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 ENDED JUNE 30, 2019

(₹ in Lakhs)

Sl No	Particulars	Standalone				Consolidated			
		Quarter ended			Year ended	Quarter ended			Year ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		Unaudited	Audited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Audited
	INCOME FROM OPERATIONS:								
I	Revenue from Operations	7,124	7,741	8,415	29,442	7,124	7,741	8,415	29,461
II	Other income	73	5,798	299	6,217	73	5,798	299	6,217
III	**Total Revenue (I+II)**	**7,197**	**13,539**	**8,714**	**35,659**	**7,197**	**13,539**	**8,714**	**35,678**
IV	**Expenses:**								
a	Cost of materials consumed	5,633	4,694	6,638	21,460	5,633	4,694	6,638	21,460
b	Change in inventories of finished goods, work in progress and stock in trade	(677)	942	(167)	567	(677)	942	(167)	567
c	Excise duty on sale of goods	-	-	-	-	-	-	-	-
d	Employee benefit expense	1,515	1,276	1,660	6,119	1,515	1,276	1,660	6,119
e	Finance costs	948	1,158	837	3,843	1,219	1,439	1,117	4,877
f	Depreciation and amortisation expenses	141	190	196	772	167	216	222	876
g	Other expenses	1,048	1,093	1,228	4,761	1,047	1,212	1,249	4,920
	Total expenses	**8,608**	**9,353**	**10,392**	**37,522**	**8,904**	**9,779**	**10,719**	**38,819**
V	**Profit / (loss) before exceptional and tax (III-IV)**	**(1,411)**	**4,186**	**(1,678)**	**(1,863)**	**(1,707)**	**3,760**	**(2,005)**	**(3,141)**
VI		-	-	-	-	-	346	-	346
VII	**Profit / (loss) before tax (V-VI)**	**(1,411)**	**4,186**	**(1,678)**	**(1,863)**	**(1,707)**	**3,414**	**(2,005)**	**(2,795)**
VIII	Tax expense:								
a	Current Tax	-	-	-	-	-	-	-	-
b	Deferred tax	-	-	-	-	-	-	-	-
IX	**Profit / (loss) after tax (VII-VIII)**	**(1,411)**	**4,186**	**(1,678)**	**(1,863)**	**(1,707)**	**3,414**	**(2,005)**	**(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	-	98	-	98
	b) Taxes on above	-	(30)	-	(30)	-	(30)	-	(30)
	(ii) Items that may be reclassified to profit or loss						-	-	
	a) Mark to Market of Investments	2	-	-	6	2	6	-	6
	b) Revaluation gain on land	-	(6,895)	-	(6,895)	-	(6,895)	-	(6,895)
	c) Taxes on above	(1)	1,953	-	1,951	(1)	1,951	-	1,951
	Total other comprehensive income	**1**	**(4,874)**	**-**	**(4,870)**	**1**	**(4,870)**	**-**	**(4,870)**
XI	**Total comprehensive income for the period (IX+X)**	**(1,410)**	**(688)**	**(1,678)**	**(6,733)**	**(1,706)**	**(1,456)**	**(2,005)**	**(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
	Other Equity				**6,944**				
	Earnings per share(EPS) (face value of Rs. 10/- each)								
a	Basic EPS (not annualised)	(2.12)	6.30	(2.53)	(2.81)	(2.57)	5.14	(3.02)	(4.21)
b	Diluted EPS (not annualised)	(2.12)	6.30	(2.53)	(2.81)	(2.57)	5.14	(3.02)	(4.21)

KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

ASHOK KUMAR, PRABHASHANKAR & CO. CHARTERED ACCOUNTANTS BENGALURU

REVENUES, RESULTS, ASSETS, LIABILITIES AND CAPITAL EMPLOYED FOR THE SEGMENTS FOR THE QUARTER ENDED JUNE 30, 2019

(₹ in Lakhs)

Sl No	Particulars	Standalone				Consolidated			
		Quarter ended			Year ended	Year ended			
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		Unaudited	Audited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Audited
1	**Segment Revenues**								
	Power generation/ distribution	2,213	2,625	2,569	9,415	2,213	2,625	2,569	9,415
	Rotating machines	4,818	5,004	5,750	19,498	4,818	5,004	5,750	19,517
	Others	238	193	191	822	238	193	191	822
	Total	**7,269**	**7,822**	**8,510**	**29,735**	**7,269**	**7,822**	**8,510**	**29,754**
	Less: Inter segment revenues	145	81	95	293	145	81	95	293
	Revenue from operations	**7,124**	**7,741**	**8,415**	**29,442**	**7,124**	**7,741**	**8,415**	**29,461**
2	**Segment Results**								
	Profit / (loss) before interest and tax expense								
	Power generation/ distribution	(95)	(212)	(78)	(669)	(95)	(212)	(78)	(669)
	Rotating machines	238	199	(161)	(607)	238	199	(161)	(588)
	Others	42	98	46	313	42	98	46	313
	Total	**185**	**85**	**(193)**	**(963)**	**185**	**85**	**(193)**	**(944)**
	Less: Interest	948	1,158	837	3,843	1,219	1,439	1,117	4,877
	Less: Other unallocable expenditure (net off unallocable Income)	648	(5,259)	648	(2,943)	673	(4,768)	695	(3,026)
	Total profit /(loss) before tax expense	**(1,411)**	**4,186**	**(1,678)**	**(1,863)**	**(1,707)**	**3,414**	**(2,005)**	**(2,795)**
3	**Segment Assets**								
	Power generation/ distribution	8,606	8,393	10,006	8,393	8,606	8,393	10,006	8,393
	Rotating machines	26,211	25,573	27,200	25,573	26,211	25,573	27,200	25,573
	Others	6,968	7,037	6,841	7,037	6,968	7,037	6,841	7,037
	Total	**41,785**	**41,003**	**44,047**	**41,003**	**41,785**	**41,003**	**44,047**	**41,003**
	Add Unallocable Assets	22,034	22,101	29,942	22,101	6,511	6,692	15,219	6,692
	Total Segment Assets	**63,819**	**63,104**	**73,989**	**63,104**	**48,296**	**47,695**	**59,266**	**47,695**
4	**Segment Liabilities**								
	Power generation/ distribution	7,939	7,829	8,353	7,829	7,939	7,829	8,353	7,829
	Rotating machines	13,716	13,214	11,074	13,214	13,716	13,214	11,074	13,214
	Others	757	798	488	798	757	798	488	798
	Total	**22,412**	**21,841**	**19,915**	**21,841**	**22,412**	**21,841**	**19,915**	**21,841**
	Add Unallocable Liabilities	29,232	27,678	35,435	27,678	36,747	35,011	42,817	35,011
	Total Segment Liabilities	**51,644**	**49,519**	**55,350**	**49,519**	**59,159**	**56,852**	**62,732**	**56,852**
5	**Capital Employed (Segment Assets-Segment Liabilities)**								
	Power generation/ distribution	667	564	1,653	564	667	564	1,653	564
	Rotating machines	12,496	12,360	16,125	12,360	12,496	12,360	16,125	12,360
	Others	6,211	6,239	6,354	6,239	6,211	6,239	6,354	6,239
	Total capital employed in segments	**19,374**	**19,163**	**24,132**	**19,163**	**19,374**	**19,163**	**24,132**	**19,163**
	Add: Unallocated	(7,199)	(5,578)	(5,493)	(5,578)	(30,237)	(28,320)	(27,598)	(28,320)
	Total capital employed	**12,175**	**13,585**	**18,639**	**13,585**	**(10,863)**	**(9,157)**	**(3,466)**	**(9,157)**

KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

ASHOK KUMAR, PRABHASHANKAR & CO. CHARTERED ACCOUNTANTS BENGALURU

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 August 14, 2019.

2 The unaudited standalone and consolidated financial results of the Company for the quarter ended June 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/CMDl/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 Lend 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 June 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 ₹14,971.43 lakhs (₹14,898.79 lakhs as at March 31, 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 June 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). 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 quarter ended June 30, 2019.

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.2,571 lakhs.

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

KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

ASHOK KUMAR, PRABHASHANKAR & CO. BENGALURU CHARTERED ACCOUNTANTS

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 Rs.180.05 Lakhs initial deposit amount paid under protest for preferring an appeal by the Company, Rs.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 ended March 31,2019 and the quarter June 30, 2018, included in the Statement of Consolidated Financial Results for the quarter ended June 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 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 for current quarter ended is not material.

KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

ASHOK KUMAR, PRABHASHANKAR & CO. CHARTERED ACCOUNTANTS BENGALURU

12 Exceptional Items in the consolidated financial results for the quarter and year ended March 31, 2019 include Rs.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.

13 Other Income for the quarter and 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.

14 The figures for the quarter ended March 31, 2019 are the balancing figures between the audited figures in respect of the full year ended March 31, 2019 and nine months ended December 31, 2018.

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

Place: Bengaluru
Date: August 14, 2019

(Vijay R Kirloskar)
Executive Chairman

KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

ASHOK KUMAR, PRABHASHANKAR & CO. CHARTERED ACCOUNTANTS BENGALURU

ASHOK KUMAR, PRABHASHANKAR & CO.
CHARTERED ACCOUNTANTS
S-2, Narayana, 25, Mission Road, Shama Rao Compound
Bengaluru - 560 027. India
Telefax: +91-80-22237045, +91-80-22241284
e-mail: knp@akpco.com

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 ended June 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 Rs.14,971.43 lakhs (Rs.14,898.79 lakhs as at March 31, 2019) against which provision is recognized for an amount of Rs.2,970.77 lakhs as at June 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.

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 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 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 6 of the unaudited financial results, which states that during the quarter ended June 30, 2018, Company's Banker – Axis Bank has assigned its total debts due (excluding the Bank Guarantee Limits) in the Company and one of its Subsidiary Company, Kelbuzz Trading Private Limited along with the underlying financial documents together with rights, benefits and obligations' there under to Asset Reconstruction Company (India) Limited (ARCIL). No effect has been given in the books of account in the current quarter as the Company is in discussion for finalization of the Terms of Assignment Document.

b) 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.

c) 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 (b) and (c) 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: 19222945AAAABC2974

Place: Bengaluru
Date: August 14, 2019

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

ASHOK KUMAR, PRABHASHANKAR & CO.
CHARTERED ACCOUNTANTS
S-2, Narayana, 25, Mission Road, Shama Rao Compound
Bengaluru - 560 027. India
Telefax: +91-80-22237045, +91-80-22241284
e-mail: knp@akpco.com

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 loss after tax and total comprehensive income for the quarter ended June 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 Rs.2,571 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:**

   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 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 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 6 of the unaudited financial results, which states that during the quarter ended June 30, 2018, Company's Banker – Axis Bank has assigned its total debts due (excluding the Bank Guarantee Limits) in the Company and one of its Subsidiary Company, Kelbuzz Trading Private Limited along with the underlying financial documents together with rights, benefits and obligations' there under to Asset Reconstruction Company (India) Limited (ARCIL). No effect has been given in the books of account in the current quarter as the Company is in discussion for finalization of the Terms of Assignment Document.

   b) 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.

c) 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 (b) and (c) 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 country 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 the 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 Rs. Nil, total net loss after tax and total comprehensive loss of Rs.301 lakhs for the quarter ended June 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: 19222945AAAABD8766

Place: Bengaluru
Date: August 14, 2019

ASHOK KUMAR, PRABHASHANKAR & CO. BENGALURU CHARTERED ACCOUNTANTS