



## KIRLOSKAR ELECTRIC COMPANY LTD.,

Sect/141(4)/  
September 5, 2013

The Secretary  
National Stock Exchange of India Ltd  
Exchange Plaza  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051

Dear Sir

Symbol – KECL,  
Series – EQ

Sub.: Annual Report for the year ended 31.3.2013

In terms of Clause 31(a) of the Listing Agreement, we are sending herewith six copies of the Annual Report for the year ended 31<sup>st</sup> March, 2013 along with Form B (Format of covering letter of the annual audit report to be filed with the Stock Exchange), for your information and records.

Thanking you,

Yours faithfully  
for KIRLOSKAR ELECTRIC CO., LTD.,

K.S. SWAPNA LATHA  
General Manager  
& Assistant Company Secretary

Encl;a/a

**FORM B**

(Clause 31 (a) of Listing Agreement)

Format of covering letter of the annual audit report to be filed with the stock exchanges

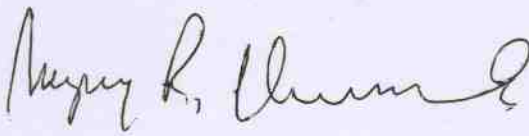



1.	Name of the Company	Kirloskar Electric Company Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Qualified
4.	Frequency of observation	<ol style="list-style-type: none"><li>1. Repetitive in respect of observation 'A' as stated in item 5.</li><li>2. Repetitive in respect of observation 'B' as stated in item 5.</li><li>3. Repetitive in respect of observation 'C' as stated in item 5.</li><li>4. Repetitive in respect of observation 'D' as stated in item 5.</li><li>5. Repetitive in respect of observation 'E' as stated in item 5.</li><li>6. Repetitive in respect of observation 'F' as stated in item 5.</li></ol>
5.	Drawn attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	<p>OBSERVATION:</p> <p>A) Regarding complete particulars (including interest payable) of dues to micro, small and medium enterprises not being ascertained, with consequential non provision for interest due. Refer note no. 10 of Annual Report ( Page 36 of Annual Report)</p> <p>B) Regarding confirmation of balances from trade receivables being awaited and accounts of certain trade receivables being subject to review/reconciliation/identification of doubtful debts. Debts above two years and considered as good by management is estimated at Rs.1,940.45 lakhs. The relevant accounts are subject to adjustments, if required after management completes review, reconciliation and identification of further doubtful debts</p>



		<p>Refer note 37(a) of the Annual report (page 44 of the Annual Report)</p> <p>C) Regarding 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. Further, work in progress at certain units as at March 31, 2013 with aggregate carrying value of Rs.5,658.81 lakhs includes non-moving and old inventories in respect of which physical identification/ reconciliation/assessment of net realizable value and reusability is under progress. The determination of cost or net realizable value in respect of work in progress is not in line with Accounting Standard (AS) – 2.</p> <p>Refer note 38 of the Annual report (page 44 of the Annual report)</p> <p>D) Regarding realizable value of assets held for sale (Rs. 793.09 lakhs) being assessed by management without the support of an external valuation or quotations from prospective buyers.</p> <p>Refer note 40 of the Annual report (page 44 of the Annual report)</p> <p>E) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. Certain stocks lying with third parties amounting to Rs.142.37 lakhs and at port are subject to confirmation/ reconciliation.</p> <p>Refer note 37 (a) of the Annual report (page 44 of the Annual report)</p> <p>F) The Company has implemented SAP ECC 6 systems at all its units. Certain mistakes and omissions noticed during the year have been corrected based on physical verification taken from time to time (refer note 38 of the financial statements). The Company is in the process of quantifying the differences to be adjusted in the books of account on a comprehensive basis. Accordingly, we are unable to state whether the discrepancies between books/records and inventory are material and whether they have been properly dealt with in the books of account.</p>
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		Refer note 38 of the Annual report (page 44 of the Annual report)
		Management Responses:-
	Additional comments from the Board/Audit Committee Chairman	Refer page 10 & 11 of Annual Report (Directors Report) Nil
6.	To be signed by -	
	CEO/Managing Director	
	CFO	
	Audit Committee Chairman	
	Auditor of the Company	For B.K. RAMADHYANI & CO.  PARTNER