KIRLOSKAR BROTHERS LIMITED

Enriching Lives

Dear Shareholder,

Sub : Update and half yearly financial results

I enclose a copy of the Company's half yearly results as approved by our Board of Directors at their meeting held on October 24, 2013. I take this opportunity to apprise you about certain other initiatives and activities of the Company during the first half of the year 2013 – 14.

Financial Highlights

The net sales from operations for the first half of the year 2013 – 14 is ₹ 81,866 lacs as against ₹ 91,184 lacs during the corresponding period of the previous year. Profit before tax, for the first half is ₹ 1,908 lacs as against ₹ 3,110 lacs as compared to the corresponding period of the previous year.

The overall economic scenario and bearish undercurrent affected the position of revenue and profitability.

The Company continues to be selective with orders with focus on the product business. The Company is working on improving margins, cost reduction at all levels and cash generation.

The Company continues its initiatives to improve domestic sales and efforts are being made to cater to export market as well.

Other Highlights

- KBL subsidiary SPP Pumps Limited commissioned a new plant in Atlanta, USA. This is the seventh manufacturing facility of KBL outside India. This state of the art facility is spread over 155,000 square feet with installed capacity of 2,500 units annually to assemble end suction, horizontal split-case, multistage and vertical turbine pumps.
- KBL signed a Supplier of Choice agreement with SNC Lavalin Canada, for supply of pumps for their global projects.
- KBL inaugurated its fourth Authorized Refurbishment Centre (ARC) in Surat, Gujarat. The facility is equipped with state of the art infrastructure to service, repair and improve efficiency for small, medium and large pumps. Leveraging the ARC, our customers can benefit through reduced transportation cost, downtime and energy conservation on account of pump up-gradation.
- KBL has developed primary heat transfer pumps for the 1X500 MW Bhavini Prototype Fast Breeder Reactor. KBL is the fourth company in the world to manufacture such pumps for fast breeder nuclear reactors. The pump weighs 52 tonnes and handles 5.16 lakh litres of liquid sodium per minute.
- KBL has introduced energy efficient GK-W series pumps of ISO 5199 standard in the market.
- KBL signed a MOU with the Mechanical and Electrical Department (MED), Ministry of Water Resources and Irrigation, Government of Egypt to build and upgrade the skill set of MED's engineers and technicians. Over 21,000 MED engineers will benefit from this training program in next one year.
- The all-women Coimbatore plant of KBL bagged Associated Chambers of Commerce and Industry in India's (ASSOCHAM), Platinum Innovation Excellence Award in the social development category for women empowerment.
- A Scheme of Arrangement and Amalgamation of Hematic Motors Private Limited with Kirloskar Constructions and Engineers Limited (KCEL) is approved by the Honorable High Courts of Judicature of Bombay and Madras. Consequent upon amalgamation, the name of KCEL is changed to Karad Projects and Motors Limited.

I look forward to your continued support and encouragement. It would be our endeavor to continue the better momentum in subsequent quarters to enhance value for our stakeholders.

With regards and seasons' greetings,

Sanjay C. Kirloskar
Chairman and Managing Director

Encl.: As above

Pune : October 24, 2013

KIRLOSKAR BROTHERS LIMITED

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2013

PART I (₹ in Lacs)

Statement of Standalone Unaudited Results for the Quarter and Half Year ended 30/09/2013

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2013 Unaudited	30.06.2013 Unaudited	30.09.2012 Unaudited	30.09.2013 Unaudited	30.09.2012 Unaudited	31.03.2013 Audited
1	**Income from operations**						
	(a) Net Sales/ Income from Operations (net of excise duty)	39,629.90	42,235.90	47,308.79	81,865.80	91,184.40	185,870.00
	(b) Other Operating Income	535.97	345.60	417.83	881.57	766.65	1,369.78
	Total Income from operations (net)	**40,165.87**	**42,581.50**	**47,726.62**	**82,747.37**	**91,951.05**	**187,239.78**
2	**Expenses**						
	a) Cost of materials consumed	18,305.20	22,933.26	24,786.96	41,238.46	45,445.06	97,019.14
	b) Purchases of stock-in-trade	6,706.55	7,084.66	9,726.94	13,791.21	19,499.24	31,620.21
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,434.62	(1,260.36)	(57.87)	174.26	16.54	3,404.90
	d) Employee benefits expense	3,935.68	3,674.78	4,030.26	7,610.46	7,627.72	14,967.64
	e) Depreciation and amortization expense	854.08	857.66	806.60	1,711.74	1,555.60	3,204.62
	f) Other expenses	5,618.42	7,108.57	5,550.04	12,726.99	12,802.17	26,101.22
	Total expenses	**36,854.55**	**40,398.57**	**44,842.93**	**77,253.12**	**86,946.33**	**176,317.73**
3	**Profit /(Loss) from Operations before Other Income, finance costs and exceptional items (1-2)**	**3,311.32**	**2,182.93**	**2,883.69**	**5,494.25**	**5,004.72**	**10,922.05**
4	Other Income	157.82	133.36	285.57	291.18	453.25	699.95
5	**Profit /(Loss) from ordinary activities before finance costs and exceptional items (3+4)**	**3,469.14**	**2,316.29**	**3,169.26**	**5,785.43**	**5,457.97**	**11,622.00**
6	Finance costs	1,046.93	911.85	1,181.50	1,958.78	2,347.86	4,427.22
7	**Profit /(Loss) from ordinary activities after finance costs but before exceptional items (5-6)**	**2,422.21**	**1,404.44**	**1,987.76**	**3,826.65**	**3,110.11**	**7,194.78**
8	Exceptional Items	1,036.89	881.48	-	1,918.37	-	-
9	**Profit /(Loss) from ordinary activities before tax (7-8)**	**1,385.32**	**522.96**	**1,987.76**	**1,908.28**	**3,110.11**	**7,194.78**
10	Tax expense	447.00	179.00	512.47	626.00	732.47	1,350.01
11	**Net Profit/(Loss) from ordinary activities after tax (9-10)**	**938.32**	**343.96**	**1,475.29**	**1,282.28**	**2,377.64**	**5,844.77**
12	Short provision of income tax on account of earlier years	-	-	-	-	-	1,500.00
13	Extraordinary items (net of tax expenses)	-	-	-	-	-	-
14	**Net Profit/(Loss) for the period (11-12)**	**938.32**	**343.96**	**1,475.29**	**1,282.28**	**2,377.64**	**4,344.77**
15	Paid-Up Equity Share Capital (Face value of ₹ 2/- each)	1,587.17	1,587.17	1,587.17	1,587.17	1,587.17	1,587.17
16	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						76,268.59
17. i	**Earnings Per Share (before extraordinary items)** (of ₹ 2/- each) (Not Annualised) - (₹)						
	Basic	1.19	0.43	1.86	1.62	3.00	5.47
	Diluted	1.19	0.43	1.86	1.62	3.00	5.47
17. ii	**Earnings Per Share (after extraordinary items)** (of ₹ 2/- each) (Not Annualised) - (₹)						
	Basic	1.19	0.43	1.86	1.62	3.00	5.47
	Diluted	1.19	0.43	1.86	1.62	3.00	5.47

PART II **Select Information for the Quarter and Half Year ended 30/09/2013 of the Company**

A	PARTICULARS OF SHAREHOLDING						
1	Public Shareholding						
	- Number of Shares	29,126,091	29,229,591	29,229,591	29,126,091	29,229,591	29,229,591
	- Percentage of Shareholding	36.70	36.83	36.83	36.70	36.83	36.83
2	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)	-	-	-	-	-	-

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	b) Non-encumbered						
	- Number of shares	50,232,360	50,128,860	50,128,860	50,232,360	50,128,860	50,128,860
	- Percentage of Shares (as a % of the total share holding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	- Percentage of Shares (as a % of the total share capital of the Company)	63.30	63.17	63.17	63.30	63.17	63.17

B	INVESTOR COMPLAINTS	3 months ended 30/09/2013
	Pending at the beginning of the quarter	0
	Received during the quarter	0
	Disposed off during the quarter	0
	Remaining unresolved at the end of the quarter	0

Notes :

1 Exceptional item represents exchange difference loss / (gain) on revaluation / repayment of borrowings in foreign currency as at the quarter end.

2 The Limited review of the financial results for the quarter ended September 30, 2013, pursuant to clause 41 of the listing agreement, has been carried out by the statutory auditors.

3 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on October 24, 2013.

4 Figures have been regrouped wherever necessary.

Standalone statement of Assets and Liabilities

(₹ In lacs)

Sr. No.	Particulars	Half Year Ended 30.09.2013 Unaudited	Year Ended 31.03.2013 Audited
A	**EQUITY AND LIABILITIES**		
1	**Shareholders' funds**		
	a) Share capital	1,587.17	1,587.17
	b) Reserves and surplus	77,220.67	76,268.59
	c) Money received against share warrants	-	-
	Sub-total - Shareholders' funds	**78,807.84**	**77,855.76**
2	**Share application money pending allotment**	-	-
3	**Non-current liabilities**		
	a) Long-term borrowings	470.53	496.85
	b) Deferred tax liabilities (net)	-	-
	c) Other long term liabilities	7,542.40	8,109.65
	d) Long-term provisions	1,181.63	1,576.50
	Sub-total - Non-current liabilities	**9,194.56**	**10,183.00**
4	**Current liabilities**		
	a) Short-term borrowings	21,985.08	22,333.64
	b) Trade payables	39,073.48	45,224.67
	c) Other current liabilities	32,994.35	31,072.68
	d) Short-term provisions	2,129.70	4,148.04
	Sub-total - Current liabilities	**96,182.61**	**102,779.03**
	TOTAL - EQUITY AND LIABILITIES	**184,185.01**	**190,817.79**
B	**ASSETS**		
1	**Non-current assets**		
	a) Fixed assets	32,436.91	31,644.28
	b) Non-current investments	21,494.37	21,494.37
	c) Deferred tax assets (net)	151.94	409.94
	d) Long-term loans and advances	13,450.37	14,156.45
	e) Other non-current assets	5,188.52	5,954.87
	Sub-total - Non-current assets	**72,722.11**	**73,659.91**
2	**Current assets**		
	a) Current investments	-	-
	b) Inventories	17,555.67	18,330.56
	c) Trade receivables	34,637.29	35,527.49
	d) Cash and bank balances	2,955.84	1,752.34
	e) Short-term loans and advances	18,419.43	21,132.74
	f) Other current assets	37,894.67	40,414.75
	Sub-total - Current assets	**111,462.90**	**117,157.88**
	TOTAL - ASSETS	**184,185.01**	**190,817.79**