



KIRLOSKAR ELECTRIC COMPANY LTD.

End-to-end presence in electrical engineering

68th

Annual Report

2014-2015

(ABRIDGED)

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

CIN: L31100KA1946PLC000415

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KIRLOSKAR ELECTRIC COMPANY LTD.

BOARD OF DIRECTORS

Vijay R. Kirloskar - *Executive Chairman*
A.S. Lakshmanan
S.N. Agarwal
Anil Kumar Bhandari
Sarosh J Ghandy
V.P. Mahendra
Kamlesh Gandhi
K.Ganesh - *LIC's Nominee*
Ram J Shahaney
Meena Kirloskar
Anand B Hunnur - *Director – Sales*
Vinayak Narayan Bapat - *Managing Director*
Alok Kumar Gupta - *Joint Managing Director upto 25.04.2014*

GENERAL MANAGER (LEGAL) & COMPANY SECRETARY

K.S.Swapna Latha - *Upto June 30, 2015*

AUDITORS

B.K. Ramadhyani & Co. LLP, Bangalore

BANKERS

Bank of India
Axis Bank
State Bank of Hyderabad
State Bank of Mysore
State Bank of Travancore
Bank of Commerce, Kuala Lumpur (Malaysia)
ICICI Bank Ltd.

REGISTERED OFFICE

Industrial Suburb, Rajajinagar
Bangalore – 560 010
CIN: L31100KA1946 PLC000415

FACTORIES

Survey No.16, Govenahalli,
Thyamagondlu Hobli Nelamangala Taluk,
Bangalore Rural Dist -562 123.

Gokul Road, Hubli – 580 030.

Belvadi Industrial Area, Mysore – 570 018.

Survey No.81/3, Kachenahalli, Budihal,
Nelamanagala Taluk,
Bangalore Rural – 562 123.

Hirehalli Industrial Area, Tumkur Road,
Tumkur – 572 168.

Sy.No.16/1, Gabbur Village, P B Road,
Hubli – 580 028.

GAT No. 309,315,317 & 318,
Opp Govt Milk Dairy, Kondhapuri,
Dt.Pune – 411 209.

NH-6, Jaladhulagori P.O-Dhulagori,
PS –Sankrail, Howrah -711 302.



Dear Shareholders,

I am happy to present the Annual Report for the year 2014-15.

The year 2014-15 continued to be another challenging year. The current economic situation, domestic and international, is weak and these are not the times when we can continue with business as usual. This environment is clearly reflected in the muted development of core sectors of Indian economy and especially in manufacturing sector. In such times, the country needs a push from its central government to infuse investments and rekindle growth. Already, the stock markets have displayed positive expectations.

Prime Minister's Make-in-India campaign is arrived to facilitate investments, foster innovation and build best-in-class manufacturing infrastructure. The initiative also brings to light the challenges faced by Indian manufacturing sector especially since it has been stagnant. It is well anticipated that several infrastructure projects which are under hold at the moment, will get government clearance. This will immensely help your company. I believe the economic turn-around is under way but the recovery will be gradual.

With the above economic conditions, your Company's business was also adversely affected. We have acknowledged the need to think differently in these trying times. To address this we have tried to penetrate markets and new areas of growth. We are re-structuring our efforts to make sure that we explore all growth possibilities in this area. As a part of our measures to professionalise the management and to broad base the Board of directors, we appointed Vinayak N Bapat and Anand Hunnur as Managing Director and Director – Sales respectively. Recently we appointed Ashok Misra and Janaki Kirloskar as Directors of your company. The Company will be immensely benefited by their expertise in the respective fields.

While in this difficult market, we are adopting all possible measures to mitigate the losses, at a time when there are pressures on cost in terms of lower demand, slower project execution and clearances, increase in interest burden, lower turnover. Your Company is taking continuous steps to overcome these challenges by improving efficiency, productivity, and execution capability and enhancing skills of human resources by a continuous process of learning & development but at the same time also see its impact in short term.

Recognising the need to strengthen operations of this company, we decided to put stop on fresh investments in LDW. As you are aware, last September, LDW had applied for insolvency.

Going by the prudent and conservative accounting policies, your company has made enough provision to recognise impairment in value of its investment in LDW. It was an extraordinary situation needing extraordinary solutions too. To address the situation which arose out of this, we undertook financial and operational re-organisation of your company. I am happy to mention that with a crucial support of the banks we are already through with our financial reorganisation. During the last year, the promoters too had infused fresh capital in the company. I acknowledge your support in approving all the needed and relevant resolutions from time to time. We are continuing with our efforts to further strengthen balance sheet and resource base of your company.

In these difficult times, the Company has looked inwards and is trying to emerge even stronger to even further strengthen its competitive positioning in the next few years. It is beginning of a long path. It is a difficult task, yet I am seeing changes and can expect better days ahead.

Few of the strategies that company is adopting for operational reorganisation are as below:

1. To improve market share for its products.
2. Realigning supply chain and procurement.
3. Product designs optimisation and reduction in material cost through several initiatives such as optimising procurement, reverse engineering and value engineering, product and performance benchmarking.
4. Eliminate avoidable costs.
5. Use of capital sparingly & efficiently.

I express my sincere thanks to shareholder, lenders, bankers, financial institutions, vendors, customers and all other stake holders. I express my sincere thanks to the employees of Company for their active involvement and support during the hard times.

Vijay R Kirloskar
Executive Chairman

NOTICE

NOTICE is hereby given that the SIXTY EIGHTH ANNUAL GENERAL MEETING of the Members of KIRLOSKAR ELECTRIC COMPANY LIMITED will be held at G.M.Rejoyz #158, 8th main, 8th Cross, Malleshwaram, Bangalore -560 003 on Monday, September 28, 2015 at 10.00 AM to transact the following business:

1. To consider and adopt the Directors' Report, Audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended 31st March, 2015 together with the Auditors' Report thereon.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s. BK Ramadhyani & Co., Chartered Accountants, Bangalore (Registration No.002878S/S200021) and M/s. Sundar & Associates, Chartered Accountants, Selangar Darul Ehsan, Malaysia, are the retiring Auditors, seeking re-appointment.
3. To appoint a Director in place of Mr. K Ganesh, who retires by rotation, being eligible, he has conveyed his intention in writing to seek re-appointment.

"RESOLVED THAT Mr. K Ganesh (DIN:05160176), who retires as Director pursuant to the Articles of Association of the Company and Section 152 of the Companies Act, 2013, be and is hereby re-appointed as a Director of the Company to hold office upto the date of next Annual General Meeting."

SPECIAL BUSINESS

4. Appointment of Dr. Ashok Misra as a Director

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

RESOLVED THAT Dr. Ashok Misra (DIN: 00006051), who was appointed as an Additional Director of the Company with effect from August 13, 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under section 161(1) of the Companies Act, 2013 (the Act) and who is eligible for appointment and in respect of whom the Company has received a notice under Section 160(1) of the Act from the Member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

5. Appointment of Ms. Janaki Kirloskar as a Director

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

RESOLVED THAT Ms. Janaki Kirloskar (DIN: 00309238), who was appointed as an Additional Director of the Company with effect from August 13, 2015 by the Board of

Directors and who holds office upto the date of this Annual General Meeting of the Company under section 161(1) of the Companies Act, 2013 (the Act) and who is eligible for appointment and in respect of whom the Company has received a notice under Section 160(1) of the Act from the Member/Candidate proposing her candidature for the office of Director, be and is hereby appointed a Director of the Company."

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to Sections 197, 198, 200 and applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto and subject to approval of the Central Government, consent of the Company be and is hereby accorded for revision of remuneration of Mr. Vijay R Kirloskar (having DIN 00031253), Executive Chairman of the Company for a period of 2 (Two) years with effect from July 01, 2015 to Rs. 5.10 Crore p.a (Rupees Five Crore Ten Lakhs) on the terms and conditions including remuneration as set out below:

a. Salary:

Rs. 4,000,000 p.m. (Rupees Forty Lakhs) with power to the Board of Directors to revise and fix the salary from time to time upto a sum not exceeding Rs.5,000,000 p.m. (Rupees Fifty Lakhs).

b. Perquisites and Allowances

1. The Chairman shall be entitled to perquisites like rent free accommodation (including maintenance fee) or house rent allowance in lieu thereof, special allowance, car allowance, performance incentive, Re-imbursement of water, Gas and Electricity bills at residence, medical expenses for self and his family including dependents and all other payments in nature of perquisites and allowances as agreed by the Board of Directors subject to ceiling of Rs. 3,000,000 p.a. and the applicable premium payable on the Company's policies towards medi-claim and personal accident insurance.

Explanation

"Family" here means the spouse, dependent children of the Chairman

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.

Use of Company's Car for official purposes and Telephone at residence and Cell Phone (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Apart from the re-imbursement of ordinary medical expenses, in case of hospitalisation of the Chairman, the Board of Directors shall have the discretion to reimburse the actual expenses incurred by him including on travel, notwithstanding that the total perquisites will exceed the limit of Rs. 3,000,000 p.a. in any financial year.

2. Contribution to Provident Fund and to Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
3. Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites to the extent the same are not taxable under the Income Tax Act.
4. The Chairman shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the Company.

RESOLVED FURTHER THAT pursuant to Section 197 and all other applicable provisions of the Companies Act, 2013, where in any financial year during the currency of tenure of the appointment, the Company has no profits or its profits are inadequate, salary of Rs.4,000,000/- p.m (Rupees Forty Lakhs only) shall be payable to Mr. Kirloskar as minimum remuneration apart from Contribution to Provident Fund, Superannuation Fund and Gratuity payable at the end of the tenure.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do or cause to be done, all such acts, deeds and things as they may think necessary or expedient for the purpose of giving effect to this resolution and to settle all questions and matters arising out of and incidental to the proposed appointment.

7. To consider and if thought fit, to pass with or without modification(s), if any, the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to Sections 197, 198 and applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto, consent of the Company be and is hereby accorded for the revision of remuneration of Mr. Vinayak N Bapat, Managing Director of the Company with effect from July 01, 2015 to Rs. 8,000,000 p.a. (Rupees Eighty Lakhs) on the terms and conditions including remuneration as set out below:

a. Salary:

Rs.2,500,000/- (Rupees Twenty Five Lakhs) with power to the Board of Directors to revise and fix the salary from time to time upto a sum not exceeding Rs.4,600,000 p.a. (Rupees Forty six Lakhs).

b. Perquisites and Allowances

1. The Managing Director shall be entitled to perquisites like rent free accommodation (including maintenance fee) or house rent allowance in lieu thereof, special allowance, car allowance, performance incentive, Re-imbursement of water, Gas and Electricity bills at residence, medical expenses for self and his family including dependents and all other payments in nature of perquisites and allowances as agreed by the Board of Directors subject to ceiling of Rs.5,500,000/- p.a (Rupees Fifty Five Lakhs) and the applicable premium payable on the Company's policies towards medi-claim and personal accident insurance.

Explanation

"Family" here means the spouse, dependent children, dependant parent of the Managing Director.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.

Use of Company's Car for official purposes and Telephone at residence and Cell Phone (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Apart from the re-imbursement of ordinary medical expenses, in case of hospitalisation of the Managing Director, the Board of Directors shall have the discretion to reimburse the actual expenses incurred by him including on travel, notwithstanding that the total perquisites will exceed the limit of Rs. 5,500,000/- p.a. in any financial year.

2. Contribution to Provident Fund and to Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
3. Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites to the extent the same are not taxable under the Income Tax Act.
4. The Managing Director shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the Company.

RESOLVED FURTHER THAT pursuant to Section 197 and all other applicable provisions of the Companies Act, 2013 read with Schedule V, the remuneration as set out above, be paid to Mr. Vinayak Narayan Bapat during the term of his office, despite the company incurring loss or profits of the company being inadequate to pay such a remuneration during the term of his office.

RESOLVED FURTHER THAT any director of the Company be and are severally authorised to do the necessary acts and deeds, necessary for filing requisite e-forms with the appropriate Authority within such time and period as may be prescribed.

8. To consider and if thought fit, to pass with or without modification(s), if any, the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to Sections 197, 198 and applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto, consent of the Company be and is hereby accorded to the revision of the remuneration of Mr. Anand B Hunnur, Director-Sales of the Company with effect from July 01, 2015 to Rs. 5,600,000/- p.a (Rupees Fifty Six Lakhs) on the terms and conditions including remuneration as set out below:

a. Salary:

Rs.1,500,000/- (Rupees Fifteen Lakhs) with power to the Board of Directors to revise and fix the salary from time to time upto a sum not exceeding Rs. 2,500,000/- p.a. (Rupees Twenty five Lakhs)

b. Perquisites and Allowances

1. The Director-Sales shall be entitled to perquisites like rent free accommodation (including maintenance fee) or house rent allowance in lieu thereof, special allowance, car allowance, performance incentive, Re-imbursement of water, Gas and Electricity bills at residence, medical expenses for self and his family including dependents and all other payments in nature of perquisites and allowances as agreed by the Board of Directors subject to ceiling of Rs.4,100,000/- p.a (Rupees Forty One Lakhs) and the applicable premium payable on the Company's policies towards medi-claim and personal accident insurance.

Explanation

"Family" here means the spouse, dependent children, dependant parent of the Director- Sales.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.

Use of Company's Car for official purposes and Telephone at residence and Cell Phone (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Apart from the re-imbursement of ordinary medical expenses, in case of hospitalisation of the Director-Sales, the Board of Directors shall have the discretion to reimburse the actual expenses incurred by him including on travel, notwithstanding that the total perquisites will exceed the limit of Rs. 4,100,000/- p.a. in any financial year.

2. Contribution to Provident Fund and to Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
3. Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites to the extent the same are not taxable under the Income Tax Act.
4. The Director-Sales shall be entitled to reimbursement of all expenses incurred by him in connection with the business of the Company.

RESOLVED FURTHER THAT pursuant to Section 197 and all other applicable provisions of the Companies Act, 2013 read with Schedule V, the remuneration as set out above, be paid to Mr. Anand B Hunnur during the term of his office, despite the company incurring loss or profits of the company being inadequate to pay such a remuneration during the term of his office.

RESOLVED FURTHER THAT any director of the Company be and are severally authorised to do the necessary acts and deeds, necessary for filing requisite e-forms with the appropriate Authority within such time and period as may be prescribed."

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

Appointment of Cost Auditor:

RESOLVED THAT pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 (Act) and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications (s) or re-enactment thereof, for the time being in force), consent of the Company is be and hereby accorded to appoint the cost auditors and to authorise the Board to fix their remuneration for conducting the audit of the cost records of the Company for the financial year ending March 31, 2016 as approved by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

10. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

Approval for Employees Stock Option Scheme:

RESOLVED THAT pursuant to the provisions of Section 62(b) of Companies Act, 2013 (' the Act") read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the provisions of Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Employees Stock Option

Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the ESOP Guidelines") (including any statutory modification(s) or re-enactment of the Act or the ESOP Guidelines, for the time being in force), the Listing Agreement entered into with the Stock Exchanges where the securities of the Company are listed or other relevant authority, from time to time, to the extent applicable and subject to such other conditions and modification(s) as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") which term shall be deemed to include any committee including Nomination and Remuneration Committee (earlier Remuneration and Compensation Committee) which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), the Board be and is hereby authorized to create, offer, issue and allot at any time to or to the benefit of such persons(s) who are in permanent employment of the Company, including Directors of the Company, whether working in India or abroad, except to the promoter Directors, under the Employment Stock Option Scheme 2012 (hereinafter referred to as "the ESOP Scheme 2012"), such number of equity shares (referred to as "securities") which shall not exceed five percent of the issued equity shares of the Company as on the date of grant of option(s), at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board/Committee.

RESOLVED FURTHER THAT the said Securities may be granted/allotted to such employees/directors of the Company in accordance with the ESOP Scheme 2012 in the prescribed manner

RESOLVED FURTHER THAT the issue of Securities to any non-resident employee(s), non-resident Director(s) shall be subject to such approvals, permissions or consents as may be necessary from Reserve Bank of India or any other relevant authority in this regard.

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT the Company shall confirm to the accounting policies prescribed from time to time under the ESOP Guidelines.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities allotted upon exercise under the ESOP Scheme 2012, on the stock exchanges where the Company's shares are listed as per the terms and conditions of the listing agreement entered into with the stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue or allotment or listing of the Securities under the ESOP Scheme 2012, the Board/Committee be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect and make any modifications, changes, variations, alterations or revision in the said ESOP Guidelines 2012 or to suspend, withdraw or revive the ESOP Scheme 2012 from time to time as per the discretion of the Board/Committee and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard without requiring the Board/Committee to secure any further consent or approval of the shareholder of the Company.

11. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

To Raise Funds on Private Placement Basis:

RESOLVED THAT pursuant to Section 42, 55, 62 and other applicable provisions, if any, of the Companies Act, 2013, SEBI Rules, Listing agreement, Investor Capital Disclosure Rules, and any other provision as applicable (including any statutory modification(s) or re-enactments thereof, for the time being in force), and in accordance with the provisions of the Memorandum of Association and Articles of Association of the Company, and any other applicable laws including the SEBI regulations and guidelines and subject to necessary approvals as may be applicable and such other approvals, permissions and sanction, as may be necessary by the Board of Directors of the Company or any duly constituted committee of the Board or such other authority as may be approved by the board, consent of the Company be and is hereby accorded to raise funds upto Rs. 75.00 crores (Rupees seventy five crores) by way of issue of equity/preference shares of the Company on private placement basis, in one or more tranches, to such person or persons who may be individuals, Body Corporates, Venture Capital Funds, Private Equity Funds, Mutual Funds, Companies, Private or Public or other entities or authorities.

RESOLVED FURTHER THAT for the purpose of giving effect to any Private Placement of Equity/Preference shares of the Company, the Board of Directors of the Company or any duly constituted Committee of the Board or Such other Authority as may be approved by the Board be and is hereby authorized to determine the terms of the issue including class of investors to whom the equity/preference shares are to be allotted, the number of equity shares to be allotted in each tranche, issue price, premium / discount to the prevailing market price, amount of issue, discount to issue price to a class of equity/preference

shareholders, listing, issuing any declaration / undertaking etc., required to be included in the Private Placement Offer Letter and any other regulatory requirement for the time being in force.

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

Increase in Authorised Share Capital:

“RESOLVED THAT pursuant to the Article 66 of Articles of Association of the Company and provisions of section 13 and section 61 read with section 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and other rules framed there under, the consent of the Company be and is hereby accorded to increase the Authorised Share capital of the Company from existing Rs 900,000,000/- (Rupees Ninety Crores) divided into 60,000,000 (six crores) Equity shares of Rs. 10/- each and 3,000,000 (Thirty Lakhs) Preference shares of Rs. 100/- each to Rs. 1,650,000,000 (Rupees One Hundred and Sixty Five Crores) divided into 90,000,000 (Nine Crores) Equity shares of Rs. 10/- each and 7,500,000 (Seventy Five Lakhs) Preference shares of Rs. 100/- each.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Mr. Vijay R Kirloskar, Executive Chairman, Mr. Vinayak N Bapat, Managing Director and Mr. Anand B Hunnur, Director – Sales of the Company, be and are hereby severally authorised to take all such steps as may be necessary, proper or expedient to give effect to the above stated resolutions”

13. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

Alteration of Memorandum of Association:

RESOLVED FURTHER THAT pursuant to the provisions of Section 13 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under the consent of the Members be and is hereby accorded for substituting existing clause V of Memorandum of Association of the Company with the following clause V.

- V. The Capital of the Company is Rs. 1,650,000,000 (Rupees One Hundred and Sixty Five Crores) divided into 90,000,000 (Nine Crores) Equity shares of Rs. 10/- each and 7,500,000 (Seventy Five Lakhs) Preference shares of Rs. 100/- each, with powers to increase or reduce the capital of the Company for the time being into several classes and to attach thereto repetitively such preferential, deferred, qualified or special rights, privileges or conditions as may be

determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Mr. Vijay R Kirloskar, Executive Chairman, Mr. Vinayak N Bapat, Managing Director and Mr. Anand B Hunnur, Director – Sales of the Company, be and are hereby severally authorised to take all such steps as may be necessary, proper or expedient to give effect to the above stated resolutions and further authorised to issue allot the above shares to existing shareholders, promoters, employees and such investors who may or may not be presently the members of the Company.”

14. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

Alteration of Articles of Association:

RESOLVED FURTHER THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under the consent of the Members be and is hereby accorded for substituting sub clause (1) of clause 6 of the Articles of Association of the Company with the following clause.

6 (1) The Authorised Share Capital of the Company is Rs. 1,650,000,000 (Rupees One Hundred and Sixty Five Crores) divided into 90,000,000 (Nine Crores) Equity shares of Rs. 10/- each and 7,500,000 (Seventy Five Lakhs) Preference shares of Rs. 100/- each.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Mr. Vijay R Kirloskar, Executive Chairman, Mr. Vinayak N Bapat, Managing Director and Mr. Anand B Hunnur, Director – Sales of the Company, be and are hereby severally authorised to take all such steps as may be necessary, proper or expedient to give effect to the above stated resolutions”

By Order of the Board of Directors,
For KIRLOSKAR ELECTRIC COMPANY LIMITED

Place : Bangalore
Date : August 13, 2015

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

NOTES:

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

- (b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- (c) Documents relating to any of the items mentioned in the Notice and the Explanatory Statement thereto are open for inspection at the Registered Office of the Company on any working day during business hours.
- (d) Members requiring information on the accounts and operations of the Company are requested to write/ email to the Company at least seven days before the date of the meeting to enable the Company to furnish the information.
- (e) Members holding share(s) either singly or jointly in identical order in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holdings in one folio.
- (f) Members are requested to notify immediately of any change in their address to the Company. Members holding shares in the electronic form are advised to notify any change in their address to the concerned depository participants.
- (g) Members desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form No SH.13 duly completed to the Secretarial Department of the Company.
- (h) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their DEMAT accounts. Members holding shares in physical form can submit their PAN details to the Company.
- (i) Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
- (j) Electronic copy of the Annual Report for the year ended March 31, 2015 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the year ended March 31, 2015 is being sent in the permitted mode.
- (k) Electronic copy of the Notice of the 68th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 68th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- (l) Members may also note that the Notice of the 68th Annual General Meeting and the Annual Report for the year ended March 31, 2015 will also be available on the Company's website **www.kirloskar-electric.com** for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Bangalore for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: **investors@kirloskar-electric.com**.
- (m) The share transfer books and Register of Members of the Company will remain closed from September 19, 2015 to September 28, 2015 (both the days inclusive).

(n) Voting through electronic means

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, and clause 35B of the listing Agreement, the Company is pleased to provide members facility to exercise their right to vote in respect of resolutions which are being considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). Mr. V Sreedharan, Practicing Company Secretary (FCS No.2347/PCS No.833) of M/s. V.Sreedharan & Associates, Company Secretaries has been appointed as scrutinizer in this regard.

Procedure / Instructions for e-voting are as under:

- (i) The voting period will begin on September 25, 2015 (from 9.00 A.M) and will end on September 27, 2015 (up to 6.00 P.M). During this period shareholder's of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (September 21, 2015) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "KIRLOSKAR ELECTRIC COMPANY LTD.," from the drop down menu and click on "SUBMIT"
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in DEMAT form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both DEMAT shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the DEMAT account/folio number in the PAN Field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.
DOB#	Enter the Date of Birth as recorded in your DEMAT account or in the company records for the said DEMAT account or folio in dd/mm/yyyy format.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in DEMAT form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the DEMAT holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN of KIRLOSKAR ELECTRIC COMPANY LIMITED on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If DEMAT account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxi) The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website www.kirloskar-electric.com and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
- (xxii) Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote (if cast at the AGM) on their behalf at the meeting.
- (xxiii) In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote (if cast at the AGM).

(j) Information about Directors proposed to be appointed / re-appointed:-

- A. Mr. K.Ganesh a graduate in science education, working as Executive Director (CRM), LIC of India, Mumbai, who is 58 years of age.
- Mr. K.Ganesh is holding 500 equity shares of the Company.
- He is not holding any directorships in other companies.
- B. Dr. Ashok Misra is a Chairman of India Intellectual Ventures from October 2008 to date. He holds Ph.D in Polymer Science & Engineering, from the University of Massachusetts, Amherst, USA in 1974. He was Director of Indian Institute of Technology, Bombay from 2000 to 2008. He has been awarded Lifetime Contribution to Education by the Higher Education Forum in 2013. He was the President of National Academy of Sciences, India during 2007 to 2008.
- Dr. Ashok Misra is Director in the following Companies.
- Reliance Industries Limited
Jubilant Life Sciences Limited
- C. Ms. Janaki Kirloskar has graduated with a Bachelor of Science in Industrial Engineering with honors from Worcester Polytechnic Institute, USA. She has been working with the Company since July 2004. She had experience in various facets of the Company's businesses - manufacturing, sales, engineering and business expansions. Presently, as a President of the Company, she oversees the Company's business development activities in the South East Asia region. She is focusing on forming strategic alliances with new customers while simultaneously strengthening the existing customer base. Ms. Janaki Kirloskar is also an ex-officio Director on the Board of Kirloskar (Malaysia) Sdn Bhd and Kirsons Pte Ltd (Singapore).

She is Director in the following Companies

Vijay Farms Private Limited
Vijay Kirti Investments and Agencies Private Limited
Vijayajothi Investments and Agencies Private Limited
Abhiman Trading Company Private Limited
Vimraj Investments Private Limited
Sri Vijayadurga Investments and Agencies Private Limited
Ravindu Motors Private Limited

- D. Mr. Vijay R Kirloskar is an MS in Management Science and Engineering from Worcester Polytechnic Institute, Worcester, MA, USA, who is 64 years of age, joined the services of the Company in the year 1978 as Manager- Production. Later on in the year 1982 he was appointed as President. He was appointed as Managing Director of the Company w.e.f. 17th August, 1985. He was the Chairman of the Kirloskar Group during the period 1994 to 1998. The Group and the Company showed considerable growth under his stewardship. He has held various important positions in the industry. He was the Vice President of CII for the year 1998. Mr. Vijay R Kirloskar is holding 6,571,469 equity shares of the Company. Mr. Vijay R Kirloskar was appointed as Executive Chairman of the Company w.e.f. August 12, 2014.

He is Director of the following companies:

Batliboi Ltd, Kirloskar Power Equipments Ltd, MRF Ltd, Kirloskar (Malaysia) SDN BHD, Kirloskar Software Services, USA, Kirsons Trading Pte Ltd, Kirsons BV, Netherlands.

- E. Mr. Vinayak Narayan Bapat, a Chartered Accountant and Company Secretary, who is 49 years of age, was President – Operations and Finance of the Company since April 2014. He joined the Company as Vice President and Chief Financial Officer in 2011. Earlier he worked with Cummins Generators Technologies Ltd, Renfro India Limited and with group companies of Mahindra and Mahindra and RPG. Mr. Vinayak N Bapat is holding 3,650 equity shares of the Company. Mr. Vinayak N Bapat was appointed as Managing Director of the Company w.e.f. August 12, 2014.

He is not holding any other directorships

- F. Mr. Anand B Hunnur is an Electrical Engineer and is also having a Post Graduate Diploma in Sales and Marketing from Bharatiya Vidya Bhavan, Bangalore, who is 54 years of age. He started his career as a Graduate Engineer in Kirloskar Electric Company Limited and worked in Marketing Department in various field offices. He worked in Emerson Electric Power Generation of India for a short stint. Mr. Anand B Hunnur is holding 675 equity shares of the Company. Mr. Anand B Hunnur was appointed as Director – Sales w.e.f. August 12, 2014.

He is not holding any other directorships.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4: Pursuant to the Articles of Association of the Company, Dr. Ashok Misra was appointed by the Board of Directors as an Additional Director of the Company effective from August 13, 2015. He holds office upto the date of this meeting and is eligible for appointment. A member has given notice proposing the candidature of Dr. Ashok Kumar Misra as Director and complied with the requirements of Sub Section (1) of Section 160 of the Companies Act, 2013.

Except Dr. Ashok Misra, who is interested in the resolution, as the same relates to his appointment, none of the other Directors are in any way concerned or interested in the said resolution.

Item No. 5: Pursuant to the Articles of Association of the Company, Ms. Janaki Kirloskar was appointed by the Board of Directors as an Additional Director of the Company effective from August 13, 2015. She holds office upto the date of this meeting and is eligible for appointment. A member has given notice proposing the candidature of Ms. Janaki Kirloskar as Director and complied with the requirements of Sub Section (1) of Section 160 of the Companies Act, 2013.

Except Ms. Janaki Kirloskar, Mr. Vijay R Kirloskar and Mrs. Meena Kirloskar who are interested in the resolution, none of the other Directors are in any way concerned or interested in the said resolution. Ms Janaki Kirloskar is daughter of Mr. Vijay R Kirloskar.

Item No. 6: The Board of Directors of the Company, at its meeting held on June 30, 2015 has, subject to the approval of members and further subject to the approval of the Central Government, revised the remuneration payable to Mr. Vijay R Kirloskar, Executive Chairman, for a period of 2 (Two) years with effect from July 1, 2015, as recommended by the Nomination and Remuneration Committee of the Board and as approved by the Board as stated in the resolution proposed. Hence it is proposed to seek the member's approval for the revised remuneration payable to Mr. Vijay R Kirloskar, Executive Chairman, in terms of the applicable

provisions of the Act. Particulars of revised remuneration payable to Mr. Vijay R Kirloskar are mentioned in the resolution. Upon members approving the said resolution, the Company will make an application to the Central Government in terms of Section 197(3) read with Section 200 of the Companies Act, 2013 and in accordance with any other provision as applicable under Companies Act and other applicable Act/ Rules for seeking its approval for the payment of remuneration as proposed in the said resolution.

General:

- (i) The Executive Chairman will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Executive Chairman shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Executive Chairman shall adhere to the Company's Code of Conduct & Ethics for Directors and Management Personnel.

Brief resume of Mr. Vijay R Kirloskar, regarding No. of companies in which he hold directorships and memberships / chairmanships of Board Committees, shareholding inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Notice forming part of the Annual Report.

Except Mr. Vijay R Kirloskar being the appointee and Mrs. Meena Kirloskar and Janaki Kirloskar, Director none of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No.6 of the accompanying Notice.

The Board recommends the Resolution No.6 for approval by the members

Item No. 7: The Board of Directors of the Company at its meeting held on June 30, 2015 has, subject to the approval of members of the Company, revised the remuneration payable to Mr. Vinayak Narayan Bapat, Managing Director of the Company with effect from July 1, 2015 as recommended by the Nomination and Remuneration Committee of the Board and as approved by the Board. Hence it is proposed to seek the member's approval for the payment of revised remuneration to Mr. Vinayak Narayan Bapat, Managing Director in terms of the applicable provisions of the Act. Particulars of revised remuneration payable to Mr. Vinayak Narayan Bapat are mentioned in the resolution. The remuneration proposed to Mr. Vinayak Narayan Bapat as recommended by Nomination and Remuneration Committee of the Board and as approved by the Board, is well within the applicable limit specified in Schedule V of the Companies Act, 2013 i.e. Rs. 84 lakhs p.a. by way of special resolution and hence the Company is seeking the approval of shareholders.

General:

- (i) The Managing Director will perform his respective duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Managing Director shall adhere to the Company's Code of Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of the Managing Director may be terminated by the Company or the concerned Directors by giving the other 3 (three) months prior notice in writing.

Brief resume of Mr. Vinayak Narayan Bapat, regarding No. of companies in which he holds directorships and memberships / chairmanships of Board Committees and shareholding inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges are provided in the Notice forming part of the Annual Report.

Mr. Vinayak Narayan Bapat is interested in the resolutions set out respectively at Item.7 of the Notice, which pertain to the remuneration payable to him.

Except Mr. Vinayak Narayan Bapat, who is interested in the Resolution at Item Nos. 7 as the same relates to the remuneration payable to him, none of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item Nos.7 of the accompanying Notice.

The Board recommends the Resolution No.7 for approval by the members.

Item No. 8: The Board of Directors of the Company at its meeting held on June 30, 2015 has, subject to the approval of members of the Company, revised the remuneration payable to Mr. Anand B Hunnur, Director - Sales of the Company with effect from July 1, 2015 as recommended by the Nomination and Remuneration Committee of the Board and approved by the Board. Hence it is proposed to seek the member's approval for the payment of revised remuneration to Mr. Anand B Hunnur, Director - Sales in terms of the applicable provisions of the Act. Particulars of revised remuneration payable to Mr. Anand B Hunnur are mentioned in the resolution. The remuneration proposed to Mr. Anand B Hunnur as recommended by Nomination and Remuneration Committee of the Board and as approved by the Board, is well within the applicable limit specified in Schedule V of the Companies Act, 2013 i.e. Rs. 84 lakhs p.a. by way of special resolution and hence the Company is seeking the approval of shareholders.

General:

- (i) The Director – Sales will perform his respective duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Director – Sales shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Director – Sales shall adhere to the Company's Code of Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of the Director – Sales may be terminated by the Company or the concerned Directors by giving the other 3 (three) months prior notice in writing.

Brief resume of Mr. Anand B Hunnur, regarding No. of companies in which he holds directorships and memberships / chairmanships of Board Committees and shareholding inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges are provided in the Notice forming part of the Annual Report.

Mr. Anand B Hunnur is interested in the resolutions set out respectively at Item.8 of the Notice, which pertain to the remuneration payable to him.

Except Mr. Anand B Hunnur, who is interested in the Resolution at Item Nos. 8 as the same relates to the remuneration payable to him, none of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item Nos.8 of the accompanying Notice.

The Board recommends the Resolution No.8 for approval by the members.

Item No. 9: Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit Committee of the Board, the Board of Directors has approved the re-appointment of M/s. Rao Murthy and Associates as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial year 2015-16, at a remuneration to be approved by the Board.

In accordance with the Provisions of Section 148 of the Act, read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 made thereunder, ratification for the remuneration payable to the Cost Auditors to audit the Cost records of the Company for the Financial year ending March 31, 2016 by way of an Ordinary Resolution is being sought from the Members as set out at item No.9 of the Notice.

The Board recommends the Resolution No.9 for approval by the members.

None of the Directors, Key Managerial personnel or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.9 of the Notice.

Item No. 10: The Board has identified the need to reward the permanent employees of the Company to enable them to participate in the growth and financial success of the Company. In view of the above, The Board of Directors at their meeting held on August 13, 2015 has formulated a Scheme in accordance with SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 to offer securities to the employees under the Employee Stock Option Scheme 2012 (ESOP Scheme 2012). The Board has accordingly decided to seek approval of the shareholders of the Company.

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Disclosures as per Regulation 6.2 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2013 as amended:

Sl. No.	Particulars	Disclosures
1	Total number of Options/ Shares/Securities that could be issued under the Scheme	Upto five percent (5%) of the aggregate of the number paid-up equity shares of the Company, from time to time, on the date(s) of grant of such securities to eligible employees (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time).
2	Identification of classes of employees entitled to participate in the ESOP	All employees of the Company, including the employees of its subsidiary and step down subsidiary companies, its directors as may be decided by the Remuneration and Compensation Committee constituted for the purpose.
3	Vesting, requirement of Vesting and maximum period of vesting	The vesting period shall commence on the expiry of one year from the date of grant of securities, and may extend upto three years from the date of grant or such further or other period as the Board/Committee may determine, from time to time. The Securities would vest subject to continued employment with the Company or its subsidiaries, as the case may be. In addition to this, the Board/Committee may specify performance criteria/conditions to be met subject to which securities would vest in the employee. The securities may vest in tranches subject to the terms and conditions stipulated by the Remuneration and Compensation Committee.
4	Exercise Price or Pricing formula	The Securities would be issued at a discount not exceeding 5% of the closing market price prior to the date of the grant. Each option would entitle the employee to subscribe to one equity share of the Company at the price specified as and when the employee becomes eligible to do so.
5	Exercise Period and the Process of Exercise	The shares once vested can be exercised over the maximum exercise period, which is 3 years from each tranche's Vesting Date.
6	Appraisal process for determining the eligibility of the employees for ESOP	The appraisal process for determining the eligibility of the employees will be in accordance with the ESOP Scheme 2012 or as may be determined by the Remuneration and Compensation Committee at its sole discretion.
7	Maximum number of options/shares/ securities to be issued per employee and in the aggregate	The maximum number of securities granted to any employee as identified by Remuneration and Compensation Committee in any one year will not exceed 1% of the paid up equity share capital of the company.
8	Disclosure and Accounting policies	The Company will comply with the disclosure and accounting policies, as applicable. In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options shall be disclosed in the Directors' Report and also the impact of this difference on profits and Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.
9	Method of valuation of options	Intrinsic Value Method

The Scheme was approved by the members in the Annual General Meeting held on September 30, 2013, but the Scheme was not implemented by the Company as there was amendment in the Companies Act, 1956 and the new Companies Act, 2013 came into force.

In terms of the provision of Section 62(b) of Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and ESOP Guidelines, 1999, approval of the shareholders is sought to issue the Securities, pursuant to the Securities granted under the ESOP Scheme 2012, not exceeding in aggregate, five percent of the number of issued equity shares of the Company from time to time, as on the date(s) of grant of securities under the ESOP Scheme 2012.

The Board recommends the Resolution No.10 for approval by the members.

Item No. 11: In order to strengthen the operations of the Company, it is proposed to pass a Special Resolution, to enable the Company to raise funds upto Rs. 75.00 crores (Seventy Five Crores) by way of issue of Equity/Preference shares of the Company on private placement basis, in one or more tranches, to such person or persons, who may be Body Corporates, Venture Capital Funds, Private Equity Funds, Mutual Funds, Companies, Private or Public or other entities or authorities as may be approved by the Board of Directors of the Company, from time to time. These funds would be applied mainly to fund the requirement of working capital, upgrade the manufacturing facilities and to repay the high cost debt as a part of the ongoing financial reorganisation of the company.

Further the Board of Directors of the Company or any duly constituted Committee of the Board or Such other Authority as may be approved by the Board be and is hereby authorized to determine the terms of the Issue. Including class of investors to whom the equity shares are to be allotted, the number of Equity/Preference shares to be allotted in each tranche, issue price, premium / discount to the prevailing market price, amount of issue, discount to issue price to a class of equity shareholders, listing, issuing any declaration / undertaking etc., required to be included in the Private Placement Offer Letter and any other regulatory requirement for the time being in force.

The Board of Directors of the Company in its Meeting held on August 13, 2015 has approved the above proposal and recommends the passing of the proposed Special Resolution by the members of the Company as contained in the Notice.

In the view of the aforesaid provisions, you are requested to grant your consent to the Special Resolution as set out at the item No. 11 of the Notice.

The Directors or Key Managerial personnel or their relatives do not have any concern or interest, financial or otherwise in passing of the said Special Resolution, except to the extent of their shareholding in the Company.

Item No.12,13 & 14: The Authorised Share Capital of the company as reflected in the Memorandum and Articles of Association as on date is Rs. 90,00,00,000/- (Rupees Ninety Crores) divided into 60,000,000/- (Six Crore) Equity shares of Rs. 10/- each and 3,000,000/- (Thirty Lakhs) Preference shares of Rs. 100/- each. The Board of Directors of the Company in their meeting held on August 13, 2015 subject to requisite approvals and consents resolved to offer equity/preference shares. The Authorised Share Capital of the Company needs to be increased from Rs. 90,00,00,000/- (Rupees Ninety Crores) divided into 60,000,000 (Six Crores) equity shares of Rs. 10/- each and 3,000,000 (Thirty Lakhs) Preference shares of Rs. 100/- each to Rs. 1,650,000,000/- (Rupees One Hundred and Sixty Five Crores) divided into 90,000,000 (Nine Crores) Equity shares of Rs. 10/- each and 7,500,000 (Seventy Five Lakhs) Preference shares of Rs. 100/- each. Consequent to the increase of Authorized Share Capital, the Authorised Share Capital Clause contained in Clause V of the Memorandum of Association and Clause 6 (1) of the Articles of Association of the Company need to be altered as indicated in Resolution No.12,13 & 14 respectively contained in the Notice convening the Annual General Meeting. Your Directors recommend the Resolutions set out at item. No 12 to 14 for the approval of the shareholders of the Company. None of the Directors, Key Managerial Personnel and Relatives of the Directors / Key Managerial Personnel of the Company are interested in the proposed Resolutions except as holders of shares in general.

By the Order of the Board of Directors,
For KIRLOSKAR ELECTRIC COMPANY LIMITED

Place : Bangalore
Date : August 13, 2015

Vijay R Kirloskar
Executive Chairman
DIN: 00031253

Directors' Report

To,
The Members,

Your Directors have pleasure in presenting their 68th Annual Report on the business and operations of the Company, together with the Audited Statement of Accounts for the Financial Year ended March 31, 2015.

Company's Performance

During the year under report, your Company has achieved a turnover of Rs. 51,080.32 lakhs (previous year Rs. 67,984.27 lakhs). The operations have resulted in a net loss of Rs. 12,974.63 lakhs (previous year net loss of Rs. 4,100.96 lakhs).

Dividend

In view of the losses in the year under report, your Directors' do not propose to declare any dividend for the year under report.

Reserves

The Company has transferred Rs. 494.00 lakhs from Debenture Redemption Reserve and Rs. 271.75 lakhs from Revaluation Reserve to its General Reserve.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements.

The Company has adequate internal financial controls during the year under review.

Disclosure about Cost Audit

M/s Rao, Murthy & Associates were appointed as Cost Auditors of the Company for the Financial Year 2014-15. M/s. Rao, Murthy & Associates has vast experience in the field of cost audit and have conducted the cost audit of the Company under the provision of erstwhile Companies Act, 1956

Details of Subsidiary Companies

The Company as on March 31, 2015 had Six wholly owned Subsidiaries and one Associate Company.

During the year, the following changes occurred.

The Operation of Kirsons B.V, wholly owned subsidiary is transferred to company's wholly owned subsidiary M/s. Luxquisite Parkland Private Limited.

Report on the performance and financial position of each of the subsidiaries, Associate Companies and Joint ventures has been provided in form AOC-1 as in **Annexure XI** forming part of this report.

Fixed Deposits

SL.No	Particulars	Amount in Lakhs
1.	Accepted during the year	Nil
2.	Remained unpaid or unclaimed at the end of the year.	25.80
3.	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved-	
	• At the beginning of the year-	Nil
	• Maximum during the year-	Nil
	• At the end of the year	Nil
4.	Details of deposits which are not in compliance with the requirements of Chapter V of the Act	Not Applicable

Share Capital

During the year the Company had issued and allotted 1,595,890 (Fifteen Lakh Ninety Five Thousand Eight Hundred and Ninety) Compulsory Convertible Preference Shares ("CCPS") of Rs. 100/- (Rupees one hundred), to Vijay R Kirloskar (Promoter) by way of private placement for a tenor not exceeding 18 months which will carry a preferential cumulative dividend of 0.1% (zero point one per cent) per annum, payable till the date of conversion into equity shares. CCPS held by the promoter will get converted into 5,745,150 equity shares of Rs. 10/- each for cash at a premium of Rs. 20.44 (Rupees Twenty and Forty Four Paise) in two tranches in accordance with the SEBI Regulations and such issue and allotment of equity shares resultant on conversion of the preference

shares will be made at such time or times as determined by the Board in such manner as the Board may in its absolute discretion think fit at the time of conversion.

The Company has allotted 2,658,200 (Twenty Six Lakhs Fifty Eight Thousand Two Hundred) fully paid up equity shares of Rs. 10/- each at a premium of Rs.20.44 per share aggregating to Rs.80,915,608 (Rupees Eight Crores Nine Lakhs Fifteen Thousand Six Hundred Eight Only) to Mr. Vijay R Kirloskar. The Equity Shares as allotted above shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with the existing Issued, Subscribed & Paid-up Equity Share Capital of the Company including dividend.

Statutory Auditors

M/s. B. K. Ramadhyani & Co.LLP, Chartered Accountants having their firm registration No. 002878S /S200021 and M/s. Sundar & Associates, Chartered Accountants, are the retiring Auditors in India and Malaysia respectively. They are eligible for re-appointment. The required certificates to the effect that the re-appointments, if made, will be within the limit specified in Section 139 of the Companies Act, have been received from M/s. B. K. Ramadhyani & Co.LLP, and M/s. Sundar & Associates.

Internal Auditor

The Company has appointed M/s. KPMG as its internal auditors for the financial year 2014-15. The reports of internal auditors are discussed in the Audit Committee Meetings.

Extract of the annual return

As provided under Section 92(3) of the Act, the extract of annual return is given as an **Annexure V** in the prescribed Form MGT-9, which forms part of this report.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The relevant data pertaining to conservation of energy, technology absorption and other details are given in the **Annexure I** to this report.

Directors and Key Managerial Personnel

In terms of Section 149 of the Act, the Members at their meeting held on September 30, 2014, appointed the following Directors of the Company:

- Mr. S.N Agarwal
- Mr. Sarosh J Ghandy
- Mr. Anil Kumar Bhandari
- Mr. V.P Mahendra
- Mr. Kamlesh Gandhi
- Mr. Ram J Shahaney

The Board of Directors declare that the Company has complied with the provision of sub-section (6) of section 149 of Companies Act, 2013 with regard to appointment of following Independent Directors Mr. Sarosh J Ghandy, Mr. Anil Kumar Bhandari, Mr. V.P Mahendra, Mr. Kamlesh Gandhi, Mr. Ram J Shahaney and Mr. S.N Agarwal.

All Independent Directors have declared that they met all the criteria of independence as provided under Section 149(6) of the Act 2013 and Clause 49 of the Listing Agreement.

None of the Independent Directors will retire at the ensuing Annual General Meeting.

Mr. Alok kumar Gupta has resigned from the Board of Directors of the company w.e.f. April 25, 2014.

Mr. Vijay R Kirloskar was appointed as Executive Chairman of the Company w.e.f August 12, 2014.

Mr. Anand B Hunnur was appointed as Director – Sales of the Company w.e.f August 12, 2014.

Mr. Vinayak N Bapat was appointed as Managing Director of the Company w.e.f August 12, 2014.

Mrs. Meena Kirloskar, woman Director as per provisions of the Companies Act, 2013 and Clause 49 of Listing Agreement, is serving on the Board of Directors for several years.

In Accordance with the requirement of the Act, and the Articles of Association of the Company, Mr. Krishnamurthy Ganesh, is the Director whose period is liable to retire by rotation and is eligible for re-appointment.

The Board has appointed Mr. Soumendra Kumar Mahapatra as Chief Financial Officer of the Company w.e.f. June 30, 2015.

Ms. K.S Swapna Latha has resigned from the post of Company Secretary and General Manager - Legal of the company w.e.f. June 30, 2015. The Company is in the process of appointing a Company Secretary.

Board Evaluation

Clause 49 of the Listing Agreement mandates that the Board shall monitor and review the Board Evaluation framework. The Companies Act, 2013 states that the performance evaluation needs to be made by the Board of its own performance and that of its Committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding Director being evaluated.

The following process was adopted for the Board Evaluation.

The Directors gave their inputs on the performance of the Board on various criteria such as degree of responsibility, Board Structure and composition, establishment of responsibilities to various committees, effectiveness of Board Process, information and functioning, Board culture and dynamic, quality of relationship between the board and the Management and enhanced communication with the external stakeholders.

Feedback was provided to the Directors as appropriate, significant highlight, learning and action points arising out of evaluation were presented to the Board.

A separate meeting of Independent Director's was also held to review the performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairperson of the Company.

Number of meetings of the Board of Directors

Eight meetings of the board of Directors were held during the year 2014-15. For details of the meetings of the board, please refer to the **Annexure III** - Corporate Governance Report, which forms part of this report.

Audit Committee

The details pertaining to composition of audit committee are included in the **Annexure III** - Corporate Governance Report, which forms part of this report.

Nomination and Remuneration Committee

The details pertaining to composition of Nomination and Remuneration Committee are included in the **Annexure III** - Corporate Governance Report, which forms part of this report.

Risk Management Committee and Risk Management Policy

The Company has duly constituted Risk Assessment and Risk Minimization Committee as required under clause 49 VI of Listing Agreement. Details pertaining to the Committee are included in the **Annexure III** – Corporate Governance Report, which forms part of this report.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility as required under Section 135 of the Companies Act, 2013, the Board of Directors of the Company has constituted the Corporate Social Responsibility Committee which consists of Mr. Sarosh J Ghandy, Chairman of the Committee, Mr. Vijay R Kiroloskar, Mr. Anil Kumar Bhandari and Mr. V.P Mahendra as the members of the Committee. In absence of the average net profit during the three immediately preceding financial years, the Company is not mandatorily required to contribute towards Corporate Social Responsibility activities.

Stakeholders Relationship Committee

The details pertaining to composition of Stakeholders Relationship Committee are included in the **Annexure III** - Corporate Governance Report, which forms part of this report.

Vigil Mechanism for Directors and Employees

The company has adopted a Whistle Blower Policy establishing Vigil Mechanism, to provide a formal mechanism to the Director and employees to report their concerns about any poor or unacceptable practice or any event of misconduct or violation of Company's code of conduct. The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It is to protect the employees who are willing to raise a concern about serious irregularities within the Company. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the

Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of Vigil Mechanism is available on the Company's website (URL:<http://www.kirloskar-electric.com/images/pdf/investor/policies/Whistle-Blower-Policy.pdf>).

Particulars of contracts or arrangements with related parties

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto shall be disclosed in **Annexure IV** - Form No. AOC -2 (Format enclosed). The Policy on Related Party Transaction is available on the Company's website (URL:<http://www.kirloskarelectric.com/images/pdf/investor/policies/RPT-policy.pdf>).

Managerial Remuneration:

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is disclosed in the **Annexure III** – Corporate Governance Report.

Secretarial Audit Report

M/s. V.Sreedharan & Associates, Practicing Company Secretaries were appointed as Secretarial Auditors to conduct Secretarial Audit of records and documents of the company for the financial year 2014-15. The Secretarial Audit Report is given in **Annexure – VIII**.

Corporate Governance Certificate

Pursuant to the requirements of the Listing Agreements with Stock Exchanges, your Directors are pleased to annex the following:

1. Management Discussion and Analysis Report as **Annexure II**
2. Report on Corporate Governance as **Annexure III**
3. Auditors certificate regarding compliance of conditions of Corporate Governance as **Annexure X**
4. CEO and CFO certificate as **Annexure IX**
5. CEO certificate regarding compliance with the Code of Conduct as **Annexure III** (Please refer Corporate Governance Report).

Particulars of Employees

In terms of the provisions of Section 134 of the Companies Act, 2013, the names and other particulars of specified employees are set out in the Annexure to the Directors Report. However having regard to the provisions of section 136 of the Companies Act, 2013, the Annual Report is being sent to all members of the Company, excluding the aforesaid information. Any member interested in obtaining these particulars may write to the Managing Director at the Registered Office of the Company.

Particulars of Loans, Guarantees or Investments

The details of loans, guarantees or investments made during the year are given below:

(₹In Lakhs)

Sl. No	Companies	Nature of Transaction	Loans	Guarantees	Investments
1.	KELBUZZ Trading Private Limited	Investment in Shares	-	-	404.55
2.	Luxquisite Parkland Private Limited	Investment in Shares	-	-	6,064.00
3.	SLPKG Estate Holdings Private Limited	Investment in Shares	-	-	9.00
4.	SKG Terra Promenade Private Limited	Investment in Shares	-	-	1.00
5.	Kirsons B.V	Investment in Shares	-	-	3,360.50
6.	Swaki Habitat Private Limited	Nil	-	-	-
7.	Kesvik Developers Private Limited	Nil	-	-	-

Directors' Responsibility Statement

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Explanations or comments on audit report

A. Auditors' Report

The comments/observations of the Auditors are self-explanatory and the Company's explanations thereto have been given in relevant notes in the Notes to Accounts. Further explanations in regard to the reservations/qualifications in the Auditors Report are furnished below:

- i) Your Company has already realised a part of the consideration and hence confident of realising the balance consideration due from the subsidiaries.
- ii) The said approval of the members by way of special resolution has been obtained in the Extra-Ordinary General Meeting held on 30 June 2015 subsequently.

B. Secretarial Audit Report

- i) The Company has completed appointment of Chief Financial officer as required under section 203 sub section (1) clause (iii) of the Act read with Rule 8 of the Companies (appointment and remuneration of Managerial Person) rules 2014, well within the timeline as prescribed therein. However just before the committed date of joining the company the candidate so appointed expressed his inability to join. Since the Company had to restart the process of recruiting the Chief Financial Officer, hence the delay
- ii) The Company is in the process of filling the required forms.

Acknowledgements

The Board of Directors take this opportunity to express its sincere appreciation for the continued support and confidence received from the Company's Bankers, Financial Institutions, Customers, Suppliers, Depositors, Shareholders.

The Company considers its employees as its most valuable asset. Employees at all levels have put in their best to the services of the Company and the Board puts on record the sincere appreciation of their dedication and loyalty.

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

Place : Bangalore
Date : August 13, 2015

Vijay R Kirloskar
Executive Chairman

Annexure I

DISCLOSURE OF PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

A. Conservation of Energy:**a) Energy conservation measures taken;**

The Company conserves energy by

- 1) Improving system power factor.
- 2) Reduction of maximum demand and restricting the maximum demand to billing demand.
- 3) Monitoring of energy consumption and further requisite follow-up.
- 4) Optimum utilisation of high energy consuming electrical equipments like ovens, winding machines.
- 5) Air-Compressor Pressure is maintained at reduced pressure with fixed timing and air leakages arrested.
- 6) Installation of capacitor panels.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy;

- 1) Implementation of induction brazing processes.
- 2) Optimization of varnish impregnation process
- 3) Installation of system to ensure uniform temperature.
- 4) Energy Conservation Audit through External Audit Agency.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The measures taken by the Company have resulted in optimum usage of energy in terms of units, reducing costs.

**d) Total energy consumption and energy consumption per unit of production
Not Applicable****B. Technology Absorption****1. Research and Development**

Research and Development is undertaken for extending the range of the existing products, lowering costs and process improvements, Indigenisation or alternate sourcing of materials and development of energy efficient products with added features.

2. Benefits derived as a result of the above R & D efforts.

- a. Process improvement resulting in higher production.
- b. Quality improvement.
- c. Development of in-house skills for manufacture of high precision products.
- d. Enhanced design and product capability to achieve customer satisfaction.
- e. Product range extension to reach newer markets.
- f. Special motors for vehicle application developed.

3. Future plan of action:

To enhance product performance and for better customer satisfaction, the Company will continue in :-

- a. Upgradation of existing technology.
- b. Extension of range of its products.
- c. Development of new processes.
- d. Applied research and value engineering.

4. Expenditure on R & D: (Rs. in Lakhs)

Capital	Nil
Recurring	11.21
Total	11.21
Total R & D Expenditure	11.21
as a % of total turnover	0.02

5. Technology Absorption, Adaptation and Innovation:

- a. Efforts made in brief for technology absorption, adaptation and innovation.
 - Training of personnel in-house.
 - Indigenisation of Materials, components and processes.
 - Modification of imported technology to suit the prevailing Indian Market.
- b. Benefits derived as a result of the above efforts
 - Enhanced Product Range
 - Quality improvement
 - Development of new Products
- c. Future Plan of Action
 - Upgradation of existing technology
 - Development of new processes
- d. Technology imported during the last 5 years.

A. Technology Imported – Nil

B. Has the technology been fully absorbed? If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action – NA

C. Foreign Exchange Earnings and Outgo:

1. Activities relating to export; initiatives to increase exports; development of new export markets for products and services; and Export Plan;

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. During the year, the Company has exports (FOB Value) worth Rs.4,336.83 lakhs.

2. Total foreign exchange used and earned.

a)	Foreign Exchange earned	(Rs. in Lakhs)
(i)	FOB value of goods exported (net) of sales within India eligible for export incentives	4,336.83
(ii)	Dividend on shares (net of tax)	6.52
(iii)	Repatriation of Profit	-
(iv)	Others	289.42
b)	Foreign Exchange Used	
	Value of imports calculated on the CIF basis.	
(i)	Raw materials & Components and spare parts	387.40
(ii)	Capital Goods	9.53

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

Place : Bangalore

Date : August 13, 2015

Vijay R Kirloskar
Executive Chairman

Annexure II

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry

Your Company is engaged in Electrical Industry which comprise of Rotating Machines Group, Static Equipments, Switchgears, Transformers, Capacitors, Transmission Lines etc., Slowdown in the economy affected growth of the business segment as demand for capital goods generally follows a cyclical pattern depending on the overall economic scenario and the investment priorities of the Government. Several upcoming projects were postponed because of liquidity crunch and negative business sentiments. Nevertheless there are signs of revival and economy may perform better in the coming fiscal year.

The Company has taken several bold steps to remain competitive and to ensure survival by reducing cost, rationalising manpower and streamlining operations. The strong brand image of the Company's products on account of our stress on quality puts us in an advantageous position.

Opportunities and Competition

The industries to which we cater to and diversified portfolio of our products provide consistent demand for our products overall. We are also trying to innovate and further diversify our range of products. With the policies of the new Government the Indian Economy is expected to do better. There is a considerable energy deficit in the country. This provides significant opportunities to share in the chain of power business for our different product lines. The strong brand image of the Company's products on account of our stress on quality and a broad network of our dealers/service centers put us in an advantageous position. It may be noted that the Company has no control over the external factors as a result of which the actual performance may vary from the expected.

The Generator as well as the Motor manufacturing industry is highly competitive, both in India and internationally. Many large corporations in domestic front and international front are competitors to the Company. These corporations have access to advanced technologies, greater reach and larger financial resources which may benefit them with economies of scale and operating efficiencies. Competitors may be able to sell their products at prices lower than the Company's, which may have an adverse effect on the Company's market share and results of operations.

Threats

The existing uncertainty over policy decisions and delayed project clearance coupled with weakening rupee and increase in cost of funds could result into slower revival of the capital good industry. The Industry is becoming highly competitive. GDP growth of India may fall below expected. The actual performance may differ, as it is dependent on several factors beyond control of the Company.

Segment wise or product wise performance

The Company has identified the reportable segments as Rotating Machines Group, Power Generation and Distribution Group and Others, taking into account the nature of products and services, the different risks and returns and the internal reporting systems.

The segment wise turnover of the Company is as follows:

		(Rs. in lakhs)
Products	2014-15*	2013-14
Rotating Machines Group	28,106.64	68,983.02
Power Generation and Distribution Group	24,721.97	31,608.77
Others	2,598.41	5,368.11
Total	55,427.02	105,959.90

* The financial statements of LDW, step down subsidiary of the Company for the period from April 1, 2014 to September 7, 2014 are not consolidated pending receipt of data from the insolvency administrator appointed by the honourable court in Germany.

Exceptional Items

Exceptional items for the year ended March 31, 2015 of Rs. 2,383.31/- lakhs includes net profit on sale of assets Rs. 14,000.85/- lakhs and net loss of Rs. 16,384.16/- lakhs on sale of investment.

Future Outlook

Global economies appear to be going through a phase which is having greater share of volatility than that of stability. High interest costs, low corporate investments, high inflation and trade deficits continue in this fiscal. Measures are needed from the Government to kick-start the investment cycle growth. There is no visibility of a sustained Global recovery and Euro-zone economic sluggishness continues unabated affecting India's economic growth.

Low industrial growth, unfavorable investment climate have resulted in the Company's domestic order book reflecting sluggishness as in Fiscal 2014-15. Nevertheless, the various industries to which the Company caters are expected to better again and demand from them will pick up again. The overall long term view is positive.

In view of the above, the company is hopeful of recording operating performance this fiscal improved.

Risks Mitigation Measures

The Company recognises the above major risks and has initiated the following measures for mitigating the above business related risks:

The Company upgrades its engineering strength and design capabilities by incorporating latest technologies in its products. Reduction in production-distribution costs and improvement in operating efficiencies are continuously pursued enabling it to offer competitive prices. The wide portfolio of products gives the Company a competitive advantage, as we can cater to the major verticals of the power generation industry.

The Company recognises the importance of its supply chain in sourcing good quality raw materials and other inputs at competitive prices with high reliability in meeting delivery timelines.

Internal Control System

The Company has established adequate internal control procedures commensurate with the nature of its business and size of its operations. To provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statements, management follows a system of accounting and necessary controls are reviewed by internal audit process. Internal controls are evaluated by the Internal Auditors and supported by Management reviews. All audit observations and follow up actions thereon are initiated for resolution by the respective functions.

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

Place : Bangalore
Date : August 13, 2015

Vijay R Kirloskar
Executive Chairman

Annexure III

Report on Corporate Governance

1. Company's philosophy on code of governance

The Company follows good practices of transparency and disclosure in its reporting. The Company continues to be firmly committed to Corporate Governance and to meet the expectations of its stakeholders in matters related to trusteeship, integrity, ethical and legal standards. This will be done through proper disclosures, adequate internal controls in its business practices and risk management, proper communication and good standards in safety, health, environment management, highest standards in accounting fidelity, product and service quality. The Company complies with the listing requirements of the Stock Exchanges, where its Shares are listed and endeavors to meet necessary listing guidelines.

The Board fully understands and takes responsibility for its commitments to stakeholders, employees, vendors, customers and the communities where it operates. The primary objective of Customer Satisfaction is relentlessly pursued. Following is a report on the status and progress on various aspects of Corporate Governance of the Company.

2. Board of Directors

- a) Composition, Category of Director, Attendance at Meeting, Other Directorships & Chairmanship and Memberships of the Board Committees

Mr. Vijay R Kirloskar is an Executive Chairman of the Company and more than half of the total strength of the Board consists of Independent Directors. On the composition of the Board, the Company has complied with the requirements of Clause 49 of the Listing Agreement.

Name of the Director	Category	Attendance			Other Directorships/Committee Memberships@		
		No. of Board held during the year	No. of Board Meeting attended	Last AGM Meetings Yes/No	Directorships in other attended	Committee Member companies	Committee Chairman
Mr. Vijay R Kirloskar	Executive -Chairman	8	8	Yes	3*	Nil	Nil
Mr. A.S. Lakshmanan	Non Executive-Independent Director	8	8	Yes	3	Nil	Nil
Mr. S.N. Agarwal	Non Executive-Independent Director	8	6	Yes	12	Nil	Nil
Mr. Sarosh J Ghandy	Non Executive-Independent Director	8	4	Yes	8	1	1
Mr. Anil Kumar Bhandari	Non Executive-Independent Director	8	5	Yes	7	1	1
Mr. V.P. Mahendra	Non Executive-Independent Director	8	6	Yes	7	Nil	Nil
Mr. Kamlesh Gandhi	Non Executive-Independent Director	8	7	Yes	4	2	Nil
Mr. Ram J Shahaney	Non Executive-Independent Director	8	5	Yes	Nil	Nil	Nil
Mr. K Ganesh	Non Executive-Independent Director	8	4	Yes	Nil	Nil	Nil

Mrs. Meena Kirloskar	Non Executive- Non Independent Director	8	7	Yes	7	Nil	Nil
Mr. Anand B Hunnur**	Director – Sales	8	6	Yes	Nil	Nil	Nil
Mr. Vinayak N Bapat***	Managing Director	8	6	Yes	Nil	Nil	Nil

@ as on 31.03.2015 - of Public Limited Companies only.

* Mr. Vijay R Kirloskar is Director in Kirloskar Power Build Gears Limited which is under Liquidation

** Mr. Anand B Hunnur was appointed as Director – Sales of the Company w.e.f August 12, 2014.

*** Mr. Vinayak N Bapat was appointed as Managing Director of the Company w.e.f August 12, 2014.

Note: Mr. Alok Kumar Gupta ceased to be Director of the Company w.e.f close of office hours on April 25, 2014.

b) Number of Board Meetings held, dates on which held:

Eight Board Meetings were held during the financial year 2014-15. The meetings were held on the following dates:

May 28, 2014

August 12, 2014

September 30, 2014

November 12, 2014

December 24, 2014

January 20, 2015

February 14, 2015

March 26, 2015

3. AUDIT COMMITTEE

The Audit committee consists of five Independent Non-Executive Directors.

The terms of reference of the Audit Committee include the following:

1. Overseeing the Company's financial reporting process including Internal Audit arrangements and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with the management the Annual Financial Statements before submission to the Board.
4. Approving or any subsequent modification of transaction of the company with Related Parties.
5. Reviewing any activity under its reference.

During the Financial Year 2014-15, the Committee met 5 times. The committee meetings were held on the following dates

May 28, 2014

August 12, 2014

November 12, 2014

January 20, 2015

February 14, 2015

The Particulars of meeting attended by the members are as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. S.N. Agarwal	Chairman	5	4
Mr. A.S. Lakshmanan	Member	5	5
Mr. Anil Kumar Bhandari	Member	5	2
Mr. Sarosh J Ghandy	Member	5	3
Mr. V.P. Mahendra	Member	5	4

The Audit Committee was reconstituted on May 09, 2015.

4. NOMINATION AND REMUNERATION COMMITTEE

During the year under review, the Committee met on, August 12, 2014 and January 20, 2015.

The particulars of the meetings attended by the members are as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. S.N. Agarwal	Chairman	2	2
Mr. A.S. Lakshmanan	Member	2	2
Mr. Anil Kumar Bhandari	Member	2	2
Mr. Sarosh J Ghandy	Member	2	1
Mrs. Meena Kirloskar	Member	2	2

Remuneration Policy:

The details of the policy is disclosed in the **Annexure VI** which forms the parts of this report

Details of remuneration paid to the directors for the Financial Year 2014-15

Name	Designation	Salary	Contribution to PF and other Funds	Total Amount	Shareholding No of shares
Mr. Vijay R Kirloskar	Executive Chairman	16,915,124	4,567,084	21,482,208	6,571,469
Mr. Vinayak N Bapat*	Managing Director	3,018,228	341,328	3,359,556	3,650
Mr. Anand B Hunnur*	Director Sales	1,971,539	223,142	2,194,681	675
Mr. Alok Kumar Gupta*	Joint Managing Director	500,000	135,000	635,000	500

* for a part of the year.

5. RISK ASSESSMENT AND RISK MINIMIZATION COMMITTEE

The Risk Assessment and Risk Minimization Committee was duly constituted by the Board of Directors in their meeting held on November 12, 2014.

The following Directors and Executives of the Company are the members of the Committee

Mr. A.S. Lakshmanan

Mr. Anil Kumar Bhandari

Mr. Vinayak Narayan Bapat

Mr. Anand B Hunnur

Mr. Vikas Kumar Gandhi

The details of the policy is disclosed in the **Annexure VII** which forms the parts of this report

6. STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee consist of the three Directors. During the year under review, the Committee met on August 12, 2014 and March 26, 2015 and reviewed the status of Shareholders' Grievances and approved the share transfers and transmissions etc.

The terms of reference of Stakeholder Relationship Committee include, inter alia, to look into the Shareholders and Investors complaints regarding transfer and transmission of shares, issue of duplicate share certificates, consolidation and splitting up of shares and also to decide all the matters incidental to and arising out of transfer and transmission of shares and to redress the same.

Name of non-executive Director heading the Committee

Mr. Anil Kumar Bhandari is the Chairman of the Stakeholder Relationship Committee.

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The Particulars of the Meeting attended by the members are as follows:

Name	Category	Meetings	
		Held during the tenure	Attended
Mr. Anil Kumar Bhandari	Chairman	2	2
Mr. Vijay R Kirloskar	Member	2	2
Mr. V.P Mahendra	Member	2	2

Name and designation of Compliance officer

Ms .K S Swapna Latha was the Company Secretary and Compliance Officer of the Company.

Number of Shareholders complaints received, not solved to the satisfaction of Shareholders and number of pending complaints

Shareholders complaints are given top priority by the Company and replies promptly by Company. It is the policy of the Company that Investor Complaints are attended at the priority and solved at the earliest.

A statement of various complaints received and cleared by the Company during the Financial Year 2014-15 is given below:

Nature of Compliant		2014-15	
	Received	Cleared	Pending
Letters regarding Non receipt of Annual Reports	Nil	Nil	Nil
Letters or Complaints regarding shares (Non-receipt of shares after transfer/transmission, deletion of names, consolidation/sub-division of shares and general transfer correspondence)	1	1	Nil
Miscellaneous Letters or complaints received other than of above categories.	Nil	Nil	Nil

7. Separate Meeting of Independent Directors

The Independent Directors were fully kept informed of the company's activities in all its spheres. During the year under review, a separate meeting of Independent Directors was held on May 18, 2015 and the Independent Directors reviewed the performance of the:

1. Non Independent Directors namely Mr. Vijay R Kirloskar, Executive Chairman of the Company, Mr. Vinayak N Bapat, Managing Director of the Company, Mr. Anand B Hunnur, Director Sales, Mr. A.S Lakshmanan, Mrs. Meena Kirloskar and Mr. K Ganesh, Directors; and
2. the Board as whole

Based on the review and considering the company's progress and performance during the year, The Independent Directors recorded the contribution made by Non-Independent Directors.

They also reviewed the performance of the Chairman after taking into account the views of Executive and Non-Executive Directors.

The Independent Directors also wish to place on record their appreciation of the leadership of the Chairman in ensuring performance by the Company in all its activities during the year, considering the not so conducive prevailing situation in the economy and industry.

The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. They expressed that they were satisfied with the receipt of necessary information.

The Independent Directors in the meeting regularly review the performance of the Company along with the Managing Director, Director-Sales and other Senior Management Personnel.

The Board is kept informed of the Company's activities in all its fronts. This has enabled the Board to understand all aspects of the Company and help them to guide the Company.

All the Independent Directors were present at the meeting

8. General Body Meetings

a) Location, time and Special Resolution for the last three AGMs:

	2011-12	2012-13	2013-14
Date, Venue and Time	9 th August, 2012 Chowdaiah Memorial Hall Gayathri Devi Park Extension, Vyalikaval, Bangalore 10.00 A.M	30 th September, 2013 Vivanta by Taj Tumkur Road, Yeshwanthpur Bangalore 10.00 A.M	30 th September, 2014 Chowdaiah Memorial Hall Gayathri Devi Park Extension, Vyalikaval, Bangalore 10.00 A.M
Special Resolution Passed	<ol style="list-style-type: none"> 1. Payment of increase in remuneration to Mr. Anuj Pattanaik, Deputy Managing Director from 4th August, 2011 till 3rd August, 2014. 2. Approval for the continuing services of Ms. Rukmini Kirloskar and increase in her remuneration. 	<ol style="list-style-type: none"> 1. Granting Employee Stock Option Scheme, 2012 and authorizing the Board to take necessary action in this regard. 2. Appointment of Mr. Alok Kumar Gupta as Joint Managing Director with effect from 15th March, 2013 and payment of remuneration to Mr. Alok Kumar Gupta. 	<ol style="list-style-type: none"> 1. To borrow from time to time, as they may consider fit, any sum or sums of money not exceeding Rs.10,000 million (Rupees ten thousand million) in excess of the aggregate of the paid-up capital of the company and its free reserves. 2. For acceptance or renewal of deposits from its members and persons other than its members not exceeding Ten percent and Twenty five percent of aggregate paid up share capital and free reserves of the company, respectively, on such terms and conditions as the Board may deem fit. 3. Appointment of Mr. Vijay R Kirloskar (DIN 00031253), as Executive Chairman of the Company for a period of 3 (Three) years with effect from 12th August, 2014 on the terms and conditions including remuneration payable to Mr. Vijay R Kirloskar. 4. Appointment of Mr. Vinayak Narayan Bapat (DIN 06936639) as Managing Director of the Company for a period of 3 (Three) years with effect from 12th August, 2014, on the terms and conditions including remuneration payable to Mr. Vinayak N Bapat 5. Appointment of Mr. Anand B Hunnur (DIN 06650798) as Director - Sales of the Company for a period of 3 (Three) years with effect from 12th August, 2014 on the terms and conditions including remuneration payable to Mr. Anand B Hunnur

b) Special resolution put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise, proposed to be conducted through postal ballot and procedure for postal ballot:

The company had dispatched to all the shareholders, the notice of Postal Ballot dated 24th January 2015 on 27th January 2015 by courier and on 28th January 2015 by email u/s 110 of the Companies Act 2013 read with the Companies (Management and Administration) Rules 2014. The Report submitted by the Scrutinizer was taken on record and Chairman announced the results of the voting by Postal ballot for the following;

1. Issue of Equity Shares to Promoters of the Company on preferential basis

Particulars	Postal Ballot		E-Voting		Total		% of total paid-up equity capital (i.e. 5,05,21,367 Equity Shares of Rs. 10/- each)
	No. of members voted through Postal ballot forms	No. of votes cast (Equity Shares of Rs. 10/- each)	No. of member voted through e voting system	No. of votes cast (Equity Shares of Rs. 10/- each)	No. of members voted through Postal ballot forms & through e voting system	No. of votes cast (Equity Shares of Rs. 10/- each)	
Total postal ballot forms / e votes received	300	10,759,158	32	20,633,534	332	31,392,692	62.14
Less: Invalid postal ballot forms (as per register)	27	3,920,846	0	0	27	3,920,846	7.76
Net valid postal ballot forms (as per register)	273	6,838,312	32	20,633,534	305	27,471,846	54.38
Postal ballot forms with assent for the Resolution as a percentage of net valid shares polled	229	6,832,662	30	20,633,292	259	27,465,954	99.98
Postal ballot forms with dissent for the Resolution as a percentage of net valid shares polled	44	5,650	2	242	46	5,892	0.02

2. Issue of Compulsorily Convertible Preference Shares (CCPS) to Promoters of the Company on preferential basis

Particulars	Postal Ballot		E-Voting		Total		% of total paid-up equity capital (i.e. 5,05,21,367 Equity Shares of Rs. 10/- each)
	No. of members voted through Postal ballot forms	No. of votes cast (Equity Shares of Rs. 10/- each)	No. of member voted through e voting system	No. of votes cast (Equity Shares of Rs. 10/- each)	No. of members voted through Postal ballot forms & through e voting system	No. of votes cast (Equity Shares of Rs. 10/- each)	
Total postal ballot forms / e votes received	300	10,759,158	32	20,633,534	332	31,392,692	62.14
Less: Invalid postal ballot forms (as per register)	30	3,920,944	0	0	30	3,920,944	7.76
Net valid postal ballot forms (as per register)	270	6,838,214	32	20,633,534	302	27,471,748	54.38

Postal ballot forms with assent for the Resolution as a percentage of net valid shares polled	228	6,832,617	30	20,633,292	258	27,465,909	99.98
Postal ballot forms with dissent for the Resolution as a percentage of net valid shares polled	42	5,597	2	242	44	5,839	0.02

3. Sale of 100% stake of the Company held in its subsidiary Kirsons B.V.

Particulars	Postal Ballot		E-Voting		Total		% of total paid-up equity capital (i.e. 5,05,21,367 Equity Shares of Rs. 10/- each)
	No. of members voted through Postal ballot forms	No. of votes cast (Equity Shares of Rs. 10/- each)	No. of member voted through e voting system	No. of votes cast (Equity Shares of Rs. 10/- each)	No. of members voted through Postal ballot forms & through e voting system	No. of votes cast (Equity Shares of Rs. 10/- each)	
Total postal ballot forms / e votes received	300	10,759,158	32	20,633,534	332	31,392,692	62.13
Less: Invalid postal ballot forms (as per register)	31	7,703	0	0	31	7,703	0.01
Net valid postal ballot forms (as per register)	269	10,751,455	32	20,633,534	301	31,384,989	62.12
Postal ballot forms with assent for the Resolution as a percentage of net valid shares polled	229	10,745,833	28	20,633,042	257	31,378,875	99.98
Postal ballot forms with dissent for the Resolution as a percentage of net valid shares polled	40	5,622	4	492	44	6,114	0.02

The chairman thereafter stated that the special resolution at item no. 1, 2, 3 of the postal ballot set out in the notice dated 24th January 2015 were duly passed by the requisite majority of the shareholders.

- c) Location, time and special Resolution of the Extra-ordinary General Meeting of the Company held during the financial year 2014-15: **No Extra-Ordinary General Meeting was held during the financial year 2014-15**

9. Disclosures

Related party transactions

Information on transactions with related parties are given in **Annexure IV** in Form AOC-2 and the same forms part of this report. The policy on the related party transaction is available on the company / website (URL: <http://www.kirloskar-electric.com/images/pdf/investor/policies/RPT-policy.pdf>)

Accounting Treatment

The Company's financial statements are prepared as per the guidelines of Accounting Standards under Indian GAAP.

Risk Management

The Company has laid down procedures to inform Board Members about the risk assessment and minimisation procedures. These are periodically reviewed and to ensure that executive management controls risk through means of a properly defined framework.

Utilisation of Public Issue Proceeds

During the year under review, the Company has not raised any money through any issue to the public.

Details of non-compliance

During the previous three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

Cost Audit

Messrs Rao, Murthy & Associates, Cost Accountants, Basavanagudi, Bangalore – 560 004, have been re appointed as Cost Auditors of the Company for the financial year 2014-15, under Section 148 of the Companies Act, 2013 read with Companies (records and audit) Rules, 2014.

10. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT

All mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company and non mandatory requirements have been followed to the following extent : -

Remuneration Committee

A Remuneration Committee has been constituted, the details whereof have been provided earlier in the Report.

Whistle Blower Policy

The Company has established a mechanism for the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This mechanism will also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases.

Some of the non mandatory requirements are not being followed for the reasons given against the requirements, as follows :-

Chairman's Office

As the Chairman of the Company is Executive Chairman, the provision is not applicable.

Shareholder Rights

The quarterly/ half yearly financial results are published in English in a newspaper having wide circulation all over India and also in a vernacular newspaper and are also displayed on the Company's website and are, therefore, not sent separately to the Shareholders.

Training of Board Members

The Board of Directors comprises of well-experienced versatile members and their formal training is not considered as necessary.

11. Means of Communication:

a) Quarterly results

The Company has been regularly publishing Audited/Un-audited results in leading news dailies, immediately after the same is approved by the Board. The results are also posted on the Company's website.

- b) Newspaper wherein results normally published:
The quarterly results are normally published in the all India edition of Business Standard and Bangalore edition of Samyukta Karnataka.
- c) Company's Website address:
The quarterly results and other official news are posted on the Company's website www.kirloskar-electric.com
- d) The presentation made of institutional investor or the analysts
No presentation were made to institutional investors or to the analysts during the year 2014-15.
- e) Email ID for registering complaints by investors is: investors@kirloskar-electric.com

12. General Shareholder Information:

Date, Time and Venue of Annual General Meeting

The 68th Annual General Meeting of the Company will be held on Monday, the 28th September, 2015 at G.M.Rejoyz #158, 8th main, 8th Cross, Malleshwaram, Bangalore – 560 003 at 10.00 A.M.

Financial Year:

The Company's Financial Year starts on 1st April and ends on 31st March

Date of Book Closure:

Register of Members / Register of Share Transfer books will remain close from September 19, 2015 and September 28, 2015 (both days inclusive).

Dividend payment Date:

The Board of Directors have not recommended dividend on the Equity Shares for the Financial Year ended March 31, 2015.

Listing on Stock Exchanges & Stock Code

The Company's Equity Shares are listed on the following stock exchanges and the Company has paid the appropriate listing fees for the financial year 2014-15 and its stock code is as under:

1. **Bombay Stock Exchange Ltd – 533193**
2. **National Stock Exchange of India Ltd – KECL**

Market Price Data

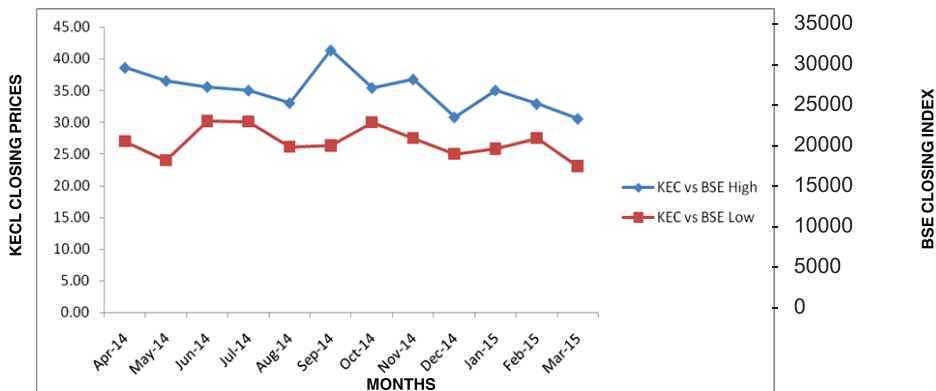
During the year under review, the Shares of the Company were traded at Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd. The prices at Bombay Stock Exchange and at National Stock Exchange were as follows:

Month	KEC on BSE			KEC on NSE		
	High (Rs.)	Low (Rs.)	Volume (No's)	High (Rs.)	Low (Rs.)	Volume (No's)
April 2014	38.60	27.00	739487	38.85	26.75	814569
May 2014	36.50	24.00	420579	35.85	24.00	285497
June 2014	35.55	30.20	236445	36.50	29.60	271088
July 2014	35.00	30.10	213739	35.60	29.30	314431
August 2014	33.00	26.10	120910	33.30	25.20	153098
September 2014	41.35	26.30	903799	42.30	25.95	1476604
October 2014	35.40	30.00	113724	35.95	29.40	201530
November 2014	36.75	27.50	233758	36.95	27.65	434118
December 2014	30.75	25.00	263669	31.80	24.60	301824
January 2015	35.00	25.80	378868	35.00	25.05	571150
February 2015	32.85	27.50	204561	33.10	27.30	278205
March 2015	30.50	23.00	315010	30.70	23.00	510678

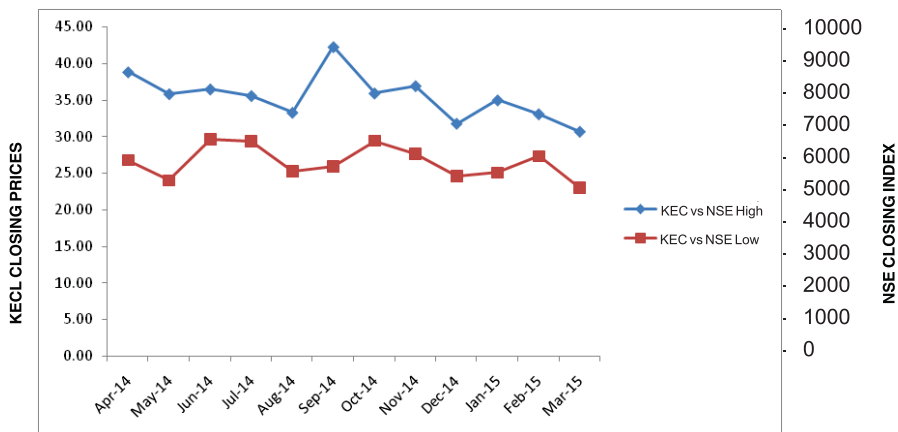
KIRLOSKAR ELECTRIC COMPANY LTD

Share Price Movements:

Share Price Movements for the period 1st April, 2014 to 31st March, 2015 - Kirloskar Electric Company Limited (KECL) vs BSE Sensex



Share Price Movements for the period 1st April, 2014 to 31st March, 2015 - Kirloskar Electric Company Limited (KECL) vs NSE Sensex



Registrar and Share Transfer Agents:

Integrated Enterprises (India) Ltd ,30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003.Telephone No's: 23460815,23460816,23460817 and 2346081 Fax No. 23460819, Website: www.123alpha.com, Contact Person: Mr. Manjunath, Senior Manager.

Share Transfer System:

The Company's Shares are compulsorily traded in DEMAT form. The ISIN allotted to Kirloskar Electric Company Limited is: ISIN INE 134B01017. Investors are required to establish an account with a Depository Participant to hold and trade the Shares in the dematerialized form.

The Investors/Members are requested to note that physical documents viz., DEMAT Request Forms (DRF), Share Certificates etc should be sent by their DP's directly to the Transfer Agents of the Company. Investors/Members who purchase/acquire Shares of the Company in the physical form should similarly send the physical documents, viz., Transfer Deeds, Share Certificates etc to the Transfer Agents of the Company.

The Shareholder's complaints received during the year have been resolved with due dispatch and no complaints were pending as on 31.03.2015. There were no physical transfers pending as on 31.03.2015 and there were no dematerialization requests pending as on 31.03.2015. The Company has not received any request for rematerialization during the year.

Distribution of Shareholding as on 31.03.2015

Shareholding Range	No. of share holders in DEMAT Form	No. of Shares	No. of share holders in Physical Form	No. of Shares	Total No. of share holders	%	No. of shares	% of share holdings
1-500	12735	1557737	21551	920597	34286	92.62	2478334	4.66
501-1000	1030	848881	241	175062	1271	3.43	1023943	1.93
1001-2000	553	840404	127	176065	680	1.84	1016469	1.91
2001-3000	223	566320	33	81732	256	0.69	648052	1.22
3001-4000	94	338421	19	65282	113	0.31	403703	0.76
4001-5000	102	475221	13	56439	115	0.31	531660	1.00
5001-10000	141	1023238	11	77514	152	0.41	1100752	2.07
10001 & above	135	37657908	8	8318746	143	0.39	45976654	86.46
TOTAL	15013	43308130	22003	9871437	37016	100.00	53179567	100.00

Categories of Shareholding as on 31st March, 2015

Category	No. of Shareholders	No of Shares held	% of Shareholding
Promoters	12	27544343	51.79
Banks. Financial Institutions	20	802525	1.51
Insurance Co's	4	3240824	6.09
Foreign Institutional Investors	2	450	0.00
Private Corporate Bodies	374	4196091	7.89
Indian Public	36130	8879301	16.70
NRIs/ OCBs	386	2208278	4.15
Clearing Members	85	132819	0.25
Trust	3	6174936	11.61
Total	37016	53179567	100

Dematerialisation of Shares and Liquidity

The paid up Equity Capital of the Company as on 31.03.2015 was Rs. 531,795,670/- (53,179,567 Shares of Rs.10/- each). Out of the total Equity paid up Share capital of Rs. 531,795,670/-, 43,308,130 Equity Shares representing 81.44% of the Equity Capital were held in dematerialised form as on 31.03.2015.

The Company has arrangement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate holding of the Shares in electronic form. Nearly 81.44% of the Company's Shares are held in electronic form. The Company's Shares are traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDR/ADR/Warrants or any convertible instruments.

Plant location

Details of address of plant locations are mentioned in the beginning of the Annual Report.

Address for correspondence

The Managing Director
 Kirloskar Electric Company Ltd.
 Post Box No. 5555, Malleswaram West, Bangalore 560 055
 Telephone: 080 – 23374865, 23378735 Fax: 080 - 23377706
 Web Site Address – www.kirloskar-electric.com

Code of Conduct

The Board has laid down a Code of Conduct for Board of Directors and Senior Managers and the same is posted on the website of the Company (URL:<http://www.kirloskar-electric.com/images/pdf/investors/policies/code-of-conduct.pdf>)

Declaration pertaining to compliance with the Code of Conduct of the Company

This is to confirm that all the Board Members and Senior Managers have affirmed compliance with the Code of Conduct of the Company, for the year 2014-15.

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

Place : Bangalore

Date : August 13, 2015

Vijay R Kirloskar
Executive Chairman

Annexure IV **Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:-

Kirloskar Electric Company Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2014-15.

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship:

1. Abhiman Trading Company Private Limited, Mrs. Meena Kirloskar is the Interested Director of the Company
2. Lakshmanan Isola Pvt Ltd, Mr. A.S Lakshmanan is a Interested director of the company
3. Senapathy Whiteley Pvt Ltd, Mr. A.S Lakshmanan is a Interested director of the company
4. Sri Vijayadurga Investments and Agencies Pvt Ltd, Mrs. Meena Kirloskar is the Interested Director of the Company
5. Vijayjyothi Investments and Agencies Pvt Ltd, Mrs. Meena Kirloskar is the Interested Director of the Company
6. Transport Corporation of India Ltd, Mr. S.N Agarwal is the Interested Director of the company.
7. Vijaya Farms Pvt Ltd, Mrs. Meena Kirloskar is the Interested Director of the Company
8. Kirloskar Power Equipments Limited, Mr. Vijay R Kirloskar is Interested Director in the company.
9. Kirsons Trading Pte Ltd, Mr. Vijay R Kirloskar is interested Director in the company.
10. Senapathy Symons Insulation Pvt Ltd. Mr. A.S Lakshmanan is a Interested director of the company
11. Kirloskar (Malaysia) SDN BHD, Mr. Vijay R Kirloskar is Interested Director in the company.
12. Lloyd Dynamowerke GmBh & Co. KG, Mr. Vijay R Kirloskar is Interested Director in the company.
13. Bhagyanagar India Limited, Mr. Kamlesh Gandhi is the Interested Director of the company
14. Maini Materials Movement Pvt Ltd, Mr. Sarosh J Ghandy is the Interested Director of the company

15. Kirloskar Batteries Pvt Ltd, Mr. Vijay R Kirloskar is Interested Director in the company.
16. Kelbuzz Trading Private Limited, a wholly owned Subsidiary company.
17. Ravindu Motors Private Limited, Mrs. Meena Kirloskar is the Managing Director of the Company.
18. Best Trading Agencies Limited, Director holds more than 2% of its paid up capital
19. SKG Terra Promenade Private Limited, a wholly owned Subsidiary Companies.
20. SLPKG Estate Holdings Private Limited a wholly owned Subsidiary Companies.

(b) Nature of contracts/arrangements/transactions:

Sales, purchases of goods, materials and services

(c) Duration of the contracts / arrangements/transactions:

Agreement is perpetual until terminated by either party.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

Standard terms and Conditions

(e) Date(s) of approval by the Board in their meeting, if any:

1. May 28, 2014
2. August 12, 2014
3. November 12, 2014
4. February 14, 2015
5. March 26, 2015

(f) Amount paid as advances, if any: NIL

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

Place : Bangalore

Date : August 13, 2015

Vijay R Kirloskar
Executive Chairman

Annexure V
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L31100KA1946PLC000415
2.	Registration Date	July 26, 1946
3.	Name of the Company	KIRLOSKAR ELECTRIC COMPANY LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non Government Company
5.	Address of the Registered office & contact details	Industrial Suburb, Rajajinagar, Bangalore – 560010
6.	Whether listed company	Listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Enterprises (India) Ltd ,30, Ramana Residency, 4 th Cross, Sampige Road, Malleswaram, Bangalore 560 003. Telephone No's: 23460815,23460816,23460817 and 2346081 Fax No. 23460819, Website: www.123alpha.com, Contact Person: Mr. Manjunath, Senior Manager.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Electric Motors	31100	50.23%
2	Transformers	31100	29.28%
3	DG Sets	31100	9.20%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SI No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY	% of shares held	Applicable Section
1	SKG Terra Promenade Private Limited Flat No. 10, 2 nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bangalore 560096	U70100KA2014PTC077579	Subsidiary Company	100%	2(87)
2	SLPKG Estate Holdings Private Limited Flat No. 10, 2 nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bangalore 560096	U70109KA2014PTC077504	Subsidiary Company	100%	2(87)
3	Luxquisite Parkland Private Limited Flat No. 10, 2 nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bangalore 560096	U70102KA2014PTC077510	Subsidiary Company	100%	2(87)

4	KELBUZZ Trading Private Limited Flat No. 10, 2 nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bangalore 560096	U51109KA2014PTC077631	Subsidiary Company	100%	2(87)
5	Swaki Habitat Private Limited Flat No. 10, 2 nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bangalore 560096	U70100KA2015PTC079374	Subsidiary Company	100%	2(87)
6	Kesvik Developers Private Limited Flat No. 10, 2 nd Floor, MF/50/10, MF 31 to 59 SFHS, Nandini Layout, Opp Nandini Layout Bus Stand, Bangalore 560096	U70100KA2015PTC079459	Subsidiary Company	100%	2(87)
7.	Kirloskar Malaysia Sdn Bhd	—	Associate Company	30%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	DEMAT	Physical	Total	% of Total Shares	DEMAT	Physical	Total	% of Total Shares	
A Promoter(s)									
(1) Indian									
a) Individual/ HUF	4,138,648	-	4,138,648	8.19	6,755,983	-	6,755,983	12.70	4.51
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	20,788,360	-	20,788,360	41.15	20,788,360	-	20,788,360	39.09	(2.06)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total									
shareholding of Promoter (A)	24,927,008	-	24,927,008	49.34	27,544,343	-	27,544,343	51.79	2.45
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	708,063	111,164	819,227	1.62	691,361	111,164	802,525	1.51	(0.11)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

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f) Insurance Companies	3,253,824	160158	3,253,824	6.44	3,240,824	-	3,240,824	6.09	(0.35)
g) FIs	-	450	450	0	-	450	450	0.00	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	3,961,887	271,322	4,073,501	8.06	3,932,185	111,614	4,043,799	7.60	(0.46)
2. Non-Institutions									
a) Bodies Corp.	3,392,252	160,158	3,552,410	7.03	4,036,258	159,833	4,196,091	7.89	0.86
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5,033,112	1,520,693	6,553,805	12.97	5,051,750	1,490,392	6,542,142	12.30	(0.67)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	2,709,665	11,372	2,721,037	5.39	2,325,787	11,372	2,337,159	4.39	(1.00)
c) Others (specify)									
Non Resident Indians	322,515	27,416	349,931	0.69	284,930	27,304	312,234	0.59	(0.10)
Overseas Corporate Bodies	-	1,896,044	1,896,044	3.75	-	1,896,044	1,896,044	3.57	(0.18)
Foreign Nationals									
Clearing Members	272,695	-	272,695	0.54	132,819	-	132,819	0.25	(0.29)
Trusts	58	6,174,878	6,174,936	12.22	58	6,174,878	6,174,936	11.61	(0.61)
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	11,730,297	9,790,561	21,520,858	42.6	11,831,602	9,759,823	21,591,425	40.60	(1.99)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	15,692,184	9,902,175	25,594,359	50.66	15,763,787	9,871,437	25,635,224	48.21	(2.45)
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	40,619,192	9,902,175	50,521,367	100	43,308,130	9,871,437	53,179,567	100	0.00

B) Shareholding of Promoter-

SI No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Abhiman Trading Company Private Limited	5,217,063	10.33	-	5,217,063	9.81	-	-0.52
2	Vijayjyothi Investments and Agencies Private Limited	4,257,682	8.43	-	4,257,682	8.01	-	-0.42
3	Vijay Ravindra Kirloskar	3,913,269	7.75	-	6,571,469	13.36	-	5.61
4	Vijay Farms Private Limited	3,540,807	7.01	-	3,540,807	6.66	-	-0.35
5	Vijaykirti Investments and Agencies Pvt Ltd	3,064,094	6.06	-	3,064,094	5.76	-	-0.3
6	Sri Vijaydurga Investments and Agencies Private Limited	1,774,506	3.51	-	1,774,506	3.34	-	-0.17
7	Vimraj Investments Pvt Ltd	1,606,483	3.18	-	1,606,483	3.02	-	-0.16
8	Kirloskar Power Equipments Ltd	1,141,225	2.26	-	1,141,225	2.15	-	-0.11
9	Kirloskar Batteries Pvt Limited	186,500	0.37	-	186,500	0.35	-	-0.02
10	Meena V Kirloskar	97,164	0.19	-	97,164	0.18	-	-0.01
11	Rukmini Kirloskar	44,900	0.09	-	44,900	0.08	-	-0.01
12	Janaki Kirloskar	42,450	0.08	-	42,450	0.08	-	0
	TOTAL	24,886,143*	49.26	-	27,544,343	51.79	-	2.53

***Note:** In the beginning of the year i.e., as on April 1, 2014, the directors of the company were included in the promoter group. Therefore 40,865 shares of Director(s) are included in the Total Shareholdings.

C) Change in Promoter's Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of company
	At the beginning of the year	24,886,143	49.34	24,886,143	49.34
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus sweat equity etc.):	2,658,200 Allotment of Equity shares to bonus/ sweat Mr. Vijay R Kirloskar on March 26, 2015.	2.53	27,544,343	51.79
	At the end of the year	27,544,343	51.79	27,544,343	51.79

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D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SL NO	NAME OF THE SHAREHOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2014					CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2015	
		No. of Shares	% of Total Shares of	Date	Increase/Decrease in Share Holding	Reason	No Of Shares	% of Total Shares of the Company
1	KECL INVESTMENT TRUST	6174878	11.61	01.04.2014	NO MOVEMENT DURING THE YEAR			
				31.03.2015			6174878	11.61
2	LIFE INSURANCE CORPORATION OF INDIA	2576571	4.85	01.04.2014	NO MOVEMENT DURING THE YEAR			
				31.03.2015			2576571	4.85
3	M/S. HAWKER SIDDELEY MANAGEMENT LTD.,	1896044	3.57	01.04.2014	NO MOVEMENT DURING THE YEAR			
				31.03.2015			1896044	3.57
4	JM FINANCIAL SERVICES LTD.	829127	1.56	01.04.2014	0		829127	1.56
				11.04.2014	75677	TRANSFER	904804	1.70
				18.04.2014	-7186	TRANSFER	897618	1.69
				25.04.2014	-128265	TRANSFER	769353	1.45
				02.05.2014	-15180	TRANSFER	754173	1.42
				09.05.2014	2000	TRANSFER	756173	1.42
				16.05.2014	11136	TRANSFER	767309	1.44
				23.05.2014	-7900	TRANSFER	759409	1.43
				30.05.2014	31164	TRANSFER	790573	1.49
				20.06.2014	-36128	TRANSFER	754445	1.42
				30.06.2014	-200	TRANSFER	754245	1.42
				25.07.2014	12268	TRANSFER	766513	1.44
				01.08.2014	-12268	TRANSFER	754245	1.42
				05.09.2014	8000	TRANSFER	762245	1.43
				12.09.2014	24149	TRANSFER	786394	1.48
				19.09.2014	-31290	TRANSFER	755104	1.42
				30.09.2014	-755104	TRANSFER	0	0.00
				28.11.2014	183613	TRANSFER	183613	0.35
				05.12.2014	743480	TRANSFER	927093	1.74
				19.12.2014	-272	TRANSFER	926821	1.74
				31.12.2014	379	TRANSFER	927200	1.74
				02.01.2015	-200	TRANSFER	927000	1.74
				09.01.2015	-1160	TRANSFER	925840	1.74
				16.01.2015	-17196	TRANSFER	908644	1.71
				30.01.2015	-557	TRANSFER	908087	1.71
				06.02.2015	-11827	TRANSFER	896260	1.69
				13.02.2015	-373	TRANSFER	895887	1.68
				20.02.2015	300	TRANSFER	896187	1.69
				27.02.2015	-10300	TRANSFER	885887	1.67
				06.03.2015	-1020	TRANSFER	884867	1.66
				13.03.2015	-3026	TRANSFER	881841	1.66
				27.03.2015	-7500	TRANSFER	874341	1.64
				31.03.2015	-3142	TRANSFER	871199	1.64
5	THE NEW INDIA ASSURANCE COMPANY LIMITED	506412	0.95	01.04.2014	NO MOVEMENT DURING THE YEAR			
				31.03.2015			506412	0.95
6	ICIC BANK LTD	497648	0.94	01.04.2014	NO MOVEMENT DURING THE YEAR			
				31.03.2015			497648	0.94

7	Darshan Financial Services Private Ltd	375499	0.71	01.04.2014	0		375499	0.71
				30.05.2014	-32500	TRANSFER	342999	0.64
				06.06.2014	-100300	TRANSFER	242699	0.46
				08.08.2014	3600	TRANSFER	246299	0.46
				12.09.2014	-69579	TRANSFER	176720	0.33
				19.09.2014	-2465	TRANSFER	174255	0.33
				10.10.2014	-1500	TRANSFER	172755	0.32
				17.10.2014	-1407	TRANSFER	171348	0.32
				14.11.2014	1500	TRANSFER	172848	0.33
				28.11.2014	-172848	TRANSFER	0	0.00
				31.03.2015	0		0	0.00
8	PRITHVI VINCOM PRIVATE LIMITED	333429	0.63	01.04.2014	NO MOVEMENT DURING THE YEAR			
				31.03.2015			333429	0.63
9	Tejash Finstock Pvt Ltd	288224	0.54	01.04.2014	0		288224	0.54
				25.04.2014	8820	TRANSFER	297044	0.56
				02.05.2014	14180	TRANSFER	311224	0.59
				06.06.2014	100000	TRANSFER	411224	0.77
				12.09.2014	-1820	TRANSFER	409404	0.77
				06.02.2015	9000	TRANSFER	418404	0.79
				31.03.2015	0		418404	0.79
10	A E Securities & Investments Pvt Ltd	273000	0.51	01.04.2014	NO MOVEMENT DURING THE YEAR			
				31.03.2015			273000	0.51

E) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key: Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of company
	At the beginning of the year				
1.	Mr. Vijay R Kirloskar	3,913,269	7.75	3,913,269	7.75
2.	Mrs. Meena Kirloskar	97,164	0.19	97,164	0.19
3.	Mr. Alok Kumar Gupta	500	0.00	500	0.00
4.	Mr. Vinayak N Bapat	3,650	0.01	3,650	0.01
5.	Mr. Anand B Hunnur	675	0.00	675	0.00
6.	Ms. Swapna Latha K S	Nil	Nil	Nil	Nil
	Total at the beginning of the Year	4,015,258	7.95	4,015,258	7.95
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):Mr. Vijay R Kirloskar	2,658,200	5.26	6,571,469	12.36
	At the end of the year				
1.	Mr. Vijay R Kirloskar	6,571,469	12.36	6,571,469	12.36
2.	Mrs. Meena Kirloskar	97,164	0.18	97,164	0.18
3.	Mr. Alok Kumar Gupta	500	0.00	500	0.00
4.	Mr. Vinayak N Bapat	3,650	0.01	3,650	0.01
5.	Mr. Anand B Hunnur	675	0.00	675	0.00
6.	Ms. Swapna Latha K S	Nil	Nil	Nil	Nil
	Total at the end of the year	6,673,458	12.55	6,673,458	12.55

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	12,644.45	8,385.38	Nil	21,029.83
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	198.11	198.11
Total (i+ii+iii)	12,644.45	8,385.38	198.11	21,227.94
Change in Indebtedness during the financial year				
* Addition	2,932.32	Nil	104.74	3,037.06
* Reduction	Nil	786.46	Nil	786.46
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	1,5576.77	7,598.92	Nil	23,175.69
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	302.85	302.85
Total (i+ii+iii)	15,576.77	7,598.92	302.85	23,478.54

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl No	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Mr. Vijay R Kirloskar, Executive Chairman	Mr. Vinayak N Bapat, Managing Director**	Mr. Anand B Hunnur, Director – Sales	Mr. Alok Kumar Gupta, Joint Managing Director	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,693,741*	4,458,540	1,961,983	5,00,000	25,614,264
	(b) Value of perquisites u/s 17(2) Income- tax Act, 1961	Nil	718,519	21,905	509,000	1,249,424
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(d) Total	18,693,741	5,177,059	1,983,887	10,09,000	26,863,688
	Less: Allowances to the extend exempt under Section 10					
	(a) HRA Exemption	Nil	Nil	43,827	Nil	43,827
	(b) Conveyance exemption	Nil	4,000	5,600	Nil	9,600
	(c) Other exemption	Nil	2,400	28,358	300,000	330,758
	Total Nil		6,400	77,785	300,000	384,185
	Balance	18693741	5,170,659	1,906,102	7,09,000	26,479,502
2	Stock Option	Nil	Nil	Nil	Nil	Nil

SI No	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Mr. Vijay R Kirloskar, Executive Chairman*	Mr. Vinayak N Bapat, Managing Director**	Mr. Anand B Hunnur, Director – Sales	Mr. Alok Kumar Gupta, Joint Managing Director	
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Deductions :					
	(a) Entertainment Allowance					
	(b) Tax on Employment	2,400	2,400	1,400	200	6,400
5	Others, please specify: Add: Income Reported By the Employee	Nil	Nil	103,600	(708,800)	(605,200)
	Total (A)	18,691,341	5,168,259	1,904,702	3,228,657	28,992,959
	Ceiling as per the Act	#	8,400,000	8,400,000	-	

* includes arrears of Rs. 1,778,617/- paid for the financial year 2013-14.

** includes remuneration of Rs. 1,649,357/- paid as CFO Upto August 11, 2015

As per approval from Central Government

B. Remuneration To Key Managerial Personnel Other Than Managing Director/Manager/Whole-time Director

SI No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	1,899,279	-	1,899,279
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	18,000	-	18,000
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		NIL	-	
	(d) Total	-	1,906,479	-	1,906,479
2	Stock Option	-	NIL	-	NIL
3	Sweat Equity	-	NIL	-	NIL
4	Deductions :				
	(a) Entertainment Allowance				
	(b) Tax on Employment	-	2,400	-	2,400
5	Others, please specify: Add: Income Reported By the Employee	-	(87,285)	-	(87,285)
	Total	-	1,816,794	-	1,816,794

C. Remuneration To Other Directors

Sl No		Mr. Sarosh J Ghandy	Mr. Anil Kumar Bhandari	Mr. VP Mahendra	Mr. Kamlesh Gandhi	Mr. Ram J Shahaney	Mr. S.N. Agarwal	Total Amount
1	Independent Directors							
	Fee for attending board committee meetings	150,000	135,000	180,000	105,000	75,000	180,000	825,000
	Commission	-	-	-	-	-	-	-
	Others, please specify: Add: Incidental Expenses	2,500	2,250	3,000	1,750	1,250	3,000	13,750
	Less: TDS @10%	15,000	13,500	18,000	10,500	7,500	18,000	82,500
	Total (1)	137,500	123,750	165,000	96,250	68,750	165,000	756,250
2	Other Non-Executive Directors	Mr. A.S Lakshmanan		Mrs. Meena Kirloskar		Mr. K Ganesh		Total
	Fee for attending board committee meetings	225,000		135,000		60,000		420,000
	Commission	-		-		-		-
	Others, please specify: Add: Incidental Expenses	3,750		2,250		1,000		7,000
	Less: TDS @10%	22,500		13,500		6,000		42,000
	Total (2)	206,250		123,750		55,000		385,000
	Total (B)=(1+2)							1,141,250
	Total Managerial Remuneration							1,141,250
	Overall Ceiling as per the Act							

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Annexure VI

NOMINATION AND REMUNERATION POLICY

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of Section 178 of the Companies Act, 2013 and clause 49 of the listing agreement as amended from time to time this policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

Objective and purpose of the Policy:

1. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
3. To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
4. To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Composition of the Committee:

Mr. S.N. Agarwal	- Chairman
Mr. A.S. Lakshmanan	- Member
Mr. Anil Kumar Bhandari	- Member
Mr. Sarosh J Ghandy	- Member
Mrs. Meena Kirloskar	- Member

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

Definitions:

(a) Key Managerial Personnel:

(KMP) Key Managerial Personnel means—

- (i) Chief Executive Officer or the managing director or the manager;
- (ii) Company secretary,
- (iii) Whole-time director;
- (iv) Chief Financial Officer; and
- (v) Such other officer as may be prescribed.

(b) Senior Management: Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

Applicability:

The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

General Terms:

This Policy is divided in three parts:

Part – A: covers the matters to be dealt with and recommended by the Committee to the Board.

Part – B: covers the appointment and nomination.

Part – C: covers remuneration and perquisites etc

PART – A

MATTERS TO BE DEALT WITH PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- o Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- o Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- o Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

● Appointment criteria and qualification:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure:

1. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director Serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

Evaluation: The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

Removal: Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Retirement: The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

General Terms:

1. The remuneration / compensation / commission, Bonus etc. to the Whole-time Director, Key Managerial Personnel and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act 2013, and the rules made there under.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Whole-time / Executive / Managing Director / Key Managerial Personnel and Senior Management Personnel:

1. Fixed pay:

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non- Executive / Independent Director:

- 1) Remuneration / Commission:
The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made there under.
- 2) Sitting Fees:
The Non - Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.
- 3) Commission:
Commission may be paid within the monetary limit approved by shareholders, subject to the limit as fixed under various statutes.
- 4) Stock Options:
An Independent Director shall not be entitled to any stock option of the Company.

Minutes of Committee Meeting:

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

Annexure VII

RISK MANAGEMENT POLICY

Preamble

Risk Management is the process of indentifying, measuring and minimizing uncertain events affecting resources. Enterprise risk management is about optimizing the process with which risks are taken and managed. The Company needs to assess which method best suits its objectives and its business. Risk management oversees and ensures the integrity of the process with which risks are taken. An attempt has been made by way of this document to identify the risk associated with the Company and the policies required to be adopted to mitigate the same.

Risk Management

- (i) The Board, its Audit Committee and its executive management should collectively identify the risks impacting the company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy.
- ii). The Board should also affirm and disclose in its report to members that it has put in place critical risk management framework across the company, which is overseen once every six months by the Board. The disclosure should also include a statement of those elements of risk, that the Board feels, may threaten the existence of the company.

It has therefore become mandatory for the listed Companies to prepare a comprehensive framework of risk management for assessment of risks and determine the responses to these risks so as to minimize their adverse impact on the organisation.

KECL recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner

The Company believes that the Risk cannot be eliminated. However, it can be:

- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- Reduced, by having good internal controls;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

The Risk Management policy of the Company shall primarily focus on identifying, assessing and managing risks in the following areas:

1. Company assets and property
2. Employees
3. Foreign Currency Risks
4. Operational Risks
5. Non-compliance of statutory enactments
6. Competition risks
7. Contractual risks

1. Policy for managing risks associated with Company Assets and Property

The policy deals with nature of risk involved in relation to assets and property, objectives of risk management and measures to manage risk.

The risk management policy relating to assets aims at ensuring proper security and maintenance of assets and adequate coverage of insurance to facilitate speedy replacement of assets with minimal disruption to operations. The role and responsibilities of the departments shall be identified to ensure adequate physical security and maintenance of its assets.

2. Policy for managing risk relating to employees

The employees constitute the most important asset of the Company. The risk management policy relating to employees is therefore necessary to cover all risks related to employees and their acts/omissions.

The policy deals with the nature of risk involved in relation to employees, objectives of risk management and measures to manage risk. In particular, the objectives of employee related risk management policy aims at reducing attrition rate, providing adequate security to employees in relation to life, disability, accident and sickness, providing adequate legal safeguards to protect confidential information, and protecting the Company from any contractual liability due to misconduct/errors/omissions of employees.

3. Policy for managing foreign currency risk

The revenues of the Company are from both domestic and international sources. The Company at times may resorts to long-term and short-term borrowings in foreign currency to finance expansion plans and growth. Any such move would attract the risk associated with frequent changes in valuation of foreign currencies.

The objective of foreign currency risk management is to protect cash flows and profit margins from volatility on account of fluctuations in exchange rates. The Policy for foreign currency risk management ensures that the treasury department continuously tracks movement of foreign currencies, avails services of experts and hedges the risk through appropriate mechanism such as forwarding contracts/options.

4. Operational Risks

The Company is constantly working to limit the operational risk that run through all the facets of operations. This requires the combined efforts and support from all units including branches. The startup database of loss events is populated from internal audit reports. Apparent trends are analysed and various operating groups combine into task forces to address these. The business continuity plan is reviewed quarterly by each unit.

5. Risks associated with Non-Compliance of Statutory enactments

The Company being a legal entity engaged in manufacturing activity and listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). In view of the same, the Company is required to ensure compliance of provisions of various applicable statutory enactments, failure to comply one or more such provisions may render strict penalties as may be prescribed under such statutory enactments.

The Company shall ensure that qualified professionals are employed to comply with various laws. In addition to statutory audits, the Company shall promote undertaking of internal audit/s at different levels periodically to ensure timely check on statutory compliances..

6. Competition Risks

Risk of competition is inherent to all business activities. The Company faces competition from the existing players in the domestic and international levels operating in the segment in which the company operates. There is always an inherent risk that the existing competition may further get acute with the advent of new players and foreign players.

The Company needs to continuously upgrade its technology by conducting in-house research activities and should also have an updated knowledge about the requirement as per the industry standards. The Company is providing tailor made products to its customers so as to be ahead with other competitors. Further, the Company's strategy shall be to leverage its investments in its own high-profile brands, thereby leading to consolidation and value creation.

7. Contractual Risks

There may be instances of defaults by Customer/s in fulfilling contractual obligations as a result of which the Company may face financial losses. Similarly, defaults by the Company in fulfilling one or more contractual obligations due to reasons such as misrepresentations, breach of warranties etc cannot be ruled out.

The Company shall ensure that proper drafting of the contract and adequate indemnity clauses are incorporated in the contracts entered into with one or more parties, In addition, internal controls from technical team and strict supervisions and checks on execution of contracts and delivery be undertaken.

Annexure VIII
FORM NO MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED: 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Kirloskar Electric Company Limited
Industrial Suburb, Rajajinagar,
Bangalore - 560 010

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2015 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(not applicable to the company during the audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 w.e.f. October 28, 2014; **(Not Applicable to the Company during the Audit Period)**;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009**(Not Applicable to the Company during the Audit Period)**; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998**(Not Applicable to the Company during the Audit Period)**;
- (vi) We have been informed by the company that there are no laws specifically applicable to the company.
We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Ltd., and National Stock Exchange of India Ltd.,

We have not examined compliance by the Company with:

- (a) the Secretarial Standards issued by the Institute of Company Secretaries of India as they had not been notified by the Central Government upto March 31, 2015;
- (b) applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned above except as under:

- a. The Company has not appointed a Chief Financial Officer as required under Section 203, sub section (1), clause (iii) of the Act read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014 for the period from August 12, 2014 to March 31, 2015.

However the said section was complied with by the appointment of Mr. Soumendra Kumar Mahapatra as Chief Financial Officer w.e.f June 30, 2015.

- b. The company has not filed the following e-forms:

MR-1 (appointment of Mr. Vijay R. Kirloskar as Executive Chairman), DIR-12 (appointment of Mr. Vinayak N. Bapat as Managing Director w.e.f 12/08/2014), MGT-14 (Board Resolution for Investment in SLPKG Estate Holdings Pvt. Ltd.,) and MGT-14 (Board Resolution for issue of 26,58,200 Equity Shares on preferential basis).

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the statements of compliances of applicable laws placed before the Board Meetings, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the company has passed the following special resolutions which are having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

1. Approval to issue and allot 26,58,200 Equity Shares of Rs. 10/- each to promoters of the company on a preferential basis. **(By Postal Ballot).**
2. Approval to issue and allot 15,95,890 Compulsorily Convertible Preference Shares (CCPS) of Rs. 100/- each in one or more tranches to the promoters of the company on a preferential basis **(By Postal Ballot).**
3. Approval to borrow in excess of paid up capital and free reserves of the company not exceeding Rs. 10,000 Million under Section 180(1)(c) of the Companies Act, 2013 **(At the AGM held on 30/09/2014).**

Bangalore
August 13, 2015

For **V. Sreedharan & Associates**
(Pradeep B. Kulkarni)
Partner
FCS: 7260; CP.NO. 7835

Annexure IX
CEO & CFO CERTIFICATION

We have reviewed financial statements and the cash flow statement for the year ended March 31, 2015 and certify, to the best of our knowledge and belief, that:

- i. these statements present a true and fair view of the Company's affairs, and are in compliance with existing accounting standards, applicable laws and regulations;
- ii. these statements do not contain any materially untrue statement, or omit any material fact, or contain statements that might be misleading;
- iii. no transactions entered into by the Company during the year were fraudulent, illegal or violative of the Company's code of conduct ;
- iv. we have accepted the responsibility for establishing & maintaining internal control for financial reporting;
- v. we have evaluated the effectiveness of the internal control systems of the company, and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, of which we are aware and have taken steps to rectify the same, wherever found;
- vi. Significant changes in internal control over financial reporting, as well as changes in accounting policies, have been intimated to the Auditors and the Audit Committee, and have been disclosed in the notes to the financial statements; there were no instances of fraud of which we have become aware.

Place : Bangalore
Date : May 29, 2015

Vijay R Kirloskar
Executive Chairman

Vinayak N Bapat
Chief Financial Officer

Annexure X

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Kirloskar Electric Company Limited,
Bangalore.

We have reviewed the compliance of the conditions of Corporate Governance of Kirloskar Electric Company Limited for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our review was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B K Ramadhyani & Co. LLP
Chartered Accountants
Firm Number: 002878S/S200021

Place : Bangalore
Date : August 13, 2015

CA. C R Krishna
Partner
Membership No.: 027990

Annexure XI
Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part A: Subsidiaries

Sl. No.	Name of the Subsidiary	Share Capital	Reserves & Surplus	Total Assets	Investments	Turnover	% of Shareholding	
							Equity Share capital	Preference share capital
1.	KELBUZZ Trading Private Limited	40,455,000	(12,699,267)	1,003,388,328	Nil	Nil	100	Nil
2.	Luxquisite Parkland Private Limited	606,500,000	(5,057,775)	606,499,935	606,300,000	Nil	100	Nil
3.	SKG Terra Promenade Private Limited	200,000	(8,034,675)	360,306,735	Nil	Nil	100	Nil
4.	SLPKG Estate Holdings Private Limited	1,000,000	(3,599,775)	964,491,902	Nil	Nil	100	Nil
5.	Swaki Habitat Private Limited	100,000	Nil	Nil	Nil	Nil	100	Nil
6.	Kesvik Developers Private Limited	100,000	Nil	Nil	Nil	Nil	100	Nil
7.	Kirsons B V	17,718,354	86,286,824	116,669,262	Nil	Nil	*	

*The operations of Kirsons B.V. your subsidiary have resulted in a net loss of Euro 32.281 million (Previous year €0.294 million). During the year the Company has sold 100% stake (upto 2550 shares of Euro 100/- each) of the Company in its wholly owned Subsidiary Company, Kirsons B.V. to Luxquisite Parkland Private Limited for a consideration of Euro 7,923 million or rupee equivalent was Rs. 606.30 million

Part B: Associate Companies/ Joint Ventures

Sl. No	Name of the Subsidiary	Latest Audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end	Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year
1.	Kirloskar Malaysia Sdn Bhd		300,000		Na	(62,230.56)	(2,785,311.68)

REPORT OF THE INDEPENDENT AUDITOR ON THE ABRIDGED FINANCIAL STATEMENTS TO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

Abridge Report on the Abridge Standalone Financial Statements:

The accompanying abridged financial statements, which comprise the abridged balance sheet as at March 31, 2015, the abridged statement of profit and loss and abridged cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of Kirloskar Electric Company Limited ("the Company") as at and for the year ended March 31, 2015. We expressed a qualified audit opinion on those financial statements in our report dated May 29, 2015.

The abridged financial statements do not contain all the disclosures required by the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Companies Act, 2013 ("the Act"), read with rule 7 of the Companies (Accounts) Rules, 2014. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

Management's Responsibility for the Abridge Standalone Financial Statements:

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India.

Auditor's Responsibility:

Our responsibility is to express an opinion on the abridged financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Basis for Qualified Opinion:

Attention of the members is invited to note 54 (a), (b) and (d) of the financial statements, which sets out the sale of certain assets comprising of immoveable property and book debts by the Company to its wholly owned subsidiaries and the consequent recognition of profits resulting therefrom. We have relied on the representation of the management that it is confident of realization of the entire amounts due from the said subsidiaries of Rs 18,452.51 lacs. Ultimate shortfall in realization of assets transferred to its subsidiaries, if any, is not ascertainable at this stage. The transactions between the Company and its wholly owned subsidiaries referred to notes 54 are subject to the approval of the members by way of special resolutions in terms of section 188 of the Companies Act, 2013, rule 15 (2) of the Companies (Meetings of Boards and its Powers), Rules, 2014 and other applicable provisions, if any.

Qualified Opinion:

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the abridged financial statements derived from the audited financial statements of the Company as at and for the year ended March 31, 2015 are a fair summary of those financial statements, in accordance with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India.

Other Matter

We did not audit the financial statements/information of one branch, the Kuala Lumpur office of the Company, included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs. 438.75 lakhs as at March 31, 2015 and total revenues of Rs.425.68 lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements of the said office have been audited by the branch auditors (M/s Sundar & Associates, Chartered Accountants) whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Emphasis of Matter:

- (a) Attention of the members is invited to note 54 (c) of the financial statements regarding execution of deeds of immovable properties in favour of certain subsidiaries before March 31, 2015, the legal advice obtained by the Company that these properties have already vested in the relevant subsidiaries on the date of execution of the concerned deeds, even though payment of stamp duty and registration will be done subsequently. We have relied on the legal opinion obtained by the Company in this respect and management's representation that the payment of duty will be made within the time limit and registration completed. Our report is not qualified in this respect.
- (b) Attention of the members is invited to note 55 of the financial statements, 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. Our report is not qualified in this respect.

- (c) Attention of the members is invited to note 57 of the financial statements which sets out that the Company has filed special leave petitions 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. Our report is not qualified in this respect.

For B.K. RAMADHYANI & CO.LLP

Chartered Accountants

Firm Registration No. 002878S/S200021

(CA. C R Krishna)

Partner

Membership No. 027990

Place : Bangalore

Date : May 29, 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

Report on the Standalone Financial Statements:

We have audited the accompanying standalone financial statements of Kirloskar Electric Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of significant accounting policies and other explanatory information for the year then ended, in which are incorporated the Returns audited by the branch auditors M/s Sundar & Associates, Chartered Accountants of the Kuala Lumpur office of the Company in Malaysia.

Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion:

Attention of the members is invited to note 54 (a), (b) and (d) of the financial statements, which sets out the sale of certain assets comprising of immoveable property and book debts by the Company to its wholly owned subsidiaries and the consequent recognition of profits resulting therefrom. We have relied on the representation of the management that it is confident of realization of the entire amounts due from the said subsidiaries of Rs 18,452.51 lacs. Ultimate shortfall in realization of assets transferred to its subsidiaries, if any, is not ascertainable at this stage. The transactions between the Company and its wholly owned subsidiaries referred to notes 54 are subject to the approval of the members by way of special resolutions in terms of section 188 of the Companies Act, 2013, rule 15 (2) of the Companies (Meetings of Boards and its Powers), Rules, 2014 and other applicable provisions, if any.

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements/information of one branch, the Kuala Lumpur office of the Company, included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs. 438.75 lakhs as at 31st March, 2015 and total revenues of Rs.425.68 lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements of the said office have been audited by the branch auditors (M/s Sundar & Associates, Chartered Accountants) whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Emphasis of Matter:

- (a) Attention of the members is invited to note 54 (c) of the financial statements regarding execution of deeds of immovable properties in favour of certain subsidiaries before March 31, 2015, the legal advice obtained by the Company that these properties have already vested in the relevant subsidiaries on the date of execution of the concerned deeds, even though payment of stamp duty and registration will be done subsequently. We have relied on the legal opinion obtained by the Company in this respect and management's representation that the payment of duty will be made within the time limit and registration completed. Our report is not qualified in this respect.
- (b) Attention of the members is invited to note 55 of the financial statements, 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. Our report is not qualified in this respect.
- (c) Attention of the members is invited to note 57 of the financial statements which sets out that the Company has filed special leave petitions 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. Our report is not qualified in this respect.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by the section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - c. The report on the accounts of the Kuala Lumpur office in Malaysia of the Company audited under Section 143 (8) of the Act by branch auditors have been forwarded to us and have been duly dealt with by us while preparing this report.
 - d. The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us.
 - e. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - f. On the basis of the written representations received from the directors as on March 31, 2015 taken on the record by the Board of Directors, none of the directors is disqualified as on that date from being appointed as a director in terms of section 164(2) of the Act.
 - g. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
 - i The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 23 to the financial statements.
 - ii The Company did not have any long-term contracts and has not entered into any derivative contracts. Accordingly no provision is required to be recognised in respect of material foreseeable losses under applicable laws or accounting standards.
 - iii There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company as required to be so transferred and there has been no delay in such remittance.

For B.K. RAMADHYANI & CO.LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA. C R Krishna)
Partner
Membership No. 027990

Place : Bangalore
Date : May 29, 2015

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. However comprehensive description of assets and their current location need to be updated in the asset records.
- b. Management during the year has physically verified fixed assets in certain units as per a phased program of physical verification. The discrepancies noticed on such verification were not material however the same has been properly dealt with in the books of account.
2. a. Inventories have been physically verified during the year by the management at reasonable intervals.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has implemented SAP ECC 6 systems at all its units. Certain mistakes and omissions noticed during the year have been corrected based on physical verification taken from time to time. The Company is in the process of quantifying the differences adjusted/to be adjusted in the books of account on a comprehensive basis as reported in note 39 of the financial statements and consequently we are not in a position to comment on the extent of discrepancies and any further adjustments required in the books of account.
- d. We have relied on the representation of the management that the consumption of materials and components is in line with production/ industry norms.
3. The Company has not granted any loans to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. For this purpose, we have relied on the representations of the management that monies due from parties referred to in note 41 to the financial statements are advances and not in the nature of loans.
4. Having regard to the explanations given to us, that some of the bought out items/ assets are proprietary and/ or are customised to the requirements of the Company and as such comparative quotations are not available, there are adequate internal control procedures with regard to purchases of inventory, fixed assets and for the sale of goods and services. However as detailed in notes 37 and 39 to the financial statements the same needs to be further strengthened to be commensurate with the size of the Company and the nature of its business. We have not observed during the course of our audit any continuing failure to correct the major weaknesses in the internal controls, except as stated above.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under, with regard to deposits accepted from the public. Further and according to the Company no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
6. We have broadly reviewed the Cost Records maintained by the Company as prescribed by the Central Government under sub-section (1) of section 148 of the Act and read with paragraph 2(c) above regarding inventory records, we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not made a detailed examination to ensure their accuracy or completeness.
7. a. The Company has been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Sales Tax, Customs Duty, Value added Tax, Cess and other applicable statutory dues with the appropriate authorities barring delays in certain months ranging up to 5 months in the case of income tax deducted at source, up to 4 months delay in respect of provident fund and up to 2 months delay in Employees' State Insurance, excise duty and service tax. According to the information and explanations given to us, there are no undisputed amounts payable in respect of above mentioned statutory dues were in arrears, as at March 31, 2015 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, the following dues of Sales Tax, Income Tax, Customs Duty, Excise Duty, Value Added Tax, Service Tax and Cess had not been deposited as at March 31, 2015 with the relevant authorities on account of disputes.

Name of the statute	Nature of the dues	Amount (Rs in Lakhs.)	Period to which the amount relates	Forum where dispute is pending
Karnataka Sales Tax Act, 1957	Resale tax demanded	339.07	2003 – 2005	Supreme Court
Karnataka Value Added Tax Act, 2003	VAT penalty demanded	181.06	2005 – 2008	Supreme Court
Karnataka Value Added Tax Act, 2003	VAT demanded	35.61	2006 – 2007 & 2008 – 2009	Joint Commissioner of Commercial Tax (Appeals)
The Central Excise, 1944	Excise demand	2.18	April 1993 & April 2001	High Court of Karnataka
	Excise demand	2.62	September 2006 and September 2007	Central Excise and Service Tax Appellate Tribunal
	Cenvat availment	92.24	June 2006 , January 2008 to April 2010 & October 2008 to April 2010, September 2010 to March 2011	Commissioner of Central Excise (Appeals)
The Customs Act, 1962	Customs demand	10.53	1994 to 1999	Asst. Commissioner of Customs
The Income Tax Act, 1961	Income tax demand	15.56	Assessment Year 2010 – 2011	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income tax demand	174.13	Assessment Year 2012 – 2013	Commissioner of Income Tax (Appeals)
The Central Sales Tax Act, 1956 & The Bombay Sales Tax Act, 1959	Sales tax demand	20.66	1999 - 2000	Maharashtra Sales Tax Tribunal, Mumbai
	Works contract tax	96.49	1996 – 1997 to 2004 – 2005	Joint Commissioner of Commercial Taxes
The Central Sales Tax Act, 1956 & The Bombay Sales Tax Act, 1959	Sales tax demand	1,190.43	1999 – 2000, 2005-2006 and 2008-2009	Joint Commissioner of Commercial Taxes
The Central Sales Tax Act, 1956 & Maharashtra Value Added Tax Act, 2002	Sales tax demand	3,196.41	2010-2011	The President, Maharashtra Sales Tax Tribunal, Mumbai (in respect of CST demand) & Deputy Commissioner of Sales Tax (Appeals) Pune

- c. According to the information and explanations given to us, the Company has transferred the matured deposits amounting to Rs.2.44 lakhs by remitting to Investor Protection Fund, in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
8. In our opinion, the Company's accumulated losses as at the end of the financial year are more than fifty per cent of its net worth as at the year end. The Company has incurred cash losses during the financial year covered by our audit amounting to Rs 9,487.51 lakhs and has incurred cash losses during the preceding financial year amounting to Rs 2,929.18 lakhs.
9. In our opinion and according to the information and explanations given to us, the Company had delayed repayment in certain months during the year however those loans were restructured by the consortium of banks (as referred vide note 54 of the financial statements) of the Company and there are no defaults in repayment of dues to banks as at March 31, 2015 taking into consideration of the restructuring program carried out by the Company. The delay in repayment in respect of a term loan with a bank ranged from 16 to 80 days during the year amounting to Rs 139.14 lakhs.
10. In our opinion, the terms and conditions on which the Company has given a guarantee to its wholly owned subsidiary, in respect of loans taken by its wholly owned subsidiary from a bank, is not prima facie prejudicial to its interest.
11. According to the information and explanations given to us, term loans are utilised for the purpose for which it was sanctioned.
12. According to the information and explanations given to us and to the best of knowledge and belief, no material frauds on or by the Company that causes material misstatement to the financial statement have been noticed or reported during the year.

For B.K. RAMADHYANI & CO. LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA. C R Krishna)
Partner
Membership No. 027990

Place : Bangalore

Date : May 29, 2015

**Abridged
Financial Statement
2014-2015**

SIXTY EIGHTH ANNUAL REPORT 2014-15

Abridged Balance Sheet as at March 31, 2015

Statement containing salient features of Balance Sheet and Profit and Loss Account

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

(₹ in Lakhs)

Particulars	As at March 31, 2015		As at March 31, 2014	
I EQUITY AND LIABILITIES				
(1) SHAREHOLDERS' FUNDS				
a) Paid-up share capital				
(i) Equity	5,317.96		5,052.14	
(ii) Preference	1,595.89		-	
		6,913.85		5,052.14
b) Reserves & Surplus				
(i) Capital reserve	18.06		18.06	
(ii) Securities premium reserve	543.34		-	
(iii) Revaluation reserve	208.66		480.41	
(iv) Capital redemption reserve	2,401.75		2,401.75	
(v) Debenture redemption reserve	-		494.00	
(vi) Reconstruction reserve account	641.67		641.67	
(vii) Surplus i.e. statement of profit and loss	(5,992.93)		6,284.82	
(viii) Reserve for doubtful debts	90.00		90.00	
		(2,089.45)		10,410.71
(2) NON CURRENT LIABILITIES				
a) Long term borrowings	5,578.45		6,531.84	
b) Other long term liabilities	1,770.52		1,334.24	
c) Long term provisions	1,547.44		1,351.22	
		8,896.41		9,217.30
(3) CURRENT LIABILITIES				
a) Short term borrowings	15,681.14		13,673.33	
b) Trade payables	18,944.59		27,919.66	
c) Other current liabilities	7,771.78		6,736.79	
d) Short term provisions	2,538.25		737.17	
		44,936.16		49,066.95
TOTAL		58,656.97		73,747.10
II ASSETS				
(4) NON CURRENT ASSETS				
a) Fixed assets				
i) Tangible assets	8,864.36		11,899.33	
ii) Intangible assets	87.29		57.47	
iii) Capital work in progress	165.78		165.57	
		9,117.43		12,122.37

Abridged Balance Sheet as at March 31, 2015

Statement containing salient features of Balance Sheet and Profit and Loss Account

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

(₹ in Lakhs)

Particulars	As at March 31, 2015		As at March 31, 2014	
b) Non current investments				
i) Investment in subsidiary companies				
- Unquoted	6,607.91		19,216.02	
ii) Others				
- Quoted	1.00		1.00	
- Unquoted	54.46		54.46	
	6,663.37		19,271.48	
Less: Provision for diminution in value of Investments	129.36		129.36	
	6,534.01		19,142.12	
Market value of quoted investments	17.04		13.46	
iii) Long term loans and advances	1,891.61		1,953.12	
iv) Other non current assets	13,960.30		151.91	
		22,385.92		21,247.15
(5) CURRENT ASSETS				
a) Inventories	9,294.46		15,410.60	
b) Trade receivables	8,272.87		15,664.06	
c) Cash & bank balances	1,983.10		5,122.86	
d) Loans & advances	1,030.41		1,276.00	
e) Other current assets (includes assets held for sale Rs.127.87 Lakhs (as at March 31, 2014 Rs.726.37 Lakhs)	6,572.78		2,904.06	
		27,153.62		40,377.58
TOTAL		58,656.97		73,747.10

Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2014 and would be made available at the Company's website, www.kirloskar-electric.com

As per our report of even date

For B K Ramadhyani & Co. LLP

Chartered Accountants

Firm number: 002878S/S200021

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

Vijay R Kirloskar

Executive Chairman

CA. Vinayak Narayan Bapat

Managing Director

CA. C R Krishna

Partner

Membership No. : 027990

CS. K S Swapna Latha

General Manager (legal) &

Company Secretary

Kamlesh Gandhi

Director

Place: Bangalore

Date : May 29, 2015

SIXTY EIGHTH ANNUAL REPORT 2014-15

Abridged Profit and Loss Account for the year ended March 31, 2015.

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

(₹ in Lakhs)

Particulars	Current Year	Previous Year
INCOME		
I Revenue from operations:		
a) Sale of products manufactured	54,697.34	73,924.87
b) Sale of services	775.36	916.06
	55,472.70	74,840.93
Less: excise duty	4,392.38	6,856.66
Net revenue from operation	51,080.32	67,984.27
II Other income	330.70	1,720.35
III Total income (I + II)	51,411.02	69,704.62
IV Expenditure		
a) Cost of materials consumed	34,903.70	54,823.15
b) Changes in inventories of finished goods, work in progress and stock in trade	5,785.48	(2,201.19)
	40,689.18	52,621.96
c) Employee benefit expenses	7,557.25	7,887.83
d) Finance costs	4,413.14	4,193.87
e) Depreciation and amortisation expenses	1,103.81	1,171.55
f) Other expenses	8,244.53	7,934.73
	62,007.91	73,809.94
Less: Expenses capitalised	5.57	4.59
Total expenditure	62,002.34	73,805.35
V Loss before exceptional items and tax (III - IV)	(10,591.32)	(4,100.73)
VI Exceptional items	(2,383.31)	-
VII Loss before tax (V-VI)	(12,974.63)	(4,100.73)
VIII Tax expense	-	0.23
IX Loss for the year (VII-VIII)	(12,974.63)	(4,100.96)
X Earning per equity share before exceptional item:		
Basic & diluted	(20.95)	(8.12)
XI Earning per equity share after exceptional item:		
Basic & diluted	(25.66)	(8.12)

REFER NOTES FORMING PART OF THE ABRIDGED FINANCIAL STATEMENTS

As per our report of even date
For B K Ramadhyani & Co. LLP
Chartered Accountants
Firm number: 002878S/S200021

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited
Vijay R Kirloskar
Executive Chairman
CA. Vinayak Narayan Bapat
Managing Director

CA. C R Krishna
Partner
Membership No. : 027990

CS. K S Swapna Latha
General Manager (legal) &
Company Secretary

Kamlesh Gandhi
Director

Place: Bangalore
Date : May 29, 2015

Abridged Cash Flow Statement for the year ended March 31, 2015

		(₹ in Lakhs)	
Particulars	Current Year	Previous Year	
1 Cash flows from operating activities	(1,489.16)	6,343.89	
2 Cash flows from investing activities	(2,389.80)	(1,897.54)	
3 Cash flows from financing activities	242.51	(1,624.03)	
4 Net increase/(decrease) in cash and cash equivalents	(3,636.44)	2,822.32	
5 Cash and cash equivalents at the beginning of the year	4,675.11	1,852.79	
6 Cash and cash equivalents at the end of the year	1,038.66	4,675.11	

		(₹ in Lakhs)	
		As at March 31, 2015	As at March 31, 2014
Details of cash and cash equivalents:			
a) Balances with banks	1,028.86	4,655.59	
b) Cash in hand	9.80	6.14	
c) Remittances in transit	-	13.38	
	<u>1,038.66</u>	<u>4,675.11</u>	

In accordance with our report attached
For B K Ramadhyani & Co. LLP
Chartered Accountants
Firm number: 002878S/S200021

For and on behalf of the Board of Directors of Kirloskar Electric Company Limited
Vijay R Kirloskar
Executive Chairman
CA. Vinayak Narayan Bapat
Managing Director

CA. C R Krishna
Partner
Membership No. : 027990

CS. K S Swapna Latha
General Manager (legal) &
Company Secretary

Kamlesh Gandhi
Director

Place: Bangalore
Date : May 29, 2015

NOTES TO ABRIDGED FINANCIAL STATEMENTS

**3 Contingent liabilities and commitments (Note 23 of the financial statements)
(to the extent not provided for)****a) Contingent liabilities:**

(₹ in Lakhs)

Sl. No.	Particulars	As at March 31, 2015	As at March 31, 2014
i)	Claims against the company not acknowledged as debts	1,568.89	1,367.78
ii)	Guarantees	2,564.04	4,324.93
iii)	Letters of credit	4,185.21	5,634.68
iv)	Bills discounted with bank	1,708.08	1,864.81
v)	Penal damages levied by the Regional Provident Fund commissioner. During the previous year High Court of Karnataka, Bangalore quashed the demand and referred the matter to the original authority. An amount of Rs.46.18 lakhs paid has been included in disputed statutory dues	Nil	Nil
vi)	Central excise and customs authorities have issued notices and raised certain demands, which are pending in appeal before various authorities, not acknowledged as debt by the Company.	303.20	338.62
vii)	Sales tax demanded under appeal (includes demand raised in respect of CST Act, 1956 amounting to Rs 2,836.95 lakhs and Maharashtra Value Added Tax, 2002 amounting to Rs 399.46 lakhs which are disputed by the Company before the appellant authorities for wrong demand raised, pending revision). The Company has paid an aggregate amount of Rs. 643.46 lakhs (as at March 31, 2014 603.46 lakhs) against the demand which has been included in disputed statutory dues.	5,182.06	1,515.83
viii)	The Company has filed before the honorable 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 Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of Rs.369.23 lakhs (as at March 31, 2014 Rs. 359.23 lakhs) against the demand which has been included in disputed statutory dues as reported in note 16 of Standalone Financial statements.	889.36	889.36
ix)	Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	219.10	10.22
x)	Sales tax liabilities in respect of pending assessments - C forms have not been received from several customers. Continuing efforts are being made to obtain them. Significant progress has been made in the matter as compared to the previous year.	Not Ascertainable	Not Ascertainable
xi)	Interest if any, on account of delays in payment to suppliers.	Not Ascertainable	Not Ascertainable
xii)	Certain industrial disputes are pending before various judicial authorities – not acknowledged by the Company.	0.90	Not Ascertainable
xiii)	Income tax demands under appeal. The Company has paid an amount of Rs.48.82 lakhs as at March 31, 2015 (as at March 31, 2014 Rs.48.82 lakhs) against the demand which has been included in advance payment of tax.	238.51	398.13
xiv)	Guarantee given to ICICI Bank in consideration of stand by letter of credit opened by them in favor of ICICI Bank, Canada as security for loan granted issued by them to Kirsons BV. SBL is secured by mortgage of certain immovable properties of the company and shares of Kirsons BV .	-	1,399.70
xv)	The Company had furnished a guarantee for the redemption of preference shares issued by Kirloskar Investment and Finance Ltd to an extent of Rs. 200 lakhs (as at March 31, 2014 Rs. 200 lakhs) and had obtained counter guarantee from the said Company. The preference shareholder has claimed a sum of Rs.200 lakhs along with dividends in arrears of Rs.205.60 lakhs and interest from the Company. This claim has been upheld by the Debt Recovery Tribunal (DRT). The Company has preferred an appeal before the Debt Recovery Appellate Tribunal(DRAT) to set aside the orders passed by the DRT. The DRAT directed to deposit sum of Rs. 128 lakhs for further hearing the matter. On waiver of the conditions of depositing any amount, against the company, Company has filed a writ before Honorable High court of Karnataka. The Company does not acknowledge this liability.	405.60	405.60
xvi)	Arrears of fixed cumulative dividends on preference shares (including tax thereon)	1,162.50	1,162.49
xvii)	Corporate Guarantee given to its wholly owned subsidiary	3,566.71	-

In respect of items above, future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums/ settlement of matter. The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable. However, as a matter of abundant caution, the company has recognized a provision for contingencies to take care of any liabilities that may devolve, as detailed in note 48.

b) Commitments

i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	113.65	255.44
ii)	The Company has entered into an agreement with a related party to sell a portion of an immovable property owned by it.	-	305.59

NOTES TO ABRIDGED FINANCIAL STATEMENTS

4 Note 35 of the financial statements:

- (a) The order of the honorable High court of Karnataka according approval for the scheme of arrangement and amalgamation under sections 391 to 394 of the Companies Act, 1956 ("Scheme") was received in September 2008 with April 1, 2007 as the appointed date. This scheme of arrangement and amalgamation interalia involved transfer of the operating business of Kirloskar Power Equipment Limited ("KPEL") and amalgamation of Kaytee Switchgear Limited ("KSL") with the Company. The Scheme was registered with the Registrar of Companies on October 17, 2008.
- (b) Decree in Form 42 of the Companies (Court) Rules, 1949 is yet to be passed by the honorable High Court of Karnataka.
- (c) Some of the assets and liabilities so transferred to the Company are continuing in the name of the respective companies. Necessary action is being taken by the Company.

5 Note 37 of the financial statements:

Confirmation of balances from parties with whom the Company had transactions are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Adjustments if any, will be made on completion of review/reconciliation. In the assessment of the management, effect on revenue is not expected to be material.

6 Note 38 of the financial statements:

The customers of the Company had deducted liquidated damages and other charges for delays in delivery of goods as compared to contractual obligations. The Company has made representations to such customers explaining reasons for delays as well as impress upon them that the same were caused by various factors including those not attributable to it and as such being beyond its control. The Company had made necessary provision on an overall assessment of the likely loss where in its opinion waiver is not likely. The Company is confident that its representations will be accepted by customers and liquidated damages and other charges deducted will be waived. Impact, if any, on the financial statements will not be material.

7 Note 39 of the financial statements:

The Company has implemented SAP ECC 6 systems at its units. Certain mistakes and omissions noticed in the inventory records have been corrected to the extent identified based on physical inventory taken from time to time. The Company has made significant progress in stabilization of the systems, cleansing data and bringing the valuation in line with accounting standard 2. The management has also formed a task force for liquidation of slow/non moving inventories. The Company is in the process of quantifying the differences adjusted/to be adjusted in the books of account on a comprehensive basis. Any further adjustments required to the financial statements is not expected to be material.

8 Note 40 of the financial statements:

Machinery purchased in prior years but currently held for sale for the past several years have been recognized at realizable value estimated by the management. Such value is consistent with quotations received from prospective buyers and anticipated shortfall in realisability has been provided for in the books of accounts.

9 Note 42 of the financial statements:

During a previous year, the shareholders of the Company at the Annual General Meeting held on September 30, 2013 have approved an Employee Stock Option Scheme. However, the Company had not issued any options as at March 31, 2015 and accordingly, recognition of expense in this respect and requisite disclosures are not applicable.

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NOTES TO ABRIDGED FINANCIAL STATEMENTS

10 Notes 43 of the financial statements:

DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS":

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under:

(₹ in Lakhs)

Particulars	Current Year	Previous Year
Employer's contribution to provident & pension funds	354.54	377.90
Employer's contribution to superannuation fund	105.03	126.66

(b) Defined Benefit Plan:

The employee's gratuity fund scheme managed by a trust and leave encashment is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

(₹ in Lakhs)

	As at March 31, 2015		As at March 31, 2014	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
1 Reconciliation of opening and closing balances of defined benefit obligation				
Defined Benefit obligation at beginning of the year	2,489.47	478.30	2,707.63	460.52
Current Service Cost	123.51	42.62	130.53	84.53
Interest Cost	200.91	44.24	175.76	36.84
Additional provision for increase in limit of gratuity/ in excess of limit	(164.51)	-	35.62	-
Actuarial (gain)/ loss	150.96	(36.06)	(102.34)	(103.59)
Benefits Paid	(310.25)		(457.73)	-
Defined Benefit obligation at end of the year	2,490.09	529.10	2,489.47	478.30
2 Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	1,469.03	147.52	1,764.41	138.20
Expected return on plan assets	138.09	12.02	145.51	11.26
Employer Contribution	34.66	-	27.22	-
Benefits paid	(310.25)	-	(457.73)	-
Actuarial gain/(loss)	(20.58)	1.26	(10.38)	(1.94)
Fair value of plan assets at year end	1,310.95	160.80	1,469.03	147.52
3 Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	1,310.95	160.80	1,469.03	147.52
Present value of obligation	2,490.09	529.10	2,489.47	478.30
Amount recognized in Balance Sheet under liabilities:	1,179.14	368.30	1,020.44	330.78
4 Expense recognized during the year: (under "Note 28" Employee Benefit Expenses" in the Statement of Profit and Loss)	Current Year		Previous Year	
Current Service Cost	123.51	42.62	130.53	84.53
Interest Cost	200.91	44.24	175.76	36.84
Expected return on plan assets	(138.09)	(12.02)	(145.51)	(11.26)
Additional provision for increase in limit of gratuity/ in excess of limit	(164.51)	-	35.62	-
Actuarial (gain)/ loss	171.54	(37.32)	(91.96)	(101.65)
Net Cost	193.36	37.52	104.44	8.46

NOTES TO ABRIDGED FINANCIAL STATEMENTS

5 Actuarial assumptions:	As at March 31, 2015		As at March 31, 2014	
Mortality Table	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)	Indian Assured Lives (2006 -08) (Ultimate)
Discount rate (per annum)	7.90%	7.90%	9.25%	9.25%
Expected rate of return on plan assets (per annum)	7.90%	7.90%	9.40%	8.15%
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

11 Note 44 of the financial statements:**SEGMENT REPORTING:**

The Company has not furnished segment report since same has been furnished in the Consolidated financial statements, as referred to para 4 of accounting standard 17 issued by Central Government

12 Note 45 of the financial statements:**Related party transactions:****(a) List of related parties:**

Name of the Related Party	Relationship
1 Kirsons B V (upto 04 March 2015) Luxquisite Parkland Private Limited SLPKG Estate Holdings Private Limited SKG Terra Promenade Private Limited KELBUZZ Trading Private Limited	Wholly Owned Subsidiary
2 Kirsons B V (w.e.f 05 March 2015) Lloyd Dynamowerke GmbH & Co. KG Lloyd Beteiligungs GmbH	Step down subsidiary
3 Mr. Vijay R Kirloskar Mrs. Meena Kirloskar Ms. Janaki Kirloskar Ms. Rukmini Kirloskar Mr. Vinayak Narayan Bapat Ms. K S Swapnalatha Mr. Alok Kumar Gupta (upto April 25, 2014)	Key Management Personnel and their relatives ("KMP")
4 Kirloskar (Malaysia) Sdn. Bhd Electrical Machines Industries (Bahrain) W.L.L (upto April 01, 2014)	Associates
5 Senapathy Whiteley Private Limited. Transport Corporation of India Maini Material Movement Private Limited Lakshmanan Isola Private Limited Best Trading & Agencies Limited (upto November 28, 2014)	As per section 2(76) of the Companies Act, 2013. ("Others-A")
6 Kirloskar Batteries Private Limited Kirloskar Power Equipment Limited Ravindu Motors Private Limited Vijay Farms Private Limited Kirloskar Electric Charitable Trust Sri Vijaydurga Investments and Agencies Private Limited Vijayjyothi Investment and Agencies Private Limited Abhiman Trading Company Private Limited Vimraj Investment Private Limited Vijay Kirthi Investment and Agencies Private Limited Kirloskar Software Services KEC Executives & Others Officers Welfare Trust KEC Officers & Engineers Welfare Trust KEC Vice Presidents Welfare Trust KEC Engineers of Mysore Unit Welfare Trust	Enterprises over which key management personnel and their relatives are able to exercise significant influence ("Others-B")

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NOTES TO ABRIDGED FINANCIAL STATEMENTS

(b) Transactions with the related parties

(₹ in Lakhs)

Particulars	Relationship	Current Year	Previous Year
Purchase of goods and services:			
Vijay Farms Private Limited	Others - B	35.85	49.97
Sri Vijayadurga Investments and Agencies Private Limited		93.64	159.15
Ravindu Motors Private Limited		1.25	1.35
Abhiman Trading Company Private Limited		104.28	96.23
Kirloskar Electric Charitable Trust		5.17	5.63
Lakshmanan Isola Private Limited	Others - A	56.06	Not Applicable
Transport Corporation of India		299.07	Not Applicable
Sale of goods and services:			
KELBUZZ Trading Private Limited	Subsidiary	45.68	-
Lloyd Dynamowerke GmbH & Co. KG	Step down subsidiary	509.98	503.99
Kirloskar (Malaysia) Sdn. Bhd	Associates	413.37	109.38
Ravindu Motors Private Limited	Others - B	-	19.56
Kirloskar Electric Charitable Trust	Others - B	0.38	0.26
Sale of Assets/Investment:			
KELBUZZ Trading Private Limited	Subsidiary	5,088.00	-
Luxquisite Parkland Private Limited - Sale of Investments		6,063.00	-
SKG Terra Promenade Private Limited		3,450.00	-
SLPKG Estate Holdings Private Limited		5,518.00	-
Sale of Receivables:			
KELBUZZ Trading Private Limited	Subsidiary	4,759.69	
SLPKG Estate Holdings Private Limited		4,300.07	
Sale of Fixed Asset:			
Ravindu Motors Private Limited**	Others - B	305.59	-
Rent received:			
Ravindu Motors Private Limited	Others - B	-	25.22
Rent paid			
Kirloskar Power Equipment Limited	Others - B	60.00	10.00
Vijayjyothi Investments and Agencies Private Limited		78.00	-
Dividend received:			
Kirloskar (Malaysia) Sdn. Bhd	Others - B	-	1.67
Remuneration paid:			
Vijay R Kirloskar*	KMP	214.82	203.38
Vinayak Narayan Bapat*		50.09	Not Applicable
Swapna Latha*		20.72	Not Applicable
Alok Kumar Gupta*		5.00	106.15
Janaki Kirloskar*		3.57	3.43
Rukmini Kirloskar*		5.98	6.42
Meena Kirloskar (Sitting Fees)		1.35	1.07
Interest paid			
Vijay R Kirloskar	KMP	2.86	9.15
Rukmini Kirloskar		-	1.29
Meena Kirloskar		-	1.55
Vijayjyothi Investments and Agencies Private Limited	Others - B	8.21	-
KEC Executives & Others Officers Welfare Trust		0.20	1.15

NOTES TO ABRIDGED FINANCIAL STATEMENTS

(b) Transactions with the related parties (Contd.)

(₹ in Lakhs)

KEC Officers & Engineers Welfare Trust		0.20	1.15
KEC Vice Presidents Welfare Trust	Others - B	0.26	1.72
KEC Engineers of Mysore Unit Welfare Trust		0.06	0.57
Investments made			
Kirsons B V	Subsidiary	3,360.50	3,628.13
KELBUZZ Trading Private Limited		404.55	-
Luxquisite Parkland Private Limited		6,064.00	-
SKG Terra Promenade Private Limited		1.00	-
SLPKG Estate Holdings Private Limited		9.00	-
Issue of Shares to Vijay R Kirloskar			
Issue of equity shares	KMP	265.82	-
Share premium		543.34	-
Issue of CCPS		1,595.89	-
Fixed deposit renewed / accepted during the year			
Vijay R Kirloskar	KMP	-	100.00
KEC Executives & Others Officers Welfare Trust		-	10.00
KEC Officers & Engineers Welfare Trust		-	10.00
KEC Vice Presidents Welfare Trust	Others - B	-	15.00
KEC Engineers of Mysore Unit Welfare Trust		-	5.00
Fixed deposits repaid during the year			
Vijay R Kirloskar	KMP	100.00	-
Rukmini Kirloskar		-	20.00
Meena Kirloskar		-	25.00
KEC Engineers of Mysore Unit Welfare Trust	Others - B	5.00	-
KEC Executives & Others Officers Welfare Trust		10.00	-
KEC Officers & Engineers Welfare Trust		10.00	-
KEC Vice Presidents Welfare Trust		15.00	-
Inter company deposit accepted:			
Vijayjyothi Investments & Agencies Private Limited	Others - B	-	400.00
Best Trading & Agencies Limited	Others - A	2,222.00	-
Inter company deposit repaid:			
Vijayjyothi Investments & Agencies Private Limited	Others - B	74.20	325.44
Best Trading & Agencies Limited	Others - A	345.00	-
Interest paid:			
Vijayjyothi Investments & Agencies Private Limited	Others - B	-	29.14
Best Trading & Agencies Limited	Others - A	24.91	-
Reimbursement of expenses by company to subsidiary			
KELBUZZ Trading Private Limited	Subsidiary	63.74	-
Luxquisite Parkland Private Limited		50.30	-
SKG Terra Promenade Private Limited		0.13	-
SLPKG Estate Holdings Private Limited		0.14	-
Advance received for sale of asset:			
Ravindu Motors Private Limited	Others - B	-	305.59

* Remuneration paid excludes accrued gratuity, compensated absence (since liability has been recognized for the Company as a whole) free use of company car and communication facilities

** net of prior year adjustment of rental income amounting to Rs 284.74 lakhs.

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NOTES TO ABRIDGED FINANCIAL STATEMENTS

(c) Outstanding balances at the end of the year:

(₹ in Lakhs)

Particulars	Relationship	As at March 31, 2015	As at March 31, 2014
Amount due to Company:			
Kirsons BV	Subsidiary	-	39.13
KELBUZZ Trading Private Limited		5,790.60	-
Luxquisite Parkland Private Limited		50.30	-
SKG Terra Promenade Private Limited		3,450.13	-
SLPKG Estate Holdings Private Limited		9,305.64	-
Lloyd Dynamowerke GmbH & Co. KG	Step down subsidiary	1,018.25	498.07
Kirloskar (Malaysia) Sdn. Bhd	Associate	-	160.07
Kirloskar Power Equipment Limited	Others - B	180.00	446.76
Vijay Farms Private Limited		192.36	187.47
Sri Vijayadurga Investments and Agencies Private Limited		33.46	31.96
Vijayjyothi Investments and Agencies Private Limited		111.51	111.51
Ravindu Motors Private Limited		0.14	0.14
Abhiman Trading Company Private Limited		98.97	69.05
Kirloskar Batteries Private Limited		5.46	5.46
Amount due from Company:			
Lloyd Dynamowerke GmbH & Co. KG	Step down subsidiary	133.36	162.25
Senapathy Whitley Private Limited	Others - A	94.59	Not Applicable
Lakshmanan Isola Private Limited		18.28	Not Applicable
Transport Corporation of India		98.11	Not Applicable
Kirloskar Batteries Private Limited	Others - B	11.86	25.89
Kirloskar Electric Charitable Trust		5.00	5.20
Kirloskar Power Equipment Limited		162.91	63.55
Vijay Farms Private Limited		7.51	2.23
Vijayjyothi Investments and Agencies Private Limited		66.89	74.56
Abhiman Trading Company Private Limited		28.95	29.28
Sri Vijayadurga Investments and Agencies Private Limited		20.17	15.86
Ravindu Motors Private Limited		0.81	305.59
Fixed Deposits outstanding at the end of the year:			
Vijay R Kirloskar	KMP	-	100.00
Investment held			
Kirsons BV	Subsidiary	-	19,086.66
KELBUZZ Trading Private Limited		404.55	-
Luxquisite Parkland Private Limited		6,064.00	-
SKG Terra Promenade Private Limited		1.00	-
SLPKG Estate Holdings Private Limited		9.00	-
Guarantees given by the Company and outstanding at the end of the year for the loan taken by:			
Kirsons BV	Subsidiary	-	1,399.70
KELBUZZ Trading Private Limited		3,566.71	-
Guarantees given by the Subsidiary in respect of loan taken by the Company outstanding at the end of the year:			
SKG Terra Promenade Private Limited	Subsidiary	2,735.10	-
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:			
Vijay R Kirloskar	KMP	15,569.86	12,630.04

NOTES TO ABRIDGED FINANCIAL STATEMENTS

KEC North America Inc has been dissolved. The investments in and dues from the said company have not been written off, pending receipt of approvals from Reserve Bank of India. However, full provision has been made for the same. Since the said company has been dissolved, the same has not been considered for related party disclosures.

13 Note 46 of the financial statements:**FINANCE LEASE:**

Finance lease arrangements relate to Plant & Machinery. The lease period is for five years with interest rates ranging from 13% to 14% per annum. The Company pays fixed lease rentals over the period of the lease whereby the net present value of the minimum lease payments amount substantially to the cost of the assets.

(₹ in Lakhs)

Sl. No.	Particulars	Total minimum lease payments outstanding as at March 31, 2015	Future interest on outstanding Lease Payments	Present value of minimum lease payments as at March 31, 2015
1	Within one year	- (9.81)	- (0.46)	- (9.35)

14 Note 47 of the financial statements:**OPERATING LEASE:**

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are Rs.380.14 Lakhs (Previous Year Rs.291.66 Lakhs).

15 Note 48 of the financial statements:

The Company has made provisions towards wage arrears, warranty claims from the customers towards sales, short term compensated absences, stamp duty payable and contingencies. Details of the same are as under:

(Rs. in Lakhs)

Sl. No.	Particulars	Provision for Contingencies	Wage Arrears	Short Term Compensated Absences	Stamp Duty	Warranty Claims
1	Balance outstanding at the beginning of the year	-	245.02	18.61	110.40	357.07
		-	(172.96)	(20.45)	(597.06)	(389.27)
2	Provision for the year (net)	1518.14	155.22	(1.50)	(110.40)	240.83
		-	(72.06)	(-1.84)	(-486.66)	(-32.2)
3	Balance outstanding at the end of the year	1518.14	400.24	17.11	-	597.90
		-	(245.02)	(18.61)	(110.40)	(357.07)

Foot Note:

Provision in respect of wage settlement has been made on estimated basis and differences if any will be accounted on final settlement. Further as a matter of abundant caution an estimated provision as been made for contingencies as held in respect of ongoing litigations as detailed in note 23 and certain probable liability.

NOTES TO ABRIDGED FINANCIAL STATEMENTS

16 Note 49 of the financial statements:

The foreign currency (FCY) exposures that have not been hedged by any derivative instrument or otherwise as on March 31, 2015 are as under:

Particulars	As at March 31, 2015		As at March 31, 2014	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	\$ 1,011,349.97	725.06	\$ 607,502.00	1,123.71
	• 127,676.45		€ 922,522.00	
	AED 8,993.58		AED -	
	£ 4,857.00		£ 2,591.20	
Liabilities (Payables)	\$ 814,644.05	766.07	\$ 2,099,818.00	1,730.42
	• 284,419.87		€ 199,635.00	
	AED 363,283.72		AED -	
	SGD -		SGD 694,251.00	

17 Note 50 of the financial statements:

During the year under review, the Company promoted the following wholly owned subsidiaries: KELBUZZ Trading Private Limited ("KTPL"), SLPKG Estates Holdings Private Limited ("SEHPL"), SKG Terra Promenade Private Limited ("STPPL"), Luxquisite Parkland Private Limited ("LPPL").

18 Note 51 of the financial statements:

Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW), a step down subsidiary of the Company, incurred substantial losses during the previous two years, thereby eroding its net worth. The local directors of LDW filed a preliminary insolvency petition on September 8, 2014 and on September 9, 2014 preliminary insolvency was declared and preliminary insolvency administrator was appointed by the court in Germany.

19 Note 52 of the financial statements:

The Company has been given to understand that a South Korean company acquired all significant assets, patents, estates, orders and employees of LDW. However, relevant details of the consideration for this transfer and all other relevant information are not available with the Company, in spite of its best efforts. The Company has already filed its claim for an approximate value of Euro 3.52 million in respect of outstanding towards supplies made to LDW including dues of Kirsons B V (immediate holding company of LDW). The Company has also appointed a local legal counsel to represent its interest, prepare a case for recovering damages and file a case against the lenders of LDW and few other parties.

20 Note 53 of the financial statements:

The Company, after obtaining necessary approvals from its members has transferred its investments in Kirsons BV to LPPL at a consideration of Rs.6,063 lakhs (fair value assessed by a firm of Chartered Accountants appointed by the Company). The resultant loss of Rs.16,384.17 lakhs has been recognised in the statement of profit and loss, as an exceptional item.

21 Note 54 of the financial statements:

a) As a measure of restructuring and with the consent of the lending banks under the Joint Lender Forum (JLF) mechanism, the Company has transferred certain assets comprising of immovable properties, receivables and inventory to KTPL, STPPL and SEHPL, which will function as special purpose vehicles to hold such assets, dispose off the same and pay off certain debts transferred / to be transferred by the Company. The assets transferred are as detailed below:

- Assignment of book debts of Rs.4,759.69 lakhs , sale of certain materials of Rs.45.68 lakhs and sale of certain immovable properties of Rs.5,088 lakhs, to KTPL.
- Assignment of books debts of Rs.4,300.07 lakhs and sale of certain immovable properties of Rs.5,518 lakhs, to SEHPL and
- Sale of certain immovable properties amounting to Rs.3,450 lakhs to STPPL.

The fair value of all the properties have been assessed by chartered engineers appointed by the Company.

NOTES TO FINANCIAL STATEMENTS

- b) The above transactions between the Company and its wholly owned subsidiaries in respect of transfer of immoveable properties are subject to the approval of the members by way of special resolutions in terms of section 188 of the Companies Act, 2013, rule 15 (2) of the Companies (Meetings of Boards and its Powers), Rules, 2014 and other applicable provisions, if any. Further as a matter of abundant precaution the Company is taking steps to get the approval of the members by way of special resolution as referred above in respect of transfer of assignment of debts to its wholly owned subsidiaries.
- c) The deeds conveyancing immovable properties referred to earlier were executed before March 31, 2015 in respect of which, payment of stamp duty, registration charges and registration with the concerned Sub Registrars are pending for the properties valued at Rs 13,652.45 lakhs. The Company has been advised that these properties have already vested in the relevant subsidiaries on the date of execution of the concerned deeds, even though payment of stamp duty and registration will be done subsequently. Necessary provision has been recognised in the financial statements wherever applicable to the extent registration charges and stamp duty is payable by the Company.
- d) The amounts outstanding and due from the said subsidiaries as at March 31, 2015 in respect of the transfer of the assets as mentioned in para 6(a) and 6(b) are KTPL Rs 5,838.48 lakhs, SEHPL Rs 9,305.49 lakhs and STPPL Rs 3,450 lakhs.

These subsidiaries are taking active steps to repay the dues of the Company, from collection of debts assigned and from disposal of assets transferred apart from debts transferred / to be transferred as referred above. These subsidiaries have been sanctioned credit facilities to an aggregate extent of Rs. 51.33 crores (net of amounts drawn).

The board of directors of the Company are confident of recovery of the entire amounts due from the said subsidiaries and accordingly the resultant profit from transfer of said assets to them aggregating to Rs. 14,001 lacs has been recognised in the Statement of Profit and Loss as exceptional income.

22 Note 55 of the financial statements:

The net worth of the group in terms of the Consolidated financial statements presented consisting of the Company, its subsidiaries and its associate is eroded. The Company and its components have initiated several measures like identification and 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 operation, introduction of value added products push for sales, optimization in product mix and enhanced contribution, proposed capital raising plans etc. Accordingly, your directors have prepared the financial statements 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.

23 Note 56 of the financial statements:

The Company has recognized the charge for depreciation adopting the useful life of its fixed assets other than plant and machinery/tools as prescribed in schedule II of the Companies Act, 2013. However, the charge for depreciation on plant and machinery/tools has been based on the re-evaluated useful life technically assessed which are different from the useful life prescribed in schedule II of the said Act. Had the company continued with the rates of depreciation adopted till March 31, 2014, the charge for depreciation and loss for the year ended March 31, 2015 would have been higher by Rs. 87.79 lakhs. Further, based on transitional provisions provided in clause 7(b) of schedule II of the Companies Act, 2013, an amount of Rs. 68.87 lakhs representing the carrying value of those assets whose residual useful life is over, has been charged to the retained earnings as at April 1, 2014.

24 Note 57 of the financial statements:

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 company) and confirmed by the honourable High Court of Karnataka. The company believes based on legal advice / internal assessment that the outcome of this contingencies will be favorable, that losses are not probable and no provision is required to be recognized in this respect.

25 Note 58 of the financial statements:

The Income Tax Act, 1961 contains provisions for determination of arm's length price for international transactions between the Company and its associated enterprises as well as in respect of certain specified domestic transactions. The regulations envisage taxation of transactions which are not in consonance with the arms length price so determined, maintenance of

prescribed documents and information including furnishing of a report from an accountant before the due date for filing the return of income. For the year ended March 31, 2015, the Company is in the process of complying with the said regulations. Management believes that such transactions have been concluded on an arm's length basis and there would be no additional tax liability for the financial year under consideration as a result of such transactions.

26 Note 59 of the financial statements:

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

In accordance with our report attached

For B K Ramadhyani & Co. LLP

Chartered Accountants

Firm number: 002878S/S200021

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

Vijay R Kirloskar

Executive Chairman

CA. Vinayak Narayan Bapat

Managing Director

CA. C R Krishna

Partner

Membership No. : 027990

CS. K S Swapna Latha

General Manager (legal) &

Company Secretary

Kamlesh Gandhi

Director

Place: Bangalore

Date : May 29, 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

Report on the Consolidated Financial Statements:

We have audited the accompanying consolidated financial statements of Kirloskar Electric Company Limited ("the Company"), its subsidiaries and an associate (collectively referred as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements:

The holding company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Group's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Group has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the parent company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion:

1. Attention is invited to note 40 to the financial statements regarding debts exceeding two year and considered as good by management estimated at Rs.3,767.09 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.
2. Attention is invited to foot notes 1 to 4 to note 6 to the financial statements regarding non consolidation of the financial statements of a) LDW, step down subsidiary of the parent company for the period from April 1, 2014 to September 7, 2014, pending receipt of data from the insolvency administrator appointed by the honourable court in Germany and that the Group had no control over the said subsidiary from September 8, 2014 although Kirsons BV (subsidiary of the parent company) continues

to be its shareholder and b) Lloyd Beteiligungs GmbH, step down subsidiary of the parent company, pending receipt of financial statements.

Qualified Opinion:

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2015, its consolidated loss and its consolidated cash flows for the year ended on that date.

Other Matters

1. We did not audit the financial statements of a subsidiary whose financial statement reflect total assets of Rs.1,167.22 Lakhs as at March 31, 2015, total revenues of Rs. Nil and total cash out flows of Rs.10.41 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are audited by another auditor whose report has been furnished to us and our opinion is based solely on the report of the said auditor.
2. We did not audit the financial statements of an associate in which share of loss of the Group was Rs.27.85 Lakhs (restricted to the value of the investments). Unaudited financial statements as received from the said associate has been considered for the purpose of preparation of these consolidated financial statements.

Emphasis of Matter:

- (a) Attention of the members is invited to note 53 to the consolidated financial statements, where in the directors have detailed the reasons for compiling the consolidated financial statements on a going concern basis, even though the net worth of the Group, has been eroded. The appropriateness of the said basis is subject to the Group adhering to the restructuring plan and infusion of requisite funds to it. We have relied on the representations made to us by the management. Our report is not qualified in this respect.
- (b) Attention of the members is invited to note 54 to the consolidated financial statements which sets out that the parent company has filed special leave petitions 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. Our report is not qualified in this respect.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in our reports on the audit of financial statements of the parent company and its subsidiaries incorporated in India, we give in the annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by the section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law relating to preparation of the consolidated financial statements have been kept so far as it appears from our examination of those books and report of other auditor.
 - c. The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2015 taken on the record by the Board of Directors of the parent company and its subsidiaries incorporated in India, none of the directors is disqualified as on that date from being appointed as a director in terms of section 164(2) of the Act.

- f. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- i The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements – Refer Note 27 to the consolidated financial statements;
 - ii The Group did not have any long-term contracts and has not entered into any derivative contracts. Accordingly no provision is required to be recognized in respect of material foreseeable losses under applicable laws or accounting standards.
 - iii There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the parent company as required.

For B.K. RAMADHYANI & CO. LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA. C R Deepak)
Partner
Membership No. 215398

Place : Bangalore

Date : May 29, 2015

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KIRLOSKAR ELECTRIC COMPANY LIMITED

1. a. The parent company and its subsidiaries incorporated in India has maintained proper records showing full particulars including quantitative details and situation of fixed assets. However comprehensive description of assets and their current location need to be updated in the asset records.
- b. Management during the year has physically verified fixed assets in certain units of the parent company as per a phased program of physical verification. The discrepancies noticed on such verification were not material however the same has been properly dealt with in the books of account.
2. a. Inventories have been physically verified during the year by the management at reasonable intervals.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the parent company/relevant subsidiaries incorporated in India and the nature of its business.
- c. The parent company has implemented SAP ECC 6 systems at all its units. Certain mistakes and omissions noticed during the year have been corrected based on physical verification taken from time to time. The parent company is in the process of quantifying the differences adjusted/to be adjusted in the books of account on a comprehensive basis as reported in note 42 of the financial statements and consequently we are not in a position to comment on the extent of discrepancies and any further adjustments required in the books of account.
- d. We have relied on the representation of the management that the consumption of materials and components is in line with production/ industry norms.
3. The parent company and its subsidiaries incorporated in India has not granted any loans to companies, firms and other parties covered in the register maintained under section 189 of the Act. For this purpose, we have relied on the representations of the management that monies due from parties referred to in note 44 to the financial statements are advances and not in the nature of loans.
4. Having regard to the explanations given to us, that some of the bought out items/ assets are proprietary and/ or are customised to the requirements of the parent company and as such comparative quotations are not available, there are adequate internal control procedures with regard to purchases of inventory, fixed assets and for the sale of goods and services. However as detailed in notes 40 and 42 to the financial statements the same needs to be further strengthened to be commensurate with the size of the parent company and the nature of its business. We have not observed during the course of our audit any continuing failure to correct the major weaknesses in the internal controls, except as stated above.
5. In our opinion and according to the information and explanations given to us, the parent company has complied with the provisions of sections 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under, with regard to deposits accepted from the public. Further and according to the parent company no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
6. We have broadly reviewed the Cost Records maintained by the parent company as prescribed by the Central Government under sub-section (1) of section 148 of the Act and read with paragraph 2(c) above regarding inventory records, we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not made a detailed examination to ensure their accuracy or completeness.
7. a. The parent company and its subsidiaries incorporated in India has been regular in depositing undisputed statutory dues including investor education and protection fund, sales tax, customs duty, value added tax, cess and other applicable statutory dues with the appropriate authorities barring delays in certain months ranging up to 5 months in the case of income tax deducted at source, up to 4 months delay in respect of provident fund and up to 2 months delay in employees' state insurance, excise duty and service tax. According to the information and explanations given to us, there are no undisputed amounts payable in respect of above mentioned statutory dues which were in arrears, as at March 31, 2015 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, the following dues of sales tax, income tax, customs duty, excise duty, value added tax, service tax and cess had not been deposited as at March 31, 2015 with the relevant authorities on account of disputes.

Name of the statute	Nature of the dues	Amount (Rs in Lakhs.)	Period to which the amount relates	Forum where dispute is pending
Karnataka Sales Tax Act, 1957	Resale tax demanded	339.07	2003 – 2005	Supreme Court
Karnataka Value Added Tax Act, 2003	VAT penalty demanded	181.06	2005 – 2008	Supreme Court
Karnataka Value Added Tax Act, 2003	VAT demanded	35.61	2006 – 2007 & 2008 – 2009	Joint Commissioner of Commercial Tax (Appeals)
The Central Excise, 1944	Excise demand	2.18	April 1993 & April 2001	High Court of Karnataka
	Excise demand	2.62	September 2006 and September 2007	Central Excise and Service Tax Appellate Tribunal
	Cenvat availment	92.24	June 2006 , January 2008 to April 2010 & October 2008 to April 2010 September 2010 to March 2011	Commissioner of Central Excise (Appeals)
The Customs Act, 1962.	Customs demand	10.53	1994 to 1999	Asst. Commissioner of Customs
The Income Tax Act, 1961	Income tax demand	15.56	Assessment Year 2010 – 2011	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income tax demand	174.13	Assessment Year 2012 – 2013	Commissioner of Income Tax (Appeals)
The Central Sales Tax Act, 1956 & The Bombay Sales Tax Act, 1959	Sales tax demand	20.66	1999 - 2000	Maharashtra Sales Tax Tribunal, Mumbai
	Works contract tax	96.49	1996 – 1997 to 2004 – 2005	Joint Commissioner of Commercial Taxes
The Central Sales Tax Act, 1956 & The Bombay Sales Tax Act, 1959	Sales tax demand	1,190.43	1999 – 2000, 2005-2006 and 2008-2009	Joint Commissioner of Commercial Taxes
The Central Sales Tax Act, 1956 & Maharashtra Value Added Tax Act, 2002	Sales tax demand	3,196.41	2010-2011	The President, Maharashtra Sales Tax Tribunal, Mumbai (in respect of CST demand) & Deputy Commissioner of Sales Tax (Appeals) Pune

c. According to the information and explanations given to us, the parent company has transferred matured deposits amounting to Rs.2.44 lakhs by remitting to Investor Protection Fund, in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder, which was pending in respect of resolution of disputes regarding beneficiaries under the directions of the Registrar of Companies.

8. In our opinion, the Group's accumulated losses as at the end of the financial year was more than fifty per cent of its net worth as at the year end. The Group has incurred cash losses during the financial year covered by our audit amounting to Rs.22,799.47 lakhs.
9. In our opinion and according to the information and explanations given to us, the parent company had defaulted in certain months during the year. However those loans were restructured by its consortium of banks and there were no over dues to banks as at the end of the year. The delay by the parent company in repayment in respect of a term loan with a bank ranged from 16 to 80 days during the year amounting to Rs 139.14 lakhs. In respect of a subsidiary, interest for the months of February and March 2015 was due amounting to Rs.66.71 lakhs.
10. In our opinion and according to the information and explanation given to us, the parent company and its subsidiaries incorporated in India has not given guarantees for loans taken by others from banks or financial institutions and accordingly clause 3 (x) of the Order is not applicable.
11. According to the information and explanations given to us, term loans are utilised for the purpose for which it was sanctioned.
12. According to the information and explanations given to us and to the best of knowledge and belief, no material frauds on or by the parent company and its subsidiaries incorporated in India that causes material misstatement to the financial statements have been noticed or reported during the year.

For B.K. RAMADHYANI & CO. LLP
Chartered Accountants
Firm Registration No. 002878S/S200021

(CA. C R Deepak)
Partner
Membership No. 215398

Place : Bangalore

Date : May 29, 2015

**Consolidated
Financial Statements
2014-2015**

SIXTY EIGHTH ANNUAL REPORT 2014-15

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	7	6,913.85	5,052.14
(b) Reserves and surplus	8	(22,188.65)	7,158.73
		(15,274.80)	12,210.87
(2) Minority interest		3.00	(302.96)
(3) Non - current liabilities			
(a) Long term borrowings	9	9,078.45	9,044.04
(b) Other long term liabilities	11	1,770.52	1,334.24
(c) Long term provisions	12	1,547.44	1,351.22
		12,396.41	11,729.50
(4) Current liabilities			
(a) Short term borrowings	13	15,681.14	21,027.42
(b) Trade payables	14	19,054.57	30,996.55
(c) Other current liabilities	15	7,856.25	17,107.72
(d) Short term provisions	16	3,434.03	1,410.27
		46,025.99	70,541.96
TOTAL		<u>43,150.60</u>	<u>94,179.37</u>
II. ASSETS			
(1) Non - current assets			
(a) Fixed assets			
(i) Tangible assets	17	8,895.44	15,125.88
(ii) Intangible assets	17	922.21	1,444.85
(iii) Capital work in progress	18	165.78	239.67
		9,983.43	16,810.40
(b) Good will on consolidation		-	17,151.34
(c) Non - current investments	19	81.09	187.81
(d) Deferred tax assets (net)	10	-	2,174.96
(e) Long term loans and advances	20	2,064.29	1,773.12
(f) Other non current assets	21	292.01	151.91
		12,420.82	38,249.54
(2) Current assets			
(a) Inventories	22	9,340.14	23,378.33
(b) Trade receivables	23	16,556.95	20,001.59
(c) Cash and bank balances	24	2,010.84	7,288.74
(d) Short term loans and advances	25	1,031.84	1,926.94
(e) Other current assets	26	1,790.01	3,334.23
		30,729.78	55,929.83
TOTAL		<u>43,150.60</u>	<u>94,179.37</u>
Significant accounting policies and notes attached 1 to 6, 27, form an integral part of the financial statements 37 to 58			

In accordance with our report attached

For B K Ramadhyani & Co. LLP
Chartered Accountants
Firm number: 002878S/S200021

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

Vijay R Kirloskar
Executive Chairman

CA. Vinayak Narayan Bapat
Managing Director

CA. C R Deepak
Partner

Kamlesh Gandhi
Director

CS. K S Swapna Latha
General Manager (legal) &
Company Secretary

Place : Bangalore

Date : May 29, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

Particulars	Note No.	Current Year	Previous Year
I Revenue from operations	28	51,034.64	99,103.24
II Other income	29	1,300.06	2,943.88
III Total revenue (I + II)		52,334.70	102,047.12
IV Expenses			
Cost of materials consumed	30	30,048.89	70,456.58
Changes in inventories of finished goods, work in progress and stock in trade	31	10,594.59	(44.72)
		40,643.48	70,411.86
Employee benefits expense	32	7,557.25	19,834.81
Finance costs	33	4,546.65	4,938.75
Depreciation and amortization expense	34	1,208.34	2,041.33
Other expenses	35	10,887.08	14,640.78
		64,842.80	111,867.53
Less: expenses capitalised		5.57	97.49
Total expenses		64,837.23	111,770.04
V Loss before exceptional and extraordinary items and tax (III-IV)		12,502.53	9,722.92
VI Exceptional Items - refer foot note 3 to note 6		11,501.35	-
VII Loss before tax (V + VI)		24,003.88	9,722.92
VIII Tax expense:			
(1) Current tax		-	62.77
(2) Deferred tax		-	(141.13)
		-	(78.36)
IX Loss after tax and before share of income from associates and minority interest		24,003.88	9,644.56
X Adjustments:			
Share of loss/(profit) in associates (net of tax)		27.85	(26.27)
Minority Interest		-	(246.55)
		27.85	(220.28)
XI Loss for the year (IX + X)		24,031.73	9,424.28
XII Earning per equity share before exceptional item: Basic & diluted	37	(24.78)	(18.65)
XIII Earning per equity share after exceptional item: Basic & diluted		(47.53)	(18.65)
Significant accounting policies and notes attached form an integral part of the financial statements	1, 2, 36, 37 to 58		

In accordance with our report attached

For B K Ramadhyani & Co. LLP

Chartered Accountants

Firm number: 002878S/S200021

CA. C R Deepak

Partner

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

Vijay R Kirloskar

Executive Chairman

CA. Vinayak Narayan Bapat

Managing Director

Kamlesh Gandhi

Director

CS. K S Swapna LathaGeneral Manager (legal) &
Company Secretary

Place : Bangalore

Date : May 29, 2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lakhs)

Particulars	Current Year	Previous Year
Cash flows from operating activities		
Loss as per Statement of Profit & Loss	(24,031.73)	(9,424.28)
Less: Tax expense	-	(78.36)
	<u>(24,031.73)</u>	<u>(9,502.64)</u>
Adjustments for:		
Depreciation and amortisation	1,208.34	2,041.33
Provisions (Net)	2,819.44	31.75
Loss/(profit) on sale of fixed assets	307.27	(1,224.29)
Share of income from associates	27.85	26.27
Exceptional item	11,501.35	-
Interest received	(107.96)	(64.77)
Dividends received	(6.78)	(7.03)
Finance costs	4,546.65	4,938.75
	<u>20,296.16</u>	<u>5,793.64</u>
	<u>(3,735.57)</u>	<u>(3,709.00)</u>
(Increase)/ decrease in trade and other receivables	(882.89)	2,871.69
(Increase)/ decrease in inventories	6,070.46	(779.93)
Increase/ (decrease) in trade payables and other current liabilities	<u>(5,939.46)</u>	<u>6,189.00</u>
	<u>(751.89)</u>	<u>8,280.76</u>
Income taxes paid	(4,487.46)	4,571.76
Net cash from operating activities	<u>46.00</u>	<u>415.59</u>
Cash flows from investing activities	<u>(4,533.46)</u>	<u>4,156.17</u>
Purchase of property, plant and equipment	(1,184.85)	(1,792.73)
Proceeds from sale of property, plant and equipment	1,394.57	1,659.43
(Increase)/decrease in other bank balances	1,614.65	(297.95)
Interest received	107.96	64.77
Dividend received	6.78	7.03
Net cash from investing activities	<u>1,939.11</u>	<u>(359.45)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	2,405.05	-
Proceeds from issue of shares to minority	3.00	-
Proceeds from long term borrowings	1,517.07	4,843.79
Repayment of long term borrowings	-	(1,499.22)
Proceeds from ICD's	14,856.98	14,722.00
Repayment of ICD's	(14,553.00)	(15,347.26)
Fixed deposits from public accepted	-	3,071.00
Repayment of fixed deposits from public	(1,070.14)	(1,787.50)
Increase/ (decrease) of short term borrowings (net)	2,330.87	(515.09)
Repayment of finance lease obligation	(514.40)	464.44
Finance costs	(3,932.99)	(4,929.25)
Net cash from financing activities	<u>1,042.44</u>	<u>(977.09)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,551.91)</u>	<u>2,819.63</u>
Cash and cash equivalents at beginning of the year	<u>4,729.65</u>	<u>1,910.02</u>
Adjustment for cash balance on account of loss of control in subsidiary	<u>2,111.34</u>	<u>-</u>
Cash and cash equivalents at end of the year	<u><u>1,066.40</u></u>	<u><u>4,729.65</u></u>
Cash & Cash equivalents:		
Cash and cash equivalents consist of cash on hand and balances with banks		
Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:		
Cash on hand and bank balances	2,010.84	7,288.74
Less: Other bank balances	<u>944.44</u>	<u>2,559.09</u>
Cash and cash equivalents as restated	<u><u>1,066.40</u></u>	<u><u>4,729.65</u></u>

In accordance with our report attached

For B K Ramadhyani & Co. LLP
Chartered Accountants
Firm number: 002878S/S200021

CA. C R Deepak
Partner

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

Vijay R Kirloskar
Executive Chairman

Kamlesh Gandhi
Director

CA. Vinayak Narayan Bapat
Managing Director

CS. K S Swapna Latha
General Manager (legal) &
Company Secretary

Place : Bangalore
Date : May 29, 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**1 BACKGROUND:**

Kirloskar Electric Company Limited ("the Company") was incorporated in the year 1946 and is a company engaged in the manufacture and sale of electric motors, alternators, generators, transformers, switchgear, DG sets etc.

2 BASIS OF CONSOLIDATION:

The consolidated financial statements of Kirloskar Electric Company Limited ("Parent Company"), subsidiary companies and associates (collectively referred as "the Group") used in the preparation of this consolidated financial statements have been drawn up on the same reporting date as that of the parent company i.e. year ended March 31, 2015. The financial statement of Kirloskar (Malaysia) Sdn. Bhd., used is as received from it and is unaudited.

3 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

The consolidated financial statements of the Group have been prepared under historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India, including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

4 PRINCIPLES OF CONSOLIDATION:

- a) The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditures after eliminating intra group balances and transactions to the extent identified and reconciled in accordance with Accounting Standard (AS) 21 - Consolidated Financial Statements.
- b) The stepdown subsidiary of the Company, namely Kirsons BV has been classified as an 'Integral Foreign Operation'. Revenue items denominated in foreign currency have been converted at the average rate prevailing during the year. Non monetary foreign currency assets and liabilities have been accounted at the rate of exchange prevailing on the transaction date. Monetary foreign currency assets and liabilities have been converted at the rates prevailing at the end of the year. Resultant differences have been adjusted in the statement of profit & loss.
- c) Lloyd Dynamowerke GmbH & Co. KG ("LDW") and Lloyd Beteiligungs GmbH were classified as 'Non Integral Foreign Operations'. Revenue items were consolidated at the average rate prevailing during the year and all assets and liabilities were converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation was recognised in the Foreign currency translation reserve.
- d) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries and associates are recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
- e) Investments in associate companies have been accounted under the equity method as per AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".
- f) Under the equity method of accounting, the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of investment is adjusted thereafter for post acquisition changes in the investor's share of net assets of the investee. The consolidated statement of profit and loss reflects the investor's share of the results of operations of the investee. Calculation of goodwill/ capital reserve as well as post acquisition changes has been made based on available information. Comprehensive information was not available.

5 SIGNIFICANT ACCOUNTING POLICIES:**5.1 FIXED ASSETS:****(i) Tangible Assets:**

Fixed Assets (other than land which were revalued) are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses relating to the acquisition, installation, and erection and commissioning less depreciation. A portion of the land owned by the Company has been revalued. Internally manufactured assets are valued at works cost.

(ii) Intangible Assets:

Intangible assets are accounted at cost of acquisition less amortisation.

5.2 ASSETS HELD FOR SALE:

Assets held for sale are stated at the cost or estimated net realizable value, whichever is lower.

5.3 INVESTMENTS:

Investments unless otherwise stated are considered as long term in nature and are valued at acquisition cost less provision for diminution, if any other than those which are considered as temporary in nature.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**5.4 INVENTORIES:**

1. Raw materials, stores, spare parts and components are valued at cost on weighted average basis net realizable value whichever is lower.
2. Work in progress is valued at works cost or net realizable value whichever is lower.
3. Finished goods are valued at works cost or net realizable value whichever is lower.

Material cost of work in progress and finished goods have been computed on weighted average basis.

5.5 DEPRECIATION:**Parent Company:**

- a) Depreciation on furniture and fixtures above Rs. 5,000/- provided at the residences of the employees has been charged at the rate of 33.33% on the straight-line method irrespective of the month of addition.
- b) Depreciation on assets taken on finance lease is charged over the primary lease period.
- c) Depreciation on assets (other than furniture and fixtures provided to employees and assets taken on finance lease) bought / sold during the year is charged on straightline method as per the useful life in Schedule II of the Companies Act, 2013 on a monthly basis, depending upon the month of the financial year in which the assets are installed / sold except in case of certain plant & machinery whose useful life is assessed by a certified external technical expert's assessment. For the assets acquired prior to April 1, 2014 the carrying amount as on April 1, 2014 is depreciated on straightline basis over the remaining useful life based on Schedule II of the Companies Act, 2013. The useful life of plant and machinery and tools different from that specified in Schedule II to the said act are ranging from 1 to 25 years. Assets whose individual value is less than Rs.5,000/- is depreciated fully.

LDW:

- a) Depreciation on assets was charged on the straight line basis based on the estimated useful life of the assets as follows:

Sl. No	Asset category	Useful life
1)	Intangible assets	3 to 5 years
2)	Land & Buildings	25 years
3)	Technical Equipment & Machinery	4 to 21 years
4)	Other equipment, factory & office equipment	3 to 13 years
5)	Technical Knowhow fees and product development	20 years
6)	Assets costing between Euro 410 to Euro 1,000	5 Years
7)	Assets costing less than Euro 410	100% in the year of purchase

Kirsons BV

Depreciation on technical know-how fees is amortised over a period of ten years.

5.6 IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged in the Statement of Profit and Loss, in the year in which an asset is identified as impaired.

5.7 RESEARCH AND DEVELOPMENT EXPENDITURE:

Revenue expenditure in carrying out research and development activity is charged in the statement of Profit and Loss of the year in which it is incurred. Capital expenditure in respect of research and development activity is capitalized as fixed assets and depreciation provided as detailed above.

5.8 REVENUE RECOGNITION:

- a) Sale of products and services are recognized on shipment of goods and transfer of significant risks and rewards to customers or when the service has been provided. Net sales are stated at contractual realisable values, net of excise duty, service tax, value added tax and trade discounts.
- b) Interest income is recognised on time proportion basis.
- c) Dividend income is recognised, when the right to receive the dividend is established.
- d) Rental income is recognised on time proportion basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5.9 EMPLOYEE BENEFITS:

(i) Short Term Employee Benefits:

Employee benefits payable wholly within twelve months of rendering the service are classified as short term. Benefits such as salaries, bonus, leave travel allowance etc. are recognised in the period in which the employee renders the related service.

(ii) Post Employment Benefits:

a) Defined Contribution Plans:

The Company has contributed to provident, pension, superannuation funds and other social security contributions which are defined contribution plans. The contributions paid/ payable under the scheme are recognised during the year in which employee renders the related service.

b) Defined Benefit Plans:

Employee's gratuity and leave encashment are defined benefit plans. The present value of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit Method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms that matches to the defined benefit obligation. Gratuity to employees is covered under Group Gratuity Life Assurance Scheme of the Life Insurance Corporation of India.

There were no defined benefit plans at LDW.

5.10 FOREIGN CURRENCY TRANSACTIONS:

- a) Foreign currency transactions are translated into rupees at the exchange rate prevailing on the date of the transaction / rates that approximate the actual rates as at that date.
- b) Monetary foreign currency assets and liabilities outstanding as at the year-end are restated at the exchange rates prevailing as at the close of the financial year. All exchange differences are accounted for in the statement of profit and loss.
- c) Non monetary items denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.
- d) Branches are considered as integral foreign operations and have been translated at rates prevailing on the date of transaction/rate that approximates the actual rate as at that date. Branch monetary assets and liabilities outstanding as at year end are restated at the year end rates.
- e) The Company has entered into forward exchange contracts, which are not intended for trading or speculation purposes, to establish the amount of reporting currency required or available at the settlement date of a transaction. The premium or discount arising at the inception of such a forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

5.11 TAXES ON INCOME:

Provision for current tax for the year is after taking cognizance of excess / short provision in prior years. Deferred tax assets/ liability is recognized, subject to consideration of prudence, on timing differences.

5.12 BORROWING COSTS:

Interest and other borrowing costs on specific borrowings relating to qualifying assets are capitalized up to the date such assets are ready for use / intended to use. Other interest and borrowing costs are charged to Statement of Profit & Loss.

5.13 PROVISIONS & CONTINGENT LIABILITIES:

A provision is recognized when the Group has a present obligation as a result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Financial effect of contingent liabilities is disclosed based on information available upto the date on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

In LDW, a floating provision of 1% is made on the doubtful trade receivables.

- 6 The consolidation of financial statement(CFS) present the consolidated accounts of Kirloskar Electric Company Limited with its following subsidiaries and associates:

Name of the company	Nature of relationship	Country of Incorporation	Proportion of Ownership	
			Current Year	Previous year
Kelbuzz Trading Private Limited	Subsidiary	India	100%	-
Luxquisite Parkland Private Limited	Subsidiary	India	100%	-
SKG Terra Promonede Private Limited	Subsidiary	India	100%	-
SLPKG Estate Holdings Private Limited	Subsidiary	India	100%	-
Kirsons BV	Subsidiary	The Netherlands	100%	100%
Lloyd Dynamowerke GmbH & Co KG ("LDW")	Subsidiary	Germany	Refer foot notes	94.89%
Lloyd Beteiligungs GmbH	Subsidiary	Germany		100%
Electrical Machine Industries (Bahrain) W.L.L. (Associate of LDW)	Associates	Bahrain		33.33% of its capital is held
Kirloskar (Malaysia) Sdn.Bhd.	Associates	Malaysia		30%

Foot note:

- 1 Lloyd Dynamowerke GmbH & Co. KG, Germany (LDW), a step down subsidiary of the Company, incurred substantial losses during the previous two years, thereby eroding its net worth. The local directors of LDW filed a preliminary insolvency petition on September 8, 2014 and on September 9, 2014 preliminary insolvency was declared and preliminary insolvency administrator was appointed by the court in Germany.
- 2 The group has been given to understand that a South Korean company acquired all significant assets, patents, estates, orders and employees of LDW. However, relevant details of the consideration for this transfer and all other relevant information are not available with the group, in spite of its best efforts. The group has already filed its claim for an approximate value of Euro 3.52 million in respect of outstanding towards supplies made to LDW including dues of Kirsons B V (immediate holding company of LDW). The group has also appointed a local legal counsel to represent its interest, prepare a case for recovering damages and file a case against the lenders of LDW and few other parties.
- 3 As per German law from the date of filing preliminary insolvency petition, all disposals by LDW may be executed/made only with the consent of the insolvency administrator. The group has been advised that from a German legal perspective, Kirsons BV (wholly owned subsidiary of the Company) lost control over LDW on September 8, 2014 and is not in a position any longer to obtain any economic benefits from such activities, although it continues to be the major shareholder of LDW. Further, the insolvency administrator has already disposed off all significant assets, patents, estates, orders and employees of LDW to the South Korean Company and mere distribution of assets of LDW amongst its creditors is pending. The group has been given to understand that the financial statements of LDW, either for the financial year 2014-15 or for the period from April 1, 2014 to September 8, 2014 have not been prepared. Accordingly, these consolidated financial results (CFS) do not include any transactions of LDW for the year. Further, since the group has lost control over LDW during the year, all assets and liabilities of LDW as at April 1, 2014 and recognised in the CFS for the financial year 2013 - 14 have been derecognised and the resultant deficit (after restoring certain intangible assets transferred from LDW to Kirsons BV in prior years and eliminated in the CFS in the year 2013 - 14 as an intra group transaction) has been recognised in the CFS for the current year as an exceptional item.
- 4 No financial statements have been received from Llyod Beteillungs GmbH for the year and accrodingly, have not been consolidated in these financial statements. In the opinion of the management, impact of the same will not be material.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in Lakhs	Number	₹ in Lakhs
7 Share capital:				
Authorized:				
Preference Shares of Rs.100/- each	3,000,000	3,000.00	3,000,000	3,000.00
Equity shares of Rs.10/- each	60,000,000	6,000.00	60,000,000	6,000.00
		<u>9,000.00</u>		<u>9,000.00</u>
Issued, subscribed and fully paid up:				
Preference shares of Rs.100/- each				
Issued during the year	1,595,890	1,595.89	-	-
At the close of the year	1,595,890	1,595.89	-	-
Equity shares of Rs.10/- each				
At the beginning of the year	50,521,367	5,052.14	50,521,367	5,052.14
Issued during the year	2,658,200	265.82	-	-
At the close of the year	53,179,567	5,317.96	50,521,367	5,052.14
Total		<u>6,913.85</u>		<u>5,052.14</u>

Foot Notes:

I.A Preference shares:

- The Company had issued cumulative preference shares of Rs 100/- each. The preference shareholders did not have voting rights.
- 1,176,746 Preference shares (value Rs.1,176.75 lakhs) were allotted pursuant to a contract without consideration being received in cash. These preference shareholders were allotted to preference share holders of Kaytee Switchgear Limited as fully paid up pursuant to the Scheme of arrangement approved by the Honourable High Court of Karnataka under sec 391 -394 of the Companies Act, 1956 without payment being received in cash.

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Preference shares bought back during the five years immediately preceding the date of the balance sheet	2,376,746	2,376.75	2,376,746	2,376.75
c. During the year, the Company has issued and allotted 1,595,890 Compulsorily Convertible Preference Share ("CCPS") of Rs.100/-, to Vijay R Kirloskar ("Promoter") by way of private placement for a tenor not exceeding 18 months which will carry a preferential cumulative dividend of 0.1% per annum, payable till the date of conversion into equity shares. CCPS held by the promoter will get converted into 5,242,740 equity shares of Rs.10/- each for cash at a premium of Rs.20.44 in two tranches in accordance with the SEBI Regulations and such issue and allotment of equity shares resultant on conversion of the preference shares will be made at such times and in such manner as the Board may in its absolute discretion think fit, at the time of conversion.				
d. Particulars of preference share holders holding more than 5% of the total number of preference share capital:				

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Mr. Vijay R Kirloskar	1,595,890	100%	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
2 Equity shares:

- a. The Company has only one class of equity shares having a par value of Rs 10/- each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the equity shares held by the shareholder.

b. **Equity Shares of Rs.10/- each includes:**

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in Lakhs	Number	₹ in Lakhs
(i) Equity shares include Shares allotted pursuant to a contract without consideration being received in cash. These shares were issued to shareholders of Kaytee Switchgear Limited and Kirloskar Power Equipment Limited as fully paid, pursuant to Scheme of arrangement approved by the Honourable High Court of Karnataka under sections 391 - 394 of the Companies Act, 1956. Equity shares so allotted includes 6,174,878 equity shares of Rs.10/- each allotted to KECL Investment Trust, sole beneficiary of which is the Company.	17,252,550	1,725.26	17,252,550	1,725.26
(ii) Shares allotted during the year 2007-08 to the promoters group in terms of order September 29, 2007 of the Honourable High Court of Karnataka read with scheme of arrangement dated February 13, 2003 under sections 391 to 394 of The Companies Act, 1956.	2,000,000	200.00	2,000,000	200.00
(iii) Shares allotted during the year 2003 - 04 to IDBI on conversion of Preference Share Capital at face value as per the scheme of arrangement approved by honourable High Court of Karnataka.	6,000,000	600.00	6,000,000	600.00
(iv) Shares allotted during the year to Vijay R Kirloskar at a premium of Rs 20.44 per share	2,658,200	265.82	-	-

c. Particulars of equity share holders holding more than 5% of the total number of equity share capital:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Percentage	Number	Percentage
(i) Abhiman Trading Company Private Limited	5,217,063	9.81%	5,217,063	10.33%
(ii) Vijayjyothi Investment & Agencies Private Limited	4,257,682	8.01%	4,257,682	8.43%
(iii) KECL Investment Trust	6,174,878	11.61%	6,174,878	12.22%
(iv) Mr. Vijay Ravindra Kirloskar	6,571,469	12.36%	3,913,269	7.75%
(v) Vijaykirti Investments and Agencies Private Limited	3,064,094	5.76%	3,064,094	6.06%
(vi) Vijay Farms Private Limited	3,540,807	6.66%	3,540,807	7.01%
(vi) Life Insurance Corporation of India	2,576,571	4.85%	2,576,571	5.10%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
8 Reserves and surplus:		
a) Capital reserve		
At the beginning of the year	2,039.35	1,738.29
Adjustments during the year	(2,021.29)	301.06
At the close of the year	18.06	2,039.35
b) Securities premium reserve		
At the beginning of the year	-	-
Received during the year (refer foot note 2(iv) to Note 7)	543.34	-
At the close of the year	543.34	-
c) Capital redemption reserve		
At the beginning of the year	2,401.75	2,401.75
At the close of the year	2,401.75	2,401.75
d) Debenture redemption reserve		
At the beginning of the year	494.00	494.00
Transferred to Statement of Profit & Loss	(494.00)	-
At the close of the year	-	494.00
e) Revaluation reserve		
At the beginning of the year	480.41	480.41
Transferred to general reserve	(271.75)	-
At the close of the year	208.66	480.41
f) Foreign Currency translation reserve		
At the beginning of the year	3,823.61	967.99
Adjustments during the year	(3,823.61)	2,855.62
At the close of the year	-	3,823.61
g) Capital Reserve on consolidation	54.78	-
h) Reconstruction Reserve		
At the beginning of the year	641.67	641.67
At the close of the year	641.67	641.67
i) Reserve for doubtful debts		
At the beginning of the year	90.00	90.00
At the close of the year	90.00	90.00
J) General Reserve		
At the beginning of the year	-	-
Transferred from Revaluation reserve	271.75	-
Transferred to statement of profit & loss	(271.75)	-
At the close of the year	-	-
k) Surplus i.e. balance in statement of profit and loss		
At the beginning of the year	(2,812.06)	6,612.22
Incremental depreciation in terms of Schedule II to the Companies Act, 2013 of assets whose remaining useful life is Nil as on April 1, 2014	(68.87)	
Transferred from debenture redemption reserve	494.00	
Transferred from general reserve	271.75	
Transferred from Statement of Profit and Loss	(24,031.73)	(9,424.28)
At the close of the year	(26,146.91)	(2,812.06)
TOTAL CLOSING BALANCE	(22,188.65)	7,158.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
9 Long term borrowings		
1) Secured loans:		
a. Finance lease obligations	-	514.40
b. Car Loan from a Company	-	10.95
c. Loan from a bank	7,101.45	7,363.76
	7,101.45	7,363.76
Less: Current maturities	-	2,822.95
	7,101.45	5,066.16
2) Unsecured loans:		
Fixed deposits	3,893.10	4,336.20
Less: Current maturities	1,916.10	358.32
	1,977.00	3,977.88
3) Total long term borrowings (1+2)	9,078.45	9,044.04

Additional information:**1) Details of security for secured loans:**

a. Against assets purchased on finance lease	-	514.40
b. Against security of Motor car	-	10.95
c. Term loans (including funded interest term loan) from consortium banks in India are secured against pari passu charge on current assets as primary security, and pari passu first charge on certain immovable properties of the Company and guaranteed by the Executive Chairman of the Company.	7,101.45	-
d. Term loan from a bank in India is secured against the equitable mortgage of certain immovable properties of the Company and guaranteed by the Executive Chairman of the Company	-	3,000.00
e. Term Loan at LDW is secured by first charge on specific Land & building, Plant & Machinery procured by LDW	-	411.68
f. Term loan at Kirsons BV is secured by pledge of shares of subsidiary and gurantee given to ICICI Bank in consideration of the stand by letter of credit (SBLC) opened in the favour of ICICI Bank, Canada as security for loan given. The SBLC is secured by equitable mortgage of certain immovable properties of the Company.	-	2,099.54
g. Term loan of LDW from banks secured by charge on fixed assets and current assets excluding specific charge given to other lenders.	-	1,852.54

2) Terms of repayment of term loans and others**a) Finance lease**

- Finance lease in India was taken for a period of five years. Interest on such lease is ranging between 13% to 14% p. a. Average equated monthly instalment is Rs.1.58 lakhs per month.
- Finance lease at LDW carries a interest of 8.73% and repayble in 60 equal monthly installments comencing from October 2012 to September 2017.

b) Car Loans:

Car loan was for a period of three to five years and interest rate is about 10% p.a. Average equated monthly instalment is about Rs.2.30 lakhs per month.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

c) **From Bank:**

- i) Funded Interest term loans and working capital term loans from banks in India carry an interest of 11% and repayable in 60 monthly instalments starting from April 30, 2016.
- ii) Certain term loans at LDW was repayable in 40 quarterly instalments of ₹5,000 each and carry an interest rate equal to 3 months Euribor plus 2%
- iii) Certain term loans at LDW was repayable in half yearly instalments and was carrying an interest rate of 5% to 7.37%
- iv) Term Loan at Kirsons BV was repayable in 20 quarterly instalments of ₹50,000 each and was carrying an interest of Euribor plus 2%

3) **Unsecured Loans:**

- i) Fixed deposits are taken for a period of 24 and 36 months with interest rates ranging from 12% to 13%.
- ii) Fixed deposits include Rs.18.10 Lakhs matured and unclaimed.

- 4) During the year the Company has restructured its loans under Joint Lenders Forum mechanism ("JLF"). As per the JLF, interest on cash credit accounts for the period October 2014 to September 2015 and on working capital demand loan from October 2014 to March 2016 will be converted into Funded Interest Term Loan. Necessary entries are passed both in certain banks and the Company as at the end of the year based on individual sanctions of the bank except in respect of a bank pending receipt of sanctioned letter, its overdue interest of Rs.74.80 lakhs has been converted into funded term loan in books of account. Further, the joint deed and other documentations in pursuance of the JLF is expected to be completed as permitted in the extant guidelines of the JLF mechanism.

(₹ in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
10 Deferred tax		
In India		
i) Deferred tax liability:		
a) On account of depreciation on fixed assets	1,864.82	1,899.52
Total	1,864.82	1,899.52
ii) Deferred tax asset:		
a) On account of timing differences in recognition of expenditure	1,313.66	1,067.23
b) On account of Unabsorbed depreciation under the Income Tax Act, 1961 (restricted to)	551.16	832.29
Total	1,864.82	1,899.52
Net Deferred tax (liability)/asset	-	-
In Germany		
i) Deferred tax liability:		
a) Dissolution from supplementary tax balance sheet	-	15.88
b) On account of timing differences in recognition of expenditure	-	0.57
Total	-	16.45
ii) Deferred tax asset:		
a) On account of depreciation on fixed assets	-	1,242.96
b) On account of timing differences in recognition of expenditure	-	0.45
c) On account of unabsorbed losses and depreciation available under the relevant fiscal legislations.	-	948.00
Total	-	2,191.41
Net Deferred tax asset	-	2,174.96
Total Net Deferred tax asset	-	2,174.96

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
11 Other Long term liabilities		
Security deposits from suppliers, dealers etc	1,770.52	1,334.24
12 Long term provisions	1,770.52	1,334.24
Employee defined benefit plans (refer note 47)	1,547.44	1,351.22
	1,547.44	1,351.22
13 Short term borrowings		
1) Secured loans:		
a) Loans repayable on demand from banks	11,968.41	16,984.13
b) Loan against pledge of fixed deposit from bank	6.91	14.41
	11,975.32	16,998.54
2) Unsecured loans:		
a) Fixed deposits	7.10	634.14
b) Inter corporate deposits	3,698.72	3,394.74
	3,705.82	4,028.88
Total	15,681.14	21,027.42

Additional Information:**1) Details of security for secured loans:**

a) Loan from consortium banks are secured against first pari passu charge on all current assets and certain fixed assets and the said credit facilities have been guaranteed by the Executive Chairman of the Company and carry an interest of 11% p. a.	9,233.32	9,630.04
b) Loan from a bank is secured against the equitable mortgage of certain fixed assets of the Company and guaranteed by the Executive chairman of the Company. Further it carry an interest of 13.85% p.a.	2,735.09	-
c) Against pledge of fixed deposits	6.91	14.41
d) Working capital facilities at LDW are secured by first charge on current assets and second charge on all fixed assets excluding assets charged to term lenders and carry an interest ranging between 4.9% to 7.35%	-	7,354.09

2) Unsecured loans:

- a) Fixed deposits are taken for a period of 12 months with interest rate of 11.5%
- b) Fixed deposits accepted from related parties amount to Rs.Nil (as at March 31, 2014: Rs.100 lakhs)
- c) Inter corporate deposits are taken for periods ranging between 90 to 360 days with interest rates averaging to 16% per annum.
- d) Fixed deposits include Rs.25.80 lakhs (as at March 31, 2014: Rs.36.24 lakhs) matured unclaimed deposits.

14 Trade payables

i) Trade payables	14,597.20	17,635.61
ii) Acceptances	4,457.37	13,360.94
	19,054.57	30,996.55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Additional Information:

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

(₹ in Lakhs)

Sl. No.	Particulars	As at March 31, 2015	As at March 31, 2014
1	Principal amount due and remaining unpaid	73.43	57.40
2	Interest due on (1) above and the unpaid interest	20.58	12.75
3	Interest paid on all delayed payments under the MSMED Act	Nil	Nil
4	Payment made beyond the appointed day during the year	104.48	65.19
5	Interest due and payable for the period of delay other than (3) above	20.58	12.75
6	Interest accrued and remaining unpaid	20.58	12.75
7	Amount of further interest remaining due and payable in succeeding years	33.33	12.75

15 Other current liabilities:

a)	Current maturities of finance lease obligations	-	184.08
b)	Current maturities of car loan from a Company	-	10.95
c)	Current maturities of fixed deposit	1,916.10	358.32
d)	Current maturities of secured loan from bank	-	2,627.92
e)	Interest accrued but not due on deposits	375.17	235.40
f)	Statutory liabilities	705.63	844.26
g)	Other liabilities	2,789.10	5,150.39
h)	Trade advances	2,070.25	7,390.81
i)	Advance for sale of asset	-	305.59
		<u>7,856.25</u>	<u>17,107.72</u>

16 Short term provisions:

a)	Short term compensated absences	17.11	18.61
b)	Wage arrears	400.24	245.02
c)	Warranty	597.90	843.75
d)	Stamp duty	895.38	110.40
e)	Taxation (net of advance tax outside India)	5.26	6.08
f)	Contingencies	1,518.14	186.41
		<u>3,434.03</u>	<u>1,410.27</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. FIXED ASSETS

(₹ in Lakhs)

Particulars	GROSS BLOCK (AT COST)					DEPRECIATION				NET BLOCK	
	As at April 1, 2014	Additions for the year	Deductions/ adjustments during the year	Adjustments on account of Control lost on Subsidiary	As at March 31, 2015	As at April 1, 2014	For the year (#)	Deductions/ adjustments during the year	Adjustments on account of Control lost on Subsidiary	As at March 31, 2015	As at March, 31 2014
Tangible Assets											
Own assets											
Land	1,788.41	-	297.15	560.79	930.47	-	-	-	-	930.47	1,788.41
Building (*)	6,517.89	4.61	187.95	1,288.35	5,046.20	2,153.96	156.23	35.76	505.78	3,277.55	4,363.93
Plant & equipment	20,910.90	36.88	912.75	5,733.94	14,301.09	15,451.07	676.86	877.54	4,347.85	3,398.55	5,459.83
Tools & Jigs	1,479.58	67.93	8.60	-	1,538.91	889.83	53.81	-	-	943.64	589.75
Electrical installations	206.76	-	-	-	206.76	104.73	26.18	-	-	130.91	102.03
Motor vehicles	519.65	-	98.44	44.50	376.71	329.59	56.44	34.44	39.69	311.90	190.06
Office equipments	2,188.36	18.00	(6.75)	2,093.97	119.14	1,633.27	28.15	(7.06)	1,601.46	52.12	555.09
Furniture & fittings	1,450.58	6.89	181.85	283.05	992.57	1,143.19	118.73	182.92	280.42	798.58	307.39
Leasehold improvements	313.35	-	-	-	313.35	64.75	10.47	-	-	75.22	248.60
Assets taken on finance lease											
Land (\$)	1,519.74	-	1,451.04	-	68.70	-	-	-	-	68.70	1,519.74
Plant & machinery	1,033.39	-	-	-	1,033.39	1,032.34	1.05	-	-	1,033.39	1.05
	37,928.61	134.31	3,131.03	10,004.60	24,927.29	22,802.73	1,127.92	1,123.60	6,775.20	16,031.85	15,125.88
Intangible assets											
Goodwill	423.46	-	-	-	423.46	423.46	-	-	-	423.46	-
Computer software	2,197.55	74.75	-	1,713.69	558.61	1,516.95	44.93	-	1,090.56	471.32	680.60
Technical knowhow & product development	316.99	939.28	-	169.06	1,087.21	218.37	104.36	-	70.44	252.29	98.62
Assets taken on finance lease											
Computer software	739.59	-	-	739.59	-	73.96	-	-	73.96	-	665.63
	3,677.59	1,014.03	-	2,622.34	2,069.28	2,232.74	149.29	-	1,234.96	1,147.07	1,444.85
Total	41,606.20	1,148.34	3,131.03	12,626.94	26,996.57	25,035.47	1,277.21	1,123.60	8,010.16	17,178.92	16,570.73
	(38,968.14)	(1,982.40)	(-654.97)	-	(41,606.20)	(22,265.04)	(2,041.32)	(729.11)	-	(25,035.47)	-

Additional information:

- (*) Includes Rs.33.37 lakhs being the cost of ownership premises taken in possession for which Society is to be formed.
- (§) Land taken on lease from KIADB aggregates to Rs.68.70 lakhs. On expiry of lease period, payment of balance consideration if any, and execution of sale deed, the relevant title will pass to the Company.
- (#) Includes Rs.68.87 lakhs debited to surplus vide note 8 (j) of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
18 Capital work in progress:		
i) Plant and machinery	-	74.10
ii) Building under construction \$	165.78	165.57
	165.78	239.67

\$ Work on buildings under construction (carrying value of Rs. 151.56 lakhs) has been temporarily suspended. The management will initiate action to complete the building in the ensuing year.

Details of investments	Name of the Company	As at March 31, 2015			As at March 31, 2014		
		No of shares	Face Value	₹ In Lakhs	No of Shares	Face Value	₹ in Lakhs
19 Non Current Investments:							
a) Investments in equity Instruments:							
i) Associates: (Trade) Fully paid up							
Kirloskar (Malaysia) Sdn. Bhd.							
Kuala Lumpur, Malaysia	300,000	MR1	-	300,000	MR1	27.85	
Electrical Machines Industries (Baharin) WLL	-	-	-	-	-	78.86	
ii) Others Fully paid up							
ICICI Ltd (on merger of Sangli Bank Limited)	5,405	2	1.00	1,081	10	1.00	
The Mysore Kirloskar Ltd (refer note 3 below)	770,750	10	-	770,750	10	-	
Kirloskar Proprietary Ltd	26	100	1.28	26	100	1.28	
Kirloskar Kenya Limited, Nairobi, Kenya	1,272	K.Sh 1000	8.52	1,272	K.Sh 1000	8.53	
Kirsons Trading Pte.Ltd	56,250	SGD 1	11.20	56,250	SGD 1	11.20	
Kirloskar Power Equipment Ltd	340,000	10	59.09	340,000	10	59.09	
b) Investments in debentures or bonds							
i) Others Fully paid up							
The Mysore Kirloskar Ltd (refer note 3 below)	30,000	44	-	30,000	44	-	
Total			81.09			187.81	

Additional Information:

- Aggregate value of quoted investments:

Cost	1.00	1.00
Market Value	67.29	13.46
- Aggregate value of unquoted investments:

Cost	80.09	186.81
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- Securities in The Mysore Kirloskar Limited have been written off.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
20 Long term loans and advances: (Unsecured and considered good)		
i) Capital advances	421.40	90.29
ii) Security deposits	435.06	386.28
iii) Loans and advances to related parties	135.98	280.00
iv) Disputed statutory liabilities/ taxes paid	1,071.85	1,016.55
	2,064.29	1,773.12
Amount due from a private company in which a director of the Company is a director	100.00	100.00
21 Other non current assets (unsecured and considered good)		
i) Long term trade receivables	173.76	78.85
ii) Advance payment of tax (net)	118.25	73.06
	292.01	151.91
22 Inventories:		
i) Raw materials, stores and spares, components (*)	1,511.22	4,943.60
ii) Work in progress	6,803.90	15,397.94
iii) Finished goods	1,053.94	2,995.11
iv) Others (scrap stock)	24.63	4.24
Goods in transit:		
i) Raw materials, Stores and spares, components (*)	-	11.22
ii) Finished goods	2.39	82.16
	9,396.08	23,434.27
Less: Provision for non-moving stocks	55.94	55.94
	9,340.14	23,378.33
(*) Stores and spares, components are not separately ascertainable		
23 Trade receivables:		
i) Trade receivables exceeding six months	6,451.32	6,451.32
ii) others	10,667.03	14,922.12
	17,118.35	21,373.44
Less: Allowance for doubtful debts	561.40	1,371.85
	16,556.95	20,001.59
Additional information:		
1) Breakup of above:		
i) Unsecured, considered good	16,556.95	20,001.59
ii) Doubtful	561.40	1,371.85
Total	17,118.35	21,373.44
Less:		
Allowance for doubtful debts	561.40	1,371.85
	16,556.95	20,001.59
2) Debts due by private companies in which directors of the Company are directors	8.48	8.48

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
24 Cash and bank balances:		
a) Cash and cash equivalents:		
i) Balances with banks - in other accounts	1,056.60	4,710.13
ii) Cash on hand	9.80	6.14
iii) Funds in transit	-	13.38
	<u>1,066.40</u>	<u>4,729.65</u>
b) Other bank balances:		
i) Balances with banks - in short term deposits	104.31	78.09
- in margin money, security for borrowings, guarantees and other commitments	840.13	2,481.00
	<u>944.44</u>	<u>2,559.09</u>
Total (a + b)	<u>2,010.84</u>	<u>7,288.74</u>
25 Short term loans and advances:		
i) Loans and advances to related parties (refer note 49)	341.91	601.59
ii) Others	1,066.16	1,674.49
	<u>1,408.07</u>	<u>2,276.08</u>
Less: Allowance for doubtful advances	376.23	349.14
	<u>1,031.84</u>	<u>1,926.94</u>
Additional information:		
1) Breakup of above:		
i) Unsecured, considered good	1,031.84	1,926.94
ii) Doubtful	376.23	349.14
Total	<u>1,408.07</u>	<u>2,276.08</u>
Less:		
Allowance for doubtful advances	376.23	349.14
	<u>1,031.84</u>	<u>1,926.94</u>
2) Debts due by private companies in which directors of the Company are directors	336.45	252.77
26 Other Current assets		
i) Central excise receivable	452.01	730.00
ii) VAT receivable	1,210.13	1,877.86
iii) Assets held for sale	793.09	793.09
	<u>2,455.23</u>	<u>3,400.95</u>
Less:		
Provision for asset held for sale	665.22	66.72
	<u>1,790.01</u>	<u>3,334.23</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars		As at March 31, 2015	As at March 31, 2014
27 Contingent liabilities and commitments: (to the extent not provided for)			
a) Contingent liabilities:			
i)	Claims against the Company not acknowledged as debts	1,568.89	1,367.78
ii)	Guarantees	2,564.04	13,906.07
iii)	Letters of credit	4,185.21	5,634.68
iv)	Bills discounted with Bank	1,708.08	1,864.81
v)	Penal damages levied by the Regional Provident Fund Commissioner. During the previous year the Honorable High Court of Karnataka, Bangalore quashed the demand and referred the matter to the original authority. An amount of Rs.46.18 lakhs paid has been included in disputed statutory dues.	Nil	Nil
vi)	Central excise and customs authorities have issued notices and raised certain demands, which are pending in appeal before various authorities, not acknowledged as debt by the Company	303.20	338.62
vii)	Sales tax demanded under appeal. (includes demand raised in respect of CST Act, 1956 amounting to Rs. 2,836.95 lakhs and Maharashtra value added tax, 2002 amounting to Rs. 399.46 lakhs which are disputed by the company before the appellant authorities for wrong demand raised, pending revision). The company has paid an aggregate amount of Rs. 643.46 lakhs (as at March 31, 2014 603.46 lakhs) against the demand which has been included in disputed statutory dues.	5,182.06	1,515.83
viii)	The Company has filed before the honorable 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 Company) and confirmed by the honorable High Court of Karnataka. The Company has paid an aggregate amount of Rs.530.13 lakhs (as at March 31, 2014 Rs.510.13 lakhs) against the demand which has been included in disputed statutory dues as reported in note 16.	889.00	889.00
ix)	Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	219.10	10.22
x)	Sales tax liabilities in respect of pending assessments - C forms have not been received from several customers. Continuing efforts are being made to obtain them. Significant progress has been made in the matter as compared to the previous year.	Not Ascertainable	Not Ascertainable
xi)	Interest if any, on account of delays in payment to suppliers.	Not Ascertainable	Not Ascertainable
xii)	Certain industrial disputes are pending before various judicial authorities – not acknowledged by the Company	0.90	Not Ascertainable
xiii)	Income tax demands under appeal. The Company has paid an amount of Rs.48.82 lakhs as at March 31, 2015 (as at March 31, 2014 Rs.48.82 lakhs) against the demand which has been included in advance payment of tax.	238.51	398.13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

	Particulars	As at March 31, 2015	As at March 31, 2014
xiv)	The Company had furnished a guarantee for the redemption of preference shares issued by Kirloskar Investment and Finance Ltd to an extent of Rs. 200 lakhs (as at March 31, 2014 Rs. 200 lakhs) and had obtained counter guarantee from the said Company. The preference shareholder has claimed a sum of Rs.200 lakhs along with dividends in arrears of Rs.205.60 lakhs and interest from the Company. This claim has been upheld by the Debt Recovery Tribunal (DRT). The Company has preferred an appeal before the Debt Recovery Appellate Tribunal (DRAT) to set aside the orders passed by the DRT. The DRAT directed to deposit sum of Rs. 128 lakhs for further hearing the matter. On waiver of the conditions of depositing any amount, against the company, Company has filed a writ before Honorable High court of Karnataka. The Company does not acknowledge this liability	405.60	405.60
xv)	Arrears of fixed cumulative dividends on preference shares (including tax thereon)	1,162.50	1,162.49

In respect of items above, future cash outflows in respect of contingent liabilities is determinable only on receipt of judgements pending at various forums / settlement of matter. The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the Company is not probable and accordingly, no provision for the same is considered necessary. However, as a matter of abundant caution an adhoc provision of Rs. 165 lakhs has been made for any likely outflow.

b) Commitments

i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	1,527.91
ii)	The Company has entered into an agreement with a related party to sell a portion of an immovable property owned by it.	-	305.59

28 Revenue from operations:

i)	Sale of products		
	Motors, alternators and generators	28,106.64	67,434.68
	Transformers	16,245.27	23,565.86
	DG sets	5,171.07	7,241.88
	Others	5,128.68	6,801.42
	Total	54,651.66	105,043.84
ii)	Sale of services	775.36	916.06
		55,427.02	105,959.90
	Less: Excise duty	4,392.38	6,856.66
		51,034.64	99,103.24

29 Other income:

i)	Interest income	107.96	64.77
ii)	Dividend income from non current investments	6.78	7.03
iii)	Profit on sale of fixed assets (net)	-	1,224.29
iv)	Other non operating income	-	1,182.04
v)	Unclaimed credit balance written back	89.19	82.86
vi)	Rent received	24.68	102.52
vii)	Miscellaneous income	1,071.45	280.37
		1,300.06	2,943.88

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
30 Cost of materials consumed:		
Consumption of raw materials, components, stores and spare parts*	30,048.89	70,456.58
	30,048.89	70,456.58
* Value of stores and spare parts not ascertained separately		
Additional Information:		
1 i) Copper (Wires, strips, rods, sheets etc)	8,194.30	11,370.66
ii) Iron and steel (pigiron, rounds, plates, sheets , etc.,)	6,942.52	7,675.34
iii) Others	14,912.07	51,410.58
2 Cost of materials consumed includes Rs. Nil (Previous year Rs.55.94 Lakhs) towards Provision for slow and non moving inventory.		
31 Changes in inventories of finished goods, work in progress and stock in trade:		
Stocks at the end of the year		
i) Work in progress		
Motors, alternators and generators	5,309.29	11,852.95
Transformers	965.59	1,948.40
DG Sets	499.18	1,536.36
Others	29.84	60.23
Total	6,803.90	15,397.94
ii) Finished goods		
Motors, alternators and generators	826.65	1,862.88
Transformers	123.81	1,004.67
DG sets	17.38	29.50
Others	88.49	180.22
Total	1,056.33	3,077.27
iii) Scrap	24.63	4.24
	7,884.86	18,479.45
Less:		
Stocks at the beginning of the year		
i) Work in progress		
Motors, alternators and generators	11,852.95	11,874.93
Transformers	1,948.40	1,737.35
DG sets	1,536.36	1,596.96
Others	60.23	150.24
Total	15,397.34	15,359.48
ii) Finished goods		
Motors, alternators and generators	1,862.88	2,528.23
Transformers	1,004.67	382.84
DG sets	29.50	105.35
Others	180.22	54.33
Total	3,077.27	3,070.75
iii) Scrap	4.24	4.50
	18,479.45	18,434.73
	10,594.59	(44.72)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
32 Employee benefit expenses:		
i) Salaries, wages and bonus	5,937.62	15,872.11
ii) Contribution to provident and other funds	683.85	2,815.62
iii) Staff welfare expenses	935.78	1,147.08
	<u>7,557.25</u>	<u>19,834.81</u>
33 Finance costs:		
i) Interest expense	4,219.48	4,320.58
ii) Amortisation of premium on forward contract	-	9.78
iii) Other borrowing costs	327.17	608.39
	<u>4,546.65</u>	<u>4,938.75</u>
34 Depreciation and amortization:		
i) Depreciation	1,059.05	1,633.62
ii) Amortization of intangible assets	149.29	407.71
	<u>1,208.34</u>	<u>2,041.33</u>
35 Other expenses:		
i) Power and fuel	780.34	1,687.27
ii) Rent	380.14	529.79
iii) Repairs to buildings	77.72	186.97
iv) Repairs to machinery	182.52	433.69
v) Repairs to others	315.87	823.91
vi) Vehicle maintenance	29.04	73.35
vii) Insurance	37.28	374.76
viii) Rates and taxes	1,167.67	171.49
ix) Payment to auditors	88.70	231.04
x) Selling expenses	1,641.09	2,623.79
xi) Commission	72.27	887.31
xii) Warranty claims	441.25	468.62
xiii) Allowance for doubtful trade receivables	-	679.84
xiv) Allowance for doubtful loans and advances	44.08	11.96
xv) Net (gain)/loss on foreign currency transaction and translation	321.86	818.10
xvi) Bad trade receivables written off	1,496.36	177.52
Less: Allowance for doubtful trade receivable withdrawn	<u>810.45</u>	<u>134.59</u>
	685.91	42.93
xvii) Irrecoverable loans and advances written off	29.96	-
Less: Allowance for doubtful loans & advances withdrawn	<u>16.99</u>	-
	12.97	-
xvii) Loss on sale of fixed asset (net)	307.27	-
xviii) Donations	2.20	5.95
xix) Legal and professional charges	590.55	1,479.96
xx) Travelling	564.31	1,120.71
xxi) Printing and stationary	62.58	93.42
xxii) Postage, telgrams and telephones	158.66	213.03

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
xxiii) Directors sitting fees	13.65	13.05
xxiv) Provision for assets held for sale	598.50	66.72
xxv) Provision for contingencies	1,518.14	-
xxv) Miscellaneous expenses	792.51	1,603.12
	10,887.08	14,640.78

36 Additional Information: (relating to India operations)

a) Value of Imports calculated on CIF basis:		
i) Raw Materials, Components and spare parts	387.40	2,052.31
ii) Capital goods	9.53	-
b) Expenditure in foreign currency: (net of withholding tax)		
i) Professional, consultancy and other fees	35.24	-
ii) Travel	99.94	149.75

c) SI No	Particulars	Amount	% to total	Amount	% to total
i)	Value of imported raw materials, spare parts and components consumed	358.64	1.03%	2,798.95	5.11%
ii)	Value of indigenous raw materials, spare parts and components consumed	34,545.06	98.97%	52,024.20	94.89%
		34,903.70	100%	54,823.15	100%

d) Details of non-resident shareholdings		
i) Number of nonresident share holders	388	420
ii) Number of shares held by nonresident shareholders	2,208,728	2,246,425
e) Earnings in foreign exchange:		
i) Export of goods calculated on FOB basis (net) (inclusive of sales within India eligible for export incentives)	4,336.83	5,678.98
ii) Dividends received	6.52	8.47
iii) Remittances from overseas offices (net)	289.42	467.90

37 Earnings per share:

Alloted during the year

(i) Basic and diluted before exceptional item

Loss for the year after tax expense	24,031.73	9,424.28
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Add:

Exceptional item	11,501.35	-
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	12,530.38	9,424.28
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Weighted average number of equity shares	50,565,063	50,521,367
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Loss per share	24.78	18.65
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(ii) Basic and diluted after exceptional item

Loss for the year after tax expense	24,031.73	9,424.28
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Weighted average number of equity shares	50,565,063	50,521,367
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Loss per share	47.53	18.65
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The effect of potential equity shares are antidilutive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 38 (a) The order of the honorable High court of Karnataka according approval for the scheme of arrangement and amalgamation under sections 391 to 394 of the Companies Act, 1956 ("Scheme") was received in September 2008 with April 1, 2007 as the appointed date. This scheme of arrangement and amalgamation interalia involved transfer of the operating business of Kirloskar Power Equipment Limited ("KPEL") and amalgamation of Kaytee Switchgear Limited ("KSL") with the Company. The Scheme was registered with the Registrar of Companies on October 17, 2008.
- (b) Decree in Form 42 of the Companies (Court) Rules, 1949 is yet to be passed by the honorable High Court of Karnataka.
- (c) Some of the assets and liabilities so transferred to the Company are continuing in the name of the respective companies. Necessary action is being taken by the Company.
- 39 The Company has preferred a suit for various claims against Deutsche Bank, one of the members of the consortium of bankers for breach of trust for withholding of monies belonging to the Company and freezing sanctioned working capital limits.
- 40 Confirmation of balances from parties with whom the Company had transactions are awaited in certain cases. Accounts with certain parties are under review and reconciliation. Adjustments if any, will be made on completion of review/reconciliation. In the assessment of the management, effect on revenue is not expected to be material.
- 41 The customers of the Company have deducted liquidated damages and other charges for delays in delivery of goods as compared to contractual obligations. The Company has made/will make representations to such customers explaining reasons for delays as well as impress upon them that the same were caused by various factors including those not attributable to it and as such being beyond its control. The Company has made necessary provision on an overall assessment of the likely loss where in its opinion waiver is not likely. The Company is confident that its representations will be accepted by customers and liquidated damages and other charges deducted will be waived. Impact, if any, on the financial statements will not be material.
- 42 The Company has implemented SAP ECC 6 systems at its units. Certain mistakes and omissions noticed in the inventory records have been corrected to the extent identified based on physical inventory taken from time to time. The Company has made significant progress in stabilization of the systems, cleansing data and bringing the valuation in line with accounting standard 2. The management has also formed a task force for liquidation of slow/non moving inventories. The Company is in the process of quantifying the differences adjusted/to be adjusted in the books of account on a comprehensive basis. Any further adjustments required to the financial statements is not expected to be material.
- 43 Machinery purchased in prior years but currently held for sale for the past several years have been recognized at realizable value estimated by the management. Such value is consistent with quotations received from prospective buyers and anticipated shortfall in realisability has been provided for in the books of accounts.
- 44 Current assets, loans and advances include Rs. 268.16 Lakhs (as at March 31, 2014 Rs. 241.11 Lakhs) being rescheduled advances from certain companies in which certain key managerial personnel are interested. The Company is confident that these companies will fulfill their obligations and has considered these amounts as good of recovery.
- 45 During the previous year, the shareholders of the Company at the Annual General Meeting held on September 30, 2013 have approved an Employee Stock Option Scheme. However, the Company had not issued any options as at March 31, 2015 and accordingly, no recognition of expense in this respect and requisite disclosures have been made/ furnished.

46 DISCLOSURES AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS":

(a) Defined Contribution Plan:

Contribution to defined contribution plan are recognized as expense for the year are as under:

Particulars	(₹ in Lakhs)	
	Current Year	Previous Year
Employer's contribution to provident & pension funds	354.54	377.90
Employer's contribution to superannuation fund	105.03	126.66
Employer's contribution to social security at LDW	-	2,141.19

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) **Defined Benefit Plan:**

The employee's gratuity fund scheme managed by a trust and leave encashment is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the projected unit credit method.

(₹ In lakhs)				
1 Reconciliation of opening and closing balances of defined benefit obligation:	As at March 31, 2015		As at March 31, 2014	
	Gratuity (Funded)	Leave (Funded)	Gratuity (Funded)	Leave (Funded)
Defined Benefit obligation at beginning of the year	2,489.47	478.30	2,707.63	460.52
Current Service Cost	123.51	42.62	130.53	84.53
Interest Cost	200.91	44.24	175.76	36.84
Additional provision for increase in limit of gratuity/ in excess of limit	(164.51)	-	35.62	-
Actuarial (gain)/ loss	150.96	(36.06)	(102.34)	(103.59)
Benefits Paid	(310.25)	-	(457.73)	-
Defined Benefit obligation at end of the year	2,490.09	529.10	2,489.47	478.30
2 Reconciliation of opening and closing balance of fair value of plan assets:				
Fair value of plan assets at beginning of the year	1,469.03	147.52	1,764.41	138.20
Expected return on plan assets	138.09	12.02	145.51	11.26
Employer Contribution	34.66	-	27.22	-
Benefits paid	(310.25)	-	(457.73)	-
Actuarial gain/(loss)	(20.58)	1.26	(10.38)	(1.94)
Fair value of plan assets at year end	1,310.95	160.80	1,469.03	147.52
Reconciliation of fair value of assets and obligations:				
Fair value of plan assets	1,310.95	160.80	1,469.03	147.52
Present value of obligation	2,490.09	529.10	2,489.47	478.30
Amount recognized in Balance Sheet under liabilities:	1,179.14	368.30	1,020.44	330.78
Expense recognized during the year: (under "Note 28" Employee Benefit Expenses" in the Statement of Profit and Loss)	Current Year		Previous Year	
Current Service Cost	123.51	42.62	130.53	84.53
Interest Cost	200.91	44.24	175.76	36.84
Expected return on plan assets	(138.09)	(12.02)	(145.51)	(11.26)
Additional provision for increase in limit of gratuity/ in excess of limit	(164.51)	-	35.62	-
Actuarial (gain)/ loss	171.54	(37.32)	(91.96)	(101.65)
Net Cost	193.36	37.52	104.44	8.46
Actuarial assumptions:	As at March 31, 2015		As at March 31, 2014	
Mortality Table	Indian Assured Lives (2006 -08) (Ultimate)		Indian Assured Lives (2006 -08) (Ultimate)	
Discount rate (per annum)	7.90%	7.90%	9.30%	8.00%
Expected rate of return on plan assets (per annum)	7.90%	7.90%	9.40%	8.15%
Rate of escalation in salary (per annum)	7.00%	7.00%	7.00%	7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary. There were no defined benefit plans at LDW

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47 SEGMENT REPORTING:

The Company has identified the reportable segments as Power generation and distribution, Rotating machine group and others taking into account the nature of products and services, the different risks and returns and the internal reporting systems. The accounting policies for segment reporting are in line with the accounting policies followed by the Company.

(₹ in Lakhs)

SI	Particulars	Primary Segment			
No.		Power generation & distribution	Rotating machines group	Others	Total
1	Segment Revenues				
	External Revenues	24,721.97 (31,608.77)	28,106.64 (68,983.02)	2,598.41 (5,368.11)	55,427.02 (105,959.90)
	Intersegment revenues	93.72 (697.96)	998.08 (1,186.58)	14.82 (18.99)	1,106.62 (1,903.53)
	Total Revenues	24,815.69 (32,306.73)	29,104.72 (70,169.60)	2,613.23 (5,387.10)	56,533.64 (107,863.43)
2	Segment Results: Profit/(Loss) Before Taxation and Interest				
		185.00 (616.70)	(1,113.00) (-2404.81)	736.00 (1,427.63)	(192.00) (-360.48)
	Less: Interest				4,546.65 (4,938.75)
	Less: Depreciation and amortizations				1,208.34 (2,041.33)
3	Unallocable Expenditure				19,356.95 (3,706.69)
4	Unallocable and Other Income (including Extraordinary items)				1,300.06 (1,324.33)
5	Less: Tax expense				- (-78.36)
6	Share of Profits/(losses) in the Associates (net)				(27.85) (-26.27)
7	Minority interest - share of losses				- (246.55)
	Total Profit/(Loss)				(24,031.73) (-4,868.38)
8	Segment Assets	9,897.32 (17,799.90)	4,386.95 (48,455.16)	11,605.64 (1,618.83)	25,889.91 (67,873.89)
9	Unallocable Assets				17,260.69 (26,305.48)
10	Segment Liabilities	10,400.72 (17,656.04)	12,019.06 (34,620.97)	847.41 (2,209.55)	23,267.19 (54,486.56)
11	Unallocable Liabilities				35,158.21 (25,815.44)
12	Capital Expenditure	325.53 (325.53)	148.90 (1,386.46)	1.88 (188.00)	476.31 (1,899.99)
13	Unallocated capital expenditure				672.03 (82.41)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ii) Geographical Segment:

Particulars	Segment revenue by geographical market	
	Current Year	Previous Year
Sales in India	50,608.96	74,336.93
Sales outside India	425.68	31,622.97
Total	51,034.64	105,959.90

Carrying amounts of geographical assets & additions to tangible and intangible assets:

	Carrying amounts of segment assets		Additions to fixed assets & intangible assets	
	As at March 31, 2015	As at March 31, 2014	Current Year	Previous Year
Located in India	41,312.82	57,821.02	209.06	558.72
Located outside India	1,837.78	36,358.35	939.28	1,423.68
Total	43,150.60	94,179.37	1,148.34	1,982.40

48 RELATED PARTY TRANSACTIONS;

(a) List of related parties:

Sl. No.	Name of the Related Party	Relationship
1	Mr. Vijay R Kirloskar Mrs. Meena Kirloskar Ms. Janaki Kirloskar Ms. Rukmini Kirloskar Mr. Vinayak Narayan Bapat Ms. K S Swapnalatha Mr. Alok Kumar Gupta (upto April 25, 2014)	Key Management Personnel and their relatives ("KMP")
2	Kirloskar (Malaysia) Sdn. Bhd Electrical Machines Industries (Bahrain) W.L.L (upto April 1, 2014)	Associates
3	Senapathy Whiteley Private Limited. Transport Corporation of India Maini Material Movement Private Limited Best Trading and Agencies Limited (Upto November 28, 2014) Lakshmanan Isola Private Limited	As per section 2(76) of the Companies Act, 2013. ("Others A")
4	Kirloskar Batteries Private Limited Kirloskar Power Equipment Limited Ravindu Motors Private Limited Vijay Farms Private Limited Kirloskar Electric Charitable Trust Sri Vijaydurga Investments and Agencies Private Limited Vijayyothi Investment and Agencies Private Limited Abhiman Trading Company Private Limited Vimraj Investment Private Limited Vijay Kirthi Investment and Agencies Private Limited Kirloskar Software Services KEC Executives & Others Officers Welfare Trust KEC Officers & Engineers Welfare Trust KEC Vice Presidents Welfare Trust KEC Engineers of Mysore Unit Welfare Trust	Enterprises over which key management personnel and their relatives are able to exercise significant influence ("Others B")

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Transactions with the related parties

(₹ in Lakhs)

Particulars	Relationship	Current Year	Previous Year
Purchase of goods and services:			
Vijay Farms Private Limited	Others B	35.85	49.97
Sri Vijayadurga Investments and Agencies Private Limited		93.64	159.15
Ravindu Motors Private Limited		1.25	1.35
Abhiman Trading Company Private Limited		104.28	96.23
Kirloskar electric Charitable Trust		5.17	5.63
Lakshmanan Isola Private Limited	Others A	56.06	Not Applicable
Transport Corporation of India		299.07	Not Applicable
Sale of goods and services:			
Kirloskar (Malaysia) Sdn. Bhd	Associates	413.37	109.38
Ravindu Motors Private Limited	Others B	-	19.56
Kirloskar Electric Charitable Trust		0.38	0.26
Rent received:			
Ravindu Motors Private Limited	Others B	-	25.22
Rent paid			
Kirloskar Power Equipment Limited	Others B	60.00	10.00
Vijayjyothi Investments and Agencies Private Limited		78.00	-
Dividend received:			
Kirloskar (Malaysia) Sdn. Bhd	Others B	-	1.67
Remuneration paid:			
Vijay R Kirloskar*	KMP	214.82	203.38
Vinayak Narayan Bapat*		50.09	NA
Alok Kumar Gupta*		5.00	106.15
Janaki Kirloskar *		3.57	3.43
Rukmini Kirloskar *		5.98	6.42
K S Swapnalatha *		20.72	NA
Meena Kirloskar (Sitting Fees)		1.35	1.07
Interest paid			
Vijay R Kirloskar	KMP	2.86	9.15
Rukmini Kirloskar		-	1.29
Meena Kirloskar		-	1.55
Vijayjyothi Investments and Agencies Private Limited	Others B	8.21	-
KEC Executives & Others Officers Welfare Trust		0.20	1.15
KEC Officers & Engineers Welfare Trust		0.20	1.15
KEC Vice Presidents Welfare Trust		0.26	1.72
KEC Engineers of Mysore Unit Welfare Trust		0.06	0.57
Issue of Shares to Vijay R Kirloskar			
Issue of equity shares	KMP	265.82	-
Share premium		543.34	-
Issue of CCPS		1,595.89	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Relationship	Current Year	Previous Year
Fixed deposit renewed / accepted during the year			
Vijay R Kirloskar	KMP	-	100.00
KEC Executives & Others Officers Welfare Trust	Others B	-	10.00
KEC Officers & Engineers Welfare Trust		-	10.00
KEC Vice Presidents Welfare Trust		-	15.00
KEC Engineers of Mysore Unit Welfare Trust		-	5.00
Fixed deposits repaid during the year			
Vijay R Kirloskar	KMP	100.00	-
Meena Kirloskar		-	25.00
Rukmini Kirloskar		-	20.00
KEC Executives & Others Officers Welfare Trust	Others B	10.00	-
KEC Officers & Engineers Welfare Trust		10.00	-
KEC Vice Presidents Welfare Trust		15.00	-
KEC Engineers of Mysore Unit Welfare Trust		5.00	-
Inter company deposit accepted:			
Vijayjyothi Investments & Agencies Private Limited	Others B	-	400.00
Best Trading & Agencies Limited	Others A	2,222.00	-
Inter company deposit repaid:			
Vijayjyothi Investments & Agencies Private Limited	Others B	74.20	325.44
Best Trading & Agencies Limited	Others A	345.00	-
Interest paid:			
Vijayjyothi Investments & Agencies Private Limited	Others B	-	29.14
Best Trading & Agencies Limited	Others A	24.91	-
Advance received for sale of asset:			
Ravindu Motors Private Limited	Others B	-	305.59
Sale of fixed asset:			
Ravindu Motors Private Limited**	Others B	305.59	-

* Remuneration paid excludes accrued gratuity, compensated absence (since liability has been recognized for the Company as a whole) free use of company car and communication facilities

** Net of prior year adjustment of rental income amounting to Rs. 284.74 lakhs

(c) Outstanding balances at the end of the year:

(Rs. in Lakhs)

Particulars	Relationship	As at March 31, 2015	As at March 31, 2014
Amount due to Company:			
Kirloskar (Malaysia) Sdn. Bhd	Associate	-	160.07
Kirloskar Power Equipment Limited	Others B	180.00	446.76
Vijay Farms Private Limited		192.36	187.47
Sri Vijayadurga Investments and Agencies Private Limited		33.46	31.96
Vijayjyothi Investments and Agencies Private Limited		111.51	111.51
Ravindu Motors Private Limited		0.14	0.14
Abhiman Trading Company Private Limited		98.97	69.05
Kirloskar Batteries Private Limited		5.46	5.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Amount due from Company:			
Kirloskar Batteries Private Limited	Others B	11.86	25.89
Kirloskar Electric Charitable Trust		5.00	5.20
Kirloskar Power Equipment Limited		162.91	63.55
Vijay Farms Private Limited		7.51	2.23
Vijayjyothi Investments and Agencies Private Limited		66.89	74.56
Abhiman Trading Company Private Limited		28.95	29.28
Sri Vijayadurga Investments and Agencies Private Limited		20.17	15.86
Ravindu Motors Private Limited		0.81	305.59
Senapathy Whitley Private Limited	Others A	94.59	Not Applicable
Lakshmanan Isola Private Limited		18.28	Not Applicable
Transport Corporation of India		98.11	Not Applicable
Fixed Deposits outstanding at the end of the year:			
Vijay R Kirloskar	KMP	-	100.00
Guarantees given for the loans taken by the Company and outstanding at the end of the year by:			
Vijay R Kirloskar	KMP	19,069.86	12,630.04

49 FINANCE LEASE:

Finance lease arrangements relate to Plant & Machinery. The lease period is for five years with interest rates ranging from 13% to 14% per annum.

(₹ in Lakhs)

Sl. No.	Particulars	Total minimum lease payments outstanding as at March 31, 2015	Future interest on outstanding Lease Payments	Present value of minimum lease payments as at March 31, 2015
1	Within one year	- (184.54)	- (33.65)	- (150.89)
2	Later than one year but not later than five years	- (402.74)	- (38.90)	- (363.84)
	Total	- (587.28)	- (72.55)	- (514.73)

50 OPERATING LEASE:

The Company has various operating leases for office facilities, guesthouse and residential premises of employees that are renewable on a periodic basis, and cancelable at its option. Rental expenses for operating leases included in the financial statements for the year are Rs.380.14 Lakhs (Previous Year Rs.529.79 Lakhs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- 51 The Company has made provisions towards wage arrears, contingencies, short term compensated absences, stamp duty and warranty claims from the customers towards sales. Details of the same are as under:

(₹ in Lakhs)

Sl. No.	Particulars	Wage Arrears	Contingencies	Short Term Compensated Absences	Stamp Duty	Warranty Claims
1	Balance outstanding at the beginning of the year	245.02 (172.96)	186.41 (730.51)	18.61 (20.45)	110.40 (597.06)	843.75 (617.01)
2	Provision for the year (net)	213.83 (72.06)	1,331.73 (-544.10)	(1.50) (-1.84)	784.98 (-486.66)	(245.85) (226.74)
3	Balance outstanding at the end of the year	458.85 (245.02)	1,518.14 (186.41)	17.11 (18.61)	895.38 (110.40)	597.90 (843.75)

Foot Note:

Provision in respect of wage settlement has been made on estimated basis and differences if any will be accounted on final settlement. Further as a matter of abundant caution an estimated provision as been made for contingencies as held in respect of ongoing litigations as detailed in note 23 and certain probable liability.

- 52 The foreign currency (FCY) exposures that have not been hedged by any derivative instrument or otherwise as on March 31, 2015 are as under:

Particulars	As at March 31, 2015		As at March 31, 2014	
	FCY	₹ in Lakhs	FCY	₹ in Lakhs
Assets (Receivables)	\$ 1,011,349.97	725.06	\$ 607,502.00	469.15
	• 127,676.45		€ 126,000.45	
	AED 8,993.58		AED -	
	£ 4,857.00		£ 2,591.20	
Liabilities (Payables)	\$ 814,644.05	766.07	\$ 2,099,818.00	1,567.67
	• 284,419.87		€ 1,970.23	
	AED 363,283.72		AED -	
	SGD -		SGD 694,251.00	

- 53** The net worth of the Group has been completely eroded. The Group has initiated several measures like identification and 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 operation, value added products push for sales, optimization in product mix and enhanced contribution, proposed capital raising plans etc. Accordingly, your directors have prepared the financial statements of the Group on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.
- 54** 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. 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.
- 55** The Income Tax Act, 1961 contains provisions for determination of arm's length price for international transactions between the Company and its associated enterprises as well as in respect of certain specified domestic transactions. The regulations envisage taxation of transactions which are not in consonance with the arms length price so determined, maintenance of prescribed documents and information including furnishing of a report from an accountant before the due date for filing the return of income. For the year ended March 31, 2015, the Company is in the process of complying with the said regulations. Management believes that such transactions have been concluded on an arm's length basis and there would be no additional tax liability for the financial year under consideration as a result of such transactions.
- 56** The Company has recognised the charge for depreciation adopting the useful life of its fixed assets other than plant & machinery/ tools as prescribed in schedule II of the Companies Act, 2013. However, the charge for depreciation on plant & machinery/ tools has been based on the re-evaluated useful life technically assessed which are different from the useful life prescribed in schedule II of the said Act. Had the Company continued with the rates of depreciation adopted till March 31, 2014, the charge for depreciation and loss for the year ended March 31, 2015 would have been higher by Rs.87.79 lakhs. Further, based on transitional provisions provided in clause 7(b) of the schedule II of the Companies Act, 2013, an amount of Rs.68.87 lakhs representing the carrying value of those assets whose residual useful life is over, has been charged to the retained earnings as at April 1, 2014.
- 57** Previous year's figures have been regrouped wherever required in conformity with current year presentation. Figures in brackets relates to previous year.

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

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)
Parent				
Kirloskar Electric Company Limited	81.40%	(12,431.25)	44.17%	(10,615.08)
Subsidiaries				
Indian				
1 KELBUZZ Trading Private Limited	23.40%	(3,572.96)	1.79%	(430.36)
2 SLPKG Estates Holdings Private Limited	0.32%	(49.11)	1.52%	(365.42)
3 Luxquisite Parkland Private Limited	-0.01%	1.72	0.21%	(50.58)
4 SKG Terra Promenade Private Limited	1.73%	(263.78)	0.96%	(231.42)
Foreign				
Kirsons B.V.	-6.81%	1,040.58	51.23%	(12,311.02)
Minority Interest in all subsidiaries	-0.02%	3.00	0.00%	-
Associates (Investments as per the equity method)				
Kirloskar (Malaysia) Sdn. Bhd.	0.00%	-	0.12%	(27.85)

In accordance with our report attached

For B K Ramadhyani & Co. LLP

Chartered Accountants

Firm number: 002878S/S200021

CA. C R Deepak

Partner

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

Vijay R Kirloskar

Executive Chairman

CA. Vinayak Narayan Bapat

Managing Director

Kamlesh Gandhi

Director

CS. K S Swapna Latha

General Manager (legal) &
Company Secretary

Place : Bangalore

Date : May 29, 2015

PROXY FORM

KIRLOSKAR ELECTRIC COMPANY LIMITED

(CIN: L31100KA1946PLC000415)

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

Tel +91 80 23374865, Fax +91 80 23377706

Website: www.kirloskar-electric.com

E-mail: investors@kirloskar-electric.com

Name of the member(s):

Registered address:

E-mail ID:

Folio No/DP ID-Client ID:

I/We, being the member (s) of.....shares of the above named company, hereby appoint

(1) Name:

Address:

.....

E-mail Id:Signature : or failing him;

(2) Name:

Address:

.....

E-mail Id:Signature : or failing him;

(3) Name:

Address:

.....

E-mail Id:Signature : or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 68th Annual General Meeting of the Company, to be held on the 28th day of September, 2015 at 10.00 A.M at "G.M.REJOYZ, #158, 8th main, 8th Cross, Malleshwaram, Bangalore - 560003 and at any adjournment thereof in respect of such resolutions as are indicated below:

SI No.	Resolution	Optional	
		For	Against
	ORDINARY BUSINESS		
1	Adoption of Financial Statements for the year ended March 31, 2015.		
2	Appointment of M/s. B.K. Ramadhyani & Co., LLP Chartered Accountants, (Registration No: 002878S) as Auditors and authorise Board to fix their remuneration. Appointment of M/s. Sundar & Associates, Chartered Accountants, Selangor Darul Ehsan, Malaysia, are the retiring Auditors.		
3	Re-appointment of Mr. K. Ganesh as a Director who retires by rotation and eligible for re-appointment.		
	SPECIAL BUSINESS		
4	Appointment of Dr. Ashok Misra as a Director		
5	Appointment of Ms. Janaki Kirloskar as a Director		
6	Revision of remuneration of Mr. Vijay R Kirloskar, Executive chairman of the Company		
7	Revision of remuneration of Mr. Vinayak N Bapat, Managing Director of the Company.		
8	Revision of remuneration of Mr. Anand B Hunnur, Director – Sales of the Company.		
9	Appointment of Cost Auditors of the Company and to fix their remuneration as approved by the Board.		
10	To create, offer, issue & allot at any time to or to the benefit of such persons(s) who are in permanent employment of the Company, including Directors of the Company, whether working in India or abroad, except to the promoter Directors, under the Employment Stock Option Scheme 2012 (hereinafter referred to as “the ESOP Scheme 2012”), such number of equity shares (referred to as “securities”) which shall not exceed five percent of the issued equity shares of the Company.		
11	To raise funds by way of issue of equity/preference share capital of the Company on private placement		
12	To increase the authorised share capital of the Company		
13	Alteration of Clause V of Memorandum of Association of the Company		
14	Alteration of Clause 6(1) of Articles of Association of the Company.		

Signed this..... day of2015

Affix
Re. 1-00.
Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 68th Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission
4. * It is optional to put a “X” in the appropriate column against the Resolutions indicated in the box. If you leave the “for” or “against” column blank against any or all Resolutions, your proxy will entitle to vote in the manner as he / she thinks appropriate.
5. A person can act as Proxy on behalf of fifty (50) members and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other Member.

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If undelivered please return to:
KIRLOSKAR ELECTRIC COMPANY LTD.
Industrial Suburb, Rajajinagar,
Bangalore - 560 010.