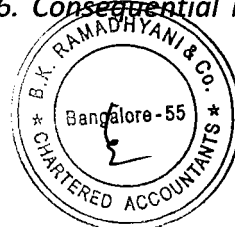


Auditor's Report on Quarterly Financial Results and Year to Date Financial Results of Kirloskar Electric Company Limited Pursuant to the clause 41 of the Listing Agreement.

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

1. We have audited the quarterly financial results of Kirloskar Electric Company Limited ("the Company") for the quarter ended March 31, 2013 and the year to date financial results for the period from April 1, 2012 to March 31, 2013, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosure regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements and the relevant requirements of Clause 41 of the Listing Agreement, which are the responsibility of the Company's management and have been approved by the Board of Directors, and are derived figures between the audited figures in respect of the current full year ended March 31, 2013 and the published year to date figures up to December 31, 2012, being the date of the end of third quarter of current financial year, which were subjected to limited review. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standard) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. The report on the financial statements of the Kuala Lumpur branch office for the year ended March 31, 2013 (not audited by us) audited by Sundar & Associates, Chartered Accountants (Malaysia), has been forwarded to us and has been dealt with in the manner considered appropriate by us while preparing our report. Our report is not qualified in this respect.
4. *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 statements not ascertained.*



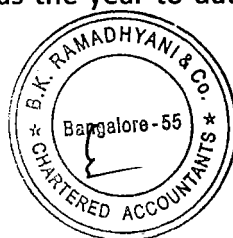
5. *Confirmation of balances from trade receivables is awaited. Accounts of certain trade receivables are subject to review/ identification of doubtful debts by management. Debts above two years net of provision already made and considered as good of recovery by management is estimated to be Rs.1,940.51 lakhs. The relevant accounts are subject to adjustments, if required after management completes review, reconciliation and identification for further provision of doubtful debts.*
6. *The Company has implemented SAP ECC 6 systems at its units. 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. Further, work in progress at certain units as at March 31, 2013 with aggregate carrying value of Rs.5,658.81 lakhs includes non moving and old inventories in respect of which physical identification/ reconciliation/assessment of net realizable value and reusability is under progress. The 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.*
7. *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.793.09 lakhs. However, this assessment of management is not supported by an external valuation or quotations from prospective buyers.*

In all the cases above in para 4 to 7, effect on revenue, assets and liabilities is not ascertainable. We do not express any independent opinion in these matters.

9. Emphasis of matter

Management has informed us that Lloyd Dynamowerke GmbH & Co. KG, Germany ("LDW") has incurred losses for the year. However, we are informed that it has sufficient orders in hand, is confident of earning profits in the subsequent years and that the diminution in the carrying value of the investments held by the Company in Kirsons BV (immediate holding company of LDW) of Rs.15,458.53 lakhs is considered temporary and no provision is considered necessary.

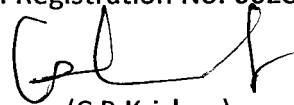
10. In our opinion and to the best of our information and according to the explanations given to us and *except for para 4 to 7 above*, these quarterly financial results as well as the year to date financial results:
 - i. are presented in accordance with the requirements of Clause 41 of the Listing Agreement in this regard, except that in the absence of the financial statements of subsidiaries, the Company has not published consolidated financial statements for the year ended March 31, 2013; and
 - ii. give a true and fair view of the net profit and other financial information for the quarter ended March 31, 2013 as well as the year to date results for the period from April 1, 2012 to March 31, 2013.



Further, read with para 1, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of Clause 35 of the Listing Agreement and found the same to be correct.

11. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2013 represent the derived figures between the audited figures in respect of the current full financial year ended March 31, 2013 and the published year to date figures up to December 31, 2012, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under clause 41(l)(d) of the Listing Agreement.

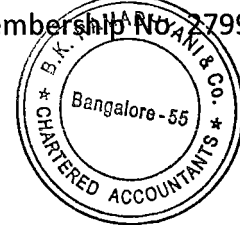
For B K Ramadhyani & Co.,
Chartered Accountants
Firm Registration No. 002878S



(C R Krishna)

Partner

Membership No. 27990



Place: Bangalore

Date: May 30, 2013

KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE

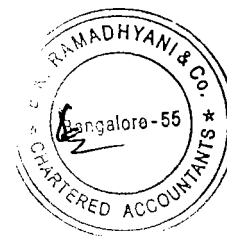
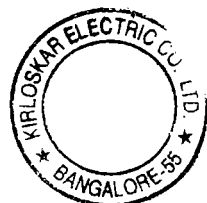
Regd Office: Industrial Suburb, Rajajinagar, Bangalore - 560 010

STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2013



Amount (Rs.in Lacs)

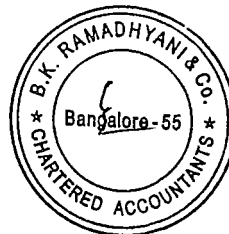
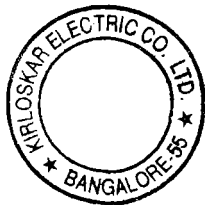
Sl No	Particulars	Standalone				
		Three Months ended 31/03/2013	Preceding Three Months ended 31/12/2012	Corresponding previous year three months ended 31/03/2012	Year to Date figures for current period ended 31/03/2013	Year to Date figures for Previous year ended 31/03/2012
		Audited	Unaudited	Audited	Audited	Audited
1 a	Gross Sales	23,741	22,100	23,971	88,412	94,902
	Less : Excise Duty	2,181	2,116	2,012	8,218	7,728
	Net Sales/ Income from operations	21,560	19,984	21,959	80,194	87,174
b.	Other Operating Income	-	-	-	-	-
2	Expenditure					
a	Cost of Materials consumed	18,161	14,041	13,657	61,740	66,613
b	Change in Inventories of finished goods, work in progress and stock in trade	(1,888)	757	2,809	(2,618)	(1,027)
c	Employee benefit expenses	1,936	2,081	1,791	8,297	8,013
d	Depreciation & Amortisation Expenses	412	416	477	1,703	1,839
e	Other expenditure	2,674	1,780	2,018	8,042	7,473
f	Total	21,295	19,075	20,752	77,164	82,911
3	Profit from Operations before other income, Interest & exceptional items (1 - 2f)	265	909	1,207	3,030	4,263
4	Other Income	640	108	387	902	576
5	Profit before interest and exceptional items (3+4)	905	1,017	1,594	3,932	4,839
6	Finance Costs	819	839	854	3,358	3,830
7	Profit after interest but before exceptional items (5-6)	86	178	740	574	1,009
8	Exceptional Items (Net)	-	-	-	-	-
9	Profit from ordinary activities before tax (7-8)	86	178	740	574	1,009
10 a	Provision for current tax	1	63	51	158	52
b	Provision for deferred tax	-	-	-	-	-
11	Net profit from ordinary activities after tax (9-10)	85	115	689	416	957
12	Extraordinary Item (net of tax expense)	-	-	-	-	-
13	Net profit for the period (11+12)	85	115	689	416	957
14	Paid up Equity Share Capital (face value of Rs. 10/-)	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	14,031	13,615
16	Earnings Per Share (EPS)					
a	Basic & Diluted EPS before extra ordinary items (not annualised)	0.17	0.23	1.33	0.82	1.73
b	Basic & Diluted EPS after extra ordinary items (not annualised)	0.17	0.23	1.33	0.82	1.73
17	Aggregate of non-promoters shareholding					
A	Particulars of Share Holding					
1	Public Share Holding	25,618,621	25,617,621	25,636,684	25,618,621	25,636,684
	-Number of Shares	50.71%	50.71%	50.74%	50.71%	50.74%
	-Percentage of Share Holding					
18	Promoters and Promoter group shareholding					
a	Pledged/Encumbered					
	-Number of Shares	-	-	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%
	-Percentage of Shares (as a % of the total share capital of the company)	-	-	4.95%	-	4.95%
b	Non-Encumbered					
	-Number of Shares	24,902,746	24,903,746	22,384,683	24,902,746	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%
	-Percentage of Shares (as a % of the total share capital of the company)	49.29%	49.29%	44.31%	49.29%	44.31%



B	INVESTOR COMPLAINTS	Quarter ended March 31, 2013
	Pending at the beginning of the quarter	Nil
	Received during the quarter	Nil
	Disposed of during the quarter	Nil
	Remaining unresolved at the end of the quarter	Nil

Revenues, Results & Capital Employed for the Segments for the quarter ended March 31, 2013
Amount (Rs.in Lacs)

Sl No	Particulars	Standalone				
		Three Months ended 31/03/2013	Preceding Three Months ended 31/12/2012	Corresponding previous year three months ended 31/03/2012	Year to Date figures for current period ended 31/03/2013	Year to Date figures for Previous year ended 31/03/2012
		Audited	Unaudited	Audited	Audited	Audited
1	Segment Revenues					
	Power generation/ distribution	11,639	9,554	11,721	41,516	47,241
	Rotating machines	11,310	11,205	11,002	44,582	43,642
	Others	1,542	921	1,727	4,745	6,965
	Total	24,491	21,680	24,450	90,843	97,848
	Less: Inter segment revenues	750	(420)	479	2,431	2,946
	Sales / Income from operations	23,741	22,100	23,971	88,412	94,902
2	Segment Results					
	Profit before interest, depreciation and tax expense					
	Power generation/ distribution	398	968	885	2,836	3,328
	Rotating machines	1,148	968	1,477	4,248	5,026
	Others	374	211	454	1,143	1,667
	Total	1,920	2,147	2,816	8,227	10,021
	Less: Interest	819	839	854	3,358	3,830
	Less: Other unallowable expenditure (net off unallocable Income)	1,015	1,130	1,222	4,295	5,182
	Total profit before tax expense & after extraordinary item	86	178	740	574	1,009
3	Capital Employed (Segment Assets-Segment Liabilities)					
	Power generation/ distribution	5,606	4,017	2,416	5,606	2,416
	Rotating machines	15,282	17,297	13,981	15,282	13,981
	Others	1,719	1,153	3,258	1,719	3,258
	Total capital employed in segments	22,607	22,467	19,655	22,607	19,655
	Add: Unallocable	(3,043)	(2,988)	(507)	(3,043)	(507)
	Total Capital employed	19,564	19,479	19,148	19,564	19,148



STATEMENT OF ASSETS & LIABILITIES AS AT MARCH 31, 2013
(Standalone)

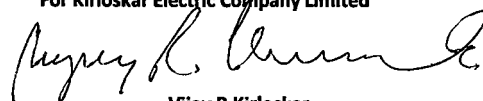
(Rs. In lacs)

Sl No.	Particulars	As at March 31, 2013		As at March 31, 2012	
		(Audited)		(Audited)	
A	EQUITY AND LIABILITIES				
1	Shareholders' Funds:				
	(a) Share Capital	5,052		5,052	
	(b) Reserves and Surplus	14,512		14,096	
			19,564		19,148
2	Non - current liabilities				
	(a) Long term borrowings	2,028		1,294	
	(b) Other long term liabilities	715		690	
	(c) Long term provisions	1,265		1,072	
			4,008		3,056
3	Current Liabilities				
	(a) Short term borrowings	15,175		12,697	
	(b) Trade payables	24,064		22,705	
	(c) Other current liabilities	6,421		9,483	
	(d) Short term provisions	1,186		1,424	
			46,846		46,309
	Total		70,418		68,513
B	ASSETS:				
1	Non - current assets				
	(a) Fixed Assets				
	(i) Tangible assets	12,991		14,310	
	(ii) Intangible assets	63		174	
	(iii) Capital work in progress	429		395	
		13,483		14,879	
	(b) Non - current investments	15,514		12,704	
	(c) Long term loans and advances	1,705		1,450	
	(d) Other non current assets	124		311	
			30,826		29,344
2	Current Assets				
	(a) Inventories	13,500		13,175	
	(b) Trade receivables	19,513		18,744	
	(c) Cash and bank balances	2,693		3,419	
	(d) Short term loans and advances	1,518		1,528	
	(e) Other current assets	2,368		2,303	
			39,592		39,169
	Total		70,418		68,513

Notes:

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 30, 2013.
- Earning Per Share (EPS) has been calculated after providing for preference dividend in previous year.
- The financial results of the Company for the year ended March 31, 2013 have been audited by the Statutory Auditors of the Company.
- The figures for the quarter ended March 31, 2013 represent the derived figures between the audited figures in respect of the current year ended March 31, 2013 and the published year to date figures upto December 31, 2012, being the end of the third quarter of current year which were subjected to a limited review, as required under clause 41 (1) (d) of the listing agreement.
- 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 year ended March 31, 2013.
- The Company has not received financial statement from its subsidiaries since the audit is in progress, hence consolidated financials statements have not been furnished
- 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: May 30, 2013

