

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, 2013 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 *The Company has implemented SAP ECC 6 systems at its units in earlier years. Management has informed us that 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. Work in progress at certain units as at September 30, 2013 with aggregate carrying value of Rs.6,293 lakhs (as at 31/03/2013 – Rs. 5,659 lakhs) includes non moving and old inventories in respect of which physical identification/ reconciliation/assessment of net realizable value and reusability is under progress. Further, determination of cost or net realizable value in respect of work in progress is not in line with Accounting Standard (AS) – 2 as referred to in section 211 (3) (C) of the Companies Act, 1956. Management has informed us that continuing steps are being taken to cleanse data, stabilize systems, identify all old/ non moving materials and refine the procedures for determination of cost or net realizable value of work in progress in line with AS – 2. Pending completion of the same, assessment of impact on the financial results is not practicable.*
- 2 *The Company has not ascertained the quantum of interest payable on delayed payment of dues to Micro, Small and Medium Enterprises as stipulated in Micro, Small and Medium Enterprises Development Act, 2006. Consequential impact on financial results not ascertained.*



- 3 Confirmation of balances called for in the previous financial year in respect of trade receivables are awaited. Accounts of certain trade receivables are subject to review/ identification of doubtful debts by management. Debts above two years net of provision already made and considered as good of recovery by management is estimated to be Rs.2,398 lakhs (as at 31/03/2013 – Rs. 1,940 lakhs). The relevant accounts are subject to adjustments, if required after management completes review, reconciliation and identification for further provision of doubtful debts.
4. In respect of assets held for sale, Management has informed us that realizable value of such assets is more than its carrying value of Rs.793 lakhs (as at 31/03/2013 – Rs.793 lakhs). However, this assessment of management is not supported by an external valuation or quotations from prospective buyers.

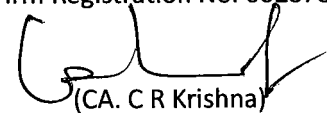
In all the cases above, effect on revenue is not ascertainable. We do not express any independent opinion in these matters.

Other Matters:

- (a) Lloyd Dynamowerke GmbH & Co. KG, Germany ("LDW"), a step down subsidiary of the Company has incurred substantial losses affecting its networth as per its audited financial statements for the year ended March 31, 2013. The Company has carried out a valuation as at March 31, 2013 of its subsidiary Kirsons BV (immediate holding company of LDW) and LDW by an independent agency and according to the Company there is no diminution in the carrying value of investments in the Company's books of Rs.18,134 lakhs (as at 31/03/2013 – Rs 15,458 lakhs). Further, the Company has informed us in respect of LDW that it has sufficient orders in hand and is confident of earning profits in the subsequent years. We have relied on the said valuation and representation of the Company and consequently no adjustments have been made in this respect to the financial results of the Company. Our report is not modified in this respect.
- (b) The Company has filed before the honorable Supreme Court, special leave petitions in respect of resale tax and sales tax penalty of Rs 527 lakhs of 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 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 the interim financial results. Our report is not modified in this respect.

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

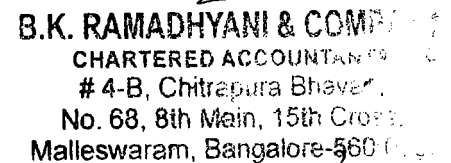
For B. K. Ramadhyani & Co.,
Chartered Accountants
Firm Registration No. 002878S


(CA. C R Krishna)

Partner

Membership No. 27990

B K Ramadhyani & Co.,
68, 4B, 4th Floor, Chitrapur Bhavan, 8th Main,
15th Cross, Malleshwaram, Bangalore – 560 055
Date: November 13, 2013


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

KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

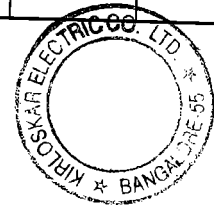
Regd Office: Industrial Suburb, Rajajinagar, Bangalore - 560 010

STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTH ENDED SEPTEMBER 30, 2013



SI No	Particulars	Amount (Rs.in Lacs)					
		Three Months ended 30/09/2013	Preceding Three Months ended 30/06/2013	Corresponding previous year three months ended 30/09/2012	Year to Date figures for current period ended 30/09/2013	Year to Date figures for previous year six months ended 30/09/2012	Year to Date figures for Previous year ended 31/03/2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 a	Gross sales	20,231	21,511	21,616	41,742	42,571	88,412
	Less : excise duty	1,972	2,002	2,011	3,974	3,921	8,218
	Net sales/ income from operations	18,259	19,509	19,605	37,768	38,650	80,194
b.	Other operating income	-	-	-	-	-	-
2	Expenditure						
a	Cost of materials consumed	14,401	14,071	15,010	28,472	29,538	61,740
b	Change in inventories of finished goods, work in progress and stock in trade	(1,077)	736	(588)	(341)	(1,487)	(2,618)
c	Employee benefit expenses	1,749	2,168	2,122	3,917	4,280	8,297
d	Depreciation and amortisation expenses	345	376	427	721	875	1,703
e	Other expenditure	1,947	2,055	1,695	4,002	3,588	8,042
f	Total	17,365	19,406	18,666	36,771	36,794	77,164
3	Profit from operations before other income, Interest and exceptional items (1 - 2f)	894	103	939	997	1,856	3,030
4	Other income	180	94	97	274	154	902
5	Profit before interest and exceptional items (3+4)	1,074	197	1,036	1,271	2,010	3,932
6	Finance costs	1,039	935	878	1,974	1,700	3,358
7	Profit after interest but before exceptional items (5-6)	35	(738)	158	(703)	310	574
8	Exceptional items (net)	-	-	-	-	-	-
9	Profit from ordinary activities before tax (7- 8)	35	(738)	158	(703)	310	574
10 a	Provision for current tax	-	-	64	-	94	158
b	Provision for deferred tax	-	-	-	-	-	-
11	Net profit from ordinary activities after tax (9-10)	35	(738)	94	(703)	216	416
12	Extraordinary Item (net of tax expense)	-	-	-	-	-	-
13	Net profit for the period (11+12)	35	(738)	94	(703)	216	416
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	14,031
16	Earnings per share (EPS)						
a	Basic and diluted EPS before extra ordinary items (not annualised)	0.07	(1.46)	0.19	(1.39)	0.43	0.82
b	Basic and diluted EPS after extra ordinary items (not annualised)	0.07	(1.46)	0.19	(1.39)	0.43	0.82
17	Aggregate of non-promoters shareholding						
A	Particulars of share holding						
1	Public share holding						
	-Number of shares	25,595,359	25,594,859	25,617,827	25,595,359	25,617,827	25,618,621
	-Percentage of share holding	50.66%	50.66%	50.71%	50.66%	50.71%	50.71%
18	Promoters and promoter group shareholding						
a	Pledged/encumbered						
	-Number of shares	-	-	-	-	-	-
	-Percentage of shares (as a % of the total share holding of promoter and promoter group)	-	-	-	-	-	-
	-Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
b	Non-encumbered						
	-Number of shares	24,926,008	24,926,508	24,903,540	24,926,008	24,903,540	24,902,746
	-Percentage of shares (as a % of the total share holding of promoter and promoter group)	100%	100%	100%	100%	100%	100%
	-Percentage of shares (as a % of the total share capital of the company)	49.34%	49.34%	49.29%	49.29%	49.29%	49.29%

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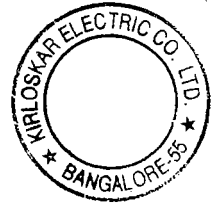
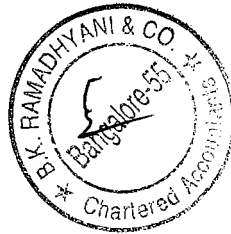
B	INVESTOR COMPLAINTS	Quarter ended September 30, 2013
	Pending at the beginning of the quarter	Nil
	Received during the quarter	1
	Disposed of during the quarter	1
	Remaining unresolved at the end of the quarter	Nil

Revenues, results and capital employed for the segments for the quarter and six month ended September 30, 2013

Amount (Rs.in Lacs)

SI No	Particulars	Standalone					
		Three Months ended 30/09/2013	Preceding Three Months ended 30/06/2013	Corresponding previous year three months ended 30/09/2012	Year to Date figures for current period ended 30/09/2013	Year to Date figures for previous year six months ended 30/09/2012	Year to Date figures for Previous year ended 31/03/2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenues						
	Power generation/ distribution	8,672	9,393	10,395	18,065	20,323	41,516
	Rotating machines	10,001	11,149	11,296	21,150	22,067	44,582
	Others	1,974	1,631	1,207	3,605	2,282	4,745
	Total	20,647	22,173	22,898	42,820	44,672	90,843
	Less: Inter segment revenues	416	662	1,282	1,078	2,101	2,431
	Sales / Income from operations	20,231	21,511	21,616	41,742	42,571	88,412
2	Segment Results						
	Profit before interest, depreciation and tax expense						
	Power generation/ distribution	275	260	468	535	1,470	2,836
	Rotating machines	1,241	777	1,192	2,018	2,132	4,248
	Others	492	409	317	901	558	1,143
	Total	2,008	1,446	1,977	3,454	4,160	8,227
	Less: Interest	1,039	935	878	1,974	1,700	3,358
	Less: Other unallocable expenditure (net off unallocable income)	934	1,249	941	2,183	2,150	4,295
	Total profit before tax expense & after extraordinary item	35	(738)	158	(703)	310	574
3	Capital Employed (Segment Assets-Segment Liabilities)						
	Power generation/ distribution	2,310	3,029	2,700	2,310	2,700	5,606
	Rotating machines	15,855	15,840	16,911	15,855	16,911	15,282
	Others	3,712	4,018	3,831	3,712	3,831	1,719
	Total capital employed in segments	21,877	22,887	23,442	21,877	23,442	22,607
	Add: Unallocable	(3,016)	(4,061)	(4,079)	(3,016)	(4,079)	(3,043)
	Total capital employed	18,861	18,826	19,363	18,861	19,363	19,564

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STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2013
(Standalone)

Amount (Rs.in Lacs)

Sl No.	Particulars	As at September 30, 2013		As at March 31, 2013	
		(Unaudited)		(Audited)	
A EQUITY AND LIABILITIES					
1	Shareholders' funds:				
	(a) Share capital	5,052		5,052	
	(b) Reserves and surplus	13,809		14,512	
			18,861		19,564
2	Non - current liabilities				
	(a) Long term borrowings	2,975		2,028	
	(b) Other long term liabilities	750		715	
	(c) Long term provisions	1,122		1,265	
			4,847		4,008
3	Current liabilities				
	(a) Short term borrowings	16,028		15,175	
	(b) Trade payables	24,159		24,064	
	(c) Other current liabilities	6,597		6,421	
	(d) Short term provisions	1,279		1,186	
			48,063		46,846
	Total		71,771		70,418
B ASSETS:					
1	Non - current assets				
	(a) Fixed assets				
	(i) Tangible assets	12,694		12,991	
	(ii) Intangible assets	56		63	
	(iii) Capital work in progress	170		429	
		12,920		13,483	
	(b) Non - current investments	18,189		15,514	
	(c) Long term loans and advances	1,797		1,705	
	(d) Other non current assets	105		124	
			33,011		30,826
2	Current assets				
	(a) Inventories	14,212		13,500	
	(b) Trade receivables	18,557		19,513	
	(c) Cash and bank balances	2,182		2,693	
	(d) Short term loans and advances	1,559		1,518	
	(e) Other current assets	2,250		2,368	
			38,760		39,592
	Total		71,771		70,418

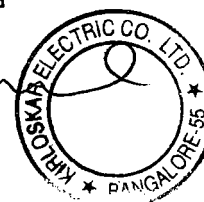
Notes:

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on November 13, 2013 and a limited review of the standalone results has been carried out by the Statutory Auditors of the Company.
- 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 reconciliation of trade receivables, valuation and rectification of inventories and external valuation of assets held for sale. In the opinion of the Company these qualifications are not expected to have any material impact on the financial results of the Company for the quarter and the half year ended September 30, 2013.
- Investment includes share application money pending allotment of Rs. 2,675 lakhs in the Company's subsidiary Kirsons BV (immediate holding Company of Lloyd Dynamowerke GmbH & Co. KG, Germany a step down subsidiary of the Company).
- Previous period/year figures have been regrouped wherever necessary to confirm with current period presentation.

For Kirloskar Electric Company Limited



(VIJAY R KIRLOSKAR)
Chairman & Managing Director



PLACE: BANGALORE
DATE: November 13, 2013

