

**STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2012**

(Rs. Lacs)

S. No.	Particulars	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
		3 months ended 31.12.2012	Preceding 3 months ended 30.09.2012	corresponding 3 months ended in the previous year 31.12.2011	Year to date figures for current period ended 31.12.2012	Year to date figures for the previous year ended 31.12.2011	Previous Year ended 31.03.2012
1	<b>Income from operations</b>						
(a)	Income from operations (Net of excise duty)	401.93	965.60	976.62	2,365.72	2,772.71	3,773.49
(b)	Other Operating income	-	-	-	-	-	-
	Total	401.93	965.60	976.62	2,365.72	2,772.71	3,773.49
2	<b>Expenses</b>						
(a)	Cost of Operations	371.80	567.49	477.89	1,491.70	2,130.12	2,975.62
(b)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	4.12	130.46	5.46	19.33	322.48	(174.51)
(c)	Employee benefits expense	240.76	349.31	324.70	926.90	945.64	1,171.94
(d)	Depreciation and amortisation expense	513.95	744.66	655.97	1,908.06	1,950.28	2,591.85
(e)	Other expenses	387.60	165.37	390.06	749.07	960.54	2,739.96
	Total expenses	1,518.22	1,957.29	1,854.08	5,095.05	6,309.06	9,304.86
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(1,116.29)	(991.69)	(877.46)	(2,729.33)	(3,536.35)	(5,531.37)
4	Other income	18.95	852.28	(3.06)	879.15	84.45	84.82
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(1,097.35)	(139.41)	(880.52)	(1,850.19)	(3,451.90)	(5,446.55)
6	Finance costs	1,037.69	657.47	217.05	3,463.05	1,364.78	6,878.66
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(2,135.04)	(796.89)	(1,097.57)	(5,313.24)	(4,816.68)	(12,325.21)
8	Exceptional Items	(1.60)	(5.23)	(694.51)	(6.83)	(1,634.42)	173.87
9	Profit / (Loss) from Ordinary Activities before tax (7+8)	(2,136.64)	(802.12)	(1,792.08)	(5,320.07)	(6,451.10)	(12,151.34)
10	Tax expense						
(a)	Current tax	-	-	-	-	-	-
(b)	Deferred tax	(957.42)	914.24	(1,713.71)	(815.79)	(2,153.56)	(2,280.47)
	Total Tax expense	(957.42)	914.24	(1,713.71)	(815.79)	(2,153.56)	(2,280.47)
11	Net Profit / (Loss) from Ordinary Activities after tax (9-10)	(1,179.22)	(1,716.36)	(78.37)	(4,504.28)	(4,297.54)	(9,870.87)
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-
13	Net Profit / (Loss) for the period (11-12)	(1,179.22)	(1,716.36)	(78.37)	(4,504.28)	(4,297.54)	(9,870.87)
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)	(1,179.22)	(1,716.36)	(78.37)	(4,504.28)	(4,297.54)	(9,870.87)
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
18	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year						9,979.76
19 i	Earnings per share (before extraordinary items) (not annualised)						
(a)	Basic	(9.28)	(13.51)	(3.11)	(35.46)	(36.32)	(77.70)
(b)	Diluted	(9.28)	(13.51)	(6.92)	(35.46)	(31.38)	(77.70)
19 ii	Earnings per share (after extraordinary items) (not annualised)						
(a)	Basic	(9.28)	(13.51)	(3.11)	(35.46)	(36.32)	(77.70)
(b)	Diluted	(9.28)	(13.51)	(6.92)	(35.46)	(31.38)	(77.70)

**SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2012**

S. No.	Particulars	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
		3 months ended 31.12.2012	Preceding 3 months ended 30.09.2012	corresponding 3 months ended in the previous year 31.12.2011	Year to date figures for current period ended 31.12.2012	Year to date figures for the previous year ended 31.12.2011	Previous Year ended 31.03.2012
	<b>PARTICULARS OF SHAREHOLDING</b>						
1	Public Shareholding						
	- Number of shares	9,292,773	9,292,773	9,293,523	9,292,773	9,293,523	9,292,773
	- Percentage of shareholding	73.16%	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	400,000	3,295,876	400,000	1500060
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	96.65%	96.65%	11.73%	96.65%	11.73%	43.99%
	- Percentage of shares (as a % of the total share capital of the company)	25.94%	25.94%	3.15%	25.94%	3.15%	11.81%
(b)	Non - encumbered						
	- Number of shares	114,180	114,180	3,010,056	114,180	3,010,056	1,909,996
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	3.35%	3.35%	88.27%	3.35%	88.27%	56.01%
	- Percentage of shares (as a % of the total share capital of the company)	0.90%	0.90%	23.69%	0.90%	23.69%	15.04%

Particulars		3 months ended (31.12.2012)
<b>B</b>	<b>INVESTOR COMPLAINTS</b>	
	Pending at the beginning of the quarter	3
	Received during the quarter	1
	Disposed of during the quarter	0
	Remaining unresolved at the end of the quarter	4

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MENT REPORTING

ment Wise Revenue and Results for the Quarter and Nine Months Ended December 31, 2012

S. No.	Particulars	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
		3 months ended	Preceding 3 months ended	corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for previous year ended	Previous Year ended
		31.12.2012	30.09.2012	31.12.2011	31.12.2012	31.12.2011	31.03.2012
1	<b>Segment Revenue</b>						
(a)	Life Cycle Solutions	327.31	805.68	835.64	1,925.44	3,115.27	3,812.38
(b)	Power System Solutions	74.62	159.92	140.98	440.28	457.44	(38.89)
	<b>Total</b>	<b>401.93</b>	<b>965.60</b>	<b>976.62</b>	<b>2,365.72</b>	<b>3,572.71</b>	<b>3,773.49</b>
	<b>Less: Inter segment revenue</b>						
	Net sales/income from operations	401.93	965.60	976.62	2,365.72	3,572.71	3,773.49
2	<b>Segment Results</b>						
	<b>Profit(+)/Loss(-) before tax and interest</b>						
(a)	Life Cycle Solutions	153.57	111.13	278.65	757.31	1,069.26	1,602.50
(b)	Power System Solutions	(459.39)	(425.43)	(192.79)	(975.89)	(1,801.54)	(3,158.65)
	<b>Total</b>	<b>(305.82)</b>	<b>(314.30)</b>	<b>85.86</b>	<b>(218.58)</b>	<b>(732.28)</b>	<b>(1,556.15)</b>
	<b>Less:</b>						
(a)	Interest	557.75	613.21	217.05	1,753.61	1,364.78	1,967.99
(b)	Other un-allocable expenditure net off	410.83	728.92	1,657.83	3,347.88	4,438.49	8,712.02
(c)	Unallocable income	18.95	852.28	(3.06)	879.15	84.45	84.82
	<b>Total Profit Before Tax</b>	<b>(1,255.45)</b>	<b>(804.15)</b>	<b>(1,792.08)</b>	<b>(4,440.92)</b>	<b>(6,451.10)</b>	<b>(12,151.33)</b>

Notes:

- The above unaudited quarterly results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meeting held on February 13, 2013.
- The Statutory Auditors of the Company have carried out limited review of the above unaudited results.
- 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.
- Finance Cost for the quarter ended December 31, 2012 is inclusive of Rs. 478.54 lacs (Rs. 694.51 lacs) on account of loss due to Foreign Exchange Fluctuations arising on reinstatement of Foreign Currency Convertible Bonds (FCCBs), in accordance with Accounting Standard 11 titled "The Effects of Changes in Foreign Exchange Rates" as issued by The Institute of Chartered Accountants of India. Other Income for the quarter ended September 30, 2012 is inclusive of Rs. 829.46 lacs due to gain on account of Foreign Exchange Fluctuations on reinstatement of FCCBs.
- For alleged failure of the Company to make payment to certain creditors and holders of foreign currency convertible bonds, the creditors have filed petitions before the Hon'ble Punjab and Haryana High Court at Chandigarh for winding up of the Company. The Company is contesting the liability in case of one of the petitions and pleadings in other petitions are under completion.
- The Auditors have stated in the Limited Review Report dated February 13, 2013, that:
  - For reasons of, (i) inordinately long delay in recovering dues from electricity distribution companies - the customers of the company, (ii) non availability of working capital resources to the Company, (iii) winding up proceedings initiated by certain creditors for alleged claims, (iv) significant number of persons having resigned from services, and (v) the operations of Life Cycle Solutions having been suspended, we are unable to express an opinion on the status of the Company as a going concern.
  - The Company and its lenders have been making efforts to sell its real estate assets in accordance with the sanctioned Corporate Debt Restructuring Scheme.
  - Delays in payment of dues to statutory authorities may result in interest and penalties, which amount has not been ascertained and not accounted in the accompanying financial statements.
  - The amounts provided in books of account does not include claims of interest and any further amounts claimed in recovery suits filed by suppliers.
- Management comments on qualifications of Auditor's:
  - The Company's debts were restructured by the lenders with effect from April 2011, and the Company is in discussions with its lenders to continue to support the operations of the Company.
  - The Company is following up with electricity distribution companies to recover its outstandings. The recent initiatives of the Government of India in restructuring the loans of electricity distribution companies will enable the electricity distribution companies to meet their outstandings and the Company expects strong chances of recovering its dues in the near future.
  - The Company is contesting the claims raised by one of the creditors and does not consider itself liable to pay the same, and the pleadings in case of 3 other petitions are under completion. There is no order as yet for winding up the Company.
- The figures for the previous year / quarter have been regrouped / rearranged to be in conformity with Revised Schedule VI to the Companies Act, 1956.
- The quarterly results of the Company are also available on the Company's website www.klgssystem.com

By Order of the Board  
For KLG Systel Limited

  
Managing Director

# B. BHUSHAN & CO.

Chartered Accountants

## TO WHOMSOEVER IT MAY CONCERN

We have reviewed the accompanying statement of unaudited financial results of M/s. KLG Systel Limited having its registered office at Plot No.24, Sector-18, Electronic City, Gurgaon - 122 015, Haryana, for the quarter ended December 31, 2012, 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 audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/Committee of 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) 2400, "Engagements to Review Financial Statements", 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 from company personnel and an analytical procedure applied to financial data and thus provides 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 we report that subject to:

- a) *For reasons of, (i) inordinately long delay in recovering dues from electricity distribution companies - the customers of the company, (ii) non availability of working capital resources to the Company, (iii) winding up proceedings initiated by certain creditors for alleged claims, (iv) significant number of persons having resigned from services, and (v) the operations of Life Cycle Solutions having been suspended, we are unable to express an opinion on the status of the Company as a going concern.*
- b) *The Company and its lenders have been making efforts to sell its real estate assets in accordance with the sanctioned Corporate Debt Restructuring Scheme.*
- c) *Delays in payment of dues to statutory authorities may result in interest and penalties, which amount has not been ascertained and not accounted in the accompanying financial statements.*
- d) *The amounts provided in books of account does not include claims of interest and any further amounts claimed in recovery suits filed by suppliers.*





# B. BHUSHAN & CO.

Chartered Accountants

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.

For B. Bhushan & Co.  
Chartered Accountants

Firm Regn. No. 001596N

By the hand of



*Kamal Ahluwalia*

Kamal Ahluwalia

Partner

Membership No. 093812

Place: Gurgaon

Date: February 13, 2013