

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 nine months ended December 31, 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. 14,103.08 lakhs as at December 31, 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 December 31, 2012 is not ascertained.*



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. 2,205 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. 560 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 period, 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


(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: February 08, 2013

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



Sl No	Particulars	Amount (Rs.in Lacs)					
		Standalone					
		Three Months ended 31/12/2012	Preceding Three Months ended 30/09/2012	Corresponding previous year three months ended 31/12/2011	Year to Date figures for current period ended 31/12/2012	Year to Date figures for Previous year ended 31/12/2011	Year Ended 31/03/2012
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1 a	Gross Sales	22,100	21,616	22,164	64,671	70,931	94,902
	Less : Excise Duty	2,116	2,011	1,733	6,037	5,716	7,728
	Net Sales/ Income from operations	19,984	19,605	20,431	58,634	65,215	87,174
b.	Other Operating Income	-	-	-	-	-	-
2	Expenditure						
a	Cost of Materials consumed	14,041	15,010	15,516	43,579	52,956	66,613
b	Change in Inventories of finished goods, work in progress and stock in trade	757	(588)	(487)	(730)	(3,836)	(1,027)
c	Employee benefit expenses	2,081	2,122	2,217	6,361	6,213	8,013
d	Depreciation & Amortisation Expenses	416	427	474	1,291	1,362	1,839
e	Other expenditure	1,780	1,695	1,746	5,368	5,468	7,473
f	Total	19,075	18,666	19,466	55,869	62,163	82,911
3	Profit from Operations before other income, Interest & exceptional items (1 - 2f)	909	939	965	2,765	3,052	4,263
4	Other Income	108	97	35	262	193	576
5	Profit before interest and exceptional items (3+4)	1,017	1,036	1,000	3,027	3,245	4,839
6	Finance Costs	839	878	827	2,539	2,977	3,830
7	Profit after interest but before exceptional items (5-6)	178	158	173	488	268	1,009
8	Exceptional Items (Net)	-	-	-	-	-	-
9	Profit from ordinary activities before tax (7- 8)	178	158	173	488	268	1,009
10 a	Provision for current tax	63	64	(1)	157	-	52
b	Provision for deferred tax	-	-	-	-	-	-
11	Net profit from ordinary activities after tax (9-10)	115	94	174	331	268	957
12	Extraordinary Item (net of tax expense)	-	-	-	-	-	-
13	Net profit for the period (11+12)	115	94	174	331	268	957
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)	0.23	0.19	0.31	0.66	0.42	1.73
b	Basic & Diluted EPS after extra ordinary items (not annualised)	0.23	0.19	0.31	0.66	0.42	1.73
17	Aggregate of non-promoters shareholding						
A	Particulars of Share Holding						
1	Public Share Holding	25,617,621	25,617,827	25,642,881	25,617,621	25,642,881	25,636,684
	-Number of Shares	50.71%	50.71%	50.76%	50.71%	50.76%	50.74%
	-Percentage of Share Holding						
18	Promoters and Promoter group shareholding						
a	Pledged/Encumbered						
	-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)	-	-	10.05%	-	10.05%	10.05%
	-Percentage of Shares (as a % of the total share capital of the company)	-	-	4.95%	-	4.95%	4.95%
b	Non-Encumbered						
	-Number of Shares	24,903,746	24,903,540	22,378,486	24,903,746	22,378,486	22,384,683
	-Percentage of Shares(as a % of the total share holding of promoter and promoter group)	100.00%	100.00%	89.95%	100.00%	89.95%	89.95%
	-Percentage of Shares (as a % of the total share capital of the company)	49.29%	49.29%	44.29%	49.29%	44.29%	44.31%

B	INVESTOR COMPLAINTS	Quarter ended December 31, 2012
	Pending at the beginning of the quarter	Nil
	Received during the quarter	4
	Disposed of during the quarter	4
	Remaining unresolved at the end of the quarter	Nil



Revenues, Results & Capital Employed for the Segments for the quarter ended December 31, 2012

Amount (Rs.in Lacs)

No	Particulars	Standalone					
		Three Months ended 31/12/2012	Preceding Three Months ended 30/09/2012	Corresponding previous year three months ended 31/12/2011	Year to Date figures for current period ended 31/12/2012	Year to Date figures for Previous year ended 31/12/2011	Year Ended 31/03/2012
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenues						
	Power generation/ distribution	9,554	10,395	11,036	29,877	35,521	47,241
	Rotating machines	11,205	11,296	9,869	33,272	32,640	43,642
	Others	921	1,207	1,796	3,203	5,239	6,965
	Total	21,680	22,898	22,701	66,352	73,400	97,848
	Less: Inter segment revenues	(420)	1,282	537	1,681	2,469	2,946
	Sales / Income from operations	22,100	21,616	22,164	64,671	70,931	94,902
2	Segment Results						
	Profit before interest, depreciation and tax expense						
	Power generation/ distribution	968	468	900	2,438	2,108	3,328
	Rotating machines	968	1,192	1,008	3,100	3,222	5,026
	Others	211	317	424	769	1,213	1,667
	Total	2,147	1,977	2,332	6,307	6,543	10,021
	Less: Interest	839	878	827	2,539	2,977	3,830
	Less: Other unallowable expenditure (net off unallocable Income)	1,130	941	1,332	3,280	3,298	5,182
	Total profit before tax expense & after extraordinary item	178	158	173	488	268	1,009
3	Capital Employed (Segment Assets-Segment Liabilities)						
	Power generation/ distribution	4,017	2,700	3,380	4,017	3,380	2,416
	Rotating machines	17,297	16,911	18,357	17,297	18,357	13,981
	Others	1,153	3,831	954	1,153	954	3,258
	Total capital employed in segments	22,467	23,442	22,691	22,467	22,691	19,655
	Add: Unallocable	(2,988)	(4,079)	(4,054)	(2,988)	(4,054)	(507)
	Total Capital employed	19,479	19,363	18,637	19,479	18,637	19,148

Consolidated Key Financials

Consolidated Key Financials of the Company for the quarter ended December 31, 2012 (Not subject to limited review by statutory auditors)

Amount (Rs.in Lacs)

Sl No.	Particulars	Three Months ended 31/12/2012	Preceding Three Months ended 30/09/2012	Corresponding previous year three months ended 31/12/2011	Year to Date figures for current period ended 31/12/2012	Year to Date figures for Previous year ended 31/12/2011	Year Ended 31/03/2012
1	Gross Sales	27,452	29,265	27,512	85,163	86,236	116,852
a.	Less Excise Duty	2,116	2,011	1,733	6,037	5,716	7,727
b.	Net Sales	25,336	27,254	25,779	79,126	80,520	109,125
2	Net Profit/Loss (Before Extra-ordinary Items & Taxation)	(260)	230	6	(181)	(291)	192
3	Extraordinary Items			41	-	-	136
	Net Profit/Loss (After Extra-ordinary Items but before Taxation)	(260)	230	(35)	(181)	(291)	328
5	Provision for Taxation	86	86	(5)	218	105	9
6	Profit/Loss After Tax	(346)	144	(30)	(399)	(396)	319
7 a.	Less: Minority Interest	(24)	1	-	(37)	(14)	(15)
b.	Add/(Less) Share of (Loss)/Profit from associates	-	6	-	3	(7)	9
8	Profit/Loss attributable to shareholders of the Company	(322)	149	(30)	(359)	(389)	343
9 a.	EPS Basic & Diluted (Not annualised) Rs. Per share before Extraordinary items	(0.64)	0.29	(0.09)	(0.71)	(0.88)	0.52
b.	EPS Basic & Diluted (Not annualised) Rs. Per share after Extraordinary items	(0.64)	0.29	(0.09)	(0.71)	(0.88)	0.52

Notes:

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 8, 2013.
- 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. According to the management these qualifications are not expected to have material impact on the financial results of the Company for the period ended December 31, 2012
- Previous period/year figures have been regrouped wherever necessary to confirm with current period presentation.

PLACE: BANGALORE
DATE: 08/02/2013



For Kirloskar Electric Company Limited


Chairman & Managing Director