KIRLOSKAR ELECTRIC COMPANY LIMITED
CIN:L31100KA1946PLC000415
REGD OFFICE: INDUSTRIAL SUBURB, RAJAJINAGAR, BENGALURU - 560 010.
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(₹ in Lakhs)

Sl No	Particulars	Standalone					
		Quarter ended			Nine Months ended		Year ended
		December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	INCOME FROM OPERATIONS:						
I	Revenue from Operations	6,129	7,157	8,292	21,701	26,989	37,913
II	Other income	59	61	332	419	1,166	1,541
III	**Total Revenue (I+II)**	**6,188**	**7,218**	**8,624**	**22,120**	**28,155**	**39,454**
IV	**Expenses:**						
a	Cost of materials consumed	4,982	5,146	6,172	16,766	19,349	27,385
b	Change in inventories of finished goods, work in progress and stock in trade	(589)	381	355	(375)	1,227	1,482
c	Excise duty on sale of goods	-	-	-	-	889	889
d	Employee benefit expense	1,573	1,610	1,729	4,843	5,385	6,765
e	Finance costs	899	949	811	2,685	2,433	3,310
f	Depreciation and amortisation expenses	192	194	261	582	802	1,064
g	Other expenses	1,182	1,258	1,314	3,668	4,794	6,242
	Total expenses	**8,239**	**9,538**	**10,642**	**28,169**	**34,879**	**47,137**
V	**Profit / (loss) before exceptional and tax (III-IV)**	**(2,051)**	**(2,320)**	**(2,018)**	**(6,049)**	**(6,724)**	**(7,683)**
VI	Exceptional items (net of tax expense)	-	-	-	-	-	-
VII	**Profit / (loss) before tax (V-VI)**	**(2,051)**	**(2,320)**	**(2,018)**	**(6,049)**	**(6,724)**	**(7,683)**
VIII	Tax expense:			-		-	
a	Current Tax	-	-	-	-	-	-
b	Deferred tax	-	-		-	-	-
IX	**Profit / (loss) after tax (VII-VIII)**	**(2,051)**	**(2,320)**	**(2,018)**	**(6,049)**	**(6,724)**	**(7,683)**
X	**Other comprehensive income**			-		-	
	(I) Items that will not be reclassified to profit or loss						
	a) Remeasurements of the defined benefit plans	-	-	(2)	-	(6)	149
	b) Taxes on above	-	-	2	-	2	(46)
	(ii) Items that may be reclassified to profit or loss						
	a) Mark to Market of Investments	3	3	2	6	2	17
	b) Taxes on above	(1)	(1)	(1)	(2)	(1)	(6)
	Total other comprehensive income	**2**	**2**	**1**	**4**	**(3)**	**114**
XI	**Total comprehensive income for the period (IX+X)**	**(2,049)**	**(2,318)**	**(2,017)**	**(6,045)**	**(6,727)**	**(7,569)**
	Paid-up equity share capital (face value of Rs. 10/- each)	**6,641**	**6,641**	**6,641**	**6,641**	**6,641**	**6,641**
	Other Equity						**13,676**
	Earnings per share(EPS) (face value of Rs. 10/- each)						
a	Basic EPS (not annualised)	(3.09)	(3.46)	(3.04)	(9.11)	(10.12)	(11.57)
b	Diluted EPS (not annualised)	(3.09)	(3.46)	(3.04)	(9.11)	(10.12)	(11.57)

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 AND NINE MONTHS ENDED DECEMBER 31, 2018

(₹ in Lakhs)

Sl No	Particulars	Standalone					
		Quarter ended			Nine Months ended		Year ended
		December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Segment Revenues**						
	Power generation/ distribution	1,651	2,570	3,755	6,790	13,108	18,428
	Rotating machines	4,269	4,475	4,258	14,494	13,527	18,761
	Others	261	177	335	629	732	1,214
	Total	**6,181**	**7,222**	**8,348**	**21,913**	**27,367**	**38,403**
	Less: Inter segment revenues	52	65	56	212	378	490
	Revenue from operations	**6,129**	**7,157**	**8,292**	**21,701**	**26,989**	**37,913**
2	**Segment Results**						
	Profit / (loss) before interest and tax expense						
	Power generation/ distribution	(305)	(74)	(245)	(457)	(695)	(757)
	Rotating machines	(176)	(469)	(756)	(806)	(2,488)	(2,796)
	Others	113	56	114	215	200	394
	Total	**(368)**	**(487)**	**(887)**	**(1,048)**	**(2,983)**	**(3,159)**
	Less: Interest	899	949	811	2,685	2,433	3,310
	Less: Other unallocable expenditure (net off unallocable Income)	784	884	320	2,316	1,308	1,214
	Total profit /(loss) before tax expense	**(2,051)**	**(2,320)**	**(2,018)**	**(6,049)**	**(6,724)**	**(7,683)**
3	**Segment Assets**						
	Power generation/ distribution	9,205	8,846	11,080	9,205	11,080	11,102
	Rotating machines	25,386	26,539	28,667	25,386	28,667	27,310
	Others	6,757	6,804	7,106	6,757	7,106	6,986
	Total	**41,348**	**42,189**	**46,853**	**41,348**	**46,853**	**45,398**
	Add Unallocable Assets	29,966	29,800	29,807	29,966	29,807	30,536
	Total Segment Assets	**71,314**	**71,989**	**76,660**	**71,314**	**76,660**	**75,934**
4	**Segment Liabilities**						
	Power generation/ distribution	7,653	6,888	9,646	7,653	9,646	10,415
	Rotating machines	11,448	10,938	10,975	11,448	10,975	10,917
	Others	476	426	478	476	478	524
	Total	**19,577**	**18,252**	**21,099**	**19,577**	**21,099**	**21,856**
	Add Unallocable Liabilities	37,465	37,416	34,402	37,465	34,402	33,761
	Total Segment Liabilities	**57,042**	**55,668**	**55,501**	**57,042**	**55,501**	**55,617**
5	**Capital Employed (Segment Assets-Segment Liabilities)**						
	Power generation/ distribution	1,552	1,958	1,434	1,552	1,434	687
	Rotating machines	13,939	15,601	17,691	13,939	17,691	16,393
	Others	6,281	6,378	6,628	6,281	6,628	6,462
	Total capital employed in segments	**21,772**	**23,937**	**25,753**	**21,772**	**25,753**	**23,542**
	Add: Unallocated	(7,500)	(7,616)	(4,594)	(7,500)	(4,594)	(3,225)
	Total capital employed	**14,272**	**16,321**	**21,159**	**14,272**	**21,159**	**20,317**

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Notes:

1 The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on February 13, 2019.

2 The unaudited financial results of the Company for the quarter and nine months ended December 31, 2018 have been subject to limited review by its Statutory auditors.

3 The Company has prepared these Standalone financial results in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and relevant amendment rules thereafter and the other accounting principles generally accepted in India.

4 The format for Standalone results as prescribed in SEBI's circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 05, 2016, Ind AS and Schedule III of the Companies Act, 2013 applicable to the Companies that are required to comply with Ind AS.

5 As a measure of restructuring and with the consent of Leading 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 December 31, 2018 in respect of the transfer of the assets as mentioned above, other expenses incurred by the subsidiaries reimbursed by the Company and interest charged totally amounts to ₹14,893.32 lakhs (₹ 14,193.88 lakhs as at December 31, 2017) after considering Ind AS adjustments. These subsidiaries are taking active steps to repay the dues of the Company from collection of debts (receivables) assigned and from disposal of immovable properties / inventories transferred apart from debts (bank dues) transferred / to be transferred as referred above. The Board of Directors are confident of recovering all dues. However, based on expected credit losses as prescribed under Ind AS as against the incurred loss model envisaged under earlier GAAP, a sum of ₹2,970.77 lakhs has been provided upto December 31, 2018.

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 yet to receive the Terms of Assignment Document, pending which no effect has been given in the books of account for the quarter and nine months ended December 31, 2018.

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

KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

ASHOK KUMAR, PRABHASHANKAR & CO. CHARTERED ACCOUNTANTS BENGALURU

8 a. The Company has filed before the honorable Supreme Court, special leave petition (SLP) in respect of resale tax and sales tax penalty demand of ₹527 lakhs and ₹362 lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the parent company) and confirmed by the honorable High Court of Karnataka. This SLP has been admitted by the honorable Supreme Court.

b. The Company also approached the Karnataka Sales tax authorities seeking settlement of the Sales tax penalty referred to above under 'Karasamadhana Scheme 2017'(Scheme) which involves settlement of the matter by payment of 10% of the amount of penalty and withdrawing the appeal before the honorable Supreme Court. However, the same could not be resolved due to certain interpretation issues of the Scheme and demand for certain amount as further tax payment without considering the amounts already paid by the Company. Consequently, the Company 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.

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

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

9 The Company entered into an agreement on January 04, 2019 to sell its property situated at Industrial Suburb, Rajajinagar, Bangalore with M/s. Brigade Enterprises Limited for an amount of ₹5,500 Lakhs. As per the terms of the agreement, the Company received ₹1,500 Lakhs on December 19, 2018 and ₹1,500 Lakhs on January 17, 2019 as advance against agreement to sell the said property and the balance will be receivable upon execution and registration of the sale deed which is expected to be completed on or before March 31, 2019.

10 Goods and Service Tax (GST) has been implemented w.e.f., July 01, 2017 and therefore the revenue from operations from July 1, 2017 to March 31, 2018 is net of GST. The Revenue from operations and expenses for the nine months ended December 31, 2017 and year ended March 31, 2018 is inclusive of excise duty and hence not comparable with the corresponding figure for the quarter and nine months ended December 31, 2018.

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

(Vijay R Kirloskar)
Executive Chairman

KIRLOSKAR ELECTRIC CO. LTD. BANGALORE

Place: Bengaluru
Date: February 13, 2019

ASHOK KUMAR, PRABHASHANKAR & CO. BENGALURU CHARTERED ACCOUNTANTS

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Limited Review Report

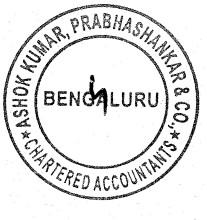
To,
The Board of Directors
Kirloskar Electric Company Limited
Bengaluru.

We have reviewed the accompanying statement of unaudited financial results of **Kirloskar Electric Company Limited ("the Company")** for the quarter and nine months ended December 31, 2018, being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the unaudited financial statements based on our review.

We conducted our review in accordance with the Standards on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis of Qualified Opinion:
Attention of the Directors is invited to note 5 to the unaudited financial results regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immovable properties, interest charged and expenses reimbursed. We have relied on the representation that it is confident of realization of amounts due to the said subsidiaries aggregating to ₹14,893 lakhs against which provision is recognized for an amount of ₹2,971 lakhs. Pending disposals/realization of assets by the subsidiaries, shortfall in realization of the amount outstanding (net of provision), if any, could not be ascertained.

Based on our review conducted as above except in respect of matters 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 applicable Indian Accounting Standards (Ind AS) as specified under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other recognised accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.



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 yet to receive the Terms of Assignment Document.

b) Note 7 of the unaudited financial results, where the Company has 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, with its attendant uncertainties. We have relied on the representation made by the Company.

c) 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 and sales tax penalty of ₹527 lakhs and ₹362 lakhs before the honorable Supreme Court of India.

d) 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 (c) and (d) 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

ASHOK KUMAR, PRABHASHANKAR & CO. BENGALURU CHARTERED ACCOUNTANTS

Place: Bengaluru
Date: February 13, 2019