



**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 quarter ended September 30, 2011 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) 2400, Engagements to Review Financial Statements 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 recognised 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. 1,534.715 million as at September 30, 2011 adopted for compilation of unaudited financial results are as valued by management for reasons detailed in paragraph 10(ii) of our report dated May 28, 2011 to the members of the Company. Pending completion of identification of mistakes and correction, consequential impact if any, on the consumption of materials and components and profit before and after tax expense for the period ending September 30, 2011 cannot be 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 of our report dated May 28, 2011 to the members of the company on the audit of financial statements for the year ended March 31, 2011, inter alia relating to certain debtors, creditors, loans and advances, balances of the Company with erstwhile subsidiary Kaytee Switchgear Limited, operating business of Kirloskar Power Equipment Limited being under review/ reconciliation/identification of further doubtful debts and advances, SAP ECC 6 systems being subject to stabilization/cleansing of data at certain units and modifications required in the processes adopted for valuation of inventories to bring them in line with Accounting Standard – 2, realizable value of assets held for sale being assessed by management without support of an external valuation or quotations from prospective buyers and dues from certain companies which have incurred losses and whose net worth has been partially or wholly eroded being considered as good of recovery. Effect on revenue, if any is not ascertained.

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. 0028785



(C R Krishna)

Partner

Membership No. 27990

**B.K. RAMADHYANI & COMPANY**

CHARTERED ACCOUNTANTS

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Chartered Accountants  
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Date: November 08, 2011