		1.60	110.75
Luxquisite Parkland Private Limited		0.33	0.49
SKG Terra Promenade Private Limited	Wholly Owned	238.32	238.32
SLPKG Estate Holdings Private Limited	Subsidiary	240.17	282.12
Kesvik Developers Private Limited		0.11	0.09
Swaki Habitat Private Limited		0.36	0.09

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

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

NOTES TO ABRIDGED FINANCIAL STATEMENTS

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

Particulars	Relationship	March 31, 2019	March 31, 2018
Amount due to Company:			
KELBUZZ Trading Private Limited		5,708.32	5,717.97
Luxquisite Parkland Private Limited		233.98	233.65
SKG Terra Promenade Private Limited	Wholly Owned	3,766.17	3,557.10
SLPKG Estate Holdings Private Limited	Subsidiary	5,188.97	5,052.80
Kesvik Developers Private Limited		0.55	0.44
Swaki Habitat Private Limited		0.79	0.43
KIRSONS BV	Step down subsidiary	31.58	-
Kirloskar (Malaysia) Sdn. Bhd	Associate	42.57	63.13
Kirloskar Power Equipment Limited	Others A & B	0.18	0.18
Vijay Farms Private Limited		102.29	194.04
Sri Vijayadurga Investments and Agencies Private Limited		9.67	2.71
Vijayjyothi Investments and Agencies Private Limited		11.92	75.53
Ravindu Motors Private Limited		2.22	0.38
Maini Materials Movement Private Limited		3.29	6.37
Abhiman Trading Company Private Limited		11.07	73.60
Kirloskar Batteries Private Limited		2.61	0.19
Amount due from Company:			
Lloyd Dynamowerke GmbH & Co. KG	Step down subsidiary	167.50	167.50
Transport Corporation of India		82.92	68.89
Kirloskar Batteries Private Limited	Others-B	11.94	11.94
Vijay Farms Private Limited		3.43	3.43
Vijayjyothi Investments and Agencies Private Limited		0.36	0.36
Abhiman Trading Company Private Limited		15.93	15.93
Sri Vijayadurga Investments and Agencies Private Limited		27.61	27.61
Investment held			
KELBUZZ Trading Private Limited		775.26	775.26
Luxquisite Parkland Private Limited		6,064.00	6,064.00
SKG Terra Promenade Private Limited	Wholly Owned	1.00	1.00
SLPKG Estate Holdings Private Limited	Subsidiary	87.65	87.65
Kesvik Developers Private Limited		1.00	1.00
Swaki Habitat Private Limited		1.00	1.00
Kirloskar Power Equipment Limited	Others -B	36.96	44.71

NOTES TO ABRIDGED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	Relationship	March 31, 2019	March 31, 2018
Guarantees given by the Company and outstanding at the end of the year for the loan taken by:			
KELBUZZ Trading Private Limited	Wholly Owned Subsidiary	4,200.79	4,200.79
SLPKG Estate Holdings Private Limited		1,169.32	2,557.38
Guarantees given by the Subsidiary in respect of loan taken by the Company and outstanding at the end of the year:			
SKG Terra Promenade Private Limited	Wholly Owned Subsidiary	2,259.09	2,259.55
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:			
Vijay R Kirloskar	KMP	16,850.34	20,502.83

10. Note 37 (13) 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 **₹ 154.05 Lakhs** (Previous Year ₹ 263.63 Lakhs).

11. Note 37 (14) 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:

(₹ In Lakhs)

Sl. No.	Particluars		Provision for Contingencies	Wage Arrears	Short Term Compensated Absences	Warranty Claims
1	Balance outstanding as at:	01-Apr-18	1,372.63	701.42	17.03	359.96
		01-Apr-17	1,284.26	515.58	17.03	499.53
2	Provision for the year (net)	31-Mar-19	33.83	132.76	-	(60.14)
		31-Mar-18	88.36	185.84	-	(139.57)
3	Balance outstanding as at	31-Mar-19	1,406.47	834.18	17.03	299.82
		31-Mar-18	1,372.63	701.42	17.03	359.96

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 as 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.

NOTES TO ABRIDGED FINANCIAL STATEMENTS

12 Note 37 (15) 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 analysis in the following sections relate to the positions as at March 31, 2019 and March 31, 2018:

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, 2019 and March 31, 2018 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.

The foreign currency exposures that have not been hedged by any derivative instrument or otherwise as on Mar 31, 2019 are as under:

Particulars	As at March 31, 2019		As at March 01,2018	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	USD 221,667	283.79	USD 397,943	1,035.02
	EUR 167,344		EUR 324,614	
	AED 0		AED 2,666	
Liabilities (Payables)	USD 2,616,527	2,058.32	USD 561,170	1,411.40
	EUR 298,852		EUR 402,118	
	AED 0		AED 75,237	
	MYR 27,550		MYR 27,550	

* 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

NOTES TO ABRIDGED FINANCIAL STATEMENTS

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, 2019 and March 31, 2018 would decrease the Company's loss and increase the Company's equity by approximately ₹ 17.74 Lakhs and ₹ 3.76 Lakhs respectively. 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.

13 Note 37 (16) 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-19	31-Mar-18
Financial Assets at amortized cost:			
Investments	7	7,059.31	7,053.05
Trade Receivables	8 & 12	2,255.59	4,641.97
Other Financial Assets	9	109.92	51.83
Cash & cash equivalents	13	924.60	1,153.67
Other Bank Balances	13	600.19	1,091.60
Total Financial Assets		**10,949.61**	**13,992.12**
Financial Liabilities at amortized cost:			
Borrowings	18 & 22	19,385.70	22,214.60
Other Financial Liabilities	19	899.90	1,256.14
Trade Payables	23	12,063.21	14,889.88
Total Financial Liabilities		**32,348.81**	**38,360.62**

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 March 31,2018 and March 31,2019 on this count is estimated at ₹ 17.23 Lakhs and ₹ 6.27 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.

14 Note 37 (17) 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 earlier 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 1,162,120.52 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.

NOTES TO ABRIDGED FINANCIAL STATEMENTS

15 Note 37 (18) 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.

16 Note 37(19) of the financial statements:

a) As a measure of restructuring and with the consent of Lead Bank and other Lending banks under the Joint Lender Forum (JLF) mechanism, the Company had transferred in the year ended March 31, 2015 certain assets comprising of immovable properties, receivables and inventory to its subsidiaries - Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited and SLPKG Estate Holdings Private Limited, which will function as special purpose vehicles to hold such assets, dispose off the same and pay off certain debts (bank dues) transferred by the Company. The amounts outstanding and due from the subsidiaries as at March 31, 2019 in respect of the transfer of the assets as mentioned above, other expenses incurred by the subsidiaries reimbursed by the Company and interest charged totally amounts to ₹ 14,898.79 lakhs (₹ 14,562.40 lakhs as at March 31, 2018) after considering Ind AS adjustments. These subsidiaries are taking active steps to repay the dues of the Company from collection of debts (receivables) assigned and from disposal of immovable properties / inventories transferred apart from debts (bank dues) transferred / to be transferred as referred above. As on the date of results, the company was in advance stage of discussion for monetization of properties of its Subsidiaries. The Board of Directors are confident of recovering all the pending dues. However, based on expected credit losses as prescribed under Ind AS as against the incurred loss model envisaged under earlier GAAP, a sum of ₹ 2,970.77 lakhs has been provided upto March 31, 2019.

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.

17 Note 37(20) of the financial statements:

The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at March 31, 2019 consisting of the Company, its subsidiaries and its associate is eroded. There were certain overdues in respect of banks and creditors. The Company and its components have initiated several measures like active steps being taken for disposal of non-core assets, arrangement under JLF mechanism for restructuring of dues to banks, sanction of further non-fund based limits by banks, infusion of capital by the promoters, rationalization of operations, introduction of value added products, push for sales, optimization in product mix and enhanced contribution, capital raising plans etc. The Company is in advanced stage of negotiation for funding arrangements with various parties which will improve the performance in forthcoming periods. The Company is confident that this funding arrangement will have a positive impact on the net worth of the Company. Accordingly, your directors have prepared these financial results of the Company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

18 Note 37(21) of the financial statements:

a) The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty of ₹ 362 lakhs, 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 filed a writ petition in the honorable High Court of Karnataka challenging the scheme on grounds of discrimination and seeking specific reliefs. The honorable High Court of Karnataka has passed the order on October 01, 2018, that the deposit of Penalty amount made by the Company so far under the interim orders of

NOTES TO ABRIDGED FINANCIAL STATEMENTS

the honorable High Court of Karnataka and honorable Supreme Court, shall be considered as Deposit made under the provisions of the said scheme subject to the final order by the appropriate authority in terms of the scheme for the adjustment of such deposited amount of Penalty. Further, on March 23, 2019, the Company has received the Final order from Assistant Commissioner of State Tax, Local Goods & Service Tax-140. In the said order, out of ₹ 180.05 Lakhs initial deposit amount paid under protest for preferring an appeal by the Company, ₹36.21 Lakhs has been considered as the full and final settlement for adjustment againt the pending amounts under 'Karasamadhana Scheme 2017' and the balance amount ₹ 144.84 Lakhs has been refunded on March 29, 2019 to the Company.

b) The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2017 against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.

19 Note 37(22) 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.

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

a) The Company has defaulted in repayment of following dues to the financial institution, banks and debentures, which were paid on or before the Balance Sheet date:

(₹ In Lakhs)

Lender's Name	Principal	Interest	Total	Period of delay
State Bank of India	206.60	85.54	292.14	Less than 180 days
State Bank of India	77.48	32.08	109.55	Less than 90 days
Corporation Bank	2,234.00	25.09	2,259.09	More than 365 Days
Bank of India	14.02	4.73	18.75	Less than 90 days
Bank of India	30.06	19.84	49.90	Less than 90 days
Total	**2,562.16**	**167.28**	**2,729.43**	

b) The Company has defaulted in repayment of following dues to the financials institution, banks and debenture holders during the year, which were not paid as at Balance Sheet date:

(₹ In Lakhs)

Lender's Name	Principal	Interest	Total	Period of delay
Nil	-	-	-	-
Total	**-**	**-**	**-**	

21 Note 37(23) 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, 2019, 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.

22 Note 37(24) of the financial statements:

During the year, Company Banker - Axis Bank had assigned its total debts due (excluding the Bank Guarantee Limits) in the Company and one of its subsidiary, Kelbuzz Trading Private Limited alongwith the underlying financial documents together with rights, benefits and obligations' there under to Asset Reconstruction Company (India) Ltd (ARCIL). As on date of results, the Company is in discussion for finalisation of Terms of Assignment Document, pending which no effect has been given in the books of account for the year ended March 31, 2019.

23 Note 37(25) of the financial statements:

Previous year's figures have been regrouped wherever required in conformity with current year presentation. Figures in brackets relates to previous year.

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

Vijay Ravindra Kirloskar
Executive Chairman
DIN: 00031253

Kamlesh Suresh Gandhi
Director
DIN: 00004969

Anand Balaramacharya Hunnur
Managing Director
DIN: 06650798

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

Place: Bengaluru
Date: May 29, 2019

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

INDEPENDENT AUDITORS' REPORT

To the Members of

KIRLOSKAR ELECTRIC COMPANY LIMITED, BENGALURU

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying ConsolidatedInd 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, 2019, and the Consolidated Statement of Profit and Loss, including Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 Consolidated state of affairs of the Group as at March 31, 2019, and its Consolidated loss including other comprehensive income, its Consolidated cash flows and the Consolidated changes in equity for the year ended on that date.

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 ₹ 2,579 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.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind ASFinancial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the ConsolidatedInd AS financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

a. Going Concern Assessment – Effect of erosion in net worth of the group

Note 37(19) of the consolidated financial statements – The directors have detailed the reasons for preparing these ConsolidatedInd AS financial statements on a going concern basis, though the 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 group adhering to the restructuring plan and infusion of requisite funds.

- **Our Address on the Key Audit Matter**

  We have been appraised of the restructuring plan including monetization of few non-core assets, projection of increase in turnover and infusion of funds in the near future. We have relied on the representations made by the Group and hence we are of the opinion that there is no existence of material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

a. Attention of the members is invited to note 37(20) of the ConsolidatedInd AS financial statements which sets out that the Group has filed Special Leave Petition in respect of demand of resale tax penalty of ₹ 527 lakhs 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.Our opinion is not modified in respect of this matter.

Other Information

The Group's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Consolidated Ind AS financial statements and our auditor's report thereon. Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the ConsolidatedInd AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence regarding the shortfall in the recoverability of trade receivables/book debts exceeding two years and considered good by the management. Accordingly, we are unable to conclude whether or not the other information in relation to this is materially misstated with respect to this matter.

Responsibility of Management and Those Charged with Governance for Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated changes in equity, consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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. In preparing the Consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the Audit of the ConsolidatedFinancial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind ASfinancial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

· Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

·Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidatedfinancial statements of which we are the independent auditors. For the other entities included in the Consolidatedfinancial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidatedfinancial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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 ₹ 878 lakhs as at March 31, 2019, total revenues of ₹ 90 lakhs and net cash flows of ₹ (2.25) 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 ₹ 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.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid Consolidated Ind AS financial statements;

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 the other auditors;

c. TheConsolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, and the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant 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 Accounting Standards specified under Section 133 of the Act, read with relevant rules as amended;

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2019 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 Holding Company and is subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate report in ***"Annexure A"***; and

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

   i. The Holding Company and its subsidiary companies incorporated in India have disclosed the impact of pending litigations on its financial position in its Consolidated Ind ASfinancial statements –Refer note 37(1a)to the Consolidated Ind AS financial statements.

   ii. The Holding Company and its subsidiary companies incorporated in India did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under applicable laws or accounting standards.

   iii. There has been no delay in transferring amounts, required to be transfeered, to the Investor Education and Protection Fund by the Holding Company and its Subsidiaries Companies incorporated in India.

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

A.Umesh Patwardhan
Partner
Membership No. 222945

Place: Bengaluru
Date: May 29, 2019

ANNEXURE 'A' TO THE 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, 2019, 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 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 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 the 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, 2019, 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
Membership No. 222945

Place: Bengaluru
Date: May 29, 2019

Consolidated
Financial Statement
2018-2019

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2019

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2019	As at March 31,2018
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	32,143.91	39,829.52
(b) Capital work-in-progress	4	20.25	8.48
(c) Investment Property	5	175.64	175.64
(d) Other Intangible assets	6	423.22	533.20
(e) Financial assets			
(i) Investments	7	124.11	148.76
(ii) Trade Receivables	8	546.54	706.38
(iii) Other financial assets	9	109.92	51.83
(f) Other non-current assets	10	2,667.72	2,774.75
Total Non-current assets		**36,211.31**	**44,228.56**
Current assets			
(a) Inventories	11	4,681.20	5,473.14
(b) Financial assets			
(i) Trade receivables	12	4,257.07	6,845.20
(ii) Cash and cash equivalents	13(a)	961.54	1,193.78
(iii) Other Bank balances	13(b)	601.12	1,091.60
(c) Other current assets	14	982.58	2,538.09
Total Current assets		**11,483.51**	**17,141.81**
TOTAL ASSETS		**47,694.82**	**61,370.37**
I. EQUITY AND LIABILITIES			
Equity			
(a) Share capital	15	6,641.41	6,641.41
(b) Other equity	16	(15,801.63)	(8,106.40)
Equity attributable to shareholders		(9,160.22)	(1,464.99)
Non-controlling interest		4.00	4.00
TOTAL EQUITY		**(9,156.22)**	**(1,460.99)**
II. LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	7,224.83	4,963.08
(ii) Other financial liabilities	18	899.90	1,256.14
(b) Provisions	19	1,961.90	1,858.62
(c) Deferred tax liabilities (net)	20	1,052.44	2,973.40
(d) Other non-current liabilities			
Total non current liabilities		**11,139.07**	**11,051.24**

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2019

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2019	As at March 31,2018
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	11,645.81	17,251.52
(ii) Trade payables			
(i) micro and small enterprises, and	22(a)	2,427.14	108.58
(ii) other than micro and small enterprises	22(b)	9,638.68	14,862.08
(iii) Other financial liabilities	23	10,600.91	8,994.73
(b) Provisions	24	2,557.50	2,451.04
(c) Other current liabilities	25	8,841.37	8,111.93
(d) Current Tax Liabilities (Net)	26	0.56	0.24
Total current liabilities		**45,711.97**	**51,780.12**
TOTAL EQUITY AND LIABILITIES		**47,694.82**	**61,370.37**

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 29, 2019

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, 2019

(₹ In Lakhs)

	Particulars	Note No.	As at March 31,2019		As at March 31,2018	
I	Revenue from operations	27		29,460.91		37,924.96
II	Other income	28		6,217.45		670.34
III	**Total revenue (I + II)**			**35,678.36**		**38,595.30**
IV	**Expenses:**					
	Cost of materials consumed	29	21,460.08		27,385.03	
	Changes in inventories of finished goods, work in progress and Stock-in-Trade	30	566.87		1,482.17	
				22,026.95		28,867.20
	Excise Duty	31		-		888.99
	Employee benefits expense	32		6,118.61		6,765.42
	Finance costs	33		4,877.04		4,339.53
	Depreciation and amortization expense	34		876.10		1,168.61
	Other expenses	35		4,920.31		5,280.14
	Total expenses			**38,819.01**		**47,309.89**
V	**Loss before exceptional items and tax (III-IV)**			**(3,140.65)**		**(8,714.59)**
VI	Exceptional Items			346.40		**-**
VII	**Loss before tax (V-VI)**			**(2,794.25)**		**(8,714.59)**
VIII	**Tax expense:**					
	Current tax		0.31		0.13	
	Deferred tax		**-**	**0.31**	-	**0.13**
IX	**Loss for the year (VII - VIII)**			**(2,794.56)**		**(8,714.72)**
X	**Other comprehensive income**					
	(i) Items that will not be reclassified to profit or loss					
	a) Remeasurements of the defined benefit plans		98.49		148.62	
	b) Taxes on above		(30.43)		(45.93)	

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(₹ In Lakhs)

	Particulars	Note No.	As at March 31,2019		As at March 31,2018	
(ii)	**Items that will be reclassified to profit or loss**					
	a) Mark to Market of Investments		6.27		17.23	
	b) Revaluation gain reversed on sale of Land		(6,895.48)		-	
	c) Taxes on above		1,951.39	**(4,869.76)**	(5.63)	**114.29**
XI	**Total comprehensive income (Loss) for the period (IX+X)**			**(7,664.32)**		**(8,600.43)**
XII	**Earning per equity share before exceptional item (for continuing operations & combined)**	36				
	Basic & diluted (in ₹)			(4.73)		(13.12)
	Earning per equity share after exceptional item (for continuing operations & combined)	36				
	Basic & diluted (in ₹)			(4.21)		(13.12)
	(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 29, 2019

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, 2019

(₹ In Lakhs)

Particulars	Note No.	As at March 31,2019		As at March 31,2018	
Cash flows from operating activities					
Profit / (Loss) before taxation			(2,794.25)		(8,714.59)
Adjustments for:					
Depreciation and amortisation		876.10		1,168.61	
Provisions (net)		564.29		444.73	
(Profit)/loss on sale of fixed assets		(5,748.14)		(376.95)	
Interest income		(58.47)		(99.74)	
(Profit)/loss on sale of assets held for sale		27.68		-	
Dividends received		(0.10)		(0.14)	
Finance costs		4,877.04		4,339.53	
			538.40		5,476.04
			(2,255.85)		**(3,238.55)**
(Increase)/ decrease in trade and other receivables		4,200.91		8,253.21	
(Increase)/ decrease in inventories		791.94		2,136.29	
Increase/ (decrease) in trade payables and other current liabilities		(2,531.64)		(5,049.17)	
			2,461.21		5,340.33
			205.36		**2,101.78**
Income taxes paid			71.61		(173.01)
Net cash from operating activities			**133.75**		**2,274.79**
Cash flows from investing activities					
Purchase of property, plant and equipment		(72.30)		71.49	
Proceeds from sale of property, plant and equipment		5,859.09		376.88	
Movement in Investment Properties		-		1.75	
Purchase of investments		(0.01)		-	
Interest received		29.56		98.80	
Increase in margin money and short term deposits		432.39		(97.57)	
Dividend received		0.10		0.14	
Net cash from investing activities			**6,248.83**		**451.49**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(₹ In Lakhs)

Particulars	As at March 31,2019		As at March 31,2018	
Cash flows from financing activities				
Proceeds / (Repayment) of long term borrowings	1,942.65		(954.81)	
ICD's Accepted	1,752.49		300.00	
ICD's Repaid	(375.00)		(182.35)	
Repayment of fixed deposits from public	(570.60)		(173.30)	
Increase/ (decrease) of short term borrowings (net)	(6,983.20)		2,318.57	
Finance costs	(2,381.16)		(4,046.36)	
Net cash from financing activities		**(6,614.82)**		**(2,738.25)**
Net increase/(decrease) in cash and cash equivalents		**(232.24)**		**(11.97)**
Cash and cash equivalents at beginning of the year		1,193.78		1,205.75
Cash and cash equivalents at end of the year		**961.54**		**1,193.78**

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	1,562.66	2,285.38
Less: Other bank balances	601.12	1,091.60
Cash and cash equivalents as restated	**961.54**	**1,193.78**

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 29, 2019

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(a) Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the Beginning of the year	**6,641.41**	**6,641.41**
Changes in equity share capital during the year	-	-
Balance at the end of the year	**6,641.41**	**6,641.41**

(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		
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)**
Add/(Less): Loss for the Year	-	-	-	-	(2,794.51)	-	-	(2,794.51)	6.27	-	-	6.27	(2,788.24)
Add/(Less): Ind AS adjustments	-	(30.91)	-	-	-	-	-	-	-	(6,895.48)	98.49	(6,796.99)	(6,827.90)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	(1.96)	1,953.35	(30.43)	1,920.96	1,920.96
Total comprehensive income as at March 31 2019	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(49,180.13)**	**-**	**641.67**	**(41,653.03)**	**64.49**	**25,668.33**	**149.54**	**25,882.36**	**(15,801.58)**

* Reserve for doubtful debts of ₹ 90 lakhs no longer required has been transferred to Retained Earnings during the year- 2017-18

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 29, 2019

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

Vijay Ravindra Kirloskar
Executive Chairman
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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, 2019

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, 2019 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:

The financial statements of the company have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto. The Consolidated Financial statements of the Group have been prepared to comply with the Indian Accounting Standards (Ind AS), including the rules notified under the relevant provisions of the Companies Act, 2013.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Freehold Land classified as Own assets and Leasehold Land classified as Assets taken on Finance Lease
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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.

d FAIR VALUE MEASUREMENT

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e 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.

f 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.

g 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, 2019

h 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.

i REVENUE RECOGNITION:

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) -'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

j 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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:**

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.

k 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.

l 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.

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.

m 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.

n 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.

o 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.

(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.

p 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 Standards:Through a Notification dated March 30 2019, the Ministry of Corporate Affairs has notified IND AS-116 Leases shall be applicable to the Company from April 01, 2019. IND AS 116 will replace the existing leasing standard, i.e., IND AS 17 and related interpretations. IND AS 116 introduces a single lessee accounting model and requires lessee to recognise the assets and liabilities for all the leases with non-cancellable period of more than twelve months except for low value assets. IND AS 116 substantially carries forward the lessor accounting requirement in IND AS 17.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Property plant and equipment:

(₹ In Lakhs)

Tangible assets	Own Assets									Assets taken on Finance Lease	Total
Gross block	Land	Building	Plant and equipment	Tools & Jigs	Electrical installations	Motor vehicles	Office equip-ments	Furniture and fittings	Lease hold impro-vements	Land	
Balance as at March 31, 2017	**30,071.55**	**5,113.15**	**15,119.27**	**1,676.55**	**156.21**	**447.77**	**203.22**	**704.37**	**313.35**	**4,089.17**	**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**	**15,085.52**	**1,696.61**	**156.21**	**435.80**	**214.63**	**686.97**	**313.35**	**4,089.17**	**57,866.47**
Additions	-	-	37.81	12.94	-	-	3.86	5.92	-	-	60.53
Disposals	6,895.73	158.57	74.23	1.97		23.41	6.86	21.03	-	-	7,181.80
Balance as at March 31, 2019	**23,175.82**	**4,958.09**	**15,049.10**	**1,707.58**	**156.21**	**412.39**	**211.63**	**671.86**	**313.35**	**4,089.17**	**50,745.20**
Accumulated depreciation											
Balance as at April 01, 2017	**-**	**2,028.45**	**12,757.93**	**1,082.19**	**123.72**	**304.91**	**144.93**	**582.97**	**96.16**		**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**	**13,323.93**	**1,170.33**	**145.12**	**321.64**	**185.73**	**602.45**	**106.63**	**-**	**18,036.95**
Depreciation charge for the year	-	152.51	433.10	87.57	8.98	21.37	11.10	41.02	10.47		766.12
Disposals	-	76.80	-	74.69	-	23.02	6.57	20.70	-		201.78
Balance as at March 31, 2019	**-**	**2,256.83**	**13,757.03**	**1,183.21**	**154.10**	**319.99**	**190.26**	**622.77**	**117.10**	**-**	**18,601.29**
Net block											
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
Balance as at March 31, 2019	23,175.82	2,701.26	1,292.07	524.37	2.11	92.40	21.37	49.09	196.25	4,089.17	32,143.91

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, 2019	As at March 31, 2018
4 Capital work in progress:		
i) Plant and machinery	19.17	8.48
ii) Software	1.08	-
	20.25	**8.48**
5 Investment Property:		
i) Land	175.64	175.64
	175.64	**175.64**

6. Other Intangible Assets:

Gross block	Goodwill	Computer software	Techincal knowhow & product development	Total
Balance as at April 01, 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**
Additions	-		-	-
Balance as at March 31, 2019	423.46	586.35	**1,087.21**	**2,097.02**
Accumulated amortisation:				
Balance as at April 01, 2017	423.46	560.39	461.01	1,444.86
Amortisation 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**
Depreciation charge for the year	-	5.61	104.37	109.98
Balance as at March 31, 2019	**423.46**	**580.60**	**669.74**	**1,673.80**
Net block				
Balance as at April 01, 2017	-	20.32	626.20	646.52
Balance as at March 31, 2018	-	11.36	521.84	533.20
Balance as at March 31, 2019	**-**	**5.75**	**417.47**	**423.22**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7 Non current investments:

Details of investments / Name of the Company	As at March 31, 2019 No of shares	Face value	₹ In Lakhs	As at March 31, 2018 No of shares	Face value	₹ 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	
iii) Others						
Fully paid up						
ICICI bank Limited (on merger of Sangli Bank Limited)	5,405	2	23.71	5,405	2	15.05
The Mysore Kirloskar Limited(refer additional information 3 below)	770,750	10	-	770,750	10	-
Kirloskar Proprietary Limited	26	100	24.08	26	100	21.22
Kirsons Trading Pte.Limited	56,250	S $1	39.36	56,250	S $1	36.87
Kirloskar Power Equipment Limited	340,000	10	36.96	340,000	10	75.62
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	-
Total			**124.11**			**148.76**
Additional Information:						
1) Aggregate value of quoted investments:						
Carrying Value			1.00			1.00
Market Value			23.71			15.05
2) Aggregate value of unquoted investments:						
Carrying Value			100.40			133.71

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

4) Shares held in Kirloskar Propietary 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 31,2019 and March 31,2018 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, 2019	As at March 31, 2018
8 Trade receivables:		
(unsecured and considered good)		
i) Long term trade receivables	546.54	706.38
	546.54	**706.38**
9 Other Financial Assets:		
i) Bank deposits with more than twelve months maturity	109.92	51.83
	109.92	**51.83**
10 Other non current assets:		
(unsecured and considered good, unless otherwise stated)		
i) Capital advances	861.04	861.04
ii) Security deposits	346.89	361.02
iii) Rent Deposit to related parties	100.00	100.00
iv) Deferred Income - Rental Deposit	62.15	62.15
v) Disputed statutory liabilities/ taxes paid	1,047.65	1,212.17
vi) Advance Income Tax (net of provision)	249.99	178.37
	2,667.72	**2,774.75**
Amounts due from a private company in which a director of the Company is a director included in (iii) above	100.00	100.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
11 Inventories:		
i) Raw materials	733.28	905.15
ii) Work in progress	3,236.19	3,599.97
iii) Finished goods	371.14	572.79
iv) Stores and spares	385.96	442.57
v) Others (scrap stock)	7.17	8.60
Goods in transit:		
i) Raw materials	3.40	-
	4,737.14	**5,529.08**
Less: Provision for non-moving stocks	55.94	55.94
	4,681.20	**5,473.14**
12 Trade receivables:		
i) Trade receivables exceeding six months	2,706.60	2,636.08
ii) others	6,138.04	8,540.67
	8,844.64	**11,176.75**
Less: Allowance for doubtful receivables exceeding six months	4,587.57	4,331.55
	4,257.07	**6,845.20**
Additional information:		
1) Breakup of above:		
i) Unsecured, considered good	4,257.07	6,845.20
ii) Doubtful	4,587.57	4,331.55
Total	**8,844.64**	**11,176.75**
Less: Allowance for doubtful receivables exceeding six months	4,587.57	4,331.55
	4,257.07	**6,845.20**
2) Amounts due by private companies in which directors of the Company are directors	5.70	6.75
13 a) Cash and Cash Equivalents:		
i) Balances with banks		
- in other accounts	956.42	1,191.68
ii) Cash on hand	5.12	2.10
	961.54	**1,193.78**
b) Other bank balances:		
i) Balances with banks		
- in short term deposits	108.28	144.69
- in margin money, security for borrowings, guarantees and other commitments	492.84	946.91
	601.12	**1,091.60**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
14 Other Current assets:		
(unsecured and considered good, unless otherwise stated)		
i) Loans and advances to related parties (Refer Note 37(8))	110.42	270.35
ii) Advance paid to Suppliers and others	1,160.36	1,952.07
	1,270.78	**2,222.42**
Less: Allowance for doubtful advances for advance paid to suppliers and others	425.68	425.68
	845.10	**1,796.74**
iii) Balance with Central Excise Authorities - GST	-	269.69
iv) Balance with VAT Authorities - GST	137.48	417.55
v) Assets held for sale	-	335.64
	137.48	**1,022.88**
Less: Provision for asset held for sale	-	281.53
	137.48	**741.35**
Total	**982.58**	**2,538.09**
Additional information:		
1) Breakup of above:		
i) Secured, considered good		
ii) Unsecured, considered good	845.10	1,796.74
ii) Doubtful	425.68	425.68
Total	**1,270.78**	**2,222.42**
Less:		
Allowance for doubtful advances for advance paid to suppliers and others	425.68	425.68
	845.10	1,796.74
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	110.42	270.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2019		As at March 31, 2018	
	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
Equity shares of ₹ 10/- each	85,000,000	8,500.00	85,000,000	8,500.00
		11,500.00		**11,500.00**
Issued, subscribed and fully paid up:				
Preference shares of ₹ 100/- each				
At the beginning of the year	-	-	-	-
Redeemed during the year (Refer foot note 1.c. below)	-	-	-	-
At the close of the year	**-**	**-**	**-**	**-**
Equity shares of ₹ 10/- each				
At the beginning of the year	66,414,071	6,641.41	66,414,071	6,641.41
Issued during the year				
- by way of Conversion of Preference Shares	-	-	-	-
- by way of Qualified Institutional Placement**	-	-	-	-
At the close of the year	**66,414,071**	**6,641.41**	**66,414,071**	**6,641.41**
Total carried to Balance Sheet		6,641.41		6,641.41

Foot notes

1 Preference shares:

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

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 section 391-394 of the Companies Act, 1956 without payment being received in cash.

Particulars	As at March 31, 2019		As at March 31, 2018	
	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	1,595,890	1,595.89

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 carried a preferential cumulative dividend of 0.1% (zero point one per cent) per annum, payable till the date

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

	As at March 31, 2019		As at March 31, 2018	
	Number	Percentage	Number	Percentage
Vijay Ravindra Kirloskar	-	-	-	-

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, 2019		As at March 31, 2018	
		Number	₹ in Lakhs	Number	₹ 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
(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
(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
(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
(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
(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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2019		As at March 31, 2018	
		Number	Percentage	Number	Percentage
(i)	Abhiman Trading Company Private Limited	5,217,063	7.86%	5,217,063	7.86%
(ii)	Vijayjyothi Investment & Agencies Private Limited	4,271,217	6.43%	4,271,217	6.43%
(iii)	Mr. Vijay Ravindra Kirloskar	11,840,618	17.83%	11,840,618	17.83%
(iv)	Vijaykirti Investments and Agencies Private Limited	3,064,094	4.61%	3,064,094	4.61%
(v)	Vijay Farms Private Limited	3,540,807	5.33%	3,540,807	5.33%

16 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		
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)**
Add/(Less): Loss for the Year	-	-	-	-	(2,794.51)	-	-	(2,794.51)	6.27	-	-	6.27	(2,788.24)
Add/(Less): Ind AS adjustments	-	(30.91)	-	-	-	-	-	-	-	(6,895.48)	98.49	(6,796.99)	(6,827.90)
Less: Tax Adjustment on Ind AS items	-	-	-	-	-	-	-	-	(1.96)	1,953.35	(30.43)	1,920.96	1,920.96
Total comprehensive income as at March 31 2019	**2,401.75**	**23.87**	**18.06**	**4,410.84**	**(49,180.13)**	**-**	**641.67**	**(41,653.03)**	**64.49**	**25,668.33**	**149.54**	**25,882.36**	**(15,801.58)**

* Reserve for doubtful debts of ₹ 90 lakhs no longer required has been transferred to Retained Earnings during the year- 2017-18

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Non- Current Liabilities		
17 Borrowings:		
1) Secured loans:		
a. Term loan from banks	3,559.42	4,963.08
b. Term loan from other than banks (Refer Note 37(22))	3,665.41	-
	7,224.83	**4,963.08**
2) Unsecured loans:		
a. Inter corporate deposits	-	**-**
T**otal Borrowings (1+2)**	**7,224.83**	**4,963.08**
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.	3,349.55	6,241.63
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 of the Company. During the current year the said loan has been assigned to Asset Reconstruction Company (India) Limited ("ARCIL")	3,665.41	4,200.80
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.	1,169.32	2,557.38
2) Terms of repayment of term loans and others		
From Bank:		
i) Working Capital Term loans from consortium banks carry an interest of 11.5% (base rate of Bank of India plus 80 basis points) per annum and repayable in 96 equal monthly instalments commencing from April 30, 2016.	2,241.53	5,133.61

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
ii) Funded Interest Term loans from consortium banks carry an interest of 11.5% (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	1,108.02
iii) Loan taken by KTPL is repayable at the end of 30th month from the date of disbursement and carry an interest of 11.50% p.a.	-	4,200.80
iv) Loan taken by SEHPL is repayable with in 36 months from the date of disbursement and carries an interest of 11% p.a.	1,169.32	2,557.38
Other than Bank:		
v) Loan taken from Axis bank has been assigned to Asset Reconstruction Company (India) Limited ("ARCIL"), Rate of interest and repayment terms are under negotiations. (Refer Note 37(21) for details)	3,665.41	-

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 ₹ 52.10 lakhs (as at March 31, 2018 ₹ 74.10 lakhs) matured unclaimed deposits.

c Inter corporate deposits are taken for periods of 3 years with interest rates averaging upto 14% per annum.

4) Current and Non Current maturities of borrowings shown under Note 17

1)	**Secured loans:**		
	a. Term loan from banks	4,518.87	12,999.81
	Less: Current maturities shown under Note 23	959.45	8,036.73
	b. Term Loan from Other than Banks	3,665.41	-
	(On Assignment of Axis Bank Loan to ARCIL)	**7,224.83**	**4,963.08**
2)	**Unsecured loans:**		
	a. Fixed deposits and Inter corporate Deposits	52.30	622.90
	Less: Current maturities shown under Note 23	52.30	622.90
		-	**-**
	Total Borrowings (1+2)	**7,224.83**	**4,963.08**

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

a) The Company has defaulted in repayment of following dues to the financials institution, banks and debenture holders during the year, which were not paid as at Balance Sheet date:

(₹ In Lakhs)

Lender's Name	Principal	Interest	Total
Less than 180 days			
State Bank of India	207	86	292
Less than 90 days			
State Bank of India	77	32	110
Bank of India	44	25	69
More than 365 days			
Corporation Bank	2,234	25	2,259
Bank of India	1,169	140	1,309
Total	**3,731**	**307**	**4,038**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

b) The Company has defaulted in repayment of following dues to the financial institution, banks and debentures, which were paid on or before the Balance Sheet date:

(₹ In Lakhs)

Lender's Name	Principal	Interest	Total
Less than 365 days			
State Bank of India	1,205	220	1,425
Total	**1,205**	**220**	**1,425**

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Non- Current Liabilities		
18 Other Financial Liabilities:		
Security deposits from suppliers and dealers	899.90	1,256.14
	899.90	**1,256.14**
19 Provisions:		
Provisions for employee defined benefit plans	1,961.90	1,858.62
	1,961.90	**1,858.62**
20 Deferred tax Liabilities (Net):		
i) Deferred tax liability:		
a) On account of depreciation on fixed assets (other than land)	1,052.70	1,177.68
b) On account of revaluation of land	1,052.44	2,973.40
Total	**2,105.14**	**4,151.08**
ii) Deferred tax asset:		
a) On account of timing differences in recognition of expenditure (restricted to Deferred Tax Liability)	1,052.70	1,177.68
Total	**1,052.70**	**1,177.68**
Net Deferred tax (liability)/asset	1,052.44	2,973.40

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current Liabilities		
21 Borrowings:		
1) Secured loans:		
a) Loans repayable on demand		
- from banks	7,278.00	14,261.20
	7,278.00	**14,261.20**
2) Unsecured loans:		
Other than banks:		
a) Fixed deposits	-	-
b) Inter corporate deposits	4,367.81	2,990.32
	4,367.81	**2,990.32**
Total	**11,645.81**	**17,251.52**

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.	5,018.92	12,001.66
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) 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.	2,259.09	2,259.55

2) Details of security for Unsecured loans:

a) Fixed deposits were taken for a period of 12 months at interest rate of 12.45% .

b) Inter corporate deposits are taken for periods ranging between 90 to 360 days with interest rates averaging upto 15.75% per annum.

c) Fixed deposits include ₹ 52.3 Lakh (as at March 31, 2018: ₹ 74.10 lakhs) matured unclaimed deposits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current Liabilities		
22 Trade payables:		
a) **Total outstanding dues of micro and small enterprises**		
Trade payables *	2,427.14	108.58
	2,427.14	**108.58**
b) **Total outstanding dues of creditors other than micro and small enterprises**		
i) Trade payables	8,243.56	9,970.18
ii) Acceptances	1,395.12	4,891.90
	9,638.68	**14,862.08**

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, 2019	As at March 31, 2018
1	Principal amount due and remaining unpaid	2,427.14	108.58
2	Interest due on (1) above and the unpaid interest	76.62	-
3	Interest paid on all delayed payments under the MSMED Act	Nil	-
4	Payment made beyond the appointed day during the year	3,440.73	-
5	Interest due and payable for the period of delay other than (3) above	Nil	-
6	Interest accrued and remaining unpaid	76.62	-
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.	76.62	69.46

23	**Other financial liabilities**		
a)	Current maturities of fixed deposits	52.30	622.90
b)	Current maturities of secured loan from bank	7,717.63	8,036.73
c)	Interest accrued but not due on deposits	2,830.98	335.10
		10,600.91	**8,994.73**
24	**Provisions:**		
a)	Provision for short term compensated absences	17.03	17.03
b)	Provision for wage arrears	834.18	701.42
c)	Provision for warranty	299.82	359.96
d)	Provision for contingencies (refer Note 37(14))	1,406.47	1,372.63
		2,557.50	**2,451.04**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
25	**Other current liabilities:**		
	d) Statutory liabilities	642.24	710.73
	e) Other liabilities	5,056.77	4,626.46
	f) Book overdraft-Bank	-	102.72
	g) Trade advances	3,142.36	2,672.02
		8,841.37	**8,111.93**
	*Other liabilities		
26	**Current Tax Liabilities (Net):**		
	a) Provision for tax (net of advance tax outside India)	0.56	0.24
		0.56	**0.24**
27	**Revenue from operations:**		
	i) Sale of products		
	Motors, alternators and generators	19,238.57	18,294.58
	Transformers	8,151.92	14,296.89
	DG sets	929.32	1,890.62
	Others	845.59	3,022.77
	Total	**29,165.40**	**37,504.86**
	ii) Sale of services	295.51	420.10
	Total Revenue	**29,460.91**	**37,924.96**
28	**Other income:**		
	i) Interest income on Bank Deposits and Others	58.47	99.74
	ii) Interest and guarantee commission income from financial assets	129.27	135.73
	iii) Dividend income from long term investments	0.10	0.14
	iv) Profit on sale of fixed assets (net)	5,748.12	376.95
	v) Provision no longer required and Unclaimed credit balance written back	244.59	22.41
	vi) Rent received	3.60	0.87
	vii) Miscellaneous income	33.30	34.50
		6,217.45	**670.34**
29	**Cost of materials consumed:**		
	Consumption of raw materials, components, stores and spare parts	21,460.08	27,385.03
		21,460.08	**27,385.03**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
	Additional Information:		
i)	Copper (Wires, strips, rods, sheets etc)	4,244.69	5,706.93
ii)	Iron and steel (pigiron, rounds, plates, sheets , etc.,)	3,057.35	2,544.32
iii)	Stores and spares	385.96	535.81
iv)	Others	13,772.08	18,597.97
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	2,359.86	2,339.35
	Transformers	605.52	895.35
	DG Sets	236.87	310.14
	Others	33.94	55.12
	Total	**3,236.19**	**3,599.96**
ii)	Finished goods		
	Motors, alternators and generators	211.57	371.18
	Transformers	125.66	163.53
	DG sets	31.77	30.19
	Others	2.14	7.90
	Total	**371.14**	**572.80**
iii)	Scrap	7.17	8.60
		3,614.50	**4,181.36**
	Less: Stocks at the beginning 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	314.30	461.54
	Others	50.97	110.97
	Total	**3,599.97**	**4,655.76**
ii)	Finished goods		
	Motors, alternators and generators	371.18	645.01
	Transformers	163.54	215.10
	DG sets	30.19	94.81
	Others	7.90	27.30
	Total	**572.81**	**982.22**
iii)	Scrap	8.59	25.55
		4,181.37	**5,663.53**
		566.87	**1,482.17**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	Particulars			March 31, 2019		March 31, 2018
31	**Excise Duty:**					
	i)	Excise duty on revenue		-		888.99
				-		**888.99**
32	**Employee benefit expenses:**					
	i)	Salaries , wages and bonus		4,932.05		5,381.63
	ii)	Contribution to provident and other funds		615.08		640.00
	iii)	Staff welfare expenses		571.48		743.79
				6,118.61		**6,765.42**
33	**Finance costs:**					
	i)	Interest expense		4,775.67		4,337.31
	ii)	Other borrowing costs		101.37		242.79
				4,877.04		**4,339.53**
34	**Depreciation and amortization expense**					
	i)	Depreciation of tangible assets		766.12		1,049.65
	ii)	Amortization of intangible assets		109.98		118.96
				876.10		**1,168.61**
35	**Other expenses:**					
	i)	Power and fuel		648.44		726.19
	ii)	Rent		161.32		268.47
	iii)	Repairs to buildings		64.02		37.93
	iv)	Repairs to machinery		76.00		98.92
	v)	Repairs to others		292.85		329.41
	vi)	Vehicle maintenance		18.07		18.04
	vii)	Insurance		32.24		39.34
	viii)	Rates and taxes		267.95		402.72
	ix)	Payment to auditors				
		- as auditor (includes branch audit fees of ₹ 0.12, previous year ₹ 0.13)	18.23		19.73	
		- for taxation matters (includes ₹ 0.12, previous year ₹ 0.12 to branch auditor)	5.12		10.11	
		- for limited review	16.12		16.12	
				39.47		45.96
	x)	Selling expenses		735.46		1,052.31
	xi)	Commission		5.72		35.86
	xii)	Warranty claims		4.46		4.53
	xiii)	Allowance for doubtful trade receivables		514.75		206.04
	xiv)	Net (gain)/loss on foreign currency transaction and translation		70.96		(67.29)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars		March 31, 2019		March 31, 2018	
xv)	Bad trade receivables written off	361.88		-	
	Less: Allowance for doubtful trade receivable withdrawn	258.73		-	
			103.15		-
xvi)	Legal and professional charges		376.39		570.65
xvii)	Travelling and conveyance		442.18		465.56
xviii)	Printing and stationary		30.94		34.17
xix)	Postage, telegrams and telephones		72.02		86.93
xx)	Directors sitting fees		9.30		10.95
xxi)	Loss on assets held for sale	309.21		-	
	Less: Provision for assets held for sale withdrawn	281.53	27.68	-	-
xxii)	Provision for contingencies		33.84		88.36
xxiii)	Security Charges		307.83		306.05
xxiv)	Contract Labour Charges		518.59		468.54
xxv)	Miscellaneous expenses		66.68		50.50
			4,920.31		**5,280.14**
36	Earnings per share:				
	(Basic and diluted)				
(a)	**Before exceptional item**				
	Loss for the year after tax expense		(3,140.96)		(8,714.72)
			(3,140.96)		**(8,714.72)**
	Weighted average number of equity shares		66,414,071		66,414,071
	Paid up value per share		10.00		10.00
	Loss per share (basic & diluted) (*)		**(4.73)**		**(13.12)**
(b)	**After exceptional item**				
	Loss for the year after tax expense		(2,794.56)		(8,714.72)
	Add: Preference dividend payable including dividend tax		-		-
			(2,794.56)		**(8,714.72)**
	Weighted average number of equity shares		66,414,071		66,414,071
	Paid up value per share		10.00		10.00
	Loss per share (basic & diluted) (*)		**(4.21)**		**(13.12)**

(*) Effect of potential equity shares is antidilutive

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars		As at March 31, 2019	As at March 31, 2018
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	854.22	867.43
ii)	Guarantees	771.72	1,482.27
iii)	Bills discounted with Bank	577.59	345.05
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.	6.85	170.51
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.	1,885.98	2,013.14
vi)	The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty of ₹ 362 lakhs, 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 filed a writ petition in the honorable High Court of Karnataka challenging the scheme on grounds of discrimination and seeking specific reliefs. The honorable High Court of Karnataka has passed the order on October 01, 2018, that the deposit of Penalty amount made by the Company so far under the interim orders of the honorable High Court of Karnataka and honorable Supreme Court, shall be considered as Deposit made under the provisions of the said scheme subject to the final order by the appropriate authority in terms of the scheme for the adjustment of such deposited amount of Penalty. Further, on March 23, 2019, the Company has received the Final order from Assistant Commissioner of State Tax, Local Goods & Service Tax-140. In the said order, out of ₹180.05 Lakhs initial deposit amount paid under protest for preferring an appeal by the Company, ₹ 36.21 Lakhs has been considered as the full and final settlement for adjustment againt the pending amounts under 'Karasamadhana Scheme 2017' and the balance amount ₹ 144.84 Lakhs has been refunded on March 29, 2019 to the Company.	Nil	362.31
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 (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2017 against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.	527.06	527.06
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	5.00
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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars		As at March 31, 2019	As at March 31, 2018
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)	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
xiii)	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(14).**

b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	124.17	22.44

2 Additional Information:

a)	Value of Imports calculated on CIF basis:		
	i) Raw Materials, Components and spare parts	2,912.19	322.02
	ii) Capital goods	-	3.10
b)	Expenditure in foreign currency: (net of withholding tax)		
	i) Professional, consultancy and other fees	10.97	145.30
	ii) Travel	19.65	60.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018

c)

Sl No	Particulars	Amount	% to total	Amount	% to total
i)	Value of imported raw materials, spare parts and components consumed	2912.19	13.57%	287.30	1.05%
ii)	Value of indigenous raw materials, spare parts and components consumed	18,547.89	86.43%	27,097.73	98.95%
		21,460.08	**100.00%**	**27,385.03**	**100.00%**

d)	Details of non-resident shareholdings		
	i) Number of nonresident share holders	658	293
	ii) Number of shares held by nonresident shareholders	10,45,543	2,938,906
e)	Earnings in foreign exchange:		
	i) Export of goods calculated on FOB basis (net) (inclusive of sales within India eligible for export incentives)	1,153.59	1,248.62
	ii) Remittances from overseas offices (Net)	-	113.71

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Current assets, loans and advances include ₹ **111.76 Lakhs** (as at March 31, 2018 ₹ 270.35 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.

9 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, 2019 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

Left intentionally blank

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 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, 2019	March 31, 2018
Employer's contribution to provident & pension funds	290.10	304.12
Employer's contribution to superannuation fund	55.02	101.43

(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, 2019		As at March 31, 2018	
	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	2,179.72	473.86	2,187.12	542.47
Current Service Cost (*)	92.11	51.89	107.59	55.83
Past Service Cost	-	-	166.02	-
Interest Cost	170.45	37.05	158.78	39.38
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	-	-
Actuarial (gain)/ loss	(98.48)	(4.41)	(148.61)	(16.06)
Benefits paid from funds	(261.83)		(291.18)	
Benefits paid directly by employer	(1.37)	(92.25)		(147.75)
Defined Benefit obligation at end of the year	2,080.60	466.14	2,179.72	473.86
2 Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	574.89	203.03	753.00	188.60
Interest Income	44.96	15.87	54.67	13.69
Employer Contribution	4.00	-	64.95	-
Benefits paid from funds	(261.83)	-	(291.19)	-
Actuarial gain/(loss)	(11.72)	(0.04)	(6.54)	0.74
Fair value of plan assets at year end	350.30	218.86	574.89	203.03
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	350.30	218.86	574.89	203.03
Present value of obligation	2,080.60	466.14	2,179.72	473.86
Amount recognized in Balance Sheet under liabilities:	**1,730.30**	**247.28**	**1,604.83**	**270.83**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

	As at March 31, 2019		As at March 31, 2018	
	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	92.11	51.89	107.59	55.83
Past Service Cost	-	-	166.02	-
Interest Cost	170.45	37.05	158.78	39.38
Actual return on plan assets	(44.96)	(15.87)	(54.67)	(13.69)
Additional provision for increase in limit of gratuity/ in excess of limit	-	-	-	-
In Other Comprehensive Income:				
Actuarial (gain)/ loss	(86.76)	(4.37)	(142.07)	(16.80)
Net Cost	130.84	68.70	235.65	64.72

Actuarial assumptions:	As at March 31, 2019		As at March 31, 2018	
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)	7.69%	7.69%	7.82%	7.82%
Expected rate of return on plan assets (per annum)	7.69%	7.69%	7.82%	7.82%
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)

	2018-19	2017-18	2016-17	2015-16	2014-15
Defined benefit obligation at the end of the period	(2,080.60)	(2,179.72)	(2,319.35)	(2,437.49)	(2,490.09)
Plan assets at end of the period	350.30	574.89	753.00	1,053.72	1,310.95
Unfunded amount	(1,730.30)	(1,604.83)	(1,566.35)	(1,383.77)	(1,179.14)
Experience Gain/ (loss) adjustments on plan liablities	113.32	80.92	100.36	(24.27)	23.38
Experience Gain/ (loss) adjustments on plan assets	(11.72)	(6.54)	(15.35)	(11.07)	(20.58)
Actuarial gain/ (loss) due to change in assumptions	(14.83)	67.71	(92.05)	11.67	(174.33)

NOTES TO CONSOLIDATED 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.

(₹ In Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	59.18	(55.89)	60.25	(56.94)
Change in rate of salary increase (delta effect of +/- 0.5%)	(56.49)	59.29	(57.62)	60.43
Change in rate of plan assets (delta effect of +/- 0.5%)	(2.40)	2.27	(2.97)	2.83

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.

11 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	**9,377.74**	**19,260.40**	**822.77**	**29,460.91**
		18,400.53	18,310.64	1,213.79	37,924.96
	Intersegment revenues	**36.34**	**256.60**	**0.00**	**292.94**
		27.46	462.97	0.00	490.43
	Total Revenues	9,414.08	19,517.00	822.77	**29,753.85**
		18,427.99	18,773.61	1,213.79	38,415.39
2	**Segment Results**:				
	Profit/ (loss) before depreciation, interest and taxation	**(669.42)**	**(588.26)**	**313.08**	**(944.60)**
		(865.90)	(2,878.18)	393.50	(3,350.58)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Sl No.	Particulars	Primary Segment			Total
		Power generation and distribution	Rotating machines group	Others	
	Less: Interest				**4,877.04** 4,339.53
	Less: Depreciation and amortizations				**876.10** 1,168.61
3	Unallocable Expenditure				**2,313.64** 526.21
4	Unallocable and Other Income (including Extraordinary items)				**6,217.45** 670.34
5	Less: Tax expense				**0.31** 0.13
	Total Loss				**(2,794.25)** (8,714.72)
6	**Segment Assets**	**8,393.00** 11,102.00	**25,573.00** 28,335.00	**7,037.00** 6,986.00	**41,003.00** 46,423.00
7	**Unallocable Assets**				**6,691.87** 14,947.00
8	**Segment Liabilities**	**7,829.00** 10,415.00	**13,214.00** 11,017.00	**798.00** 524.00	**21,841.00** 21,956.00
9	**Unallocable Liabilities**				**35,010.00** 40,875.00
10	**Capital Expenditure**	**564.00** 687.00	**12,360.00** 16,393.00	**6,239.00** 6,462.00	**19,163.00** 23,542.00
11	**Unallocated capital expenditure**				**(28,319.13)** (25,003.00)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 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 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	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")

(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	28.73	38.73
Sri Vijayadurga Investments and Agencies Private Limited		106.90	95.15
Ravindu Motors Private Limited		-	0.09
Abhiman Trading Company Private Limited		48.40	59.91
Transport Corporation of India	Others-A	230.45	210.07
Sale of goods and services:			
Kirloskar (Malaysia) Sdn. Bhd	Associates	275.85	364.99
Ravindu Motors Private Limited	Others-B	9.32	2.84
Kirloskar Power Equipment Limited	Others-B	-	-
Maini materails movement private limited	Others-A	-	0.25
Rent paid		-	
Vijayjyothi Investments and Agencies Private Limited		78.00	78.00
Remuneration paid:			
Vijay Ravindra Kirloskar*	KMP		
Short term employee benefits		190.68	190.68

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	Relationship	Current Year	Previous Year
Vinayak Narayan Bapat*			
Short term employee benefits		-	40.49
Anand B Hunnur*			
Short term employee benefits		68.80	65.21
Swapna Latha*			
Short term employee benefits	KMP	25.48	3.93
Soumendra Kumar Mahapatra*			
Short term employee benefits		-	13.01
Sanjeev Kumar S*			
Short term employee benefits		24.90	24.15
Chinmoy Pattnaik*			
Short term employee benefits		-	20.72
Rukmini Kirloskar*			
Short term employee benefits		-	3.27
Meena Kirloskar (Sitting fees)		0.45	1.20

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

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, 2019	As at March 31, 2018
Outstanding balances at the end of the year:			
Amount due to Company:			
Kirloskar (Malaysia) Sdn. Bhd	Associate	42.57	63.13
Kirloskar Power Equipment Limited	Others A & B	0.18	0.18
Vijay Farms Private Limited		102.29	194.04
Sri Vijayadurga Investments and Agencies Private Limited		9.67	2.71
Vijayjyothi Investments and Agencies Private Limited		11.92	75.53
Ravindu Motors Private Limited		2.22	0.38
Maini Materials Movement Pvt Ltd.,		3.29	6.37
Abhiman Trading Company Private Limited		11.07	73.60
Kirloskar Batteries Private Limited		2.61	0.19
Amount due from Company:			
Transport Corporation of India		82.92	68.89
Kirloskar Batteries Private Limited	Others-B	11.94	11.94
Vijay Farms Private Limited		3.43	-
Vijayjyothi Investments and Agencies Private Limited		0.36	-
Abhiman Trading Company Private Limited		15.93	-
Sri Vijayadurga Investments and Agencies Private Limited		27.61	-
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:			
Vijay R Kirloskar	KMP	15,462.28	27,261.01

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.

13 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 ₹ 161.32 Lakhs (Previous Year ₹ 263.63 Lakhs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 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-18	1,372.63	701.42	17.03	359.96
		1-Apr-17	1,284.26	515.58	17.03	499.53
2	Provision for the year (net)	31-Mar-19	33.83	132.76	-	(60.14)
		31-Mar-18	88.36	185.84	-	(139.57)
3	Balance outstanding as at:	31-Mar-19	1,406.47	834.18	17.03	299.82
		31-Mar-18	1,372.63	701.42	17.03	359.96

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 as 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.

15 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 31,2019 March 31, 2018 and March 31, 2017

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 31,2019 , March 31, 2018 and March 31, 2017 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 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, 2019 are as under:

Particulars	As at March 31, 2019		As at March 31, 2018	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	USD 221,667 EUR 1,289,573 AED 0	1,176.25	USD 397,673 EUR 127,344 AED 2666	879.08
Liabilities (Payables)	USD 2,616,527 EUR 298,852 AED 0 MYR 27,550	2,058.32	USD 561,170 EUR 302,118 AED 75237 MYR 27550	1,323.13

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, 2019 and March 31, 2018 would decrease the Company's loss and increase the Company's equity by approximately ₹ 8.82 Lakhs and ₹ 4.44 Lakhs respectively . 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.

16 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-19	31-Mar-18
Financial Assets at amortized cost:				
Investments		7	124.11	148.76
Trade Receivables		8 & 12	4,803.61	7,551.58
Other Financial Assets		9	109.92	51.83
Cash & cash equivalents		13	961.54	1,193.78
Other Bank Balances		13	601.12	1.091.60
Total Financial Assets			**6,600.30**	**10,037.55**
Financial Liabilities at amortized cost:				
Borrowings		18 & 22	18,870.64	22,214.60
Other Financial Liabilities		19	899.90	1,256.14
Trade Payables		23	12,065.82	14,970.66
Total Financial Liabilities			**31,836.36**	**38,441.40**

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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 March 31,2018 and March 31,2019 on this count is estimated at ₹ 17.23 Lakhs and ₹ 6.27 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.

17 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.

18 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.

19 The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at March 31, 2019 consisting of the Company, its subsidiaries and its associate is eroded. There were certain overdues in respect of banks and creditors. The Company and its components have initiated several measures like active steps being taken for disposal of non-core assets, arrangement under JLF mechanism for restructuring of dues to banks, sanction of further non-fund based limits by banks, infusion of capital by the promoters, rationalization of operations, introduction of value added products, push for sales, optimization in product mix and enhanced contribution, capital raising plans etc. The Company is in advanced stage of negotiation for funding arrangements with various parties which will improve the performance in forthcoming periods. The Company is confident that this funding arrangement will have a positive impact on the net worth of the Company. Accordingly, your directors have prepared these financial results of the Company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

20 **a)** The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty of ₹ 362 lakhs, 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 filed a writ petition in the honorable High Court of Karnataka challenging the scheme on grounds of discrimination and seeking specific reliefs. The honorable High Court of Karnataka has passed the order on October 01, 2018, that the deposit of Penalty amount made by the Company so far under the interim orders of the honorable High Court of Karnataka and honorable Supreme Court, shall be considered as Deposit made

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

under the provisions of the said scheme subject to the final order by the appropriate authority in terms of the scheme for the adjustment of such deposited amount of Penalty. Further, on March 23, 2019, the Company has received the Final order from Assistant Commissioner of State Tax, Local Goods & Service Tax-140. In the said order, out of ₹ 180.05 Lakhs initial deposit amount paid under protest for preferring an appeal by the Company, ₹ 36.21 Lakhs has been considered as the full and final settlement for adjustment againt the pending amounts under 'Karasamadhana Scheme 2017' and the balance amount ₹ 144.84 Lakhs has been refunded on March 29, 2019 to the Company.

b) The Company has filed before the Honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of ₹ 527 lakhs (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of ₹ 298.17 lakhs as at March 31, 2017 against the demand which has been included in disputed statutory dues as reported in Note 10 to Financial Statements.

21 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.

22 During the year, Company Banker - Axis Bank had assigned its total debts due (excluding the Bank Guarantee Limits) in the Company and one of its subsidiary, Kelbuzz Trading Private Limited alongwith the underlying financial documents together with rights, benefits and obligations' there under to Asset Reconstruction Company (India) Ltd (ARCIL). As on date of results, the Company is in discussion for finalisation of Terms of Assignment Document, pending which no effect has been given in the books of account for the year ended March 31, 2019.

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, 2019, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24 Previous year's figures have been regrouped wherever required in conformity with current year presentation. Figures in brackets relates to previous year.

25 Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary or associates:

Name of the Enterprise		Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
		As % of consolidated net assets Amount (Rs. in Lakhs)		As % of consolidated profit or loss Amount (Rs. in Lakhs)	
Parent					
Kirloskar Electric Company Limited		(0.03)	(229.99)	-67.14%	(1,876.06)
Subsidiaries					
Indian					
1	Kelbuzz Trading Private Limited	(0.52)	(4,778.31)	-20.24%	(565.50)
2	SLPKG Estates Holdings Private Limited	(0.34)	(3,093.43)	-0.24%	(6.78)
3	Luxquisite Parkland Private Limited	(0.01)	(66.73)	-0.03%	(0.85)
4	SKG Terra Promenade Private Limited	(0.18)	(1,673.25)	-7.85%	(219.31)
5	Swaki Habitat Private Limited	(0.00)	(1.09)	-0.01%	(0.39)
6	Kesvik Developers Private Limited	(0.00)	(0.89)	-0.01%	(0.19)
	Foreign				
	Kirsons B.V.	0.08	687.47	-4.48%	-125.16
	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 29, 2019

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

CIN: L31100KA1946PLC000415

Website: www.kirloskarelectric.com

Form No. MGT – 12

POLLING / BALLOT PAPER

[Pursuant to section 109(5) of the Companies Act, 2013 and Rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company	:	Kirloskar Electric Company Limited
Registered Office	:	No. 19, 2nd Main Road, Peenya 1st stage, Phase - I, Peenya, Bangalore – 560 058
Meeting Type	:	72nd Annual General Meeting (AGM)

Sl. No.	Particulars	Details
1	Name of the First Named Member (In Block Letters)	
2	Postal Address	
3	Registered Folio No./*Client ID No. (*Applicable to investor holding shares in dematerialized form)	
4	Class of Share	Equity Shares
5	No of Shares Held	

I hereby exercise my vote in respect of resolutions, enumerated below by recording my assent or dissent to the said resolutions in the following manner:

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, 2019.		
2.	Appointment of Mrs. Meena Kirloskar as a director liable to retire by rotation.		
3.	Appointment of auditor.		
	SPECIAL BUSINESS		
4.	Appointment of branch auditor.		
5.	Approval to the remuneration of the Cost Auditors.		
6.	Appointment of Mr. Satyanarayan Agarwal (DIN: 00111187) as Independent Director and continuation of his directorship after the age of 75 years.		

Sl. No	Agenda Item	I, Assent to the Resolution	I, Dissent from the Resolution
7.	Appointment of Mr. Kamlesh Suresh Gandhi (DIN: 00004969) as Independent Director.		
8.	Appointment of Mr. Sarosh Jehangir Ghandy (DIN: 00031237) as Independent Director and continuation of his directorship after the age of 75 years		
9.	Appointment of Mr. Mahendra Vellore Padmanaban (DIN: 00033270) as Independent Director and continuation of his directorship after the age of 75 years		
10	Appointment of Mr. Anil Kumar Bhandari (DIN: 00031194) as Independent Director and continuation of his directorship after the age of 75 years		
11.	Approval to sell / transfer / dispose-off its manufacturing unit at Pune		
12.	Approval to borrow loan with an option to convert to equity shares;		

Place:

Date: (Signature of member)

KIRLOSKAR ELECTRIC COMPANY LIMITED

CIN: L31100KA1946PLC000415,

Registered Office: No. 19, 2nd Main Road, Peenya 1st stage, Phase - I, Peenya, Bangalore – 560 058

Phone No: 080 28397256; Fax No: 080 28396727

Web: www.kirloskarelectric.com

ATTENDANCE SLIP

72nd 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 72nd Annual General Meeting ("AGM") to be held on Saturday, the 21st day of September 2019 at Hotel Taj Yeshwanthpur, 2275, Tumkur Main Road, Yeshwanthpur Industrial Area, Phase-1, Yeshwanthpur, Bangalore - 560 022, at 10:00 a.m.

To facilitate members, registration of attendance will commence at 9:00 a.m. on September 21, 2019

KIRLOSKAR ELECTRIC COMPANY LIMITED

CIN: L31100KA1946PLC000415

REG OFFICE: No. 19, 2nd Main Road, Peenya 1st stage, Phase - I, Peenya, Bangalore – 560 058

Phone No: 080 28397256; Fax No: 080 28396727

Website: www.kirloskarelectric.com

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)	
Registered Address:	
Email ID:	
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;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 72nd annual general meeting of the company, to be held on Saturday, the 21st day of September 2019 at Hotel Taj Yeshwanthpur, 2275, Tumkur Main Road, Yeshwanthpur Industrial Area, Phase-1, Yeshwanthpur, Bangalore-560 022 At 10:00 A.M and at any adjournment thereof in respect of such resolutions as are indicated below:

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, 2019.		
2.	Appointment of Mrs. Meena Kirloskar as a director liable to retire by rotation.		
3.	Appointment of auditor.		
	SPECIAL BUSINESS		
4.	Appointment of branch auditor.		
5.	Approval to the remuneration of the cost auditors.		
6.	Appointment of Mr. Satyanarayan Agarwal (DIN: 00111187) as Independent Director and continuation of his directorship after the age of 75 years.		
7.	Appointment of Mr. Kamlesh Suresh Gandhi (DIN: 00004969) as Independent Director.		
8.	Appointment of Mr. Sarosh Jehangir Ghandy (DIN: 00031237) as Independent Director and continuation of his directorship after the age of 75 years		
9.	Appointment of Mr. Mahendra Vellore Padmanaban (DIN: 00033270) as Independent Director and continuation of his directorship after the age of 75 years		
10	Appointment of Mr. Anil Kumar Bhandari (DIN: 00031194) as Independent Director and continuation of his directorship after the age of 75 years		
11.	Approval to sell / transfer / dispose-off its manufacturing unit at Pune		
12.	Approval to borrow loan with an option to convert to equity shares;		

Signed this.....day of.....2019

Affix
Re. 1-00
Revenue Stamp

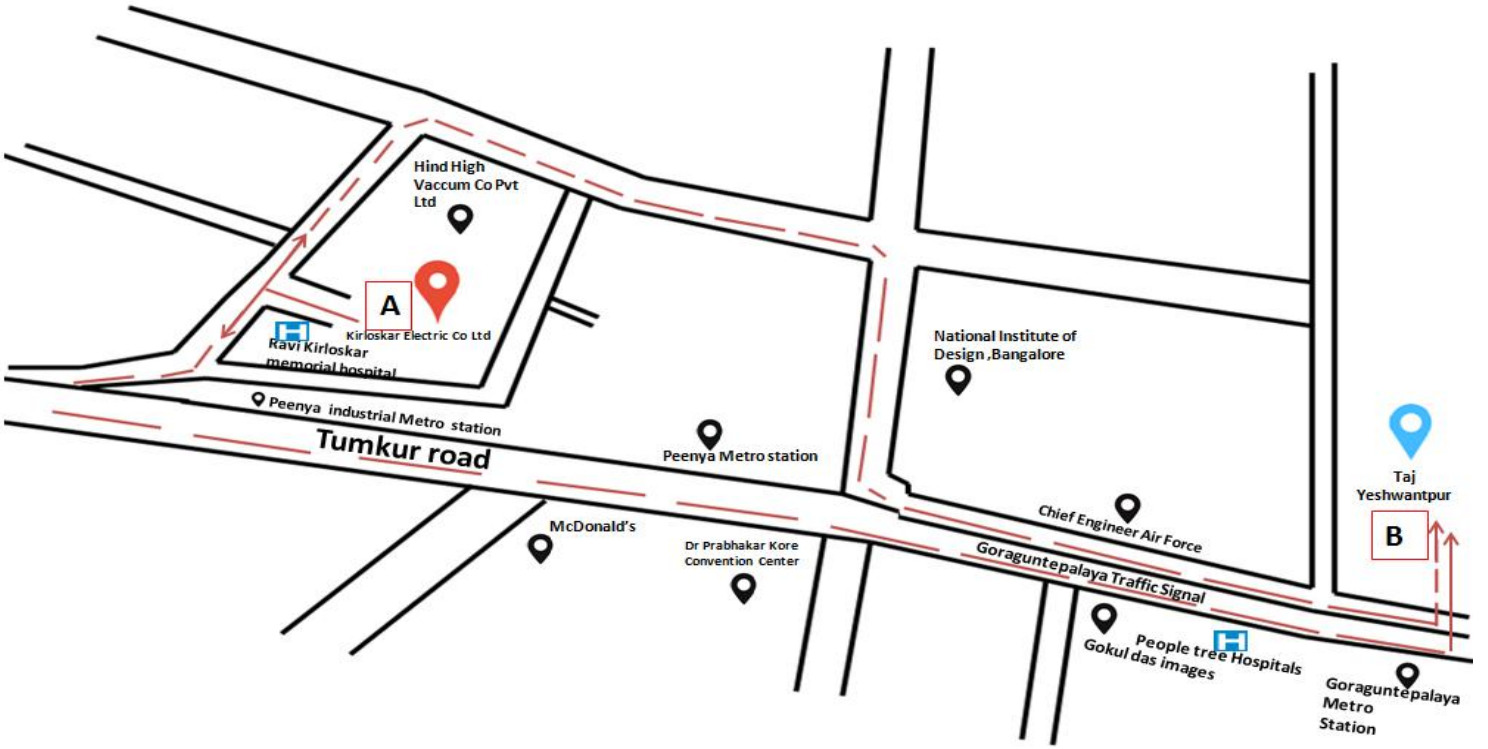
Signature of member

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. For the resolutions, explanatory statement and notes please refer to notice of the 72nd Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.
4. 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.
5. 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.

1. **Route map to the venue of 72nd AGM:**

Hotel Taj Yeshwanthpur, 2275, Tumkur Main Road,
Yeshwanthpur Industrial Area, Phase-1, Yeshwanthpur, Bangalore-560 022

Landmark: **Goraguntepalya Metro Station**