

## 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 June 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. Further, work in progress at certain units as at June 30, 2013 with aggregate carrying value of Rs.6,652 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.2,009 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.*

5. Lloyd Dynamowerke GmbH & Co. KG, Germany (“LDW”) a step down subsidiary of the Company has incurred substantial losses affecting its networth as per the audited financial statements for the year ended March 31, 2013. However, the Company has carried out a valuation 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 value of investments carried in the Company’s books of Rs.16,934 lakhs (as at 31/03/2013 - Rs.15,458.53 lakhs). Further, the Company has informed us in respect of LDW that it has sufficient orders in hand, 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.

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. 027990

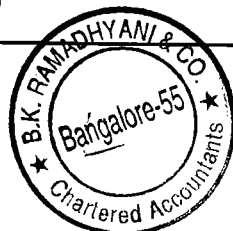
B K Ramadhyani & Co.,  
68, 4B, 4<sup>th</sup> Floor, Chitrapur Bhavan  
8<sup>th</sup> Main, 15<sup>th</sup> Cross,  
Malleshwaram,  
Bangalore – 560 055  
Date: August 13, 2013

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



Amount (Rs.in Lacs)

SI No	Particulars	Standalone			
		Three Months ended 30/06/2013	Preceding Three Months ended 31/03/2013	Corresponding previous year three months ended 30/06/2012	Year to Date figures for Previous year ended 31/03/2013
		Unaudited	Audited	Unaudited	Audited
1 a	Gross Sales	21,511	23,741	20,955	88,412
	Less : Excise Duty	2,002	2,181	1,910	8,218
	<b>Net Sales/ Income from operations</b>	<b>19,509</b>	<b>21,560</b>	<b>19,045</b>	<b>80,194</b>
b.	Other Operating Income	-	-	-	-
2	Expenditure				
a	Cost of Materials consumed	14,071	18,161	14,528	61,740
b	Change in Inventories of finished goods, work in progress and stock in trade	736	(1,888)	(899)	(2,618)
c	Employee benefit expenses	2,168	1,936	2,158	8,297
d	Depreciation & Amortisation Expenses	376	412	448	1,703
e	Other expenditure	2,055	2,674	1,893	8,042
f	Total	19,406	21,295	18,128	77,164
3	Profit from Operations before other income, Interest & exceptional items (1 - 2f)	103	265	917	3,030
4	Other Income	94	640	57	902
5	Profit before interest and exceptional items (3+4)	197	905	974	3,932
6	Finance Costs	935	819	822	3,358
7	Profit/(loss) after interest but before exceptional items (5-6)	(738)	86	152	574
8	Exceptional Items (Net)	-	-	-	-
9	Profit/(loss) from ordinary activities before tax (7-8)	(738)	86	152	574
10 a	Provision for current tax	-	1	30	158
b	Provision for deferred tax	-	-	-	-
11	<b>Net profit/(loss) from ordinary activities after tax (9-10)</b>	<b>(738)</b>	<b>85</b>	<b>122</b>	<b>416</b>
12	Extraordinary Item (net of tax expense)	-	-	-	-
13	<b>Net profit/(loss) for the period (11+12)</b>	<b>(738)</b>	<b>85</b>	<b>122</b>	<b>416</b>
14	Paid up Equity Share Capital (face value of Rs. 10/-)	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
16	Earnings Per Share (EPS)				
a	Basic & Diluted EPS before extra ordinary items (not annualised)	(1.46)	0.17	0.24	0.82
b	Basic & Diluted EPS after extra ordinary items (not annualised)	(1.46)	0.17	0.24	0.82
17	Aggregate of non-promoters shareholding				
A	<b>Particulars of Share Holding</b>				
1	Public Share Holding				
	-Number of Shares	25,594,859	25,618,621	25,618,327	25,618,621
	-Percentage of Share Holding	50.66%	50.71%	50.71%	50.71%
18	Promoters and Promoter group shareholding				
a	<b>Pledged/Encumbered</b>				
	-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	<b>Non-Encumbered</b>				
	-Number of Shares	24,926,508	24,902,746	24,903,040	24,902,746
	-Percentage of Shares(as a % of the total share holding of promoter and promoter group)	100%	100%	100%	100%
	-Percentage of Shares (as a % of the total share capital of the company)	49.34%	49.29%	49.29%	49.29%



B	INVESTOR COMPLAINTS	Quarter ended June 30, 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

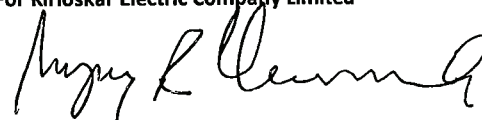
**Revenues, Results & Capital Employed for the Segments for the quarter ended June 30, 2013**

Sl No	Particulars	Standalone			
		Three Months ended 30/06/2013	Preceding Three Months ended 31/03/2013	Corresponding previous year three months ended 30/06/2012	Year to Date figures for Previous year ended 31/03/2013
		Unaudited	Audited	Unaudited	Audited
<b>1</b>	<b>Segment Revenues</b>				
	Power generation/ distribution	9,393	11,639	9,928	41,516
	Rotating machines	11,149	11,310	10,771	44,582
	Others	1,631	1,542	1,075	4,745
	Total	22,173	24,491	21,774	90,843
	Less: Inter segment revenues	662	750	819	2,431
	Sales / Income from operations	21,511	23,741	20,955	88,412
<b>2</b>	<b>Segment Results</b>				
	Profit before interest, depreciation and tax expense				
	Power generation/ distribution	260	398	1,002	2,836
	Rotating machines	777	1,148	940	4,248
	Others	409	374	241	1,143
	Total	1,446	1,920	2,183	8,227
	Less: Interest	935	819	822	3,358
	Less: Other unallocable expenditure (net off unallocable Income)	1,249	1,015	1,209	4,295
	Total profit/(loss) before tax expense & after extraordinary item	(738)	86	152	574
<b>3</b>	<b>Capital Employed (Segment Assets-Segment Liabilities)</b>				
	Power generation/ distribution	3,029	5,606	1,673	5,606
	Rotating machines	15,840	15,282	15,185	15,282
	Others	4,018	1,719	3,676	1,719
	Total capital employed in segments	22,887	22,607	20,534	22,607
	Add: Unallocable	(4,061)	(3,043)	(1,263)	(3,043)
	Total Capital employed	18,826	19,564	19,271	19,564

**Notes:**

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on August 13, 2013.
- The financial results of the Company for the year ended March 31, 2013 have been audited by the Statutory Auditors of the Company.
- 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 ended June 30, 2013 .
- 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: August 13, 2013

