

LIMITED REVIEW REPORT

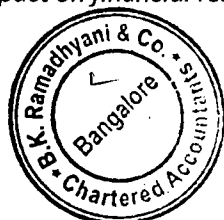
To,
The Board of Directors
Kirloskar Electric Company Limited
Industrial Suburb, Rajajinagar,
Bangalore.

We have reviewed the accompanying statement of unaudited financial results of Kirloskar Electric Company Limited ("the Company") for the quarter and nine months ended December 31, 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 accounting standards notified under the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) 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. Work in progress at certain units as at December 31, 2013 with aggregate carrying value of Rs. 4,859 lakhs (as at March 31, 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 re 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. 2,535 lakhs (as at March 31, 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 March 31, 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.

8. Other Matters:

- (a) Lloyd Dynamowerke GmbH & Co. KG, Germany ("LDW") a step down subsidiary of the Company has incurred substantial losses as per its audited financial statements for the year ended March 31, 2013. The Company has carried out a valuation as at March 31, 2013 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 carrying value of investments in the Company's books of Rs 18,984 lakhs (as at March 31, 2013 Rs 15,458 Lakhs). Further, the Company has informed us in respect of LDW that it has sufficient orders in hand and 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. Our report is not modified in this respect.
- (b) The Company has filed before the honorable Supreme Court, special leave petition in respect of resale tax and sales tax penalty of Rs 527 lakhs and Rs 362 Lakhs respectively, on its erstwhile subsidiary Kaytee Switchgear Limited (since merged with the Company) and confirmed by the honorable High Court of Karnataka. The Company believes based on legal advice / internal assessment, that the outcome of these contingencies will be favorable, that losses are not probable and no provision is required to be recognized in the interim financial results. Our report is not modified in this respect.

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. 0028785



(CA. C R Krishna)

Partner

Membership No. 027990

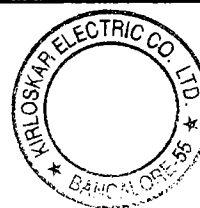
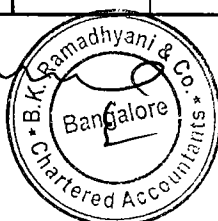
B.K. RAMADHYANI & COMPANY
CHARTERED ACCOUNTANTS
4-B, Chitrapura Bhavan,
No. 68, 8th Main, 15th Cross,
Malleshwaram, Bangalore - 560 055

B K Ramadhyani & Co.,
68, 4B, 4th Floor, Chitrapur Bhavan
8th Main, 15th Cross,
Malleshwaram, Bangalore – 560 055
Date: February 10, 2014

KIRLOSKAR ELECTRIC COMPANY LIMITED, BANGALORE
Regd Office: Industrial Suburb, Rajajinagar, Bangalore - 560 010
STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2013


Amount (Rs.in Lacs)

Sl No	Particulars	Standalone					
		Three Months ended 31/12/2013	Preceding Three Months ended 30/09/2013	Corresponding previous year three months ended 31/12/2012	Year to Date figures for current period nine months ended 31/12/2013	Year to Date figures for previous year nine months ended 31/12/2012	Year to Date figures for Previous year ended 31/03/2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 a	Gross sales	16,938	20,231	22,100	58,680	64,671	88,412
	Less : excise duty	1,490	1,972	2,116	5,464	6,037	8,218
	Net sales/ income from operations	15,448	18,259	19,984	53,216	58,634	80,194
b.	Other operating income	-	-	-	-	-	-
2	Expenditure						
a	Cost of materials consumed	12,130	14,401	14,041	40,602	43,579	61,740
b	Change in inventories of finished goods, work in progress and stock in trade	219	(1,077)	757	(122)	(730)	(2,618)
c	Employee benefit expenses	2,016	1,749	2,081	5,933	6,361	8,297
d	Depreciation and amortisation expenses	334	345	416	1,055	1,291	1,703
e	Other expenditure	1,599	1,947	1,780	5,601	5,368	8,042
f	Total	16,298	17,365	19,075	53,069	55,869	77,164
3	Profit / (loss) from operations before other income, Finance costs and exceptional items (1 - 2f)	(850)	894	909	147	2,765	3,030
4	Other income	(31)	180	108	243	262	902
5	Profit / (loss) before interest and exceptional items (3+4)	(881)	1,074	1,017	390	3,027	3,932
6	Finance costs	1,073	1,039	839	3,047	2,539	3,358
7	Profit / (loss) after interest but before exceptional items (5-6)	(1,954)	35	178	(2,657)	488	574
8	Exceptional items (net)	-	-	-	-	-	-
9	Profit / (loss) from ordinary activities before tax (7-8)	(1,954)	35	178	(2,657)	488	574
10	Tax expense	-	-	63	-	157	158
11	Net profit / (loss) from ordinary activities after tax (9-10)	(1,954)	35	115	(2,657)	331	416
12	Extraordinary Item (net of tax expense)	-	-	-	-	-	-
13	Net profit / (loss) for the period (11+12)	(1,954)	35	115	(2,657)	331	416
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	14,031
16	Earnings per share (EPS)						
a	Basic and diluted EPS before extra ordinary items (not annualised)	(3.87)	0.07	0.23	(5.26)	0.66	0.82
b	Basic and diluted EPS after extra ordinary items (not annualised)	(3.87)	0.07	0.23	(5.26)	0.66	0.82
17	Aggregate of non-promoters shareholding						
A	Particulars of share holding						
1	Public share holding						
	-Number of shares	25,594,859	25,595,359	25,617,621	25,594,859	25,617,621	25,618,621
	-Percentage of Share holding	50.66%	50.66%	50.71%	50.66%	50.71%	50.71%
18	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)	-	-	-	-	-	-
b	Non-encumbered						
	-Number of shares	24,926,508	24,926,008	24,903,746	24,926,508	24,903,746	24,902,746
	-Percentage of shares (as a % of the total share holding of promoter and promoter group)	100%	100%	100%	100%	100%	100%
	-Percentage of shares (as a % of the total share capital of the company)	49.34%	49.34%	49.29%	49.34%	49.29%	49.29%

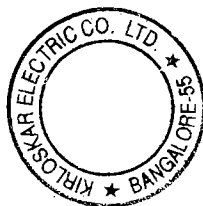


B	INVESTOR COMPLAINTS	Quarter ended December 31, 2013
	Pending at the beginning of the quarter	Nil
	Received during the quarter	3
	Disposed of during the quarter	3
	Remaining unresolved at the end of the quarter	Nil

Revenues, results and capital employed for the segments for the quarter and nine months ended December 31, 2013

Amount (Rs.in Lacs)

SI No	Particulars	Standalone					
		Three Months ended 31/12/2013	Preceding Three Months ended 30/09/2013	Corresponding previous year three months ended 31/12/2012	Year to Date figures for current period nine months ended 31/12/2013	Year to Date figures for previous year nine months ended 31/12/2012	Year to Date figures for Previous year ended 31/03/2013
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenues						
	Power generation/ distribution	7,711	8,672	10,454	25,776	29,877	41,516
	Rotating machines	8,662	10,001	11,205	29,812	33,272	44,582
	Others	844	1,974	921	4,449	3,203	4,745
	Total	17,217	20,647	22,580	60,037	66,352	90,843
	Less: Inter segment revenues	279	416	480	1,357	1,681	2,431
	Sales / Income from operations	16,938	20,231	22,100	58,680	64,671	88,412
2	Segment Results						
	Profit before interest, depreciation and tax expense						
	Power generation/ distribution	79	275	968	614	2,438	2,836
	Rotating machines	(252)	1,241	968	1,766	3,100	4,248
	Others	353	492	211	1,254	769	1,143
	Total	180	2,008	2,147	3,634	6,307	8,227
	Less: Interest	1,073	1,039	839	3,047	2,539	3,358
	Less: Other unallocable expenditure (net off unallocable Income)	1,061	934	1,130	3,244	3,280	4,295
	Total profit / (loss) before tax expense & after extraordinary item	(1,954)	35	178	(2,657)	488	574
3	Capital Employed (Segment Assets-Segment Liabilities)						
	Power generation/ distribution	1,551	2,310	4,017	1,551	4,017	5,606
	Rotating machines	16,366	15,855	17,297	16,366	17,297	15,282
	Others	3,206	3,712	1,153	3,206	1,153	1,719
	Total capital employed in segments	21,123	21,877	22,467	21,123	22,467	22,607
	Add: Unallocable	(4,216)	(3,016)	(2,988)	(4,216)	(2,988)	(3,043)
	Total capital employed	16,907	18,861	19,479	16,907	19,479	19,564



Signature of B.K. Ramadhyani



Notes:

- 1 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 10, 2014 and a limited review of the standalone results has been carried out by the Statutory Auditors of the Company.
- 2 Earning Per Share (EPS) has been calculated after providing for preference dividend in previous year.
- 3 The Company has initiated corrective action wherever necessary regarding auditors qualification in respect of reconciliation of trade receivables, valuation and rectification of inventories, interest payment on delayed payment of dues to Micro Small and Medium Enterprises 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 and the nine months ended December 31, 2013.
- 4 Previous period/year figures have been regrouped wherever necessary to confirm with current period presentation.

PLACE: BANGALORE
DATE: February 10, 2014

For Kirloskar Electric Company Limited




(VIJAY R KIRLOSKAR)
Chairman & Managing Director

