UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 31, 2011

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from [ ] to [ ]

Commission File No. 1-8125

TOROTEL, INC.

(Exact name of registrant as specified in its charter)

MISSOURI	**44-0610086**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
620 NORTH LINDENWOOD DRIVE, OLATHE, KANSAS	**66062**
(Address of principal executive offices)	(Zip Code)

(913) 747-6111
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

As of December 9, 2011, there were 5,828,650 shares of Common Stock, $.01 par value, outstanding.

TOROTEL, INC. AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED CONDENSED BALANCE SHEETS

	(Unaudited) As of October 31, 2011	As of April 30, 2011
ASSETS		
Current assets:		
Cash	$ 1,282,000	$ 490,000
Trade receivables, net	807,000	2,208,000
Inventories, net	1,348,000	1,401,000
Prepaid expenses and other current assets	93,000	55,000
Deferred income taxes	216,000	250,000
	3,746,000	4,404,000
Property, plant and equipment, net	1,634,000	1,339,000
Deferred income taxes	392,000	358,000
Other assets	18,000	21,000
	$ 5,790,000	$ 6,122,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 141,000	$ 125,000
Trade accounts payable	615,000	630,000
Accrued liabilities	405,000	336,000
Accrued income taxes	—	8,000
Customer deposits	717,000	826,000
	1,878,000	1,925,000
Long-term debt, less current maturities	856,000	899,000
Stockholders' equity	3,056,000	3,298,000
	$ 5,790,000	$ 6,122,000

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended		Six Months Ended	
	October 31, 2011	October 31, 2010	October 31, 2011	October 31, 2010
Net sales	$ 2,711,000	$ 2,998,000	$ 5,259,000	$ 5,492,000
Cost of goods sold	1,840,000	1,970,000	3,748,000	3,567,000
Gross profit	871,000	1,028,000	1,511,000	1,925,000
Operating expenses:				
Engineering	180,000	87,000	346,000	156,000
Selling, general and administrative	551,000	521,000	1,272,000	1,127,000
	731,000	608,000	1,618,000	1,283,000
Earnings (loss) from operations	140,000	420,000	(107,000)	642,000
Other expense (income):				
Interest expense, net	12,000	10,000	24,000	17,000
Earnings (loss) before provision for income taxes	128,000	410,000	(131,000)	625,000
Provision for income taxes	—	—	—	—
Net earnings (loss)	$ 128,000	$ 410,000	$ (131,000)	$ 625,000
Basic earnings (loss) per share	$ 0.02	$ 0.07	$ (0.03)	$ 0.11

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended October 31, 2011	Six Months Ended October 31, 2010
Cash flows from operating activities:		
Net earnings (loss)	$ (131,000)	$ 625,000
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:		
Stock compensation earned	(111,000)	23,000
Depreciation	144,000	69,000
Change in value of stock appreciation rights	1,000	14,000
Increase (decrease) in cash flows from operations resulting from changes in:		
Trade receivables	1,401,000	(405,000)
Inventories	53,000	(108,000)
Prepaid expenses and other assets	(35,000)	(26,000)
Trade accounts payable	(15,000)	312,000
Accrued liabilities	68,000	26,000
Customer deposits	(109,000)	(556,000)
Income taxes payable	(8,000)	—
Net cash provided by (used in) operating activities	1,258,000	(26,000)
Cash flows from investing activities:		
Capital expenditures	(398,000)	(476,000)
Net cash used in investing activities	(398,000)	(476,000)
Cash flows from financing activities:		
Proceeds from long-term debt	—	1,025,000
Principal payments on long-term debt	(51,000)	(592,000)
Payments on capital lease obligations	(17,000)	(15,000)
Net cash provided by (used in) financing activities	(68,000)	418,000
Net increase (decrease) in cash	792,000	(84,000)
Cash, beginning of period	490,000	1,030,000
Cash, end of period	$ 1,282,000	$ 946,000
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for interest	$ 24,000	$ 22,000
Cash paid during the period for income taxes	$ 8,000	$ —
Non-cash investing and financing activities:		
Capital expenditure	$ (41,000)	$ (42,000)
Proceeds from capital lease	$ 41,000	$ 42,000

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

Note 1 — Basis of Presentation

The consolidated condensed balance sheet as of April 30, 2011, which has been derived from audited financial statements, is accompanied by the unaudited interim consolidated condensed financial statements, which reflect the normal recurring adjustments that in the opinion of management are necessary to present fairly Torotel's consolidated financial position at October 31, 2011, and the consolidated results of operations for the three and six months ended October 31, 2011.

The unaudited interim consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although management believes the disclosures made are adequate to make the information not misleading.

The financial statements contained herein should be read in conjunction with Torotel's consolidated financial statements and related notes filed on Form 10-K for the year ended April 30, 2011.

Note 2 — Nature of Operations

Torotel, Inc. ("Torotel") conducts business primarily through three wholly owned subsidiaries, Torotel Products, Inc. ("Torotel Products"), Torotel Manufacturing Corp. ("TMC"), and Electronika, Inc. ("Electronika"). TMC provides manufacturing services to Torotel Products. Torotel specializes in the custom design and manufacture of a wide variety of precision magnetic components, consisting of transformers, inductors, reactors, chokes and toroidal coils, for use in commercial, industrial and military electronics. Torotel also designs and distributes ballast transformers for the airline industry. Approximately 99% of Torotel's sales during the first six months of fiscal 2012 have been derived from domestic customers.

Note 3 — Inventories

The components of inventories are summarized as follows:

	October 31, 2011	April 30, 2011
Raw materials	$ 788,000	$ 983,000
Work in process	429,000	300,000
Finished goods	131,000	118,000
	$ 1,348,000	$ 1,401,000

Note 4 — Income Taxes

The effective tax rate was 0% for both the three and six months ended October 31, 2011 and October 31, 2010. This effective tax rate differs from our estimated federal statutory rate of 34% primarily due to state income taxes, permanent tax adjustments, and a valuation allowance against the Company's deferred income tax assets. Torotel believes that the current net deferred income tax asset, as well as the allocation between current and non-current assets, remains appropriate as of October 31, 2011.

As of October 31, 2011, the federal tax returns for the fiscal years ended 2007 through 2011 are open to audit until the statute of limitations closes for the years in which the net operating losses are utilized. Torotel would recognize interest and penalties accrued on unrecognized tax benefits as well as interest received from favorable tax settlements within income tax expense. As of October 31, 2011, Torotel recorded no accrued interest or penalties related to uncertain tax positions. Management expects no significant change in the amount of unrecognized tax benefit, accrued interest or penalties within the next twelve months.

Note 5 — Financing Agreements

The revolving line of credit, with Commerce Bank, N.A. was renewed on September 27, 2011. The line of credit, which is available for working capital purposes, has a capacity of $500,000 with a 12-month term that is renewable annually. The borrowing base of this facility is limited to 75% of eligible receivables. The associated interest rate is equal to the greater of the floating Commerce Bank Prime Rate (currently 3.25%) or a floor of 4%. Monthly repayments of interest only are required with the principal due at maturity. This facility is cross collateralized and cross defaulted with all other facilities and is secured by a first lien on all business assets of Torotel Products. As of October 31, 2011, the entire credit line was available.

The guidance line of credit for equipment purchases with Commerce Bank, N.A. was also renewed. The guidance line currently has a capacity of $120,000. The advance rate of this facility is equal to 70% of the price of the equipment purchased. Additional borrowings will have an associated fixed interest rate that is equal to the 5-year treasury swap plus 3.35%. This facility is cross collateralized and cross defaulted with all other facilities and is secured by a first lien on all business assets of Torotel Products.

Note 6 — Restricted Stock Agreements

Restricted Stock Agreements are authorized by the Compensation and Nominating Committee ("Committee") and the Board of Directors of Torotel. The Committee and the Board have determined that the interests of Torotel and its stockholders will be promoted by hiring talented individuals and, to induce such individuals to accept employment with Torotel, the Committee and the Board believe a key component of such individuals' compensation should be granting equity ownership opportunities based upon the acceptance of employment and the continuing employment of such individual, subject to certain conditions and restrictions. The Restricted Stock Agreements afford the grantees all of the rights of a stockholder with respect to the award shares, including the right to vote such shares and to receive dividends and other distributions payable with respect to such shares since the Date of Award. Under the terms of each agreement, the non-vested shares are restricted as to disposition and subject to forfeiture under certain circumstances. The agreements further provide, subject to certain conditions, that if prior to all of the restricted shares having been released, Torotel undergoes a change in control, then all of the restricted shares shall be released and no longer subject to restrictions under the agreements. Upon issuance of the restricted stock, the aggregate number of shares issued is credited to common stock at $.01 par value per share and the excess of the market price of the common stock on the date of issuance over the par value is credited to capital in excess of par value. The restricted shares are treated as non-vested stock; accordingly, the fair value of the restricted stock at the date of award is offset against capital in excess of par value in the accompanying consolidated balance sheets under stockholders' equity.

Torotel has Restricted Stock Agreements dated August 7, 2007, with eight key employees pursuant to the Stock Award Plan ("SAP"). The SAP provides key employees the opportunity to acquire newly issued common stock of Torotel pursuant to awards earned for accomplishing goals that promote the long-term financial performance of Torotel. Under the terms of the SAP, which was filed as Exhibit 10.9 of Form 10-KSB for the fiscal year ended April 30, 2007, the restricted stock awards have a 5-year restriction period, which shall lapse based on certain conditions as outlined in the SAP. As of October 31, 2011, the aggregate amount of the existing restricted stock awards was 312,900 shares. These were newly issued shares from the number of authorized shares remaining to be issued. Stock compensation cost of $8,000 for the existing restricted stock awards, net of an appropriate pre-vesting forfeiture rate, was recorded per quarter during the remaining five-year vesting period during which the financial performance metrics as outlined in the Restricted Stock Agreement were anticipated as likely to be attained. However, due to the revised mid-year projections, the likelihood of achieving the financial performance metrics as outlined in the Restricted Stock Agreement is remote. As a result, Torotel has stopped amortizing the stock compensation cost associated with the restricted stock awarded on August 7, 2007 and has recovered the previously amortized stock compensation cost of $117,000 in the second quarter ended October 31, 2011. The 312,900 shares associated with the restricted stock awards dated August 7, 2007, will be reverted to treasury shares during the third quarter of fiscal year 2012.

On September 2, 2009, Torotel entered into Restricted Stock Agreements with two key employees (Messrs. Sizemore and Serrone) pursuant to the SAP. The aggregate amount of the restricted stock awards was 250,000 shares of common stock, $.01 par value per share. These shares were transferred from treasury shares. Based on the market price of $0.27 for Torotel's common stock as of September 2, 2009, the fair value of the restricted stock at the date of award was $67,500. Stock compensation cost of $3,000, net of an appropriate pre-vesting forfeiture rate, will be recorded per quarter during the five-year vesting period provided the financial performance metrics as outlined in the Restricted Stock Agreement are likely to be attained.

Total stock compensation cost for all Restricted Stock Agreements for the three months ended October 31, 2011 and 2010 was a credit of $114,000 and expense of $11,000, respectively. Total stock compensation cost for all Restricted Stock Agreements for the six months ended October 31, 2011 and 2010 was a credit of $111,000 and expense of $23,000, respectively.

Restricted stock activity for the six month periods ended October 31 is summarized as follows:

	2011		2010	
	Restricted Shares Under Option	Weighted Average Grant Price	Restricted Shares Under Option	Weighted Average Grant Price
Outstanding at May 1	562,900	$ 0.398	607,350	$ 0.405
Granted	—	—	—	—
Vested	—	—	—	—
Forfeited	—	—	—	—
Outstanding at October 31	562,900	$ 0.398	607,350	$ 0.405

Note 7 — Stockholders' Equity

The components of stockholders' equity are summarized as follows:

	October 31, 2011	April 30, 2011
Common stock, at par value	$ 60,000	$ 60,000
Capital in excess of par value	12,314,000	12,425,000
Accumulated deficit	(9,299,000)	(9,168,000)
	3,075,000	3,317,000
Less treasury stock, at cost	19,000	19,000
	$ 3,056,000	$ 3,298,000

Torotel has 6,000,000 shares of common stock, $.01 par value, authorized and 5,828,650 shares issued and outstanding. The changes in shares of common stock outstanding as of October 31 of each period are summarized as follows:

	2011	2010
Balance, May 1	5,828,650	5,873,100
Restricted stock activity	—	—
Treasury stock activity	—	—
Balance, October 31	5,828,650	5,873,100

Note 8 — Earnings Per Share

Basic earnings per share is computed using the two-class method. The two-class method is an earnings allocation formula that determines net income per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. Per share amounts are computed by dividing net income attributable to common shareholders by the weighted average shares outstanding during each period.

The basic earnings per common share were computed as follows:

Year-to-Date EPS Calculations

	2011	2010
Net earnings (loss)	$ (131,000)	$ 625,000
Amounts allocated to participating securities (nonvested restricted shares)	—	(64,000)
Net income (loss) attributable to common shareholders	$ (131,000)	$ 561,000
Basic weighted average common shares	5,265,750	5,265,750
Earnings per share attributable to common shareholders:		
Basic earnings (loss) per share	$ (0.03)	$ 0.11

Quarterly EPS Calculations

	2011	2010
Net earnings (loss)	$ 128,000	$ 410,000
Amounts allocated to participating securities (nonvested restricted shares)	(12,000)	(42,000)
Net income (loss) attributable to common shareholders	$ 116,000	$ 368,000
Basic weighted average common shares	5,265,750	5,265,750
Earnings per share attributable to common shareholders:		
Basic earnings (loss) per share	$ 0.02	$ 0.07

ASC 260, *Earnings per Share*, provides that unvested share-based payment awards that contain non-forfeitable rights to dividends are considered to be participating securities and must be included in the computation of earnings per share pursuant to the two-class method. Diluted earnings per share is not presented as Torotel does not have any shares considered incremental and dilutive. For the year-to-date 2011 earnings per share calculation, the participating securities identified above do not contain contractual obligations to participate in the losses of Torotel and are not classified using the two-class method.

Note 9 — Stock Appreciation Rights

The board of directors of Torotel approved the Directors Stock Appreciation Rights Plan (the “Plan”) for non-employee directors in September 2004. Each stock appreciation right (“SAR”) is equal to one share of common stock of Torotel, and the aggregate number of SARs that may be granted under the Plan shall not exceed 500,000. The effective date of the Plan is October 1, 2004, and the Plan has a term of 10 years.

Pursuant to the Plan, 20,000 SARs were granted on the effective date to each of the three current non-employee directors serving at that time. The initial price at which each SAR was granted was $.35, which equaled the market price of Torotel’s common stock on the date of grant. Accordingly, no compensation cost was recognized at the time of grant.

SARs shall automatically be granted in the future as follows: (1) each person who is elected as a director, who was not a director on the effective date of the Plan, shall be granted 10,000 SARs on the date such person is elected a director; and (2) on each May 1 following the effective date during the term of the Plan, each person serving as a director on such date shall be granted 10,000 SARs. After the initial grant the price at which each SAR is granted shall be the average of the closing price of Torotel’s common stock for the 10 consecutive days immediately preceding the date of grant. Upon exercise of a SAR, Torotel will pay the grantee an amount (the “Spread”) equal to the excess of the Exercise Price over the SAR grant price multiplied by the number of shares being exercised. The Exercise Price shall be the average of the closing price of Torotel’s common stock for the 10 consecutive days immediately preceding the notice of exercise. For any payments that exceed $10,000, Torotel has the option to make quarterly payments over 3 years with interest payable quarterly at the prime rate of Torotel’s primary bank.

Each SAR granted under the Plan may be exercised to the extent that the grantee is vested in such SAR. The SARs will vest according to the following schedule:

Number of Years the Grantee has remained a Torotel director following the Date of Grant	Shares represented by a SAR in which a Grantee is Vested
Under one	—%
At least one but less than two	33%
At least two but less than three	67%
Three or more	100%

A grantee shall become fully vested in all of his or her SARs under the following circumstances: (i) upon termination of the grantee’s service as a director of Torotel for reasons of death, disability or retirement; (ii) if the Compensation and Nominating Committee (the “Committee”), in its sole discretion, determines that acceleration of the SAR vesting schedule would be desirable for Torotel; or (iii) if Torotel shall, pursuant to action by its Board of Directors, at any time propose to merge into, consolidate with, or sell or otherwise transfer all or substantially all of its assets to another corporation, and provision is not made pursuant to the terms of such transaction for the assumption by the surviving, resulting or acquiring corporation of outstanding SARs or for substitution of new SARs therefor, the Committee shall cause written notice of the proposed transaction to be given to each grantee not less than 20 days prior to the anticipated effective date of the proposed transaction, and his or her SARs shall become fully vested and, prior to a date specified in such notice, which shall be not more than 10 days prior to the anticipated effective date of the proposed transaction, each grantee shall have the right to exercise all of his or her SARs.

Compensation expense is recognized over the vesting period based upon the estimated fair value of the SARs pursuant to the terms of the Plan using the Black-Scholes options-pricing model as of the end of each financial reporting period. As of October 31, 2011, the fair value of the SARs was determined using the following assumptions: no dividend payments over the life of the SARs since Torotel has not issued any form of dividend since 1985; an expected volatility based on Torotel's historical volatility using the weekly closing price that corresponds with the expected life; a ten day average market price of $0.430; a risk-free interest rate that corresponds with the expected life; and an expected life based on the length of service estimated to be served.

The vested portion represents 210,000 SARs. As of October 31, 2011, the total aggregate intrinsic value of these exercisable SARs was $19,000.

SARs transactions for the six month periods ended October 31, 2011 and 2010 are summarized as follows:

	2011			2010		
	SARs Under Option		Weighted Average Grant Price	SARs Under Option		Weighted Average Grant Price
Outstanding at May 1	240,000	$	0.407	240,000	$	0.418
Granted	40,000	$	0.558	40,000	$	0.300
Exercised	—	$	—	—	$	—
Forfeited	—	$	—	—	$	—
Outstanding at October 31	280,000	$	0.428	280,000	$	0.401
SARs exercisable at end of period	227,000	$	0.422	200,000	$	0.438
Weighted average fair value of SARs granted during the period		$	0.406		$	0.223

The following information applies to SARs outstanding for each of the three month periods ended October 31, 2011 and 2010:

	2011	2010
Number outstanding	280,000	280,000
Range of grant prices	$0.208 - $0.695	$0.208 - $0.695
Weighted average grant price	$ 0.428	$ 0.401
Weighted average remaining contractual life	5.78 yrs.	6.74 yrs.

Total compensation expense for the outstanding SARs for the six months ended October 31, 2011 and 2010 was an expense of $2,000 and an expense of $14,000, respectively. Total compensation expense for the outstanding SARs for the three months ended October 31, 2011 and 2010 was an expense of $12,000 and an expense of $7,000, respectively. As of October 31, 2011, there was $22,000 of total unrecognized compensation expense related to non-vested SARs granted under the Plan. That cost is expected to be recognized over a weighted average period of 2.08 years. The liability for SARs on the consolidated condensed balance sheets as of October 31, 2011 and April 30, 2011 was $81,000 and $80,000, respectively.

Note 10 — Customer Deposits

Torotel currently has one contract for the potted coil assembly that provides for milestone payments by the customer prior to the commencement of product deliveries. These payments are used to procure raw materials and to maintain a 500-piece finished goods buffer as requested by the customer. These milestone payments are applied as discounts to invoices ratably over the course of the contract as invoices are paid. In accordance with our revenue recognition policy, Torotel recognizes revenue on this contract upon shipment of the product. The remaining liability associated with the milestone payments as of dates shown is summarized as follows:

	October 31, 2011	April 30, 2011
2011 contract	$ 717,000	$ 826,000
	$ 717,000	$ 826,000

This net amount is reflected as Customer Deposits under current liabilities in the accompanying consolidated condensed balance sheets.

Note 11 — Concentrations of Credit Risk

Financial instruments that potentially subject Torotel to concentrations of credit risk consist principally of cash and accounts receivable. Torotel grants unsecured credit to most of its customers. Management does not believe that it is exposed to any extraordinary credit risk as a result of this policy. At various times, and at October 31, 2011, cash balances exceeded federally insured limits. Torotel has not experienced any losses in the cash accounts and management does not believe Torotel is exposed to any significant credit risk with respect to its cash.

Note 12 — Out of Period Adjustment

During the first quarter of fiscal year 2012, we discovered errors in our restricted stock accounting that affect fiscal years 2008 to 2011. We incorrectly applied guidance contained in ASC 718 *Compensation -Stock Compensation* related to the reversal of previously amortized compensation expense at the time of forfeiture (due to employee termination). We also did not apply a pre-vesting forfeiture rate to our stock compensation amortization expense. These errors resulted in an understatement of our net income or overstatement of our net loss in fiscal years 2008, 2009, 2010, and 2011 for a total of $99,000 as detailed below.

We assessed the materiality of this error on our consolidated financial statements for the years ended April 30, 2008, 2009, 2010 and 2011 in accordance with SEC Staff Accounting Bulletin ("SAB") No. 99, *Materiality* and SAB No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* ("SAB 108"), using both the roll-over method and iron-curtain method as defined in SAB 108. Under SAB 108, prior-year misstatements which, if corrected in the current year would be material to the current year, must be corrected by adjusting prior year consolidated financial statements, even though such correction previously was and continues to be immaterial to the prior-year consolidated financial statements. Correcting prior-year consolidated financial statements for such "immaterial errors" does not require our previously filed reports to be amended, but rather these corrections will be made the next time we file the prior-year consolidated financial statements.

The following is a reconciliation between previously reported amounts for net earnings (or loss) and basic earnings (or loss) per share and restated amounts for the periods described above. We have debited paid in capital and credited stock compensation expense for the amounts detailed in the table below.

Fiscal Year Ended April 30,	**2011**	**2010**	**2009**	**2008**
Net earnings (loss)				
As reported	$ 1,233,000	$ (27,000)	$ 303,000	$ 165,000
Adjustments	23,000	23,000	14,000	39,000
Restated	$ 1,256,000	$ (4,000)	$ 317,000	$ 204,000
Basic earnings (loss) per share				
As reported	$ 0.21	$ (0.01)	$ 0.06	$ 0.03
Adjustments	—	0.01	—	0.01
Restated	$ 0.21	$ —	$ 0.06	$ 0.04

Forward-Looking Information

This report, as well as our other reports filed with or furnished to the Securities and Exchange Commission ("SEC"), contains forward-looking statements made pursuant to the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. The words "believe," "estimate," "anticipate," "project," "intend," "expect," "plan," "outlook," "forecast," "may," "will," "should," "continue," "predict" and similar expressions are intended to identify forward-looking statements. This report contains forward-looking statements regarding, among other topics, our expected financial position, results of operations, cash flows, strategy, budgets and management's plans and objectives. Accordingly, these forward-looking statements are based on assumptions about a number of important factors. While we believe that our assumptions about such factors are reasonable, such factors involve risks and uncertainties that could cause actual results to be different from what appear here. These risk factors include,without limitation:

- *economic and legislative factors that could impact defense spending;*
- *our relatively concentrated customer base;*
- *risks in fulfilling military subcontracts;*
- *our ability to finance operations;*
- *continued production of the Hellfire II missile system for which we supply parts;*
- *the ability to adequately pass through to customers unanticipated future increases in raw material and labor costs;*
- *decreased demand for products;*
- *delays in developing new products;*
- *markets for new products and the cost of developing new markets;*
- *expected orders that do not occur;*
- *our ability to adequately protect and safeguard our network infrastructure from cybersecurity vulnerabilities;*
- *loss of key customers;*
- *our ability to satisfy our debt covenant requirements;*
- *our ability to generate sufficient taxable income to realize the amount of our deferred tax assets;*
- *the impact of competition and price erosion as well as supply and manufacturing constraints; and*
- *other risks and uncertainties.*

In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this report will prove accurate. Accordingly, our actual results may differ materially from these forward-looking statements. We assume no obligation to update any forward-looking statements made herein.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Torotel, Inc. ("Torotel") conducts business primarily through its wholly owned subsidiary, Torotel Products, Inc. ("Torotel Products"), but it also operates another wholly owned subsidiary Electronika, Inc. ("Electronika"). Another subsidiary, Torotel Manufacturing Corporation ("TMC"), provides manufacturing services to Torotel Products.

Torotel Products specializes in the custom design and manufacture of a wide variety of precision magnetic components, injection molded transformers and electro-mechanical assemblies for use in military, aerospace and industrial electronic applications. These products are used to modify and control electrical voltages and currents in electronic devices. Torotel Products sells these products to original equipment manufacturers, which use them in applications such as:

- aircraft navigational equipment;
- digital control devices;
- airport lighting devices;
- medical equipment;
- avionics systems;
- down-hole drilling; and
- conventional missile guidance systems.

Torotel Products markets its components primarily through an internal sales force and independent manufacturers' representatives paid on a commission basis. These commissions are earned when a product is sold and/or shipped to a customer within the representative's assigned territory. Torotel Products also utilizes its engineering department in its direct sales efforts for the purpose of expanding its reach into new markets and/or customers.

The industry mix of Torotel Products' net sales for the first six months in fiscal 2012 was 60% defense, 21% industrial, and 19% aerospace compared to 56% defense, 23% industrial and 21% aerospace for the same period in fiscal year 2011.

Torotel Products is an approved source for magnetic components used in numerous military and aerospace systems, which means Torotel Products is automatically solicited for any procurement needs for such applications. The magnetic components manufactured by Torotel Products are sold primarily in the United States, and most sales are awarded on a competitive bid basis. The markets in which Torotel Products competes are highly competitive. A substantial number of companies sell components of the type manufactured and sold by Torotel Products. In addition, Torotel Products sells to a number of customers who have the capability of manufacturing their own electronic components. The principal methods of competition for electronic products in the markets served by Torotel Products include, among other factors, price, on-time delivery performance, lead times, customized product engineering and technical support, marketing capabilities, quality assurance, manufacturing efficiency, and existing relationships with customers' engineers. While we believe magnetic components are not susceptible to rapid technological change, Torotel Products' sales, which do not represent a significant share of the industry's market, are susceptible to decline given the competitive nature of the market.

Electronika is a marketing and licensing company selling ballast transformers to the airline industry. These transformers activate and control the lights in commercial airplane cockpits. Electronika's ballast transformers are approved as spare and replacement parts in DC-8, DC-9, DC-10, MD-80 and MD-88 aircraft; however, sales of ballast transformers have been made primarily for use in DC-8 and DC-9 aircraft. As a result, the business of Electronika is subject to various risks including, without limitation, any decline in use of the referenced aircraft, and competition for the available spare parts business. Electronika's sales do not represent a significant portion of any particular market.

Electronika's requirements for ballast transformers are outsourced pursuant to a Manufacturing Agreement with Magnetika, Inc. ("Magnetika"), a corporation owned by the Caloyeras family, which presently owns approximately 44% of the common shares of Torotel. Under the terms of the agreement, Magnetika provides all necessary raw material, labor, testing, packaging and related services required to complete the manufacture, delivery and sale of the ballast transformers, and Electronika is obligated to order all of its ballast transformer requirements exclusively from Magnetika. Electronika retains ownership of all designs, drawings, specifications and intellectual property rights associated with the ballast transformers. In exchange for the services provided to Electronika under the Manufacturing Agreement, Magnetika receives 40 percent of the net sales price of all ballast transformers sold by Electronika. The Manufacturing Agreement continues in effect until April 1, 2012. In the six months ended October 31, 2011, Electronika incurred costs of $1,000 for goods purchased on trade terms of net 20 days pursuant to the Manufacturing Agreement. Of the amount purchased, $1,000 was due and payable as of October 31, 2011.

Business and Industry Considerations

Defense Markets

The amount of consolidated revenues derived from contracts with subcontractors of the U.S. Department of Defense ("DoD") during the first six months of fiscal years 2012 and 2011, was 60% and 56%, respectively. As a result, our financial results in any period could be impacted substantially by spending cuts in the DoD budget and the funds appropriated for certain military programs.

Notwithstanding the defense spending cuts demanded by sequester resulting from the failure of Congress' supercommittee to reach a compromise in addressing the U.S. government's $15 trillion debt, we believe our overall defense business outlook remains favorable due to the present demand for the potted coil assembly for the Hellfire II missile system. As of October 31, 2011, the backlog for the potted coil assembly is $2.7 million. This amount will be shipped during the remainder of fiscal year 2012. In addition, we anticipate another contract to be awarded during the third quarter of fiscal year 2012 with deliveries scheduled to begin in late fiscal year 2012 or early fiscal year 2013.

Aerospace and Industrial Markets

We also provide magnetic components, injection molded products and electro-mechanical assemblies for a variety of applications in the aerospace and industrial markets. The significant growth factors for these markets include demand for Boeing commercial aircraft (including the Boeing 787), increases in airport modernization projects (for our runway lighting products), down-hole drilling applications, and general demand for electronic components.

We continue to believe that near-term demand for aerospace and industrial products will remain consistent with current demand. We also believe that the long-term outlook remains positive because of the nature of the customers' applications for these products; however, the fragile economic recovery and the inventory of Boeing 787's in partially completed stages will likely hinder any near-term increase in demand.

New Opportunities and Earnings Outlook

The primary factors that drive gross profit and net earnings for Torotel Products are sales volume and product mix. The gross profits on mature products/programs and complex transformer devices tend to be higher than those that are still in the prototyping or early production stages and simpler inductor devices. As a result, in any given accounting period the mix of product shipments between higher and lower margin jobs has a significant impact on the gross profit and net earnings of Torotel Products.

During the second half of fiscal year 2011, we increased our investment in engineering, sales and marketing personnel to assist in our pursuit of new revenue opportunities in large transformers, motor windings and other products associated with the defense, aerospace and industrial markets. While several new opportunities have been quoted and in some cases prototyped, the revenue stream from products sold into the defense and aerospace markets tends to be slower to develop due to the system application testing and qualification that must be completed at the prime contractor level. With no significant change anticipated in our new order rate in the near term, headcount reductions and other spending cuts have been implemented in the last few months. Further reductions continue to be evaluated with more changes anticipated in early calendar year 2012.

As of October 31, 2011, the consolidated order backlog was nearly $4.5 million. This amount is comprised of $2.7 million for the potted coil assembly, $1.5 million in magnetic components, and $350,000 for electro-mechanical assemblies and injection molded products.

Electronika's net sales continue to be impacted by the decline in the number of active DC-8 and DC-9 aircraft. We expect these sales to continue to decline and eventually phase out with the expiration of the Manufacturing Agreement with Magnetika.

Results of Operations

The following management comments regarding Torotel's results of operations and outlook should be read in conjunction with the Consolidated Condensed Financial Statements and Notes to the Consolidated Condensed Financial Statements included in Part I, Item 1 of this Quarterly Report.

This discussion and analysis of the results of operations include the operations of Torotel, Inc. and its subsidiaries, Torotel Products, Inc., Torotel Manufacturing Corp., and Electronika, Inc. While each company's results are included separately in the following discussion, segment reporting is not applicable because the products offered are similar in form and function, and target similar markets.

Three and Six Months Ended October 31, 2011 Compared With Three and Six Months Ended October 31, 2010

Net Sales

	Three Months Ended		Six Months Ended	
	October 31, 2011	October 31, 2010	October 31, 2011	October 31, 2010
Torotel Products:				
Magnetic components	$ 1,177,000	$ 1,632,000	$ 2,299,000	$ 3,011,000
Potted coil assembly	1,357,000	1,276,000	2,596,000	2,325,000
Electro-mechanical assemblies	50,000	73,000	175,000	130,000
Injection molded products	127,000	—	186,000	—
Total Torotel Products	2,711,000	2,981,000	5,256,000	5,466,000
Electronika	—	17,000	3,000	26,000
Total consolidated net sales	$ 2,711,000	$ 2,998,000	$ 5,259,000	$ 5,492,000

For the three months ended October 31, 2011, consolidated net sales decreased nearly 10%. The net sales of Torotel Products decreased 9% due primarily to lower demand for magnetics components which was due to lower sales for components of the Maverick missile system as well as the conclusion of a major commercial contract. Additional sales were generated from the injection molded products for airport lighting which went into production in the third quarter of fiscal year 2011. The net sales of Electronika decreased $17,000. Electronika's sales will fluctuate within a small range until the expiration of the Manufacturing Agreement on April 1, 2012, as overall demand for the ballast transformers is very limited.

For the six months ended October 31, 2011, consolidated net sales decreased nearly 4%. The net sales of Torotel Products decreased 4% due to lower demand for magnetics components which was partially offset by a higher demand for the potted coil assembly and electro-mechanical assemblies. The lower demand for magnetic components was primarily due to lower sales for components of the Maverick missile system as well as the conclusion of a major commercial contract. Additional sales were generated from the injection molded products for airport lighting which went into production in the third quarter of fiscal year 2011. The net sales of Electronika decreased from $26,000 to $3,000. Electronika's sales will fluctuate within a small range until the expiration of the Manufacturing Agreement on April 1, 2012, as overall demand for the ballast transformers is very limited.

Gross Profit

	Three Months Ended		Six Months Ended	
	October 31, 2011	October 31, 2010	October 31, 2011	October 31, 2010
Torotel Products:				
Gross profit	$ 871,000	$ 1,018,000	$ 1,509,000	$ 1,910,000
Gross profit % of net sales	32%	34%	29%	35%
Electronika:				
Gross profit	$ —	$ 10,000	$ 1,000	$ 15,000
Gross profit % of net sales	—%	40%	40%	40%
Consolidated:				
Gross profit	$ 871,000	$ 1,028,000	$ 1,510,000	$ 1,925,000
Gross profit % of net sales	32%	34%	29%	35%

For the three and six months ended October 31, 2011, consolidated gross profit as a percentage of net sales decreased by 2% and 6% respectively. These decreases are attributable to Torotel Products due to higher material costs associated with the product mix, higher fixed costs due to the leased facility for manufacturing the injection molded products and the electro-mechanical assemblies, and higher costs for fringe benefits such as group health insurance. The gross profit percentage of Electronika remained unchanged as it is fixed by the Manufacturing Agreement with Magnetika, Inc.

Operating Expenses

	Three Months Ended		Six Months Ended	
	October 31, 2011	October 31, 2010	October 31, 2011	October 31, 2010
Engineering	$ 180,000	$ 87,000	$ 346,000	$ 156,000
Selling, general and administrative	551,000	521,000	1,272,000	1,127,000
Total	$ 731,000	$ 608,000	$ 1,618,000	$ 1,283,000

For the three months ended October 31, 2011, engineering expenses increased nearly 105%, or $93,000. This increase was primarily due to a $83,000 increase in payroll costs, including higher costs for fringe benefits such as group health insurance, a $8,000 increase in travel expenses, and a $2,000 increase in depreciation expense.

For the six months ended October 31, 2011, engineering expenses increased nearly 120%, or $190,000. This increase was primarily due to a $183,000 increase in payroll costs, including higher costs for fringe benefits such as group health insurance, a $10,000 increase in travel expenses, a $3,000 increase in depreciation expense, and a $2,000 increase in software costs. This increase was partially offset by a $8,000 decrease in training expense.

For the three months ended October 31, 2011, selling, general and administrative expenses increased 6%, or $30,000. This increase primarily resulted from a $54,000 increase in payroll costs as well as higher costs for fringe benefits such as group health insurance, a $22,000 increase in depreciation, a $20,000 increase in travel expenses, a $19,000 increase in legal fees, a $16,000 increase in computer costs, a $8,000 increase in dues and membership costs, a $5,000 increase in stock appreciation rights expense, a $5,000 increase in operating expenses, a $3,000 increase in sales and use tax payments, and a $3,000 increase in insurance costs. This increase was partially offset by a $125,000 decrease in stock compensation amortization expense resulting from the reversal of previously amortized expense.

For the six months ended October 31, 2011, selling, general and administrative expenses increased 13%, or $145,000. This increase primarily resulted from a $145,000 increase in payroll costs as well as higher costs for fringe benefits such as group health insurance, a $47,000 increase in depreciation, a $38,000 increase in travel expenses, a $34,000 increase in audit fees, a $27,000 increase in customer discounts, a $20,000 increase in computer services expense, a $7,000 increase in commissions expense, and a $5,000 increase in operating expenses. This increase was partially offset by a $135,000 decrease in stock compensation amortization expense primarily resulting from the reversal of previously amortized expense and a $43,000 decrease in training costs.

Earnings (Loss) from Operations

	Three Months Ended		Six Months Ended	
	October 31, 2011	**October 31, 2010**	**October 31, 2011**	**October 31, 2010**
Torotel Products	$ 228,000	$ 481,000	$ 95,000	$ 837,000
Electronika	—	10,000	2,000	15,000
Torotel	(88,000)	(71,000)	(204,000)	(210,000)
Total	$ 140,000	$ 420,000	$ (107,000)	$ 642,000

For the reasons discussed above, consolidated earnings from operations decreased by $280,000 and $749,000 for the three and six months ended October 31, 2011, respectively.

Other Earnings Items

	Three Months Ended		Six Months Ended	
	2011	**2010**	**2011**	**2010**
Earnings (loss) from operations	$ 140,000	$ 420,000	$ (107,000)	$ 642,000
Interest expense	12,000	12,000	24,000	22,000
Interest income	—	(2,000)	—	(5,000)
Earnings (loss) before income taxes	$ 128,000	$ 410,000	$ (131,000)	$ 625,000
Provision (Benefit) for income taxes	—	—	—	—
Net earnings (loss)	$ 128,000	$ 410,000	$ (131,000)	$ 625,000

For the three months ended October 31, 2011, net interest expense increased by $2,000, or 20% , due to no interest income earned in the current year.

For the six months ended October 31, 2011, net interest expense increased by $7,000, or 41%, due to a higher debt level and the interest income earned in the prior period.

No provision or benefit for income taxes was recognized in either period presented above.

Return on Capital Employed

Return on Capital Employed ("ROCE") is the primary benchmark used by management to evaluate Torotel's performance. ROCE measures how effectively and efficiently net operating assets ("NOA") are used to generate income before interest and taxes (EBIT). For these purposes, NOA, or Capital Employed, is defined as "accounts receivable + inventory + net fixed assets + miscellaneous operating assets - accounts payable - miscellaneous operating liabilities". The performance of Torotel's management and the majority of its decisions will be measured by whether Torotel's ROCE improves. For the fiscal years ended April 30, 2011 and 2010, Torotel's ROCE was 17.59% and 1.13%, respectively. The ROCE for the 12-month trailing period ended October 31, 2011 was -3.50%. This decrease in ROCE is primarily attributed to lower operating income generated in the first six months of fiscal year 2012 as a result of lower sales and higher fixed costs.

Liquidity and Capital Resources

As of October 31, 2011, Torotel had $1,282,000 in cash compared to $490,000 as of April 30, 2011 and $946,000 as of October 31, 2010. The factors contributing to the differences from period to period are discussed below.

The table below presents the summary of cash flow for the six month periods indicated through October 31.

		2011		2010
Net cash provided by (used in) operating activities	$	1,258,000	$	(26,000)
Net cash used in investing activities	$	(398,000)	$	(476,000)
Net cash provided by (used in) financing activities	$	(68,000)	$	418,000

Operating Activities

Net cash provided by (used in) operating activities fluctuates between periods primarily as a result of differences in operating earnings, the timing of shipments and the collection of accounts receivable, changes in inventory, level of sales and payment of accounts payable. The major increase in cash provided by operating activities is attributable to the decrease in accounts receivable of $1,401,000. This type of change is not typical for a six month period. As a result, we anticipate the amount of cash flow from operations in the near-term to be relatively flat.

Investing Activities

The $398,000 of cash used in investing activities in the first six months of fiscal year 2012 was the result of capital expenditures. This amount included approximately $30,000 related to building improvements for the parking lot at Torotel's principal office as well as $370,000 in additional capital expenditures primarily related to our investment in large transformer production equipment and a new enterprise resource planning system.

Financing Activities

The $68,000 of cash used in financing activities in the first six months of fiscal year 2012 is the result of payments on long-term debt and capital lease obligations.

Capital Resources

We believe the projected cash flow from operations, combined with existing cash balances, will be sufficient to meet funding requirements for the foreseeable future. Torotel has a $500,000 bank line of credit available, which we anticipate could be utilized to help fund any working capital requirements. For the three and six months ended October 31, 2011, we have not borrowed any funds available on this credit line.

We believe that inflationary concerns are remote based upon most economic indicators and will have only a minimal effect on future operations since such effects should be offset by sales price increases, which are not expected to have a significant effect upon demand.

Critical Accounting Policies

We discuss our critical accounting policies and estimates in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended April 30, 2011. We have made no significant change in our critical accounting policies since April 30, 2011.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Torotel's management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of Torotel's disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Based on such evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that Torotel's disclosure controls and procedures are ineffective.

Changes in Internal Control

Our enterprise resource planning system, which was implemented on November 1, 2010, processes all financial information for our business. Late in the fourth quarter of fiscal year 2011, we encountered irregularities related to the calculation of inventory costs. In an effort to identify the magnitude and scope of these irregularities, we undertook an extensive review of our inventory transactions as well as other transactional areas, including revenue and accounts payable. Based on our review, we believe that these errors were systematic in nature and not caused by our implementation or usage of the system. As a result of these errors, we filed an amended quarterly report on Form 10-Q/A for the period ended January 31, 2011 with the restated financial statements on August 15, 2011.

Since identifying the material weakness as described above, we have continued the below measures to remediate the material weakness:

- Performing extensive detailed price testing on our raw material inventory balance; and
- Expanding reviews of certain functional areas including revenue and accounts payable transactions.

We believe that the remediation measures described above will strengthen our internal control over financial reporting and will remediate the identified material weakness. As we continue to evaluate and work to enhance internal control over financial reporting, we may determine that additional measures must be taken to address this control deficiency or may determine that we need to modify or otherwise adjust the remediation measures described above.

Because the reliability of the internal control process requires repeatable execution, the successful remediation of this material weakness will require review and evidence of effectiveness prior to us concluding that the controls are now effective. Some of the mitigating controls that have been implemented have not been in place for a sufficient period of time to demonstrate that their effectiveness is sustainable. Also, we believe that this material weakness will be fully remediated via the transition to a new ERP system. We currently anticipate that we will implement a new ERP system on August 1, 2012. Therefore, additional time is required to validate that the material weakness is fully remediated.

Other than measures implemented to remediate the material weakness, as described above, there have been no changes in our internal control over financial reporting or in other factors that have materially affected, or in our estimates are reasonably likely to materially affect our internal control over financial reporting during the period covered by this report.

PART II. OTHER INFORMATION

Item 4. [Removed and Reserved]

Item 6. Exhibits

a) Exhibits

Exhibit 31.1	Officer Certification
Exhibit 31.2	Officer Certification
Exhibit 32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Torotel, Inc.
	(Registrant)
December 14, 2011	/s/ Dale H. Sizemore, Jr.
Date	Dale H. Sizemore, Jr. Chief Executive Officer
December 14, 2011	/s/ H. James Serrone
Date	H. James Serrone. Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Dale H. Sizemore, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Torotel, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a—15(f) and 15d—15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 14, 2011

/s/ Dale H. Sizemore, Jr.

Dale H. Sizemore, Jr.
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, H. James Serrone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Torotel, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a—15(f) and 15d—15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 14, 2011

/s/ H. James Serrone

H. James Serrone
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with this quarterly report of Torotel, Inc. (the "Company") on Form 10-Q for the period ending October 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dale H. Sizemore, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dale H. Sizemore, Jr.

Dale H. Sizemore, Jr.
Chief Executive Officer
December 14, 2011

EXHIBIT 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with this quarterly report of Torotel, Inc. (the "Company") on Form 10-Q for the period ending October 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, H. James Serrone, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ H. James Serrone

H. James Serrone
Chief Financial Officer
December 14, 2011