KIRLOSKAR ELECTRIC COMPANY LIMITED
CIN:L31100KA1946PLC000415
REGD OFFICE: NO.19 2ND MAIN ROAD, PEENYA 1ST STAGE, PHASE-1, PEENYA, BENGALURU-560 058.
STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(₹ in Lakhs)

Sl No	Particulars	Standalone						Consolidated					
		Quarter ended			Six Months ended		Year ended	Quarter ended			Six Months ended		Year ended
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	INCOME FROM OPERATIONS:												
I	Revenue from Operations	7,809	7,124	7,157	14,933	15,572	29,442	7,809	7,124	7,157	14,933	15,572	29,461
II	Other income	112	73	61	185	360	6,217	1,665	73	61	1,738	360	6,217
III	Total Revenue (I+II)	7,921	7,197	7,218	15,118	15,932	35,659	9,474	7,197	7,218	16,671	15,932	35,678
IV	Expenses:												
a	Cost of materials consumed	5,084	5,633	5,146	10,717	11,784	21,460	5,084	5,633	5,146	10,717	11,784	21,460
b	Change in inventories of finished goods, work in progress and stock in trade	189	(677)	381	(488)	214	567	189	(677)	381	(488)	214	567
c	Employee benefit expense	1,659	1,515	1,610	3,174	3,270	6,119	1,659	1,515	1,610	3,174	3,270	6,119
d	Finance costs	801	948	949	1,749	1,786	3,843	1,087	1,219	1,134	2,306	2,251	4,877
e	Depreciation and amortisation expenses	137	141	194	278	390	772	164	167	220	331	442	876
f	Other expenses	804	1,048	1,258	1,852	2,486	4,761	824	1,047	1,249	1,871	2,498	4,920
	Total expenses	8,674	8,608	9,538	17,282	19,930	37,522	9,007	8,904	9,740	17,911	20,459	38,819
V	Profit / (loss) before exceptional and tax (III-IV)	(753)	(1,411)	(2,320)	(2,164)	(3,998)	(1,863)	467	(1,707)	(2,522)	(1,240)	(4,527)	(3,141)
VI	Exceptional items (net of tax expense)	471	-	-	471	-	-	982	-	-	982	-	346
VII	Profit / (loss) before tax (V-VI)	(282)	(1,411)	(2,320)	(1,693)	(3,998)	(1,863)	1,449	(1,707)	(2,522)	(258)	(4,527)	(2,795)
VIII	Tax expense:												
a	Current Tax	-	-	-	-	-	-	-	-	-	-	-	-
b	Deferred tax	-	-	-	-	-	-	-	-	-	-	-	-
IX	Profit / (loss) after tax (VII-VIII)	(282)	(1,411)	(2,320)	(1,693)	(3,998)	(1,863)	1,449	(1,707)	(2,522)	(258)	(4,527)	(2,795)
X	Other comprehensive income												
	(I) Items that will not be reclassified to profit or loss												
	a) Remeasurements of the defined benefit plans	-	-	-	-	-	98	-	-	-	-	-	98
	b) Taxes on above	-	-	-	-	-	(30)	-	-	-	-	-	(30)
	(ii) Items that may be reclassified to profit or loss												
	a) Mark to Market of Investments	-	2	3	2	3	6	-	2	3	2	3	6
	b) Revaluation gain on land	-	-	-	-	-	(6,895)	-	-	-	-	-	(6,895)
	c) Taxes on above	-	(1)	(1)	(1)	(1)	1,951	-	(1)	(1)	(1)	(1)	1,951
	Total other comprehensive income	-	1	2	1	2	(4,870)	-	1	2	1	2	(4,870)
XI	Total comprehensive income for the period (IX+X)	(282)	(1,410)	(2,318)	(1,692)	(3,996)	(6,733)	1,449	(1,706)	(2,520)	(257)	(4,525)	(7,665)
	Paid-up equity share capital (face value of Rs. 10/- each)	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641	6,641
	Other Equity				5,251	9,680	6,944						
	Earnings per share(EPS) (face value of Rs. 10/- each)												
a	Basic EPS (not annualised)	(0.42)	(2.12)	(3.46)	(2.54)	(6.02)	(2.81)	2.18	(2.57)	(3.80)	(0.39)	(6.82)	(4.21)
b	Diluted EPS (not annualised)	(0.42)	(2.12)	(3.46)	(2.54)	(6.02)	(2.81)	2.18	(2.57)	(3.80)	(0.39)	(6.82)	(4.21)
	Paid-up debt capital/outstanding debts				-	-	-						
	Debenture redemption reserve				-	-	-						
	Net worth				(13,772)	(14,289)	(12,079)						
	Fixed asset coverage ratio				1.69	1.47	1.58						
	Debt equity ratio				1.59	1.64	1.50						
	Debt service coverage ratio (DSCR)				(0.03)	(0.48)	0.43						
	Interest service coverage ratio (ISCR)				(0.08)	(1.02)	0.72						

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KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

REVENUES, RESULTS, ASSETS, LIABILITIES AND CAPITAL EMPLOYED FOR THE SEGMENTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019

(₹ in Lakhs)

Sl No	Particulars	Standalone						Consolidated					
		Quarter ended			Six Months ended		Year ended	Quarter ended			Six Months ended		Year ended
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenues												
	Power generation/ distribution	2,752	2,213	2,570	4,965	5,139	9,415	2,752	2,213	2,570	4,965	5,139	9,415
	Rotating machines	4,901	4,818	4,475	9,719	10,225	19,498	4,901	4,818	4,475	9,719	10,225	19,517
	Others	185	238	177	423	368	822	185	238	177	423	368	822
	Total	**7,838**	**7,269**	**7,222**	**15,107**	**15,732**	**29,735**	**7,838**	**7,269**	**7,222**	**15,107**	**15,732**	**29,754**
	Less: Inter segment revenues	29	145	65	174	160	293	29	145	65	174	160	293
	Revenue from operations	**7,809**	**7,124**	**7,157**	**14,933**	**15,572**	**29,442**	**7,809**	**7,124**	**7,157**	**14,933**	**15,572**	**29,461**
2	**Segment Results**												
	Profit / (loss) before interest and tax expense												
	Power generation/ distribution	513	(95)	(74)	418	(152)	(669)	513	(95)	(74)	418	(152)	(669)
	Rotating machines	129	238	(469)	367	(630)	(607)	129	238	(469)	367	(630)	(588)
	Others	90	42	56	132	102	313	90	42	56	132	102	313
	Total	**732**	**185**	**(487)**	**917**	**(680)**	**(963)**	**732**	**185**	(487)	**917**	**(680)**	**(944)**
	Less: Interest	801	948	949	1,749	1,786	3,843	1,087	1,219	1,134	2,306	2,251	4,877
	Less: Other unallocable expenditure (net off unallocable income)	213	648	884	861	1,532	(2,943)	(1,804)	673	901	(1,131)	1,596	(3,026)
	Total profit /(loss) before tax expense	**(282)**	**(1,411)**	**(2,320)**	**(1,693)**	**(3,998)**	**(1,863)**	**1,449**	**(1,707)**	**(2,522)**	**(258)**	**(4,527)**	**(2,795)**
3	**Segment Assets**												
	Power generation/ distribution	8,815	8,606	8,846	8,815	8,846	8,393	8,815	8,606	8,846	8,815	8,846	8,393
	Rotating machines	25,570	26,211	26,539	25,570	26,539	25,573	25,570	26,211	26,539	25,570	26,539	25,573
	Others	7,000	6,968	6,804	7,000	6,804	7,037	7,000	6,968	6,804	7,000	6,804	7,037
	Total	**41,385**	**41,785**	**42,189**	**41,385**	**42,189**	**41,003**	**41,385**	**41,785**	**42,189**	**41,385**	**42,189**	**41,003**
	Add Unallocable Assets	21,000	22,034	29,800	21,000	29,800	22,101	6,500	6,511	14,770	6,500	14,770	6,692
	Total Segment Assets	**62,385**	**63,819**	**71,989**	**62,385**	**71,989**	**63,104**	**47,885**	**48,296**	**56,959**	**47,885**	**56,959**	**47,695**
4	**Segment Liabilities**												
	Power generation/ distribution	8,123	7,939	6,888	8,123	6,888	7,829	8,123	7,939	6,888	8,123	6,888	7,829
	Rotating machines	13,806	13,716	10,938	13,806	10,938	13,214	13,806	13,716	10,938	13,806	10,938	13,214
	Others	732	757	426	732	426	798	732	757	426	732	426	798
	Total	**22,661**	**22,412**	**18,252**	**22,661**	**18,252**	**21,841**	**22,661**	**22,412**	**18,252**	**22,661**	**18,252**	**21,841**
	Add Unallocable Liabilities	27,832	29,232	37,416	27,832	37,416	27,678	34,636	36,747	44,694	34,636	44,694	35,011
	Total Segment Liabilities	**50,493**	**51,644**	**55,668**	**50,493**	**55,668**	**49,519**	**57,297**	**59,159**	**62,946**	**57,297**	**62,946**	**56,852**
5	**Capital Employed (Segment Assets-Segment Liabilities)**												
	Power generation/ distribution	692	667	1,958	692	1,958	564	692	667	1,958	692	1,958	564
	Rotating machines	11,765	12,496	15,601	11,765	15,601	12,360	11,765	12,496	15,601	11,765	15,601	12,360
	Others	6,268	6,211	6,378	6,268	6,378	6,239	6,268	6,211	6,378	6,268	6,378	6,239
	Total capital employed in segments	**18,725**	**19,374**	**23,937**	**18,725**	**23,937**	**19,163**	**18,725**	**19,374**	23,937	**18,725**	**23,937**	**19,163**
	Add: Unallocated	(6,833)	(7,199)	(7,616)	(6,833)	(7,616)	(5,578)	(28,137)	(30,237)	(29,924)	(28,137)	(29,924)	(28,320)
	Total capital employed	**11,892**	**12,175**	**16,321**	**11,892**	**16,321**	**13,585**	**(9,412)**	**(10,863)**	**(5,987)**	**(9,412)**	**(5,987)**	**(9,157)**

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KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2019

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	As at September 30, 2019	As at March 31, 2019	As at September 30, 2019	As at March 31, 2019
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Non-current assets				
(a) Property, plant and equipment	31,875	32,144	31,875	32,144
(b) Capital work-in-progress	24	20	24	20
(c) Investment Property	147	147	175	176
(d) Other Intangible assets	4	6	369	423
(e) Financial assets				
(i) Investments	7,061	7,059	126	124
(ii) Trade Receivables	490	547	490	547
(iii) Other financial assets	110	110	110	110
(f) Other non-current assets	2,360	2,661	2,378	2,667
Total Non-current assets	**42,071**	**42,694**	**35,547**	**36,211**
Current assets				
(a) Inventories	4,839	4,681	4,839	4,681
(b) Financial assets				
(i) Trade receivables	2,695	1,709	5,149	4,257
(ii) Cash and cash equivalents	497	925	514	962
(iii) Other Bank balances	891	600	892	601
(iv) Other financial assets	-	-	-	-
(c) Other current assets	11,392	12,495	944	983
Total Current assets	**20,314**	**20,410**	**12,338**	**11,484**
TOTAL ASSETS	**62,385**	**63,104**	**47,885**	**47,695**
EQUITY AND LIABILITIES				
Shareholders' funds				
(a) Share capital	6,641	6,641	6,641	6,641
(b) Other equity	5,251	6,944	(16,058)	(15,802)
Equity attributable to shareholders of Kirloskar Electric Company Limited	11,892	13,585	(9,416)	(9,161)
Non-controlling interest	-	-	4	4
TOTAL EQUITY	**11,892**	**13,585**	**(9,412)**	**(9,157)**
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	4,894	9,063	4,894	7,225
(ii) Other financial liabilities	829	900	829	900
(b) Provisions	2,112	1,962	2,112	1,962
(c) Deferred tax liabilities (net)	1,053	1,052	1,053	1,052
Total Non current liabilities	**8,888**	**12,977**	**8,888**	**11,139**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	11,098	10,323	13,293	11,646
(ii) Trade payables				
(i) micro and small enterprises, and	2,632	2,427	2,632	2,427
(ii) other than micro and small enterprises	9,444	9,636	9,444	9,639
(iii) Other financial liabilities	6,591	2,826	11,132	10,601
(b) Provisions	2,703	2,673	2,702	2,674
(c) Other current liabilities	9,136	8,656	9,206	8,725
(d) Current tax liabilities (net)	1	1	1	1
Total Current liabilities	**41,605**	**36,542**	**48,409**	**45,713**
TOTAL EQUITY AND LIABILITIES	**62,385**	**63,104**	**47,885**	**47,695**

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KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

KIRLOSKAR ELECTRIC COMPANY LIMITED
CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019

(₹ in Lakhs)

Particulars	STANDALONE			CONSOLIDATED		
	September 30, 2019	March 31, 2019	September 30, 2018	September 30, 2019	March 31, 2019	September 30, 2018
	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited
Cash flows from operating activities						
Profit / (Loss) before taxation	(1,693)	(1,863)	(3,998)	(258)	(2,795)	(4,527)
Adjustments for:						
Depreciation and amortisation	278	772	390	331	876	442
Provisons (net)	(29)	564	459	(29)	564	(1,542)
(Profit)/loss on sale of fixed assets	8	(5,748)	(4)	(1,145)	(5,748)	(4)
Interest income	(38)	(58)	(33)	(38)	(58)	(33)
(Profit)/loss on sale of assets held for sale	-	28	-	-	28	-
Dividends received	(0)	(0)	-	(0)	(0)	-
Finance costs	1,749	3,843	1,786	2,306	4,877	2,251
	1,968	**(599)**	**2,598**	**1,425**	**539**	**1,114**
	275	**(2,462)**	**(1,400)**	**1,167**	**(2,255)**	**(3,413)**
(Increase)/ decrease in trade and other receivables	607	3,494	2,573	(363)	4,201	4,953
(Increase)/ decrease in inventories	(158)	792	312	(158)	792	312
Increase/ (decrease) in trade payables and other current liabilities	306	(2,424)	(4,058)	304	(2,532)	(4,124)
	755	**1,862**	**(1,173)**	**(217)**	**2,461**	**1,141**
	1,030	**(600)**	**(2,573)**	**950**	**206**	**(2,272)**
Income taxes paid	(191)	72	9	(180)	72	9
Net cash from operating activities	**1,221**	**(672)**	**(2,582)**	**1,130**	**134**	**(2,281)**
Cash flows from investing activities						
Purchase of property, plant and equipment	(137)	(72)	(29)	(137)	(72)	(29)
Proceeds from sale of property, plant and equipment	116	5,859	7	1,267	5,859	7
Purchase of investments	(0)	0	0	0	(0)	0
Interest received	40	30	24	40	30	24
Increase in margin money and short term deposits	(291)	433	335	(291)	432	335
Dividend received	0	0	-	0	0	-
Net cash from investing activities	**(272)**	**6,250**	**337**	**880**	**6,249**	**337**
Cash flows from financing activities						
Proceeds from long term borrowings	-	3,331	5,109	(4,431)	1,943	4,920
Repayment of long term borrowings	(2,311)	-		-	-	-
ICD's Accepted	1,873	429	345	2,745	1,752	345
ICD's Repaid	-	(375)	-	-	(375)	-
Repayment of fixed deposits from public	(5)	(121)	(558)	(5)	(571)	(558)
Increase/ (decrease) of short term borrowings (net)	(1,098)	(6,983)	(2,233)	(1,098)	(6,983)	(2,233)
Repayment of finance lease obligation		-		-	-	-
Finance costs	164	(2,088)	(675)	331	(2,381)	(821)
Net cash from financing activities	**(1,377)**	**(5,807)**	**1,988**	**(2,458)**	**(6,615)**	**1,653**
Net increase/(decrease) in cash and cash equivalents	**(428)**	**(229)**	**(257)**	**(448)**	**(232)**	**(291)**
Cash and cash equivalents at beginning of the year	925	1,154	1,154	962	1,194	1,194
Cash and cash equivalents at end of the year	**497**	**925**	**897**	**514**	**962**	**903**

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KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

Notes:

1 The above unaudited standalone and consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on November 11, 2019.

2 The unaudited standalone and consolidated financial results of the Company for the quarter and six months ended September 30, 2019 have been subject to limited review by its Statutory auditors.

3 The Company has prepared these Standalone and Consolidated financial results in accordance with Companies (Indian Accounting Standard) Rules, 2015 as amended as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with the relevant rules issued thereunder as amended and the other accounting principles generally accepted in India.

4 The format for Standalone and Consolidated results as prescribed in SEBI's circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 05, 2016 read with SEBI Circular No.CIR/CFD/CMDI/44/2019 dated March 29, 2019, Ind AS and Schedule III of the Companies Act, 2013 as amended applicable to the Companies that are required to comply with Ind AS.

5 As a measure of restructuring and with the consent of Lead Bank and other Lender banks under the Joint Lender Forum (JLF) mechanism, the Company had transferred in the year ended March 31, 2015 certain assets comprising of immovable properties, receivables and inventory to its subsidiaries - Kelbuzz Trading Private Limited, SKG Terra Promenade Private Limited and SLPKG Estate Holdings Private Limited, which will function as special purpose vehicles to hold such assets, dispose off the same and pay off certain debts (bank dues) transferred by the Company. The amounts outstanding and due from the subsidiaries as at September 30, 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 ₹13,828.46 lakhs (₹14,971.43 lakhs as at June 30, 2019) 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 September 30, 2019.

6 During the quarter ended June 30, 2018, Company Bankers - 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). During the current quarter, the Company has received the final Term Sheet based on which the necessary entries have been passed in the books of account and net benefit on account of such assignment has been shown under Exceptional Items ₹ 471 Lakhs in Standalone and ₹ 982 in Consolidated Financial results.

7(a) In case of Consolidated unaudited financial results - Confirmation of balances from customers are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Provision has been made to the extent required and further adjustments if any, will made on completion of review/reconciliation. The debts exceeding two years and considered good of recovery by the management is estimated at Rs.2,555 lakhs.

7 (b) The net worth (after excluding revaluation reserve) of the group in terms of the consolidated financial statements as at September 30, 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 the 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.

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KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

8 a. The Company has filed before the honorable Supreme Court, special leave petition (SLP) in respect of resale tax penalty demand of ₹527 lakhs on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the parent company) and confirmed by the honorable High Court of Karnataka. This SLP has been admitted by the honorable Supreme Court.

b. The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty 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 Rs.144.84 Lakhs has been refunded on March 29, 2019 to the Company.

c. The Company received a reassessment order under Karnataka Value Added Tax Act, 2003 ("KVAT") in an earlier year for the period April 2009 to March 2010 essentially denying input credit and making certain other disallowances and consequently, raised a demand of ₹893 lakhs. According to the Company the said order was passed based on incorrect interpretation of law. The Company was legally advised that the said order is not sustainable and consequently a writ petition was filed in the honorable High Court of Karnataka seeking relief from the said order and quashing of the same. The honorable High Court of Karnataka disposed the writ petition made by the company on January 10, 2018 and has passed the order setting aside for passing the fresh order in accordance with the law by the assessing authorities. The concerned authority is yet to pass the fresh orders.

Under the above circumstances, the Company believes based on legal advice / internal assessment that the outcome of these contingencies will be favorable, that losses are not probable and no provision is required to be recognized in this respect.

9 The figures for the quarter and six months ended September, 2018 included in the Statement of Consolidated Financial Results for the quarter and six months ended September 30, 2019 have been approved by the Holding Company's Board of Directors, but have not been subjected to review as the mandatory requirement for limited review has been made applicable for periods beginning from April 1, 2019, pursuant to Regulation 33(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

10 On July 02, 2019, the Company has entered into Memorandum of Understanding (MOU) with Shirdi Sai Electricals Limited, Hyderabad for the transfer of manufacturing unit of the company located in Pune, either by Business 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.

11 On October 25, 2019, the Company has entered into Joint Venture (JV) with M/s Electrodrive Powertrain Solutions Private Limited having its registered office at 184/2, Aerodrome Road, Singanallur, Coimbatore – 641005, Tamil Nadu for the design and development, sales and supply of electric motors to be used for all types of electric vehicles.

12 Transition to Ind AS -116 - Leases - Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise Right-of-Use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from the previous standard- Ind AS 17, and consequently, comparatives for previous periods have not been retrospectively adjusted. On transition, the Company records the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen the practical expedient provided in the standard to measure the right-of-use at the same value as the lease liability. The effect of Ind AS 116 on profit/(loss) for the current quarter and six months ended September 30, 2019 is not material.

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KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

13 Exceptional Items in the consolidated financial results for the year ended March 31, 2019 include ₹.346.40 Lakhs income arising on account of One time settlement entered with State Bank of India for repayment and closure of its outstanding loan in subsidiary, SLPKG Estate Holdings Private Limited on February 27, 2019.

14 a. Other Income for the year ended March 31, 2019 primarily includes the profit on sale of properties of the Company situated at Malleshwaram West, Bangalore. Consequently, major part of the sale proceeds have been utilised towards the repayment of the financial dues to the banks and financial institutions.

b. Other Income for the quarter and six months ended September 30, 2019 in Consolidated Financial results includes the profit on sale of few properties of the Company situated at Kuvempu Nagar, Mysore. Consequently, major part of the sale proceeds have been utilised towards the repayment of the financial dues to the bank.

15 Details of Secured Redeemable Non-Convertible Debentures - NIL

16 The following have been computed as:

a) Paid up debt capital/outstanding debt= Non Current Borrowing, current portion of long term borrowings and current

b) Debt equity ratio= Aggregate of outstanding debts/Equity attributable to shareholders.

c) DSCR= Profit or (Loss) before Depreciation and amortisation expense, finance costs, exceptional items and tax/(Long Term Loan principal repaid+Finance costs-Finance income).

d) ISCR= Profit or (Loss) before Depreciation and amortisation expense, finance costs, exceptional items and tax and finance income/Finance costs.

e) Fixed asset coverage ratio= Revalued Value of Property, Pland & Equipment and Capital Work in Progress / Long Term Loan.

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

KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

Place: Bengaluru
Date: November 11, 2019

(Vijay R Kirloskar)
Executive Chairman

ASHOK KUMAR, PRABHASHANKAR & CO. CHARTERED ACCOUNTANTS BENGALURU

ASHOK KUMAR, PRABHASHANKAR & CO.
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Independent Auditor's Review Report on Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

1. We have reviewed the accompanying Statement of Unaudited Standalone financial results of Kirloskar Electric Company Limited ('the Company') for the quarter and six months ended September 30, 2019 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular").

2. This Statement, which is the responsibility of the company's management and approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (Ind AS 34) - Interim Financial Reporting, prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder as applicable and other accounting principles generally accepted in India, read with the Circular. Our responsibility is to express an opinion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. **Basis of Qualified Opinion:**

   Attention of the Directors is invited to note 5 to the unaudited financial results 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 ₹13,828.46 lakhs (₹14,971.43 lakhs as at June 30, 2019) against which provision is recognized for an amount of ₹2,970.77 lakhs as at September 30, 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.

5. Based on our review conducted and procedures performed as per paragraph 3 above except for the effects in respect of the matter stated in the paragraph on "Basis of Qualified Opinion" and read with note 5 to the unaudited financial results, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

ASHOK KUMAR, PRABHASHANKAR & CO. BENGALURU CHARTERED ACCOUNTANTS

6. **Key Audit Matters:**

a) Note 7(b) of the unaudited financial results – The Directors have detailed the reasons for preparing these unaudited financial results on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) have incurred losses and their net worth is eroded. There are certain overdue payments to creditors and banks. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan including that of ARCIL for assignment of borrowings from Axis Bank wherein the scheme of repayment is approved by ARCIL and that of 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 representations made by the Company and hence we opine that there is no existence of material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

7. **Emphasis of Matter:**

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

a) Note 8.a of the unaudited financial results, which states that the Company has filed Special Leave Petition in respect of demands of resale tax penalty of ₹527 lakhs before the honorable Supreme Court of India. The Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation. Our opinion is not modified in respect of this matter.

b) Note 8.c of the unaudited financial results, which states that the Company had filed a Writ Petition in the honorable High Court of Karnataka challenging the demand of Karnataka Value Added Tax, 2003 of ₹893 lakhs and on January 10, 2018, the Writ Petition was disposed by the honorable High Court of Karnataka by setting aside the reassessment order and passed the order to make a fresh order in accordance with the law by the assessing authorities.

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

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

A.Umesh Patwardhan
Partner
M. No. 222945
UDIN: 19222945AAAABU8935

Place: Bengaluru
Date: November 11, 2019

ASHOK KUMAR, PRABHASHANKAR & CO. ★ CHARTERED ACCOUNTANTS ★ BENGALURU

ASHOK KUMAR, PRABHASHANKAR & CO.
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Independent Auditor's Review Report on Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

1. We have reviewed the accompanying Statement of Unaudited Consolidated financial results of Kirloskar Electric Company Limited ("the Parent") and its subsidiaries and associates (the Parent and its subsidiaries and associates collectively referred as "Group"), and its share of net profit/(loss) after tax and total comprehensive income for the quarter and six months ended September 30, 2019, attached herewith, being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular").

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (Ind AS 34) - Interim Financial Reporting, prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder as applicable and other accounting principles generally accepted in India, read with the Circular. Our responsibility is to express an opinion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. **Basis of Qualified Opinion:**

   Attention of the Directors is invited to note 7(a) to the unaudited financial results regarding trade receivables/book debts exceeding two years and considered good by the management estimated at ₹2,555.20 lakhs. The relevant accounts 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.

ASHOK KUMAR, PRABHASHANKAR & CO. BENGALURU CHARTERED ACCOUNTANTS

5. The Statement includes the Unaudited financial results of the following entities:

   a. Kirsons B V
   b. Kelbuzz Trading Private Limited
   c. Luxqusite Parkland Private Limited
   d. SKG Terra Promonede Private Limited
   e. SLPKG Estate Holding Private Limited
   f. Kesvik Developers Private Limited
   g. Swaki Habitat Private Limited

6. Based on our review conducted and procedures performed as stated in paragraph 3 above except for the effects in respect of the matter stated in the paragraph on "Basis of Qualified Opinion" and read with note 7(a) to the unaudited financial results, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. **Key Audit Matters:**

   a) Note 7(b) of the unaudited financial results – The Directors have detailed the reasons for preparing these unaudited financial results on a going concern basis, though the Company/Group (consisting of the Company, its subsidiaries and associate) have incurred losses and their net worth is eroded. There are certain overdue payments to creditors and banks. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan including that of ARCIL for assignment of borrowings from Axis Bank wherein the scheme of repayment is approved by ARCIL and that of 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 representations made by the Company and hence we opine that there is no existence of material uncertainty that may cast significant doubt on Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

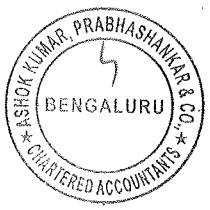
8. **Emphasis of Matter:**

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

   a) Note 8.a of the unaudited financial results, which states that the Company has filed Special Leave Petition in respect of demands of resale tax penalty of ₹527 lakhs before the honorable Supreme Court of India. The Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation. Our opinion is not modified in respect of this matter.

   b) Note 8.c of the unaudited financial results, which states that the Company had filed a Writ Petition in the honorable High Court of Karnataka challenging the demand of Karnataka Value Added Tax, 2003 of ₹893 lakhs and on January 10, 2018, the Writ Petition was disposed by the honorable High Court of Karnataka by setting aside the reassessment order and passed the order to make a fresh order in accordance with the law by the assessing authorities.

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



9. One of these subsidiaries is located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in its respective county by the Subsidiary management and the Parent's management has converted the financial results from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Parent's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the information and conversion adjustments prepared by the management of the Parent and reviewed by us.

10. The accompanying unaudited consolidated financial results includes the unaudited interim financial results of 7 subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total revenues of ₹1,553 lakhs and ₹1,553 lakhs, total net profit/(loss) after tax and total comprehensive loss of ₹1,731 lakhs and ₹1,435 lakhs for the quarter and six months ended September 30, 2019, respectively, as considered in the consolidated unaudited financial results. These interim unaudited financial results have been approved and furnished to us by the management. Our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on such unaudited financial results and other unaudited financial information of these subsidiaries provided by the management. Our conclusion on the Statement is not modified in respect of the above matter.

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

A.Umesh Patwardhan
Partner
M. No. 222945
UDIN: 19222945AAAABV4351

Place: Bengaluru
Date: November 11, 2019

ASHOK KUMAR, PRABHASHANKAR & CO. * BENGALURU * CHARTERED ACCOUNTANTS