



**LIMITED REVIEW REPORT**

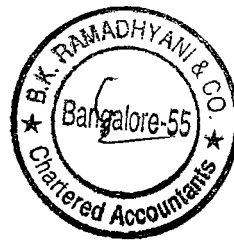
To,  
The Board of Directors  
Kirloskar Electric Company Limited  
Industrial Suburb, Rajajinagar  
Bangalore.

We have reviewed the accompanying statement of unaudited financial results of Kirloskar Electric Company Limited ("the Company") for the half year ended September 30, 2012 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been subject to review by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

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

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement subject to the following:-

- 1 *Inventories of Rs. 15,530 lakhs as at September 30, 2012 adopted for compilation of unaudited financial results are as valued by management for reasons detailed in paragraph 10(iii) of our report and para 2( c ) of the annexure to the said report dated May 28, 2012 to the members of the Company. Pending completion of identification of mistakes and corrections in SAP to be made, comprehensive adjustment of discrepancies observed on physical verification and aligning the valuation with accounting standard 2, consequential impact on the consumption of materials and components, accretion/depletion to inventories of work in progress and finished goods and profit before and after tax expense for the period ended September 30, 2012 is not ascertained.*

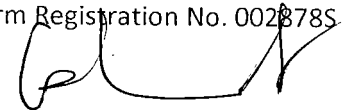


# B. K. Ramadhyani & Co

2. *The unaudited financial results of the Company for the period under review is subject to and to be read with our comments in paragraph 10 (i), (ii), (iv) and (v) of our report dated May 28, 2012 to the members of the company on the audit of financial statements for the year ended March 31, 2012 relating to non provision for interest payable to micro, small and medium enterprises, if any, debts more than 2 years of Rs.2,292 lakhs being considered as good of recovery by Company, certain creditors, accounts receivable, loans and advances, balances of the Company with its erstwhile subsidiary Kaytee Switchgear Limited and the operating business of Kirloskar Power Equipment Limited, all of which are subject to review/ reconciliation/identification of further doubtful debts/advances, realizable value of assets held for sale amounting to Rs.793 lakhs being assessed by management without support of an external valuation or quotations from prospective buyers and dues from certain companies aggregating to Rs.535 lakhs which have incurred losses and whose net worth has been partially or wholly eroded being considered as good of recovery. Effect on financial results is not ascertained.*
- 3 Management has informed us that :-
- a) the honorable Supreme Court of India has admitted a special leave petition filed by the Company in respect of sales tax penalty demand on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the Company) and confirmed by the honorable Karnataka High Court, amounting to Rs. 362 lakhs.
  - b) the Company has been served with demand notices relating to prior years under Maharashtra Sales Tax Act aggregating to Rs. 1,016 lakhs during the quarter, which it has disputed and filed appeals in this respect.
  - c) they believe, based on legal advice or internal assessment, that the outcome of these contingencies will be favorable, that loss is not probable and accordingly, no provision is to be recognized for the same in the interim financial results.

A copy of the unaudited financial results of the Company for the period under review, which formed the basis of our limited review, duly initiated by us for the purpose of identification is enclosed to this report.

For B. K. Ramadhyani & Co.,  
Chartered Accountants  
Firm Registration No. 002878S.



( C R Krishna)

Partner

Membership No. 027990

B K Ramadhyani & Co.,  
68, 4B, 4<sup>th</sup> Floor, Chitrapur Bhavan  
8<sup>th</sup> Main, 15<sup>th</sup> Cross,  
Malleshwaram,  
Bangalore – 560 055  
Date: November 02, 2012

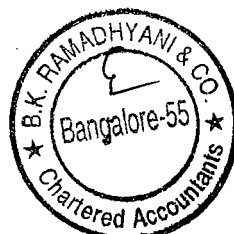
**B.K. RAMADHYANI & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**# 4-B, Chitrapura Bhavan,**  
**No. 68, 8th Main, 15th Cross,**  
**Malleshwaram, Bangalore-560 055**



Amount (Rs.in Lacs)

Sl No	Particulars	Standalone					
		Three Months ended 30/09/2012	Preceding Three Months ended 30/06/2012	Corresponding previous year three months ended 30/09/2011	Year to Date figures for current period ended 30/09/2012	Year to Date figures for Previous Period ended 30/09/2011	Year Ended 31/03/2012
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 a	Gross Sales	21,616	20,955	25,366	42,571	48,767	94,902
	Less : Excise Duty	2,011	1,910	2,116	3,921	3,983	7,728
	<b>Net Sales/ Income from operations</b>	<b>19,605</b>	<b>19,045</b>	<b>23,250</b>	<b>38,650</b>	<b>44,784</b>	<b>87,174</b>
b.	Other Operating Income	-	-	-	-	-	-
2	Expenditure						
a	Cost of Materials consumed	15,010	14,528	20,013	29,538	37,440	66,613
b	Change in Inventories of finished goods, work in progress and stock in trade	(588)	(899)	(3,061)	(1,487)	(3,349)	(1,027)
c	Employee benefit expenses	2,122	2,158	1,983	4,280	3,996	8,013
d	Depreciation & Amortisation Expenses	427	448	449	875	888	1,839
e	Other expenditure	1,695	1,893	2,142	3,588	3,722	7,473
f	Total	18,666	18,128	21,526	36,794	42,697	82,911
3	Profit from Operations before other income, Interest & exceptional items (1 - 2f)	939	917	1,724	1,856	2,087	4,263
4	Other Income	97	57	87	154	158	576
5	Profit before interest and exceptional items ( 3+4 )	1,036	974	1,811	2,010	2,245	4,839
6	Finance Costs	878	822	1,246	1,700	2,150	3,830
7	Profit after interest but before exceptional items ( 5-6 )	158	152	565	310	95	1,009
8	Exceptional Items (Net)	-	-	-	-	-	-
9	Profit from ordinary activities before tax ( 7- 8 )	158	152	565	310	95	1,009
10 a	Provision for current tax	64	30	1	94	1	52
b	Provision for deferred tax	-	-	-	-	-	-
11	<b>Net profit from ordinary activities after tax (9-10)</b>	<b>94</b>	<b>122</b>	<b>564</b>	<b>216</b>	<b>94</b>	<b>957</b>
12	Extraordinary Item (net of tax expense)	-	-	-	-	-	-
13	<b>Net profit for the period (11+12)</b>	<b>94</b>	<b>122</b>	<b>564</b>	<b>216</b>	<b>94</b>	<b>957</b>
14	Paid up Equity Share Capital (face value of Rs. 10/-)	5,052	5,052	5,052	5,052	5,052	5,052
15	Reserves excluding revaluation reserves (As per balance sheet of previous accounting year)	NA	NA	NA	NA	NA	13,615
16	Earnings Per Share (EPS)						
a	Basic & Diluted EPS before extra ordinary items (not annualised)	0.19	0.24	1.08	0.43	0.12	1.73
b	Basic & Diluted EPS after extra ordinary items (not annualised)	0.19	0.24	1.08	0.43	0.12	1.73
17	Aggregate of non-promoters shareholding						
A	<b>Particulars of Share Holding</b>						
1	Public Share Holding	25,617,827	25,618,327	25,678,562	25,617,827	25,678,562	25,636,684
	-Number of Shares	50.71%	50.71%	50.83%	50.71%	50.83%	50.74%
	-Percentage of Share Holding						
18	Promoters and Promoter group shareholding						
a	<b>Pledged/Encumbered</b>						
	-Number of Shares	-	-	2,500,000	-	2,500,000	2,500,000
	-Percentage of Shares(as a % of the total share holding of promoter and promoter group)	-	-	10.06%	-	10.06%	10.05%
	-Percentage of Shares (as a % of the total share capital of the company)	-	-	4.95%	-	4.95%	4.95%
b	<b>Non-Encumbered</b>						
	-Number of Shares	24,903,540	24,903,040	22,342,805	24,903,540	22,342,805	22,384,683
	-Percentage of Shares(as a % of the total share holding of promoter and promoter group)	100.00%	100.00%	89.94%	100.00%	89.94%	89.95%
	-Percentage of Shares (as a % of the total share capital of the company)	49.29%	49.29%	44.22%	49.29%	44.22%	44.31%

B	INVESTOR COMPLAINTS	Quarter ended September 30, 2012
	Pending at the beginning of the quarter	Nil
	Received during the quarter	2
	Disposed of during the quarter	2
	Remaining unresolved at the end of the quarter	Nil



Revenues, Results & Capital Employed for the Segments for the quarter ended September 30, 2012

No	Particulars	Standalone					Year Ended 31/03/2012
		Three Months ended 30/09/2012	Preceding Three Months ended 30/06/2012	Corresponding previous year three months ended 30/09/2011	Year to Date figures for current period ended 30/09/2012	Year to Date figures for Previous Period ended 30/09/2011	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	<b>Segment Revenues</b>						
	Power generation/ distribution	10,395	9,928	12,139	20,323	24,484	47,241
	Rotating machines	11,296	10,771	12,675	22,067	22,771	43,642
	Others	1,207	1,075	1,681	2,282	3,442	6,965
	Total	22,898	21,774	26,495	44,672	50,697	97,848
	Less: Inter segment revenues	1,282	819	1,129	2,101	1,930	2,946
	Sales / Income from operations	21,616	20,955	25,366	42,571	48,767	94,902
2	<b>Segment Results</b>						
	Profit before interest, depreciation and tax expense						
	Power generation/ distribution	468	1,002	761	1,470	1,208	3,328
	Rotating machines	1,192	940	1,470	2,132	2,214	5,026
	Others	317	241	421	558	789	1,667
	Total	1,977	2,183	2,652	4,160	4,211	10,021
	Less: Interest	878	822	1,246	1,700	2,150	3,830
	Less: Other unallowable expenditure (net off unallocable Income)	941	1,209	841	2,150	1,966	5,182
	Total profit before tax expense & after extraordinary item	158	152	565	310	95	1,009
3	<b>Capital Employed (Segment Assets-Segment Liabilities)</b>						
	Power generation/ distribution	2,700	1,673	4,021	2,700	4,021	2,416
	Rotating machines	16,911	15,185	16,154	16,911	16,154	13,981
	Others	3,831	3,676	1,192	3,831	1,192	3,258
	Total capital employed in segments	23,442	20,534	21,367	23,442	21,367	19,655
	Add: Unallocable	(4,079)	(1,263)	(2,333)	(4,079)	(2,333)	(507)
	Total Capital employed	19,363	19,271	19,034	19,363	19,034	19,148

Standalone Statement of Assets & Liabilities as at September 30, 2012

Sl No	Particulars	Stand alone	
		Year to Date figures for current period ended 30/09/2012	Previous year ended 31/03/2012
<b>A</b>	<b>Equity &amp; Liabilities</b>		
1	<b>Shareholders' Funds</b>		
a	Share Capital	5,052	5,052
b	Reserves & Surplus	14,311	14,096
	<b>Sub Total -Share holders funds</b>	<b>19,363</b>	<b>19,148</b>
2	<b>Non Current Liabilities</b>		
a	Long term borrowings		
b	Other Long term liabilities	1,275	1,294
c	Long term provisions	697	690
	<b>Sub Total -Current Liabilities</b>	<b>2,914</b>	<b>3,031</b>
3	<b>Current Liabilities</b>		
a	Short term borrowings	16,646	14,728
b	Trade Payables	23,203	22,705
c	Other current liabilities	10,669	9,484
d	Short term Provisions	1,640	1,448
	<b>Sub Total -Current Liabilities</b>	<b>52,158</b>	<b>48,365</b>
	<b>Total - Equity and Liabilities</b>	<b>74,435</b>	<b>70,544</b>
<b>B</b>	<b>Assets</b>		
1	<b>Non Current Assets</b>		
a	Fixed Assets (including CWIP)	14,183	14,879
b	Non Current Investments	12,704	12,704
c	Long Term Loan and Advances	2,997	1,496
d	Other non current Assets	238	412
	<b>Sub Total - Non Current Assets</b>	<b>30,122</b>	<b>29,491</b>
2	<b>Current Assets</b>		
a	Inventories	15,530	13,175
b	Trade receivables	22,223	20,775
c	Cash and bank balances	2,146	3,401
d	Short term loans and advances	1,535	1,399
e	Other current assets	2,879	2,303
	<b>Sub Total -Current Assets</b>	<b>44,313</b>	<b>41,053</b>
	<b>Total Assets</b>	<b>74,435</b>	<b>70,544</b>



**Consolidated Key Financials**

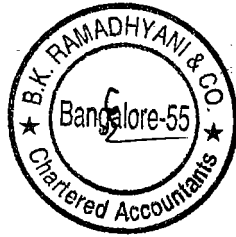
Consolidated Key Financials of the Company for the quarter ended September 30, 2012 (Not subject to limited review by statutory auditors)

Sl No.	Particulars	Three Months ended 30/09/2012	Preceding Three Months ended 30/06/2012	Preceding Three Months ended 30/09/2011	Year to Date figures for current period ended 30/09/2012	Year to Date figures for Previous period ended 30/09/2011	Previous Year ended 31/03/2012 (Audited)
1	Gross Sales	29,265	28,446	30,592	57,711	58,724	116,852
a.	Less Excise Duty	2,011	1,910	2,116	3,921	3,983	7,727
b.	Net Sales	27,254	26,536	28,476	53,790	54,741	109,125
2	Net Profit/Loss (Before Extra-ordinary Items & Taxation)	230	(150)	451	80	(297)	192
3	Extraordinary Items				-		136
4	Net Profit/Loss (After Extra-ordinary Items but before Taxation)	230	(150)	451	80	(297)	328
5	Provision for Taxation	86	46	64	132	64	9
6	Profit/Loss After Tax	144	(196)	387	(52)	(361)	319
7 a.	Less: Minority Interest	1	(14)	(1)	(13)	(9)	(15)
b.	Add/(Less) Share of (Loss)/Profit from associates	6	(3)	-	3	(7)	9
8	Profit/Loss attributable to shareholders of the Company	149	(185)	388	(36)	(359)	343
9 a.	EPS Basic & Diluted (Not annualised) Rs. Per share before Extraordinary items	0.29	(0.37)	0.74	(0.07)	(0.77)	0.52
b.	EPS Basic & Diluted (Not annualised) Rs. Per share after Extraordinary items	0.29	(0.37)	0.74	(0.07)	(0.77)	0.52

**Notes:**

- The above results have been reviewed by the Committee formed to consider & approve financial results and approved by the Board of Directors at their meeting held on November 2, 2012.
- Earning Per Share (EPS) has been calculated after providing for preference dividend in previous year.
- The company has initiated corrective action wherever necessary regarding auditors qualification in respect of certain current assets and sundry creditors mentioned in their reports on the annual accounts for the year ended March 31, 2012, and limited review reports. In the opinion of the management these qualifications are not expected to have any material impact on the financial results of the Company for the quarter ended September 30, 2012.
- Cash & Bank balances includes cash & cash equivalents of Rs.1,622 lacs (as at March 31, 2012 Rs.2,783 lacs).
- Previous period/year figures have been regrouped wherever necessary to confirm with current period presentation.

PLACE: BANGALORE  
DATE: 02/11/2012



For Kirloskar Electric Company Limited  
*[Signature]*  
Chairman & Managing Director