

KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

CIN:L31100KA1946PLC000415

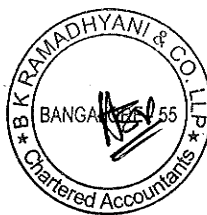
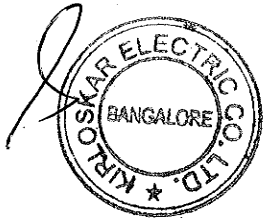
Regd Office: Industrial Suburb, Rajajinagar, Bangalore - 560 010.

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016



(Rs.in Lakhs)

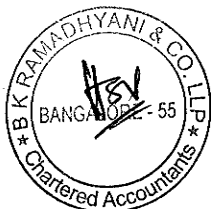
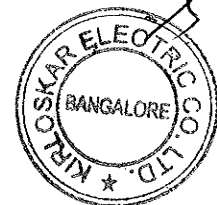
Sl No	Particulars	Standalone					Consolidated	
		Quarter ended			Year ended		Current year ended 31/03/2016	Previous year ended 31/03/2015
		Current Three months ended 31/03/2016	Preceding Three months ended 31/12/2015	Previous year corresponding Three months ended 31/03/2015	Current year ended 31/03/2016	Previous year ended 31/03/2015		
	Audited	Unaudited	Audited	Audited	Audited	Audited	Audited	
1	<b>INCOME FROM OPERATIONS:</b>							
a.	Net sales/ income from operations (net of excise duty)	16,991	12,268	14,317	54,775	51,081	54,775	51,035
b.	Other operating income	-	-	-	-	-	-	-
	<b>Total income from operations (net)</b>	<b>16,991</b>	<b>12,268</b>	<b>14,317</b>	<b>54,775</b>	<b>51,081</b>	<b>54,775</b>	<b>51,035</b>
2	<b>Expenses</b>							
a	Cost of materials consumed	11,973	9,873	9,946	40,597	34,904	40,597	30,049
b	Change in inventories of finished goods, work in progress and stock in trade	456	(702)	1,304	355	5,785	355	10,594
c	Employee benefit expense	1,423	2,007	1,298	7,517	7,557	7,517	7,557
d	Depreciation and amortisation expense	312	262	270	1,101	1,104	1,206	1,208
e	Other expenses	1,680	1,856	3,097	6,641	8,240	6,696	10,887
	<b>Total expenses</b>	<b>15,844</b>	<b>13,296</b>	<b>15,915</b>	<b>56,211</b>	<b>57,590</b>	<b>56,371</b>	<b>60,295</b>
3	<b>Profit / (loss) from operations before other income, finance costs and exceptional items (1-2)</b>	<b>1,147</b>	<b>(1,028)</b>	<b>(1,598)</b>	<b>(1,436)</b>	<b>(6,509)</b>	<b>(1,596)</b>	<b>(9,260)</b>
4	Other income	209	35	71	354	330	354	1,300
	<b>Profit / (loss) from ordinary activities before finance cost and exceptional items (3+4)</b>	<b>1,356</b>	<b>(993)</b>	<b>(1,527)</b>	<b>(1,082)</b>	<b>(6,179)</b>	<b>(1,242)</b>	<b>(7,956)</b>
6	Finance costs	1,061	1,031	862	4,186	4,413	4,861	4,547
	<b>Profit / (loss) from ordinary activities after finance cost but before exceptional items (5-6)</b>	<b>295</b>	<b>(2,024)</b>	<b>(2,389)</b>	<b>(5,268)</b>	<b>(10,592)</b>	<b>(6,103)</b>	<b>(12,503)</b>
8	Exceptional items (net)	-	-	2,383	-	2,383	-	11,501
9	<b>Profit / (loss) from ordinary activities before tax (7-8)</b>	<b>295</b>	<b>(2,024)</b>	<b>(4,772)</b>	<b>(5,268)</b>	<b>(12,975)</b>	<b>(6,103)</b>	<b>(24,004)</b>
10	Tax expense	-	-	-	-	-	-	-
11	<b>Net profit / (loss) from ordinary activities after tax (9-10)</b>	<b>295</b>	<b>(2,024)</b>	<b>(4,772)</b>	<b>(5,268)</b>	<b>(12,975)</b>	<b>(6,103)</b>	<b>(24,004)</b>
12	Extraordinary Item (net of tax expense)	-	2,155	-	2,155	-	2,155	-
13	<b>Net profit / (loss) for the period (11+12)</b>	<b>295</b>	<b>131</b>	<b>(4,772)</b>	<b>(3,113)</b>	<b>(12,975)</b>	<b>(3,948)</b>	<b>(24,004)</b>
14	Share of Profit/(Loss) from Associates	-	-	-	-	-	-	(28)
15	Minority Interest	-	-	-	-	-	-	-
16	<b>Net Profit/(Loss) after taxes, minority interest and share of Profit/(Loss) of associates (13+14-15)</b>	<b>295</b>	<b>131</b>	<b>(4,772)</b>	<b>(3,113)</b>	<b>(12,975)</b>	<b>(3,948)</b>	<b>(24,032)</b>
17	Paid up equity share capital (face value of Rs.10/-)	5,573	5,318	5,318	5,573	5,318	5,573	5,318
18	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	NA	NA	NA	NA	NA	NA	NA
19	<b>Earnings per share (EPS) (Rs)</b>							
a	Basic and diluted EPS before extra ordinary items (not annualised)	0.59	(3.81)	(9.44)	(9.87)	(25.66)	(11.43)	(47.53)
b	Basic and diluted EPS after extra ordinary items (not annualised)	0.57	0.24	(9.44)	(5.83)	(25.66)	(7.40)	(47.53)



Revenues, results and capital employed for the segments for the quarter and year ended March 31, 2016

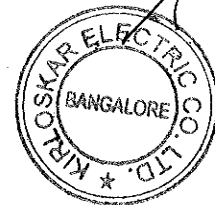
Amount (Rs.in Lakhs)

Sl No	Particulars	Standalone					Consolidated	
		Quarter ended			Year ended		Current year ended 31/03/2016	Previous year ended 31/03/2015
		Current Three months ended 31/03/2016	Preceding Three months ended 31/12/2015	Previous year corresponding Three months ended 31/03/2015	Current year ended 31/03/2016	Previous year ended 31/03/2015		
Audited	Unaudited	Audited	Audited	Audited	Audited	Audited		
1	<b>Segment Revenues</b>							
	Power generation/ distribution	8,926	5,387	6,258	25,141	22,873	25,141	22,873
	Rotating machines	7,935	6,821	7,795	29,093	26,657	29,093	26,611
	Others	838	639	630	2,875	2,658	2,875	2,658
	<b>Total</b>	<b>17,699</b>	<b>12,847</b>	<b>14,683</b>	<b>57,109</b>	<b>52,188</b>	<b>57,109</b>	<b>52,142</b>
	Less: Inter segment revenues	708	579	366	2,334	1,107	2,334	1,107
	<b>Net sales / income from operations</b>	<b>16,991</b>	<b>12,268</b>	<b>14,317</b>	<b>54,775</b>	<b>51,081</b>	<b>54,775</b>	<b>51,035</b>
2	<b>Segment Results</b>							
	Profit / (loss) before interest, depreciation and tax expense							
	Power generation/ distribution	793	(65)	233	959	14	959	185
	Rotating machines	720	242	(117)	1,068	(1,241)	1,068	(1,113)
	Others	314	224	221	782	705	782	736
	<b>Total</b>	<b>1,827</b>	<b>401</b>	<b>337</b>	<b>2,809</b>	<b>(522)</b>	<b>2,809</b>	<b>(192)</b>
	Less: Interest	1,061	1,031	862	4,186	4,413	4,861	4,546
	Less: Other unallocable expenditure (net off unallocable Income)	471	1,394	4,247	3,891	8,040	4,051	19,266
	<b>Total profit / (loss) before tax expense</b>	<b>295</b>	<b>(2,024)</b>	<b>(4,772)</b>	<b>(5,268)</b>	<b>(12,975)</b>	<b>(6,103)</b>	<b>(24,004)</b>
	Add: Share of Profits/(Losses) in the Associates (net)							(28)
	Minority Interest-Share of Profit							
	Add: Extraordinary item		2,155		2,155		2,155	
	<b>Total profit / (loss) before tax expense and after extraordinary item</b>	<b>295</b>	<b>131</b>	<b>(4,772)</b>	<b>(3,113)</b>	<b>(12,975)</b>	<b>(3,948)</b>	<b>(24,032)</b>
3	<b>Capital Employed (Segment Assets-Segment Liabilities)</b>							
	Power generation/ distribution	2,856	2,474	(705)	2,856	(705)	2,856	(503)
	Rotating machines	8,034	9,656	6,605	8,034	6,605	8,034	(7,632)
	Others	(2,321)	(2,530)	(273)	(2,321)	(273)	(2,321)	10,758
	<b>Total capital employed in segments</b>	<b>8,569</b>	<b>9,600</b>	<b>5,627</b>	<b>8,569</b>	<b>5,627</b>	<b>8,569</b>	<b>2,623</b>
	Add: Unallocated	(6,857)	(8,184)	(803)	(6,857)	(803)	(27,788)	(17,895)
	<b>Total capital employed</b>	<b>1,712</b>	<b>1,416</b>	<b>4,824</b>	<b>1,712</b>	<b>4,824</b>	<b>(19,219)</b>	<b>(15,272)</b>



## STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2016

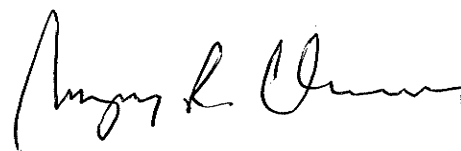
SI No.	Particulars	Amount (Rs.in Lakhs)			
		Standalone		Consolidated	
		As at March 31, 2016		As at March 31, 2015	
		(Audited)	(Audited)	(Audited)	(Audited)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>				
1	Shareholders' funds:				
(a)	Share capital	6,392	6,914	6,392	6,914
(b)	Reserves and surplus	(4,680)	(2,090)	(25,615)	(22,189)
		1,712	4,824	(19,223)	(15,275)
	Minority interest			4	3
2	Non - current liabilities				
(a)	Long term borrowings	7,890	5,578	14,484	9,078
(b)	Other long term liabilities	1,482	1,771	1,482	1,771
(c)	Long term provisions	1,678	1,547	1,678	1,547
		11,050	8,896	17,644	12,396
3	Current liabilities				
(a)	Short term borrowings	14,422	15,681	14,422	15,681
(b)	Trade payables	-	-	-	-
(a)	Total Outstanding dues of micro and small enterprises	81	73	81	74
(b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	18,146	18,871	18,286	18,981
(c)	Other current liabilities	9,874	7,772	9,879	7,856
(d)	Short term provisions	2,950	2,539	2,950	3,434
		45,473	44,936	45,618	46,026
	Total	58,235	58,656	44,043	43,150
<b>B</b>	<b>ASSETS:</b>				
1	Non - current assets				
(a)	Fixed assets				
(i)	Tangible assets	8,420	8,864	8,450	8,895
(ii)	Intangible assets	54	87	784	922
(iii)	Capital work in progress	14	166	14	166
		8,488	9,117	9,248	9,983
(b)	Non - current investments	6,536	6,534	81	81
(c)	Deferred Tax (net)	-	-	-	-
(d)	Long term loans and advances	2,018	1,892	1,972	2,064
(e)	Other non current assets	12,825	13,960	451	292
		29,867	31,503	11,752	12,420
2	Current assets				
(a)	Inventories	9,711	9,294	9,757	9,340
(b)	Trade receivables	10,450	8,273	16,833	16,557
(c)	Cash and bank balances	2,598	1,983	2,620	2,011
(d)	Short term loans and advances	1,221	1,030	1,223	1,032
(e)	Other current assets	4,388	6,573	1,858	1,790
		28,368	27,153	32,291	30,730
	Total	58,235	58,656	44,043	43,150

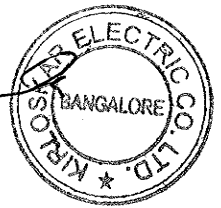


**Notes:**

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 25, 2016.
- 2 The financial results of the Company for the quarter and year ended March 31, 2016 have been audited by the statutory auditors of the Company.
- 3 Extrordinary item represents income from sale of equity shares of the Company by KECL Investment Trust, for which the Company is the sole beneficiary in terms of scheme of arrangement approved by the Honourable High Court of Karnataka under sections 391 - 394 of the Companies Act, 1956, in an earlier year.
- 4 In respect of Standalone Financial results:  
As a measure of restructuring and with the consent of the lending banks under the Joint Lender Forum (JLF) mechanism, the Company had transferred in the preceding year 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 transferred by the Company. The amounts outstanding and due from the said subsidiaries as at March 31, 2016 in respect of the transfer of the assets as mentioned above totally amount to Rs 14,904.79 lakhs (previous year Rs 18,452.51 Lakhs). These subsidiaries are taking active steps to repay the dues of the Company, from collection of book debts assigned and from disposal of immovable properties transferred apart from debts transferred as referred above. These subsidiaries have been sanctioned credit facilities to an aggregate extent of Rs. 500 lakhs (net of amounts drawn). The board of directors of the Company are confident of realisation of the entire amounts due from the said subsidiaries as we are sure of realising much more amount from the sale of immovable properties.
- 5 In respect of Consolidated 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 be made on completion of review/ reconciliation. The debts exceeding two years and considered good of recovery by the management is estimated at Rs.4,601 Lakhs.
- 6 The net worth of the group in terms of the consolidated financial statements as at March 31, 2016 consisting of the Company, its subsidiaries and its associate is eroded and the Company has made net loss for the year ended March 31, 2016 . 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, proposed capital raising plans etc. The Company has made profits for the quarter ended March 31, 2016 and loss has been substantially reduced during the year. 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.
- 7 The Company has filed before the honourable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the parent company) and confirmed by the honourable High Court of Karnataka. This SLP has been admitted by the honorable Supreme Court. Hence the Company believes based on legal advice / internal assessment that the outcome of these contingencies will be favourable, that losses are not probable and no provision is required to be recognized in this respect.
- 8 Reserves have been reported as NA as the Company has a negative reserves and surplus.
- 9 Figures for the last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the end of third quarter of the respective financial year.
- 10 Previous period/year figures have been regrouped wherever necessary to confirm with current period presentation.

Place: Bangalore  
Date: May 25, 2016

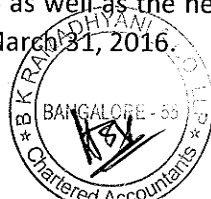
  
(Vijay R Kirloskar)  
Executive Chairman



**Auditor's Report on Quarterly Financial Results and Year to Date Results of Kirloskar Electric Company Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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

1. We have audited the quarterly standalone financial results of Kirloskar Electric Company Limited ("the Company) for the quarter ended and the year ended March 31, 2016, attached herewith being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting AS 25, 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. **Basis of Qualified opinion:**  
Attention of the members is invited to foot note 4 to the financial results regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immovable properties and receivables. We have relied on management's representations that it is confident of realization of amounts due from the said subsidiaries aggregating to Rs 14,904.79 lakhs (previous year Rs 18,452.51 Lakhs). Shortfall in realization of consideration receivable, if any, could not be ascertained.
4. Based on our audit conducted as above except in respect of matters stated in the paragraph on "Basis of Qualified Opinion", and to the best of our information and according to the explanations given to us these quarterly and year to date financial results:
  - (i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
  - (ii) give a true and fair view of the net profit and other financial information for the quarter ended March 31, 2016 as well as the net loss for the year to date results for the period from April 1, 2015 to March 31, 2016.



**5. Other Matters:**

We did not audit the financial statements /information of one branch, the Kuala Lumpur office of the Company, included in the quarterly and year to date financial results of the Company for the quarter ended and the year ended March 31, 2016 whose financial statements/information reflect total assets of Rs 224.47 lakhs as at March 31, 2016 and total revenues of Rs 0.69 Lakhs for the year ended on that date. The financial statements /information of the said office have been audited by the branch auditors (M/s Sundar and Associates, Chartered Accountants) whose report has been furnished to us, and our opinion on the quarterly financial results and the year to date results, to the extent they have been derived from such financial statements is based solely on the report of such branch auditors.


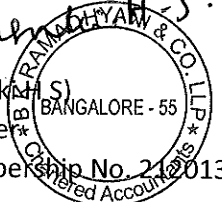
**6. Emphasis of matter:**

Without qualifying our opinion we invite the attention of the members to:

- (a) Foot note 6 of the audited financial results, where in the directors have detailed the reasons for compiling the financial statements on a going concern basis, though the net worth of the group, consisting of the Company, its subsidiaries and associate has been eroded. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds to it. We have relied on the representations made to us by the management.
- (b) Foot note 7 to the audited financial results, which sets out that the Company has filed special leave petition in respect of demands for resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 Lakhs respectively before the honourable Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation.

A copy of the audited financial results of the Company for the quarter ended and the year ended March 31, 2016, which formed the basis of our qualified audit opinion, duly initialled by us for the purpose of identification is enclosed to this report.

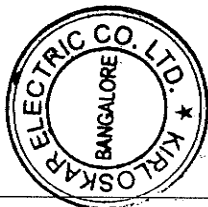
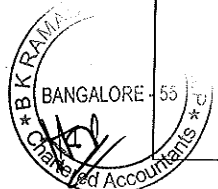
For B K Ramadhyan & Co LLP  
Chartered Accountants  
Firm Registration No: 002878S/S200021

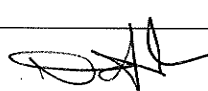
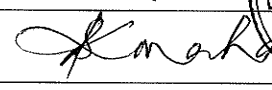


  
(Vasuki H S)  
Partner  
Membership No. 21013  


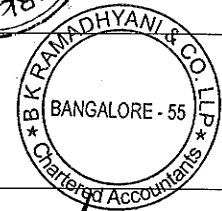
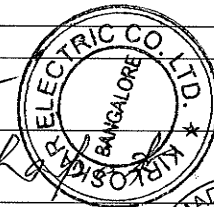
Place: Bangalore  
Date: May 25, 2016

**FORM – B**

1.	Name of the Company	Kirloskar Electric Company Limited
2.	Annual financial results for the year ended	March 31, 2016
3.	Type of audit qualification	Qualified
4.	Frequency of qualification	Since March 31, 2015
	Draw attention to relevant notes in the audited quarterly financial results and management response:	<p><b>Qualified Opinion:</b> Attention of the members is invited to foot note 4 to the financial results regarding amounts due to the Company from certain subsidiaries towards part consideration receivable on sale/assignment of certain immoveable properties and receivables. We have relied on management's representations that it is confident of realization of amounts due from the said subsidiaries aggregating to Rs 14,904.79 lakhs (previous year Rs 18,452.51 lakhs). Shortfall in realization of consideration receivable, if any, could not be ascertained.</p> <p><b>Management's response :</b> These subsidiaries are taking active steps to repay the dues of the Company, from collection of book debts assigned and from disposal of immoveable properties transferred apart from debts transferred as referred above. These subsidiaries have been sanctioned credit facilities to an aggregate extent of Rs. 500 lakhs (net of amounts drawn). The board of directors of the Company are confident of realisation of the entire amounts due from the said subsidiaries as we are sure of realising much more amount from the sale of immoveable properties.</p>
		<p><b>Emphasis of Matter:</b> Without qualifying our opinion we invite the attention of the members to:</p> <p>(a) Attention of the members is drawn to note 6 of the audited financial results, where in the directors have detailed the reasons for compiling the financial statements on a going concern basis, though the net worth of the group, consisting of the Company, its subsidiaries and associate has been eroded. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds to it. We have relied on the representations made to us by the management.</p> <p>(b) Attention of the Members is drawn to foot note 7 to the audited financial results, which sets out that the Company has filed special leave petition in respect of demands for resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 Lakhs respectively before the honourable Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation.</p>



		<p><b>Management Response:</b></p> <p>(a) 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, proposed capital raising plans etc. The Company has made profits for the quarter ended March 31, 2016 and loss has been substantially reduced during the year. Accordingly, prepared these financial results on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.</p> <p>(b) The special leave petition in respect of demands for resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 Lakhs respectively has been admitted by the honourable Supreme Court. Hence the Company believes based on legal advice / internal assessment that the outcome of these contingencies will be favourable, that losses are not probable and no provision is required to be recognized in this respect.</p>
5.	Additional comments from the board / audit committee chairman	Nil
6.	Signed by:	
	Managing Director	
	Chief Financial officer	
	For B K Ramadhyani & Co LLP Chartered Accountants Firm Registration No: 002878S/ S200021 Vasuki H S (Partner) (M No : 212013)	
	Audit Committee Chairman	

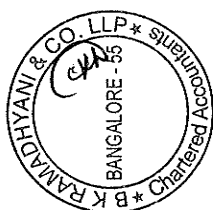




**Auditor's Report on Consolidated Financial Results for the year to Date Results of Kirloskar Electric Company Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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

1. We have audited the financial results of Kirloskar Electric Company Limited ("the Company) and its subsidiaries and associates (collectively referred as "the Group) for the year ended March 31, 2016, attached herewith being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting AS 25, 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. **Basis of Qualified opinion:**  
Attention is invited to note 5 to the financial results regarding trade receivables/ book debts exceeding two years and considered good by management estimated at Rs.4,601 Lakhs. The relevant accounts are subject to adjustments, if required after management completes review, reconciliation and identification of further doubtful debts. We are unable to express an independent opinion on the extent of shortfall in the recovery of the same.
4. **Other Matters:**
  - a. We did not audit the financial statements of 7 subsidiaries included in the consolidated year to date financial results, whose consolidated interim financial statements reflect total assets of Rs.1,110 Lakhs as at March 31, 2016 and total revenues of Rs. Nil Lakhs for the year ended on that date, as considered in the consolidated financial statements. These interim financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the year to date results to the extent they have been derived from such interim financial statements is based solely on the report of the such other auditors.

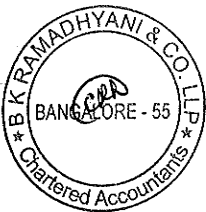


- b. Unaudited financial statements of Kirloskar (Malaysia) Sdn. Bhd. an associate in which share of loss of the Group was Rs.Nil Lakhs (restricted to the value of the investments) has been considered for preparation of these financial statements. Unaudited financial statements as received from the said associate has been considered for the purpose of preparation of these consolidated financial statements. .
5. Based on our audit conducted as above except in respect of matters stated in the paragraph on "Basis of Qualified Opinion", Other Matters and to the best of our information and according to the explanations given to us these year to date financial results include the year to date of the following entities:
- a. Kirsons B V
  - b. Kelbuzz Trading Private Limited
  - c. Luxquisite Parkland Private Limited
  - d. SKG Terra Promonede Private Limited
  - e. SLPKG Estate Holdings private Limited
  - f. Kesvik Developers Private Limited
  - g. Swaki Habitat Private Limited
- (i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view of the net loss and other financial information the year to date results for the period from April 1, 2015 to March 31, 2016

**5. Emphasis of matter:**

Without qualifying our opinion we invite the attention of the members to:

- (a) Note 6 of the audited financial results, where in the directors have detailed the reasons for compiling the financial statements on a going concern basis, even though the net worth of the group, consisting of the Company, its subsidiaries and its associate has been eroded. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds to it. We have relied on the representations made to us by the management.
- (b) Note 7 to the audited financial results, which sets out that the Company has filed special leave petition in respect of demands for resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 Lakhs respectively before the honourable Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and no provision is required to be recognized in this respect. We have relied on this representation.



A copy of the audited financial results of the Group for the year ended March 31, 2016, which formed the basis of our qualified audit opinion, duly initialled by us for the purpose of identification is enclosed to this report.

For B K Ramadhyani & Co LLP  
Chartered Accountants  
Firm Registration No: 002878S/S200021

*C. R. Deepak*

(C R Deepak)

Partner

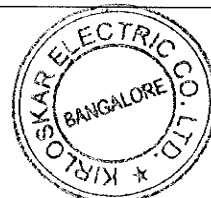
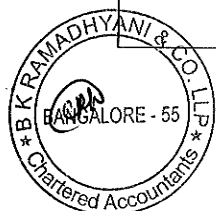
Membership No: 215398



Place: Bangalore  
Date: May 25, 2016

**FORM – B**

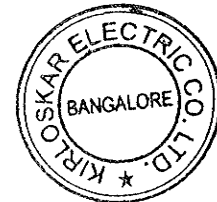
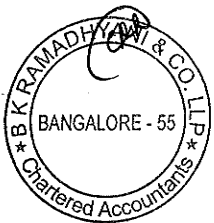
1.	Name of the Company	Kirloskar Electric Company Limited (Consolidated)
2.	Annual financial statements for the year ended	March 31, 2016
3.	Type of audit qualification	Qualified
4.	Frequency of qualification	Since March 31, 2015
	Draw attention to relevant notes in the audited quarterly financial results and management response :	<p><b>Qualified Opinion:</b> Attention is invited to note 5 to the financial results regarding trade receivables/ book debts exceeding two years and considered good by management estimated at Rs.4,601 Lakhs. The relevant accounts are subject to adjustments, if required after management completes review, reconciliation and identification of further doubtful debts. We are unable to express an independent opinion on the same.</p> <p><b>Management's response :</b> The Company is in the process of completing the review and reconciliation of receivables/ book debts and in our opinion any further doubtful debt will not have material impact on the financial results of the Company and we are confident of realising the book debts.</p>
		<p><b>Emphasis of Matter:</b></p> <p>(a) Attention of the members is drawn to note 6 of the audited financial results, where in the directors have detailed the reasons for compiling the financial statements on a going concern basis, though the net worth of the group, consisting of the Company, its subsidiaries and associate has been eroded. The appropriateness of the said basis is subject to the Company adhering to the restructuring plan and infusion of requisite funds to it. We have relied on the representations made to us by the management.</p> <p>(b) Attention of the Members is drawn to foot note 7 to the audited financial results, which sets out that the Company has filed special leave petition in respect of demands for resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 Lakhs</p>

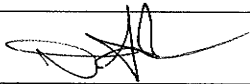
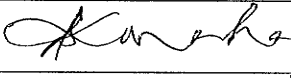



Supreme Court of India. Management has represented to us that it is not probable that there will be an outflow of economic benefits and hence no provision is required to be recognized in this regard. We have relied on this representation.

**Management Response:**

- (a) 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, proposed capital raising plans etc. The Company has made profits for the quarter ended March 31, 2016 and loss has been substantially reduced during the year. Accordingly, prepared these financial results on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.
- (b) The special leave petition in respect of demands for resale tax and sales tax penalty of Rs.527 lakhs and Rs.362 Lakhs respectively has been admitted by the Supreme Court during this period. Hence the Company believes based on legal advice / internal assessment that the outcome of these contingencies will be favourable, that losses are not probable and no provision is required to be recognized in this respect.



	Additional comments from the board/audit committee chairman:	Nil
5.	Signed by:	
	Managing Director	
	Chief Financial officer	
	For B K Ramadhyani & Co LLP Chartered Accountants Firm Registration No: 002878S/ S200021 C R Deepak (Partner) (M No : 215398)	
	Audit Committee Chairman	