

STATEMENT OF CONSOLIDATED AND STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2013

(Rs., Lacs)

S. No.	Particulars	Standalone					Consolidated	
		Unaudited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
		3 months ended	3 months ended	3 months ended	Year ended	Year ended	Year ended	Year ended
		31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
1	Income from operations							
(a)	Income from operations (Net of excise duty)	132.62	401.93	1,000.78	2,498.34	3,773.49	2,498.34	3,773.49
(b)	Other Operating income	-	-	-	-	-	-	-
	Total	132.62	401.93	1,000.78	2,498.34	3,773.49	2,498.34	3,773.49
2	Expenses							
(a)	Cost of Operations	288.43	371.80	845.50	1,780.13	2,975.62	1,780.13	2,975.62
(b)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	334.05	4.12	(496.99)	353.38	(174.51)	353.38	(174.51)
(c)	Employee benefits expense	224.64	240.76	226.30	1,151.54	1,171.94	1,155.60	1,186.39
(d)	Depreciation and amortisation expense	651.22	513.95	641.57	2,559.28	2,591.85	2,569.49	2,601.93
(e)	Other expenses	78.73	387.60	1,779.42	827.80	2,739.96	828.02	2,744.08
	Total expenses	1,577.07	1,518.22	2,995.80	6,672.13	9,304.86	6,686.62	9,333.51
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(1,444.45)	(1,116.29)	(1,995.02)	(4,173.79)	(5,531.37)	(4,188.28)	(5,560.03)
4	Other income	131.94	18.95	0.37	1,011.09	84.82	1,013.48	87.11
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(1,312.52)	(1,097.35)	(1,994.65)	(3,162.71)	(5,446.55)	(3,174.80)	(5,472.92)
6	Finance costs	600.26	1,037.69	5,513.88	4,063.31	6,878.66	4,063.31	6,878.66
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(1,912.78)	(2,135.04)	(7,508.53)	(7,226.02)	(12,325.21)	(7,238.11)	(12,351.58)
8	Exceptional Items	19,484.82	(1.60)	(1,808.29)	19,491.65	173.87	19,491.65	(173.87)
9	Profit / (Loss) from Ordinary Activities before tax (7+8)	(21,397.60)	(2,136.64)	(5,700.24)	(26,717.67)	(12,151.34)	(26,729.76)	(12,177.70)
10	Tax expense							
(a)	Current tax	-	-	-	-	-	-	-
(b)	Taxes of earlier years	11.90	-	-	11.90	-	11.90	-
(c)	Deferred tax	-	(957.42)	(126.91)	(815.79)	(2,280.47)	(815.79)	(2,280.48)
	Total Tax expense	11.90	(957.42)	(126.91)	(803.89)	(2,280.47)	(803.89)	(2,280.48)
11	Net Profit / (Loss) from Ordinary Activities after tax (9-10)	(21,409.50)	(1,179.22)	(5,573.33)	(25,913.78)	(9,870.87)	(25,925.87)	(9,897.23)
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-	-
13	Net Profit / (Loss) for the period (11-12)	(21,409.50)	(1,179.22)	(5,573.33)	(25,913.78)	(9,870.87)	(25,925.87)	(9,897.23)
14	Share of profit / (loss) of associates	-	-	-	-	-	-	-
15	Minority interest	-	-	-	-	-	-	-
16	Net Profit / (Loss) after taxes, minority interest and share of profit of associates (13 +14 +15)	(21,409.50)	(1,179.22)	(5,573.33)	(25,913.78)	(9,870.87)	(25,925.87)	(9,897.23)
17	Paid up Equity Share capital (Face value of Rs.10/- each)	1,270.36	1,270.36	1,270.36	1,270.36	1,270.36	1,270.36	1,270.36
18	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year				(15,934.02)	9,979.76	(16,189.62)	9,736.26
19 i	Earnings per share (before extraordinary items) (not annualised)							
(a)	Basic	(168.53)	(9.28)	(43.87)	(203.99)	(77.70)	(204.08)	(15.58)
(b)	Diluted	(168.53)	(9.28)	(43.87)	(203.99)	(77.70)	(204.08)	(15.58)
19 ii	Earnings per share (after extraordinary items) (not annualised)							
(a)	Basic	(168.53)	(9.28)	(43.87)	(203.99)	(77.70)	(204.08)	(15.58)
(b)	Diluted	(168.53)	(9.28)	(43.87)	(203.99)	(77.70)	(204.08)	(15.58)

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SELECT INFORMATION FOR THE QUARTER AND YEAR ENDED MARCH 31, 2013

S. No.	Particulars	3 months ended	3 months ended	3 months ended	Year ended	Year ended
		31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
A	PARTICULARS OF SHAREHOLDING					
1	Public Shareholding					
	- Number of shares	9,292,773	9,292,773	9,292,773	9,292,773	9,292,773
	- Percentage of shareholding	73.16%	73.16%	73.16%	73.16%	73.16%
2	Promoters and promoter group Shareholding					
(a)	Pledged/Encumbered					
	- Number of shares	3,295,876	3,295,876	1,500,060	3,295,876	1500060
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	96.65%	96.65%	43.99%	96.65%	43.99%
	- Percentage of shares (as a % of the total share capital of the company)	25.94%	25.94%	11.81%	25.94%	11.81%
(b)	Non - encumbered					
	- Number of shares	114,180	114,180	1,909,996	114,180	1,909,996
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	3.35%	3.35%	56.01%	3.35%	56.01%
	- Percentage of shares (as a % of the total share capital of the company)	0.90%	0.90%	15.04%	0.90%	15.04%

SEGMENT REPORTING

Segment Wise Revenue and Results for the Quarter and Year Ended March 31, 2013

(Rs., Lacs)

S. No.	Particulars	Unaudited 3 months ended	Unaudited 3 months ended	Audited 3 months ended	Unaudited Year ended	Audited Year ended
		31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
1	Segment Revenue					
(a)	Life Cycle Solutions	4.25	327.31	697.11	1,929.69	3,812.38
(b)	Power System Solutions	128.37	74.62	303.67	568.65	(38.89)
	Total	132.62	401.93	1,000.78	2,498.34	3,773.49
	Less: Inter segment revenue					
	Net sales/income from operations	132.62	401.93	1,000.78	2,498.34	3,773.49
2	Segment Results					
	Profit(+)/Loss(-) before tax and interest					
(a)	Life Cycle Solutions	(15.80)	153.57	533.24	741.51	1,602.50
(b)	Power System Solutions	(336.59)	(459.39)	(1,357.11)	(1,312.48)	(3,158.65)
	Total	(352.39)	(305.82)	(823.87)	(570.97)	(1,556.15)
	Less:					
(a)	Interest	548.14	557.75	603.21	2,301.75	1,967.99
(b)	Other un-allocable expenditure net off	20,629.00	1,292.01	4,273.16	24,856.04	8,712.02
(c)	Unallocable income	131.94	18.95	-	1,011.09	84.82
	Total Profit Before Tax	(21,397.60)	(2,136.64)	(5,700.24)	(26,717.67)	(12,151.34)

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Statement of Assets and Liabilities

	Particulars	Standalone		Consolidated	
		Unaudited	Audited	Unaudited	Audited
		Year ended	Year ended	Year ended	Year ended
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
A	EQUITY AND LIABILITIES				
1	Shareholders' funds				
a)	Share capital	1,275.95	1275.95	1,275.95	1,275.95
b)	Reserves and surplus	(15,934.02)	9979.76	(16,189.62)	9,736.25
c)	Money received against share warrants	-	-	-	-
	Sub-total - Shareholders' funds	(14,658.07)	11255.71	(14,913.67)	11012.20
2	Non-current liabilities				
a)	Long-term borrowings	17,683.56	17479.96	17,683.56	17,479.96
b)	Deferred tax liabilities (net)	-	-	-	-
c)	Other long-term liabilities	-	69.68	-	69.68
d)	Long-term provisions	-	103.08	-	103.52
	Sub-total - Non-current liabilities	17,683.56	17652.73	17683.56	17653.16
3	Current liabilities				
a)	Short-term borrowings	4,417.80	4609.56	4,417.80	4,609.56
b)	Trade payables	518.90	642.76	531.29	655.19
c)	Other current liabilities	14,421.63	13174.61	14,424.64	13,178.91
d)	Short-term provisions	-	60.66	-	62.42
	Sub-total - Current liabilities	19,358.33	18487.58	19373.73	18506.08
	TOTAL - EQUITY AND LIABILITIES	22,383.82	47,396.02	22,143.62	47,171.44
B	ASSETS				
1	Non-current assets				
a)	Fixed assets (including Capital work in progress)	6,056.32	24474.94	7,024.67	25,450.82
b)	Goodwill on consolidation	-	-	-	-
c)	Non-current investments	1,112.11	1112.11	0.01	0.01
d)	Deferred tax assets (net)	-	2877.71	-	2,877.71
e)	Long-term loans and advances	210.65	208.27	75.79	79.43
f)	Other non-current assets	8,924.12	4179.65	8,946.84	4,202.38
	Sub-total - Non-current assets	16,303.20	32852.69	16047.32	32610.35
2	Current assets				
a)	Current investments	-	-	-	-
b)	Inventories	3,879.45	4831.20	3,887.03	4,838.77
c)	Trade receivables	-	6878.67	-	6,878.67
d)	Cash and cash equivalents	267.49	490.99	272.21	495.88
e)	Short-term loans and advances	1,098.44	1355.80	1,101.49	1,360.40
f)	Other current assets	835.24	986.68	835.56	987.36
	Sub-total - Current assets	6,080.62	14543.33	6096.31	14561.09
	TOTAL - ASSETS	22,383.82	47396.02	22143.63	47171.44

Notes:

- 1 The above results were reviewed by the only director of the Company on August 19, 2013.
- 2 The Board of Directors of the Company has the undersigned, i.e., Kumud Goel, as its only member. The financial statements of the Company have been reviewed by the undersigned and observations of the auditors were obtained thereon, which are as under:
 - (i) The Board of Directors of the Company since July 22, 2013 comprises one person, which is less than the minimum number of directors statutorily required in case of a public company, and is a contravention of section 252 of the Companies Act, 1956 (Act). The Whole time Secretary mandatorily required to hold office under section 383A of the Act is not in office since March 29, 2013, which is a contravention of the said section. As on date there is no person in employment of the Company except its Managing Director
 - (ii) The recoveries from Company's customers/debtors appear to be sticky.
 - (iii) Due to certain reasons beyond the control of the Company, it couldn't meet the conditions specified in the Master Restructuring Agreement ("the MRA"), and the borrowing accounts of the Company were classified by the lenders as Non Performing and Corporate Debt Restructuring ("CDR") package earlier sanctioned by lenders of the Company was revoked during the year by the CDR Monitoring Committee. The Company was served legal notices by one of its three secured lenders under The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), and, a separate notice to auction the shares of the Company owned by the Promoters of the Company pledged with one of the lenders. The Company has provided interest on its borrowings without taking into account penal interest and other charges leviable due to various defaults. The Company has no immediate plan for amortisation of dues of its aforesaid lenders.
 - (iv) Due to default of the Company to repay the amount payable to holders of Foreign Currency Convertible Bonds (FCCB's) and certain creditors, such as bondholders and creditors have filed petitions before the Hon'ble High Court of Punjab and Haryana for winding up of the Company and the Hon'ble Court, in its hearing held on May 23, 2013, directed the publication of petition for liquidation in newspapers and the Official Gazette of Haryana Government, as a pre requisite for appointment of a provisional liquidator. The Company has not provided interest, penal interest, liquidated damages and any other charges that may arise due to the default in redemption of FCCB's and those towards other creditors, which will have the effect of increasing the loss of the current year, complete effect whereof is unascertainable.
 - (v) The Company's inventories are carried in the Balance Sheet at their cost, i.e., Rs. 387,945,444, and not at lower of cost and net realizable value, which is a departure from Accounting Standard - 2 titled "Valuation of Inventories" referred to in sub-section (3C) of section 211 of the Act. Further, inventories lying with the contractors have not been physically verified by the management and no confirmations have been provided by the said contractors. As the inventories are not expected to be put to use for business operations of the Company and the realizable value is likely to be lower than their cost, stating the inventories at lower of cost or net realizable value, provided the contractors confirm the existence of inventories with them, would cause downward adjustment in the value of inventories, which will result in increase in cost of sales and loss for the year.
 - (vi) The balances of lenders except State Bank of India, on various accounts and those of customers and suppliers/vendors are not reconciled due to unavailability of information.
 - (vii) The Company is contingently liable on account of claims raised against it, claims, if any, arising out of proceedings pending before Arbitrators, Awards issued by Arbitrators, recovery suits filed in Courts, the amount whereof is unascertainable.
 - (viii) The Company has defaulted in payment of dues to statutory authorities and suppliers which may result in interest and further cost, the financial effect of which is unascertainable.
 - (ix) The Company has not provided for any interest and penalty for failure in depositing statutory dues like income tax, withholding tax, value added tax, wealth tax, service tax, and contributions on account of provident fund and employees state insurance.
 - (x) According to Standard on Auditing 570 - 'Going Concern' issued by the Institute of Chartered Accountants of India, as the going concern assumption is not appropriate, assets are required to be presented at their realizable values. The Company, based on best estimates, has restated certain tangible and intangible assets, comprising land, building, plant and machinery, capital work in progress, furniture, hardware, software, technology and other installations, situated at Gurgaon (Haryana), at their net realizable values. The management has not carried out estimate of realizable value of remaining tangible and intangible assets, inventory, trade receivables and loans and advances. Adjustments are required to state these values to their realizable amounts, as the assumption of going concern for the Company is suspect.

For reasons of absence of continuing efforts on the part of the Company to realize the aforesaid current and other assets, we observe that there would take place a fall in realizable value of the assets and the balances if restated at realizable value, which would result in downward adjustments to be made to these financial statements, which will have the effect of increasing the loss for the current year complete effect whereof is unascertainable.



- 3 Management comments pertaining to the auditors' observations:
- (i) The Company is making efforts to appoint new persons as directors which is likely to take some time.
 - (ii) For reasons that persons have left employment of the Company, the Company has not been able to depute persons to carry out exercise for obtaining estimates of realisable values of all assets of the Company, and for making efforts to realise current and other assets and for the purposes of reconciling various accounts.
 - (iii) The publication of provisional liquidator of the Company, as per directions of the Hon'ble High Court of Punjab and Haryana, is yet to be released.
 - (iv) The Company does not have sufficient working capital for its operations.
 - (v) Interest and penalties on delays in payment of statutory liabilities shall be considered at time of payment.
- 4 Fixed assets and liabilities have not been segregated to any of the reportable segments, as fixed assets are used interchangeably between segments and currently not practicable to provide meaningful segment disclosures relating to total assets and liabilities.
- 5 Information relating to Investor complaints of the current quarter have not been provided due to non-receipt of the same from the Registrar and Transfer Agent.
- 6 Exceptional items includes impairment of tangible assets, intangible assets, capital work in progress and net deferred tax assets writing off, amounting to Rs. 437,301,112, Rs. 1,021,979,213, Rs. 113,250,888 and Rs. 369,350,657 respectively.
- 7 Other income for the quarter ended on March 31, 2013 are inclusive of Rs. 89.25 lacs (Rs. 694.51 lacs, loss) being Foreign Exchange Fluctuation gain on reinstatement of FCCBs, which is in accordance with Accounting Standard 11 - "The Effects of Changes in Foreign Exchange Rates" issued by The Institute of Chartered Accountants of India. Finance cost for the quarter ending on December 31, 2012 are inclusive of Rs. 478.54 lacs being Foreign Exchange Fluctuation loss on reinstatement of FCCBs.
- 8 The figures for the previous year / quarter have been regrouped / rearranged to be in conformity with Revised Schedule VI to the Companies Act, 1956.
- 9 The quarterly results of the Company are also available on the Company's website www.klgsystel.com

For KLG Systel Limited



Kumud Goel
Managing Director

Date: 19.08.2013

Place: Gurgaon