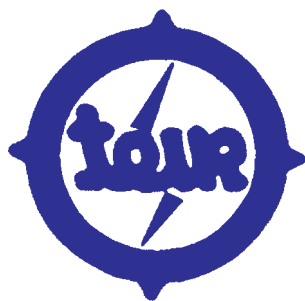


Transformers and Electricals Kerala Limited

(A Joint Venture of Government of Kerala and NTPC Limited)



**51st ANNUAL REPORT
Year Ended 31st March 2014**



DIRECTORS' REPORT

To The Members,

Your Directors are pleased to present the Fifty First Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March 2014.

The economic environment continued to be hostile during the year under review. Concerns over growth, inflation and capital investment resulted in under performance by core industrial sectors; this had a direct bearing on the businesses of your Company. Lower demand and relative overcapacity have further increased competitive intensity and margin pressures and it is anticipated that these conditions will persist during the current year as well. While we keenly follow the macroeconomic trends, we continue to evaluate options and take measures to address current challenges while building organizational capabilities for the future.

THE YEAR IN RETROSPECT

During the year, Sales Turnover net of excise duty, increased by 11.87% from Rs. 148.45 Crore in 2012-13 to Rs. 166.07 Crore in 2013-14. Profit After Tax for the year 2013-14 is placed at Rs.0.82 Crore as against Rs. 1.59 crore during 2012-13.

Despite difficult, hard and adverse market conditions your Company has recorded a production of 4577 MVA and the plant utilisation factor of 102%. This is, indeed, a unique distinction which was made possible with a great team effort administrated by each and every member of the TELK family.

Your Company has completed 50 years in December 2013. It is a matter of great pride to reflect on the progress made by

your Company, especially over the last 7 years after the Joint Venture was formed between Government of Kerala and NTPC Limited. With the whole hearted support of both the JV Partners, the Company has created many growth drivers and now completely turned around with a net worth of over Rs.117 Crores.

PERFORMANCE OF TELK

(Rs. in lakhs)

Particulars	2013-14	2012-13
Revenue from operations	16607 (5201 MVA)	14845 (4203 MVA)
Other Income	393	601
Total Revenue	17000	15446
Expenses		
Cost of materials consumed	10714	9535
Changes in inventories of finished goods, work in progress	(+)372	(-)597
Employee benefits expenses	4561	4914
Finance costs	66	67
Depreciation & amortization expenses	300	273
Manufacturing, Administration & Selling Expenses	1068	1051
Prior period Items (net)	(-)95	(-)30
Total Expenses	16986	15213
Profit Before Tax (PBT)	14	233
Tax expenses	(+) 68	(-) 74
Profit After Tax (PAT)	82	159

DIRECTORATE

As per the Business Collaboration & Shareholders' Agreement, the Board of Directors of the Company has been reconstituted with four nominees of Government of Kerala and four nominees of NTPC Limited.



Appointments

Shri. P.H. Kurian IAS, Principal Secretary, Industries & IT Department, Government of Kerala was appointed as the Chairman of the Company on 09.10.2013. Shri. Prabhat Kumar was appointed as the Managing Director of the Company on 27.05.2013. Shri. U.P. Pani, Director (HR), NTPC Limited was appointed as Technical Director of TELK on 09.05.2013. Shri. K.S.Srinivas IAS, Special Secretary, Industries (IP) Department, Government of Kerala was appointed as Director on the Board of Directors on 17.06.2013. Shri.M.P.Salim, Joint Secretary, Finance Department, Government of Kerala was appointed as Director on the Board of Directors on 26.04.2014.

Cessations

Shri. V. Somasundaran IAS stepped down from his Chairmanship of TELK on 09.10.2013. Shri. Arun Kumar Gupta ceased to be the Managing Director of TELK on 27.05.2013. Shri. T.O.Sooraj IAS

ceased to be Director with effect from 17.06.2013. Smt. G.Indu ceased to be Director with effect from 26.04.2014.

Directors wish to express their sincere appreciation for the remarkable services rendered by Shri. V. Somasundaran IAS as an active and dynamic Chairman of TELK. His contribution to the company during his tenure was very valuable.

Board places on record its gratitude and appreciation for the guidance and valuable services rendered by Shri. Arun Kumar Gupta as Managing Director, Shri. T.O. Sooraj IAS as Director and Smt. G.Indu as Director during their tenure.

PARTICULARS OF EMPLOYEES

There were no employees who were in receipt of remuneration within the limits prescribed under section 217 (2A) of the Companies Act, 1956. Hence, the particulars as required to be disclosed under the Companies (Particulars of Employees) Rules, 1975 are 'NIL'.

RESERVES

During the year, the company has not transferred any amount to reserves.

DIVIDEND

The Board of Directors have not recommended dividend during the year 2013–2014.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING / OUTGO

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the prescribed format as Annexure-I to this Report.



EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

HUMAN RESOURCES

Your Company takes great pride in the commitment, competence and vigour shown by its workforce in all realms of business. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of its business. The workforce management strategy was executed optimally to deliver a sustained utilisation rate throughout the year helping business to grow.

The robust and mature talent management and engagement processes of the Company helped to create an environment where performance is rewarded, opportunities provided for career growth makes people encouraged to realise their potential. Focused initiatives towards health, safety and other non-work related employee engagement programmes helped to develop the personality and confidence level of the employees enhancing their motivation and engagement with the organisation.

For the first time in the history of TELK, Family Membership Card for the retiring employees has been introduced with a view to recognize them still as part of TELK family. Our continued focus on proactive involvement, employee-friendly practices, two way communication and grievance

redressal mechanism, and interface with families of employees helped us to enhance commitment level of our employees. Voluntary participation of employees in activities like family visits, sports and recreation, health related initiatives – blood donation, CSR activities, and get-togethers enabled us that we make maximum use for fun aspect of work-life, which in turn, is very important for efficient and productive working. Through all these activities and interventions, Human Resource Department is playing a pivotal role in improving the competitive edge of the business and with the strong, competent and committed workforce of 605 Employees, TELK's HR is all set to further drive the Vision of the Organization.

Employee Strength (as on 01/04/2014)

Employee Category	No. of persons Employed
Officers	178
Clerical	41
Skilled	217
Semi-Skilled	145
Unskilled	24
Total	605

Your Company follows participative style of management with frequent communication meetings between the management and Trade Unions / Officers Associations. Company had harmonious industrial relations throughout the year and it will be the endeavor of your Company to continue to maintain the good industrial climate.

SAFETY

Your Company has always given prime importance to occupational health and safety to each and every person by making all efforts to prevent all types of accidents. To spread the awareness of safety measures, safety weeks are organized involving each worker, wherein various safety related activities are conducted.

Company's vision to put safety first is evident from our Safety Policy Statement. We are taking adequate precautions and care of all our employees and visitors while they are in our premises. Company is providing all suitable Personal Protection Equipments (PPEs) to its employees who are exposed to such working environment.

A committed Safety Committee headed by the Safety Officer is functioning in the Company and its endeavor is to bring down the accidents to zero level through training, safety promotional activities and creating safety awareness among employees at all levels.

Your Company commemorated Safety Day on 04th March, 2014 with an objective to present relevant information and guidelines on safety aspects, the observance of which will go a long way in prevention of occupational injuries as well as accidents.

CORPORATE GOVERNANCE

Corporate Governance for the Company means achieving high level of accountability, efficiency, responsibility, fairness and transparency in all areas of operations. Our workforce is committed towards the protection of the interest of the stakeholders including shareholders, creditors, investors, customers, employees, etc. Our policies consistently undergo improvements keeping in mind our goal of maximization of value to all the stakeholders.

Company follows the best Corporate Governance practices founded on the principle of transparency, in the interest of all stakeholders. The Board of Directors of the Company comprise seven Directors including the Chairman and the Managing Director. Except the Managing Director, rests of the Directors are Non-executive Directors. During the year under report, there were 4 Board Meetings.

Composition of Board

The composition and category of the Directors along with their attendance at Board meetings during the year ended 31st March, 2014 are as given below:

Name of Director	Board meetings attended			
	20 th April 2013	20 th August 2013	30 th December 2013	25 th March 2014
Shri. P.H. Kurian IAS (Non-Executive)	N A	N A	Present	Present
Shri.V.Somasundaran IAS (Non-Executive)	Present	Present	N A	N A
Shri. A.K.Jha (Non-Executive)	Absent	Present	Present	Absent
Shri. U.P.Pani (Non-Executive)	N A	Present	Absent	Present
Shri. Sudhir Arya (Non-Executive)	Absent	Present	Absent	Present
Shri. K.S. Srinivas IAS (Non-Executive)	N A	Absent	Absent	Absent
Shri. T.O . Sooraj IAS (Non-Executive)	Absent	N A	N A	N A
Smt.G.Indu (Non-Executive)	Absent	Present	Present	Absent
Shri. Prabhat Kumar (Managing Director)	N A	Present	Present	Present
Shri. Arun Kumar Gupta (Managing Director)	Present	N A	N A	N A

The compliance by the Company of all Statutory and Regulatory requirements has been prompt and up to date.



The major means of communication with the shareholders are individual correspondences, newspaper releases and hosting at Company Website.



Internal Control System

The company has Internal Audit Department which carries out audits as per Annual Audit Programme approved at Board Level Audit Committee. The Internal Audit Department checks the adequacy and effectiveness of internal control system through regular audits, system reviews and monitors compliance of various policies and procedures. The Company has in-house Internal Audit Department commensurate with its size of operations. Functioning of Internal Audit and adequacy of internal control system is reviewed at Board Level.

The company has well placed proper and adequate systems of internal control and documented procedures covering all financial and operating functions.



Adequate internal control measures are in the form of various codes, manuals and procedures issued by the management covering all critical and important activities viz. Purchase, Material, Stores, Works, Finance, and HR. The Company continues its efforts to align all its processes and controls with global best practices.

Right To Information Act, 2005

TELK is a front-runner in implementing the Right to Information (RTI) Act, 2005 and has embraced the Act in true letter and spirit. An Appellate Authority, a Public Information Officer and an Assistant Public Information Officer are functioning as part of the Right to Information Group.

To assist and facilitate the citizen in obtaining information, details have been placed on TELK’s website, spelling out the procedure for securing access to information and filing of first appeal under the Act. Instructions have been issued to administrative units to ensure compliance to the mandatory requirements of the Act. TELK’s journey in adopting RTI as a tool of transparency also helps in improving efficiency of systems and processes.

RIGHT TO INFORMATION ACT, 2005 AT TELK DURING THE YEAR

No. of Applications received	-	32
No. of Applications replied	-	32
No. of Appeals received	-	1
No. of Appeals replied	-	1

Green Initiatives

As a responsible corporate citizen, the company supports and pursues the

'Green Initiative' of the Ministry of Corporate Affairs ("MCA").



To take part in the Green initiative your company is admitted with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vide ISIN – INE123K01011. As such demat facility is made available for the shareholders. Shareholders holding shares in physical form desirous of availing electronic form of delivery of documents are requested to inform with our Registrar and Transfer Agents by a written request if they wish to avail this facility.

CORPORATE SOCIAL RESPONSIBILITY

Your company believes that Corporate Governance is the basis of customers' satisfaction. It has been TELK's endeavor always to act as a responsible corporate citizen committed to working for welfare of the society through inclusive growth aimed at capability building, empowerment of communities, environment protection and upliftment of the marginalized and under privileged sections of the society. In line with this commitment, the company supports various social initiatives by undertaking projects in diversified areas like Education, Community Development, Health, Environment Enrichment, Vocational Training and Skill Development.

AUDIT COMMITTEE

Audit Committee of the Company presently comprises four Directors. Statutory Auditors and Internal Auditors of the Company are invitees to all meetings of the Committee and the Company Secretary is the Secretary to the Audit Committee. The Composition of the Audit Committee complies with the requirements of Section 292A of the Companies Act, 1956.



Audit Committee discharges the functions laid down in the Companies Act, 1956 apart from discharging those functions delegated by the Board of Directors from time to time. Audit Committee has been closely overseeing and monitoring the adequacy and effectiveness of internal control systems and procedures, and audit functions including follow-up and compliance of audit reports and interaction with the Auditors.

Audit Committee acts as an effective tier to the Board in the matter of audit and internal control systems, and offers useful suggestions in the conduct and management of the business of the Company. Company has adopted a Charter for the Audit Committee of the Board of Directors of the Company. The Committee met 2 times during the year.



DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year are pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956. The Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2013-2014 and of the profit and loss of the company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- The directors had prepared the annual accounts on a going concern basis.

ISO CERTIFICATION

Your Company is an ISO certified company since 1995. As on date Company holds ISO 9001:2008 QMS certification. The management system of the Company including the implementation meets the requirements of the standard: ISO 9001:2008. This certification is valid until March 2017.

NABL ACCREDITATION

At TELK, quality checks are mandatory at each phase of production. TELK's testing department is equipped with a multitude of sophisticated testing equipments apart from NABL accreditation for Company's Transformer Testing Lab w.e.f. 06.06.2011. Every product of TELK goes through stringent quality tests before reaching the customer. Being one of the first Indo-Japanese ventures in the Country, TELK has imbibed 'Total Quality' concepts in its culture.

AWARDS

Your Directors report that the Company has excelled in various dimensions of corporate achievement, recognized through peer and public evaluation.



CERTIFICATION

A Certificate duly signed by Shri. Prabhat Kumar, Managing Director and Shri. S.V.Ganapathy Iyer, Joint General Manager (Finance & Accounts) is given in Annexure-II to this Report.

AUDITORS

- The Comptroller and Auditor General of India have appointed M/s. G Joseph & Associates, Chartered Accountants, Kochi, as Statutory Auditors for the Financial Year 2013-14.



- The Company with the approval of Central Government had appointed M/s. B.B.S & Associates, Cost Accountants, Ernakulam to audit the cost accounts related to the company's products for the year ending on 31.03.2014.
- The company has appointed M/s. Elias George & Co., Chartered Accountants as Internal Auditors for the year 2013-14.
- The Sales Tax Auditors of the company for the Financial Year 2013-14 is M/s R Krishna Iyer & Co., Chartered Accountants, Kochi.

INDUSTRIAL SCENARIO – OVERLOOK

Global activity strengthened during the second half of 2013, as anticipated in the October 2013 World Economic Outlook. Activity is expected to improve further in 2014–15, largely on account of recovery in the advanced economies.



Global growth is now projected to be slightly higher in 2014, at around 3.7 percent, rising to 3.9 percent in 2015, a broadly unchanged outlook from the October 2013. But downward revisions to growth forecasts in some economies highlight continued fragilities, and downside risks remain.

As per the National Council of Applied Economic Research, for the Financial Year 2013-14, India's GDP growth is in the range of 4.7 to 4.9%. India's economic growth is likely to accelerate to 5.6% in 2014-15. Similarly, Industry growth is likely to accelerate from 1.6% in 2013-14 to 3.6% in 2014-15.

Indian Transformer Industry continues to face tough competition. Enormous delays in project execution and non-adherence of payment terms by customers has resulted in unmanageable cash flow problems across the industry. Given the continued threat from imports of electrical equipment in the Indian market, domestic manufacturers are being forced to absorb this additional cost to remain competitive. Imports of power transformers, mainly through power project import route have continued to increase. In the previous year, imports had captured a major portion of the market for electrical equipment in India, whereas there was significant under-utilization of installed domestic capacity. This under-utilized domestic capacity is a major cause for such a low level of quotes in the recent bids.



TELK: THE PASSAGE OF SUSTAINABILITY

Overall economy of India has taken a hit due to the cascading effect of uncertainty surrounding global economy coupled with low domestic consumption demand spurred by inflation and poor manufacturing & capital goods performance mirroring weak investment sentiment. In the backdrop of continuing weak economic growth, the Transformer Industry is witnessing shrinkage in demand, cash flow problems and under-utilization of capacities.

During the current challenging time, TELK is facing two confronting mandates i.e., mandate for profitability and mandate for growth and sustainability. In addition, TELK is facing challenges in receiving new orders, liquidity crunch and higher establishment charges vis – a -vis same for the peer group.



TELK could not escape the adversity of the market scenario in the Transformer Industry. There are few initiatives undertaken during the current year which have created a positive outlook and a change in the mind set and culture. Future outlook continues to pose key concerns and we need to improve upon our order position, productivity and reduce our costs so as to remain viable and competitive. 2013-14 was a vital year for TELK in strengthening our organizational will, taking up challenges in a positive spirit and standing tall in difficult times to emerge successful.

Efforts are being made to make supply chain agile and accelerate project execution, sustained focus on Vendor Base

Expansion, Scaling up procurement through technology initiatives, Advanced Manufacturing Action, Global Sourcing etc. so as to remain viable and competitive.

CONTRIBUTION TO EXCHEQUER

Your Company contributed an amount of Rs.2165.79 Lakhs in the form of Excise Duties, Sales Tax, Service Tax, Corporate Tax, etc. during the year 2013-14.

ACKNOWLEDGEMENTS



Your Directors wish to convey their gratitude and appreciation to all of the Company's employees for their tremendous personal efforts as well as their collective dedication and contribution to the Company's performance. The Directors

would also like to thank the employee unions, shareholders, customers, dealers, suppliers, bankers, government and all other business associates for their continued support extended to the Company and the Management. Directors also thank the Comptroller & Auditor General of India and all well-wishers for their encouragement and support.

Board gratefully acknowledges the valuable and timely advices, guidance and support received from time to time from the Government of Kerala and NTPC Limited. The Directors also acknowledge the services of Statutory Auditors, Cost Auditors and Internal Auditors. The Directors express their gratitude to various Institutions and Agencies for their continued support.

For and on behalf of the
Board of Directors of TELK

Sd/-
(P.H. Kurian IAS)
CHAIRMAN

Thiruvananthapuram
Date: 21st May 2014

ANNEXURE - I

A. ENERGY CONSERVATION

During the year 2013-14, there was 9.22% decrease in the production MVA compared to the previous year. The total consumption of electric power and furnace oil increased by 5.77% and 35.19%, respectively. The total cost of electricity and furnace oil increased by 27.24%.

Average electricity consumption per MVA increased by 16.51%. Expense on power and fuel in terms of quantity (MVA) of production was more than the previous year. Due to revision in power tariff, a hike of Rs.17 lakhs has come from May, 2013 onwards. Otherwise, the additional expenses on power and fuel was Rs.82 lakhs.

B. TECHNOLOGY ABSORPTION FORM-B (See Rule 2)

1. Specific areas where R&D was Carried out by the company
 - i) Using the Software Creo-Parametric and its Compatible Analysis Software Creo-Simulate, Analysis were done on Major Transformer Tanks designed during last year by simulating 3 -D models.
 - ii) Insulation design of our transformers were verified using the VIT Software by obtaining the impulse/stress distribution.
 - iii) 36kV 8000A Bushing was successfully developed and Type Tested at CPRI.
 - iv) Magnetic shunt of new technology which gave consistent stray loss reduction is developed for large Generator Transformer (290MVA) and 315 MVA Auto Transformer.
 - v) All oil leak proof joints of transformer tank were successfully designed and manu factured with Nitrile Rubber gasket Cord inplace of conventional cork gasket sheet for a 315MVA transformer.



- vi) Successfully implemented the new Step Lap Core Design for 3-phase 3-limb Core Construction.
- vii) Development of new Sources for following items:
 - a) CRGO Steel
 - b) Unit Coolers
 - c) Terminal connectors
 - d) Weld electrode for steel
 - e) Roller Wheels
 - f) Expansion Bellows
 - g) Oil Storage Tank
 - h) MS Pipe
 - i) Indigenous transformer oil pump for NPCIL job.
- viii) Capacitor bank extension of the High Voltage Testing Laboratory.
- ix) Development of in-house Software for the Design Calculations of Transformer.
- x) Upgradation of our Technical Library with latest Technical Reports / Literature from CIGRE, ANSI, IEEE etc.
- xi) Updation of existing Indian and International Standards and also procurement of new Standards required for our Design and Manufacture.
- xii) Purchased DVD from BIS, New Delhi for reference of Indian standards (ETD & MED divisions) by selected users.
- xiii) TELK material standards and specifications were made available to all technical officers through the software 'TELK Viewer'.

2 Benefits derived as a result of the above

- i) The analysis done using 3D software helped to point out weak portions in tank stiffening & optimization of the design.
- ii) The Impulse distribution and stress patterns with safety factor obtained from the software were useful in optimum insulation design of the transformer.

- iii) This has helped us to be competitive in transformer prices, as earlier we had to procure bushings for these requirements from outside or were forced to use higher rating bushings in its place. Also we have equipped ourselves to meet the challenges in the transformer and bushing market.
- iv) Considerable Stray loss reduction could be achieved and thus we could be competitive in our losses and thereby prices.
- v) By replacing the conventional cork gasket with Nitrile Rubber gasket Cord, cost benefit as well as customer requirement were fulfilled.
- vi) Reduction in No Load losses could be achieved and thereby our competitiveness improved.
- vii) Addition of new sources to our Vendor List has helped to make the purchases Competitive.
- viii) The capacity enhancement of our capacitor bank would enable us to conduct temperature rise test & loss measurement of our high capacity transformers as per the latest standards.
- ix) These software in Excel and Visual Basic make the calculations easier and reduces design cycle time.
- x) To make our Technocrats aware of the latest developments in the field of Transformer and its accessories.
- xi) Regular study on Latest Standards, Indian and International, helps us to keep in pace with the changing world standards in the Transformer and other electrical Equipments and their Accessories.
- xii) The DVD purchased from BIS enable selected users to refer the Indian Standards from their own computer using a personalized user ID and password.
- xiii) TELK material standards and specifications were made available to all technical officers through the software 'TELK Viewer'. This will enable ready reference of the Telk standards for users at their own PC.



3. Future plan of action
- i)
 - 1) Resistance Type Temperature indicator.
 - 2) Silver brazing alloy.
 - 3) Densified wood boards.
 - 4) MOLG & Buchholz Relay.
 - ii) Making our Technical personnel experts in Pro-Engineer and 3-D Modelling so that we can reduce rework level and also analyze our Tanks Mechanically.
 - iii) Effectively use the Purchased Design Application Software from M/s. VIT, in the Design of EHV Power Transformers to analyze the Dielectric Design and to try to reduce the cost of the Power Transformer.
 - iv) Development of Common Magnetic Shunt for 3 phases of a 3 limbed Transformer.
4. Expenditure
- a) Capital : Rs.10 lakhs
 - b) Recurring : Rs.5 lakhs
 - c) Total : Rs.15 lakhs

Technology Absorption, Adaptation and Innovation

- 1 Efforts in brief made towards technology
- a) Successful Implementation absorption, adaptation and innovation of 5 sheets/Bag Step Lap Core Design for Large Three Phase 3-limb Construction.
 - b) Successful Implementation of Magnetic Shunt in Large GT's and Auto Transformers.
 - c) Development and Testing of New 36kV, 8000A Bushing.
 - d) Continuing the study in the field of reduction of Stray Losses/Hot Spot Temperature in Power Transformers by using CRGO / Copper shields and hope to improve further in this field.
- 2 Benefits derived as a result of the above
- a,b) Considerable Reduction in No Load and Stray Losses and thereby we have become more competitive in the market for transformers of the kind.

- c) Commercialisation of these TELK Bushings will make TELK Transformer prices more competitive, as we are now importing these from other suppliers at higher costs.
- d) Loss Capitalized Cost being a vital factor for Tender Evaluation, we shall get a competitive edge in Tenders due to reduction in Load losses and No Load Losses and thereby the Total Losses.

C. FOREIGN EXCHANGE EARNING AND OUTGO

1. Activities relating to exports, initiatives taken to increase exports etc.

- 1. The export sales turnover during the year 2013-14 was Rs. 3715 lakhs.
- 2. This was achieved by close monitoring of the opportunities in the Oman market, active promotional activities and the interaction with the customers there.
- 3. For boosting up our image in the market, we propose to continue effective market promotional activities by conducting seminars / workshops, constant interaction with the prospective customers and strengthening the quality of our products.
- 4. Necessary steps to explore new foreign markets are taken in addition to the present export market.

2. Total Foreign Exchange used and earned

- a. Foreign Exchange outgo in raw materials, components, spares and capital goods : Rs. 726.07 lakhs
- b. Foreign Exchange earning- Sales : Rs. 3715 lakhs

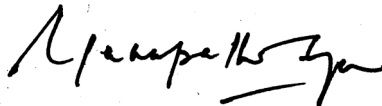


ANNEXURE - II
CERTIFICATION



We, Prabhat Kumar, Managing Director and S.V. Ganapathy Iyer, Joint General Manager (Finance & Accounts), responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2014 and to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2014 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) i) There has not been any significant change in internal control over financial reporting during the year under reference;
- ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
- iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.



Joint General Manager
(Finance & Accounts)



Managing Director

Angamally
21.05.2014

INDEPENDENT AUDITORS' REPORT

To

THE MEMBERS,
TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
ANGAMALLY SOUTH,
ERNAKULAM DISTRICT, KERALA.

Report on the Financial Statements

We have audited the accompanying financial statements of M/s.TRANSFORMERS AND ELECTRICALS KERALA LIMITED ("The company") which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit & Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management of the company is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

Without qualifying our report, we bring into the attention of the shareholders the following matters:

The Company had entered into a Long Term Settlement for Wage Revision with the Recognized Trade Unions in the Conciliation Settlement before the Regional Joint Labour Commissioner, Ernakulam for a period of five years from 01-09-2011 to 31-08-2016. The aforementioned agreement was subject to obtaining sanction by the Government of Kerala. Further, salary payments for the financial year ended March 31, 2014, were made in accordance with this agreement. The Government of Kerala vide G.O.(Ms.) No. 17/2014/ID dated 03-02-2014 has issued its Sanction to the above, but with deviations. As a result, to the extent of the deviations mentioned by the Government of Kerala while providing its sanction, the expenditure under the head salaries & allowances is overstated and net profit for the year is understated. We have been informed that the Board of Directors have agreed to appeal against the said deviations. Further, we are given to understand that the exact impact on the profit and loss account cannot be quantified due to want of information. (Refer Note No.24 of the Notes to the Financial Statements).

Report on other legal and other regulatory requirements

- 1 As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2 As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
 - b) in our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
 - c) the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act,2013;
- e) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per notification No. GSR 829 (E) dated 21/10/2003 issued by the Department of Company Affairs
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **G Joseph & Associates**
Chartered Accountants
Firm Reg. No. 006310S

Allen Joseph
Partner
M. No.228498

Place: Kochi
Date: 21-05-2014



The Annexure referred to in paragraph 1 of the Our Report of even date to the members of TRANSFORMERS AND ELECTRICALS KERALA LIMITED on the accounts of the company for the year ended 31 st March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that :

- (i)
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As per the information and explanations given to us, the fixed assets **have not been physically verified by the management during the current year**
 - (c) In our opinion and according to the information and explanations given to us, a few fixed assets were disposed off during the year but the same does not affect the going concern assumption.
- (ii)
 - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and on the basis of examination of the records, the company is generally maintaining proper records of its inventory. No material discrepancies were noticed on physical verification of inventory by the management as compared to the book records.
- (iii)
 - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has not granted any loans, secured or unsecured to companies, firms, or other parties listed in the register maintained section 301 of the Companies Act 1956. Consequently ,the provisions of clauses (iii)(b),(iii)(c) & (iii)(d) of the Order are not applicable to the company.
 - (b) According to the information and explanations given to us and on the basis of our examination of the books of account,the company has not taken any loans, secured or unsecured from companies, firms, or other parties, listed in the register maintained under section 301 of the Companies Act, 1956.Thus sub Clauses (f) & (g) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and nature of its business, for the purchase of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls have been noticed.
- (v)
 - (a) According to the informations and explanations given to us, **we are of the opinion that the company has not entered all the transactions required to be entered in the register maintained under section 301 of the Companies Act, 1956.** The following are the particulars of such transactions which needed to be entered in to the register but were not so entered:
 - (i) Sales made to NTPC Limited during the year amounting to Rs. 2403.56 lakhs

- (b) In our opinion and according to the information and explanations given to us, the aforesaid contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from the public covered under section 58A and 58AA of the Companies Act, 1956.
- (vii) As per information and explanations given by the management, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor education and protection fund, Employees' state insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the informations and explanations given to us there were no outstanding statutory dues as on 31st March, 2014 for a period of more than six months from the date they became payable.
- b) As per the information given to us, the following statutory dues have not been deposited on account of any disputes:-

Nature of Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relate	Forums where dispute is pending
Income Tax Act, 1961	Income Tax	71.38	2009-10, 2010-11 and 2011-12	Commissioner (Appeals) and Recification u/s 154
Central Excise Act, 1944	Excise Duty	18.68	2004-05 to 2008-09 and 2011-12 to 2013-14	The Commissioner (Appeals) and High Court of Kerala
Service Tax under the Finance Act, 1994	Service Tax	215.93	2009-10 to 2013-14	The Commissioner (Appeals)
Kerala General Sales Tax & CST	Sales Tax	144.37	1982-83 to 2005-06	The Deputy Commissioner (Appeals) and High Court of Kerala

- (x) The company does not have any accumulated loss and have not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedure and on the information and explanations given by the



management, we are of the opinion that the company has not defaulted in the repayment of dues a financial institutions, bank or debenture holders.

- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a Chit Fund or Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of this clause of the companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the company.
- (xiv) In our opinion and according to the explanations given to us, the company is not a dealer or trader in securities.
- (xv) According to the information & explanations given to us, the company has, not given any guarantee for loans taken by others from a bank or financial institution.
- (xvi) Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
- (xvii) Based on the information & explanations given to us and on an overall examination of the balance sheet of the company as at 31st March, 2014, we report that no funds raised on short term basis have been used for long term investment by the company.
- (xviii) Based on the audit procedures performed and the information and explanations given to us by the management, we report that the company has not made any preferential allotment of shares during the year.
- (xix) The company has no outstanding debentures during the period under audit.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) Based on the audit procedures performed and the information and explanation given to us, we report that no fraud on or by the company has been noticed or reported during the year, nor have we been informed of such case by the management.

For G Joseph & Associates
Chartered Accountants
Firm Reg. No. 006310S

Place: Kochi
Date: 21-05-2014

Allen Joseph
Partner
M. No.228498

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
BALANCE SHEET As at 31st March, 2014

(Amount in Rs. in lakhs)

As at March, 31	Note	2014		2013	
I EQUITY AND LIABILITIES					
1 Shareholders' Funds					
a Share Capital	2	4296.96		4296.96	
b Reserves and Surplus	3	7543.48	11840.44	7461.77	11758.73
2 Non-Current Liabilities					
a Long-Term Borrowings					
b Other Long Term Liabilities					
c Long-Term Provisions					
3 Current Liabilities					
a Short Term Borrowings					
b Trade Payables	4	1087.61		1016.72	
c Other Current Liabilities	5	3464.59		3984.66	
d Short-Term Provisions	6	37.65	4589.85	138.71	5140.09
Total			16430.29	16898.82	
II ASSETS					
1 Non-Current Assets					
a Fixed Assets					
i. Tangible Assets	7	1733.45		1867.19	
ii. Intangible Assets	7	25.84		42.37	
iii. Capital Work-in-Progress	8	52.83		24.39	
iv. Intangible Assets under Development	8	-	1812.12	-	1933.95
b Non-Current Investments	9		0.70		0.70
c Deferred Tax Assets (Net)	10		50.19		85.57
d Long-Term Loans and Advances	11		44.11		50.67
e Other Non-Current Assets	12		-		-
2 Current Assets					
a Current Investments		-		-	
b Inventories	13	5210.73		5961.96	
c Trade Receivables	14	6391.53		6958.20	
d Cash and Bank Balances	15	2203.64		1421.33	
e Short-Term Loans and Advances	16	363.41		182.79	
f Other Current Assets	17	353.86	14523.17	303.65	14827.93
Total			16430.29	16898.82	
Significant Accounting Policies and Other Notes	1				

The accompanying notes 1 to 25 form an integral part of these financial statements.

For and on behalf of the Board of Directors

Prabhat Kumar
 Managing Director

Joffy George
 Company Secretary

As per our report of even date

For G. Joseph & Associates,
 Chartered Accountants,
 Firm Regn. No.006310S

M. P. Salim
 Director

Date : 21-05-2014

Allen Joseph
 Partner (M.No.228498)



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
STATEMENT OF PROFIT AND LOSS

(Amount in Rs. in lakhs)

For the Year ended March, 31	Note	2014	2013
I Revenue from Operations	18	16607.33	14844.68
II Other Income	19	392.76	601.48
III Total Revenue		17000.09	15446.16
IV Expenses:			
Cost of Materials Consumed	20	10714.48	9535.11
Changes in Inventories of Finished Goods			
Work in Progress	21 (+)	371.70 (-)	596.86
Employee Benefits Expense	22	4561.25	4913.93
Finance Costs	23	66.31	67.07
Depreciation and Amortization Expense	7	299.72	272.87
Manufacturing, Administration & Selling Expenses	24	1068.06	1050.91
Prior Period Items (Net)	25 (-)	95.30 (-)	29.87
Total Expenses		16986.22	15213.16
V Profit/Loss before Exceptional and Extraordinary Items & Tax	(+)	13.87	(+) 233.00
VI Exceptional Items		-	-
VII Profit/Loss before Extraordinary Items and Tax	(+)	13.87	(+) 233.00
VIII Extraordinary Items		-	-
IX Profit/Loss before Tax	(+)	13.87	(+) 233.00
X Tax Expense:			
Previous Years Tax	(+)	137.07	(+) 35.56
Current Tax	(-)	33.85	(-) 161.86
Deferred Tax	(-)	35.38	(+) 51.83
XI Profit / Loss for the Year	(+)	81.71	(+) 158.53
XII Earnings per Equity Share:			
Basic and Diluted (Rs.)		0.19	0.37

Significant Accounting Policies and
Other Notes

1

The accompanying notes 1 to 25 form an integral part of these financial statements.

For and on behalf of the Board of Directors

As per our report of even date

Prabhat Kumar
Managing Director

Joffy George
Company Secretary

For G. Joseph & Associates,
Chartered Accountants,
Firm Regn. No.006310S

M.P. Salim
Director
Date : 21-05-2014

Allen Joseph
Partner(M.No.228498)

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.

CASH FLOW STATEMENT

(Amount in Rs. in lakhs)

For the Year ended March, 31	2014	2013
I. Cash Flow from Operating Activities:-		
Net Profit (+)/ loss (-) before Tax and Extra Ordinary Item	(+)	233.00
Adjustments for:-		
Depreciation	(+)	272.87
(Profit)/Loss on Sale of Asset (net)	(-)	32.46
Foreign Exchange (Gain)/Loss	(+)	50.06
Interest Received	(-)	86.47
Interest Paid	(+)	1.00
Bad debts written off	(+)	13.15
Provision for Bad and Doubtful Debts	(+)	-
Operating Profit (+)/Loss(-) before working capital changes	(+)	351.03
Adustments for:-		
Increase/decrease in Loans & Advances	(-)	71.81
Trade and Other Receivables	(+)	294.35
Inventories	(+)	721.20
Trade Payables	(-)	753.51
Bank Finance for Working Capital	(+)	-
Cash Generated from Operations	(+)	749.50
Foreign Exchange (Gain)/Loss	(-)	50.06
Direct Tax paid	(-)	177.99
Cash flow before Extra Ordinary Item	(+)	621.57
Extra Ordinary Item	(+)	-
Net Cash from /(used) in Operating Activities	(+)	621.57
B. Cash flow from Investing Activities :-		
Purchase of Fixed Assets	(-)	881.55
Capital Work in Progress	(-)	226.04
Sale of Fixed Asset	(+)	37.90
Interest Received	(+)	86.47
Net Cash from/(used) in Investing Activities	(-)	531.14
C. Cash flow from Financing Activities:-		
Borrowings (Less share holders change)	-	-
Dividend Paid	(-)	364.07
Tax on Dividend	(+)	59.25
Interest Paid	(-)	1.00
Net Cash from/(used) in Financing Activities	(-)	424.32
Cash and Cash Equivalents in the beginning of the year	(+)	1755.22
Net increase/decrease in Cash and Cash Equivalents (A+B+C)	(+)	333.89
Cash and Cash Equivalents at the end of the year	(+)	1421.33

For and on behalf of the Board of Directors

Prabhat Kumar
 Managing Director

Joffy George
 Company Secretary

M.P. Salim
 Director

Date : 21-05-2014

As per our report of even date

For G. Joseph & Associates,
 Chartered Accountants,
 Firm Regn. No.006310S

Allen Joseph
 Partner(M.No.228498)



Note No. 1 to the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. AS 1: DISCLOSURE OF ACCOUNTING POLICIES

Financial statements are prepared under the historical cost convention on a going concern basis and in accordance with the applicable Accounting Standards and requirements of Companies Act, 1956. The presentation of financial statements in conformity with generally accepted accounting principles require estimates and assumptions to be made for arriving at certain figures such as provisions for bad and doubtful debts, company's future obligations under employees' retirement benefit plan, taxes on income and the realizable value of other assets and liabilities. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Difference between the actual and estimates are recognized in the period in which the results are known.

2. AS 2: INVENTORY VALUATION

- (a) Stock of raw materials and stores (including materials with fabricators) are valued at lower of average cost net of credit of duty of excise and KVAT input tax credit or net realizable value. Average cost is computed on the basis of weighted mean cost per unit of measurement after taking into account receipts at actual cost and accounting for consumption and/or other stock diminution at the aforesaid weighted mean.
- (b) Stock of materials in bonded warehouse and materials in transit are valued at cost, excluding customs duty payable, if any, on clearance.
- (c) Stock of scrap is valued at realizable value. Stock of fixed assets scrap is however valued at lower of Written down value / Net realizable value.
- (d) Jigs and fixtures and stock of tools are revalued and stated at cost or net realizable value, whichever is lower.
- (e) Finished goods are valued at cost or net realizable value whichever is lower. Excise duty payable on finished goods is provided in the accounts.
- (f) Work-in-process is valued at weighted average cost of materials plus proportionate share of labour and manufacturing overheads including depreciation, but excluding financial overheads or the realizable values based on the cost of completion, whichever is lower.
- (g) Value of materials considered for the above is net of Cenvat and KVAT input tax credit.
- (h) Equipment which has completed repair work and is under Company's possession is valued at lower of repair cost incurred or realisable value and included in the value of finished goods

3. AS 9: REVENUE RECOGNITION

Revenue in respect of sales of products is recognized when the goods are dispatched to the customers or when the invoices are raised but the goods are retained in our premises at the request of the customers to get their site ready for installation.

Price variation both favorable / unfavorable and other sales income are recognized when no significant uncertainty as to determination and realization exists.

4. AS 10: FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation.

The Company follows the written down value method of charging depreciation on all its fixed assets. Depreciation is charged at the rates prescribed under Schedule XIV of the Companies Act, 1956 as amended by Notification No. 500(E) dated 18-08-1998 and all subsequent Notifications / Amendments, for the full year. Depreciation of additions to assets or on sale of assets is calculated pro-rata from the date of such addition or up to the date of such sale as the case may be.

5. AS 11: FOREIGN CURRENCY TRANSACTIONS

(a) Transactions denominated in foreign currency are recorded at the exchange rate prevailing at the time of transactions.

(b) Monetary items denominated in foreign currency at the year end are translated at year end rates.

(c) Any gain or loss on account of exchange rate difference either on settlement or at the time of translation is recognized in the Profit and Loss Account.

6. AS 13: INVESTMENTS

Long term investments are stated at cost. Decline in value, if any, which is not considered temporary in nature, is provided for.

7. AS 15: EMPLOYEE BENEFITS

I. Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, the expected cost of bonus etc are recognized in the period in which the employee renders the related service.

II. Post employment benefits

A) Defined Contribution Plans.

1. Contribution to Provident Fund is in the nature of defined contribution plan and is made to a recognized trust.

2. Contribution to Pension Fund is in the nature of defined contribution plan is made to the Central Government.



B) Defined Benefit Plans

- a) The Company extends defined benefit plans in the form of leave salary to employees. Provision for leave salary is made on actuarial valuation carried out at the end of the year using projected unit credit method. The scheme is funded by the Company and is managed by Life Insurance Corporation of India in accordance with the schemes framed by the Corporation.
- b) Payment of Gratuity to employees is covered under Group Gratuity cum Assurance Scheme of the LIC of India, which is a defined benefit scheme and the company makes contributions under the said scheme. The net present value of the obligation for gratuity benefits as determined on actuarial valuation using the projected unit credit method, as adjusted for unrecognised past services cost if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur.
- c) The liability in respect of medical reimbursement claims as per the TELK Medical Attendance and Treatment Rules for the past service period of the employees is determined based on actuarial valuation of the liability as at the year end and is provided for in the Accounts.

8. AS 16: BORROWING COSTS

- a) Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time as the asset is ready for its intended use.
- b) All other borrowing costs are recognized as expense in the period in which they are incurred.

9. AS 20: EARNINGS PER SHARE

Basic / diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deduction of attributable taxes) by the weighted average number of equity shares / dilutive potential equity shares outstanding as at the end of the year as the case may be.

10. AS 22: ACCOUNTING FOR TAXES ON INCOME

Current tax is determined as the tax payable in respect of taxable income for the period. Deferred tax liability and asset are recognized, subject to the consideration of prudence, on timing difference using the tax rates substantively enacted on the Balance Sheet date.

11. AS 26: INTANGIBLE ASSETS

The written down value of intangible assets at the end of 10th year is written off.

12. AS 28: IMPAIRMENT OF ASSETS

The Company makes an assessment on the Balance Sheet date to determine whether there is any indication of impairment in the carrying amount of the Company's Fixed Assets. If any such indication exists, the recoverable amounts are estimated and an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

13 . AS 29: PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the company has a present obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the correct management estimates.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligations.

Contingent Assets are neither recognised nor disclosed in the accounts.

B. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014

1. Excise duty liability in respect of finished goods provided in accounts amounts to Rs. 130.26lakhs (Rs. 290.26 lakhs).
2. The Working Capital facilities provided by the Banks are secured by a charge on the assets of the Company.
3. Freight and insurance included under Note No. 18 C to the Financial Statements -Other Operating Income, amounting Rs. 8.97 lakhs (Rs. 37.80 lakhs) is net of amount expended Rs.443.35 lakhs (Rs.318.10 lakhs).
4. The Company implemented a system for the confirmation of the balances shown under Debtors, Creditors and advances included under Loans and Advance. In respect of instances where confirmation is received from the parties, there is an ongoing system for reconciliation of the Accounts and the Management does not envisage any significant impact on the Accounts due to this.
5. Sales tax assessments from 2007-08 are pending. Additional liability, if any, on pending assessments has not been provided for. An amount of Rs.71.09lakhs have been paid in previous years under the Amnesty Scheme announced by the Government of Kerala and it has been contested in Appeal. Such payments up to 31-03-2014 is considered as an advance and shown under Note No. 17 to the Financial Statements - Other Current Assets - Others.

However, the total provided amount of Rs. 71.09 lakhs (Rs. 71.09 lakhs) is shown as a deduction from Other Current Assets as provisions.

6. Bank balance includes Rs. 4.66 lakhs (Rs. 4.66 lakhs) being the balance of loan from Government of Kerala after effecting VRS payments kept in the joint account with KIRFB. The VRS loan from Government of Kerala was waived vide order Nos. G.O. (Ms)No.74/2007/ID dated 05-06-2007 and G.O. (Ms) No. 157/2008/ID dated 04-10-2008.
7. A Business Collaboration and Shareholders' Agreement was entered into amongst M/s. NTPC Ltd, the Government of Kerala and the Company (TELK) on 23-06-2007. The agreement envisages sale and transfer of 44.60 % shares of TELK held by the Government of Kerala and their undertakings to M/s. NTPC Ltd. and for the upgradation and expansion of the Company. Further investment in equity will be made by M/s. NTPC and the Government of Kerala for financing the above upgradation and expansion with debt/



equity ratio 65:35. The transfer of shares was effected during the year 2009-10 at a total value of Rs. 3134 lakh subject to final price to be based on the valuation of the assets of the Company (TELK) as on 31-03-2009

8. Segment Reporting:

Company operates only in one business segment. Details of Export and domestic sales (excluding income from freight and insurance) are given below: Rs. in lakhs

Particulars	India		Outside India		Total	
	For the year ended 31-03-14	For the year ended 31-03-13	For the year ended 31-03-14	For the year ended 31-03-13	For the year ended 31-03-14	For the year ended 31-03-13
Sales	12882.79	13684.72	3715.56	1122.16	16598.35	14806.88

9. Related Party Disclosures:

a) Related Parties:

- (i) Entities with significant influence in the Company - M/s. NTPC Ltd.
- (ii) Key Management Personnel (KMP) -
Shri. Arun Kumar Gupta (MD) Up to 27-05-2013
Shri. Prabhat Kumar (MD) from 27-05-2013.

b) Transactions with the related party are as follows:

Rs. in lakhs

Particulars	2013-14	2012-13
Sales of Goods and Services 2403.56	728.24	
Amount recoverable	1936.45	330.02
Sitting Fee (Nominee Directors)	0.01	0.01
Payment to KMP:		
Remuneration to Managing Directors	46.89	27.52
Rent of house and reimbursement of Travelling expenses	5.86	11.86

10. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31-03-2014. The disclosure pursuant to the said Act is as under: Rs. in lakhs

Particulars	As on 31-03-2014	As on 31-03-2013
Principal amount due to suppliers under MSMED Act, 2006	45.91	58.43
Interest accrued and due to suppliers under MSMED Act On the above amount, unpaid	NIL	NIL
Payment made to suppliers (other than interest) beyond the appointed day during the year	NIL	NIL
Interest paid to supplier under MSMED Act (other than Sec.16)	NIL	NIL
Interest paid to supplier under MSMED Act (Sec.16)	NIL	NIL
Interest due and payable towards suppliers under MSMED Act for payments already made	NIL	NIL
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	NIL	NIL

11. Licenses for duty free / concessional duty import entitlement for export/deemed export contracts executed by the Company unavailed, as on 31-03-2014 is Rs. 3017.52 lakhs Rs. 1860.47 lakhs. The export obligation pending on duty free licenses availed as on 31-03-2014 is Rs. 496.71 lakhs (Rs. 713.17 lakhs)

12. Disclosure as required by Accounting Standard 15.

Rs. in lakhs

a) <u>Expenses recognized in the Profit & Loss Account</u>	Leave salary Plan		Gratuity Plan	
	2013 -14	2012 -13	2013-14	2012 -13
i. Current service cost	166.62	305.77	76.43	76.16
ii. Interest cost	86.67	62.40	190.36	200.52
iii. Expected return on plan assets	(94.48)	(86.49)	(206.12)	(216.56)
iv. Net actuarial loss/(gain) recognized in the year	(269.46)	77.32	9.76	(1.86)
TOTAL	(110.65)	359.00	70.43	58.26

b) <u>Change in defined benefit obligation during the year end</u>	Leave salary Plan		Gratuity Plan	
	2013-14	2012-13	2013-14	2012-13
i. Present value of obligation as at the beginning of the year	1083.39	779.96	2379.56	2506.50
ii. Interest cost	86.67	62.40	190.36	200.52
iii. Current service cost	166.62	305.77	76.43	76.16
iv. Benefits paid	(163.91)	(144.52)	(405.42)	(402.00)
v. Actuarial loss on obligation	(269.46)	79.78	9.79	(1.62)
vi. Present value of obligations at the end of the period.	903.31	1083.39	2250.72	2379.56

c) <u>Change in the fair value of plan assets during the year end</u>	Leave salary Plan		Gratuity Plan	
	2013-14	2012-13	2013-14	2012-13
i. Fair value of plan assets at the beginning of the year	981.50	954.26	2344.80	2107.01
ii. Expected return on plan assets	94.48	86.49	206.12	216.56
iii. Contributions made during the year.	110.89	82.81	40.02	422.99
iv. Benefits paid by Insurer	(163.91)	(144.52)	(405.42)	(401.99)
v. Actuarial gain on plan assets	NIL	2.46	0.03	0.23
vi. Present value of plan assets at the end of the year	1022.96	981.50	2185.55	2344.80



d) <u>Balance Sheet Movements</u>	Leave salary Plan		Gratuity Plan	
	2013-14	2012-13	2013-14	2012-13
i. Value of net Liability (net assets) at the beginning of the year	101.89	(174.30)	34.76	399.49
ii. Expenses	(110.65)	359.00	70.43	58.26
iii. Contributions made during the year	(110.89)	(82.81)	(40.02)	(422.99)
iv. Benefits paid by Company	-	-	-	-
v. Value of net Liability (net assets) at the end of the year	(119.65)	101.89	65.17	34.76

e) <u>Actuarial Assumptions</u>	Leave salary Plan		Gratuity Plan	
	2013-14	2012-13	2013-14	2012-13
i. Discount rate used	8%	8%	8%	8%
ii. Expected return on plan assets	8%	8%	8%	8%

Reconciliation

(i) Gratuity:

	<u>Rs. in lakhs</u>	
Expenses as recognized in the above statement	70.43	(58.26)
Other gratuity dues not covered by the above AS 15 disclosure	87.44	(88.31)
Total	157.87	(146.57)

(ii) Leave:

The expense as disclosed above excludes leave encashment charges in respect of leave encashed during the year for employees continuing in service.

13. Deferred Tax Asset / (Liability) consists of:

	<u>Rs. in lakhs</u>		
	As at 31.03. 2014	Additions/ adjustments during the year	As at 31.03. 2013
Deferred Tax Liability:			
Difference of book depreciation and tax depreciation	-41.17	16.96	-58.13
Deferred Tax Asset:			
On Other disallowances	91.36	-52.34	143.70
Net Deferred Tax Asset/(Liability)	50.19	-35.38	85.57

14. Disclosure as per AS 29

(a) PROVISIONS:

Rs. in lakhs

Nature of Provision	Balances as at 01.04.2013	Additional provision charged during the year	Amounts used during the year	Unused amount reversed	Balances as at 31.03.2014
i. Service Tax	124.04	-	-	-	124.04
ii. Sales Tax	76.41	-	-	-	76.41
iii. Income Tax	85.90	-	85.90	-	-
iv. Excise Duty	18.95	0.15	-	-	19.10

Provisions disclosed above do not include interest / penalty if it is not determinable at this Stage.

(i) The Central Excise Department has issued show cause notices demanding a further amount of Rs.68.66 lakhs (Rs.Nill) towards service tax liability on Goods Transport Agency Services. As the dispute is pending before various Appellate / Adjudicating Authorities and the Company is expecting favorable decisions no provision for the said liability has been created in the Accounts. However, the demands covered by the show cause notices is disclosed under contingent liability.

(ii) Company has provided Rs. 361.18 lakhs in the year 2010-11 on Income Tax liability of Assessment year 2008-09 as the assessment for that year was completed raising a demand of Rs. 361.18 lakhs inclusive of interest of Rs. 275.92 Lakhs, for which appeals are pending with Appellate Authorities, on a conservative basis.

Against the above demand, installment payments of Rs.80 lakhs and adjustment of Refund amounts on Assessment for AY 2009-10, AY 2010-11, AY 2011-12, and 2012-13 is adjusted by the Income Tax Department and the balance outstanding payable as at the year end is Rs.Nil (Rs.85.90 lakhs).

(iii) Company has provided Rs.0.15 lakhs(Rs. NIL)on Excise Duty for which refund claim is pending with Appellate Authorities, on a conservative basis and the total provided amount of Rs. 19.10 lakhs (Rs. 18.95 lakhs) is shown as deduction from Note No.17 to the Financial statements - Other Current Assets - Others.



(b) CONTINGENT LIABILITIES:

Rs. in lakhs

		31.03.2014	31.03.2013
	Contingent liabilities not provided for:		
a.	Disputed sales tax liability under appeal	139.05	139.05
b.	Disputed excise duty liability	18.68	25.56
c.	Disputed Service tax liability	94.32	74.66
d.	Contingent liability to bank towards:		
	Counter guarantees given to bank in respect of guarantee issued by them.	6188.07	6541.77
e.	Income Tax – Others	71.38	19.94
f.	Estimated amount of contracts, net of advances, Remaining to be executed on capital account and others not provided for	533.48	1353.08

Contingent liability disclosed above does not include interest / penalty since it is not quantifiable.

ANNEXURE AND NOTES
FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2014

15. Raw materials and components consumed:

Particulars	Unit	Figures for the Current Year		Figures for the Previous Year	
		Quantity	Value Rs. in lakhs	Quantity	Value Rs. in lakhs
1. Steel	MT	2369.00	2465.80	3023.47	3148.51
2 Copper	MT	714.00	3643.58	666.48	3207.16
3 Transformer oil	KL	1684	1176.78	1721.09	1133.24
4 Intermediaries/Components			3081.54		1826.32
	TOTAL		10367.70	TOTAL	9315.23

16 Goods manufactured :

OPENING AND CLOSING STOCK OF GOODS PRODUCED

Particulars	Licensed capacity	Installed capacity	Actual production	Quantity Opening	Value Rs. in lakhs	WORK IN PROGRESS		FINISHED GOODS	
						Quantity Closing	Value* Rs. in lakhs	Quantity Opening	Value Rs. in lakhs
1 Power Transformers (6000 MVA)	6000 MVA	4500 MVA (4500 MVA)	4577.22 MVA (4801.32 MVA)	233 MVA (607.37 MVA)	549.54 MVA (233 MVA)	1350 MVA (377.50 MVA)	408.81 MVA (1350 MVA)		
2 Current and Potential Trfr. (1000 Nos.)	1000 Nos.	1000 Nos. * (1000 Nos.)*	66 Nos. (48 Nos.)	4Nos. (Nil)	18 Nos. (4Nos.)	7 Nos. (7Nos.)	15 Nos. (7 Nos.)		
3 Circuit breakers (375 Nos.)	375 Nos	Not separately assessed	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)		
4 Gas circuit breakers (100 Nos.)	100 Nos.	100 Nos. (100 Nos.)	Nil (Nil)	Nil (Nil)	1214.33 (1894.05)	2184.07 (1214.33)	2524.37 (1040.75)		1263.57 (2524.37)
5 Shunt reactors (500 MVAR)	500 MVAR	500 MVAR (500 MVAR)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)		
6 Isolated phase bus ducts Registration	DGTD Registration	Not separately assessed	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)		

* The installed capacity is reckoned on the basis of Manufacture of CTs and PTs of range 33 kv to 400 kv only.

* Where at least 20% of the work is complete.



	31-03-2014 (Rs.in lakhs)	31-03-2013 (Rs.in lakhs)
17. Value of imports during the year (CIF)		
a) Raw materials		
Direct	219.01	144.06
High Seas Transfer	-	<u>162.58</u>
	219.01	306.64
b) Components	505.29	87.86
c) Capital goods	1.77	-
18. Expenditure in foreign currency on:		
a) Traveling	-	2.27
b) Sales commission and others	45.07	84.39
19. Value (landed cost) of imported Raw Materials, Components and Spares consumed		
Direct	829.52	246.17
High Seas Transfer	-	<u>199.56</u>
	829.52	445.73
	7.81%	4.68%
Value of indigenous Raw Materials	9794.89	9087.32
	<u>92.19%</u>	<u>95.32%</u>
	<u>10624.41</u>	<u>9533.05</u>
20. Amount of Dividends remitted during the year in foreign currency	Nil	Nil
Number of Non - Resident Shareholders	14	16
Number of Shares	8950	9950
21. Earnings in Foreign Exchange: (FOB) Sales	3525.18	1104.67
22. Salaries and Wages includes an amount of Rs.36.46 lakh (Rs.38.05 lakh) towards actuarially estimated probable liability on account of employees' medical claims eligible to be claimed by them but not yet claimed.		
23. Repairs and Replacement under the Manufacturing, Administration and selling Expenses includes an amount of Rs.10.20 lakhs (Rs.14.43 lakhs) towards estimated probable liability for warranty claims for products supplied for the period of warranty.		
24. The Company had on 09-06-2012 signed the Long Term Settlement for Wage Revision with the Recognized Trade Unions in the Conciliation Settlement before the Regional Joint Labour Commissioner, Ernakulam for a period of five years from 01-09-2011 to 31-08-2016 and based on Board approval the revised pay and benefits were implemented from the month of August 2012 onwards and the arrears for the period 01-09-2011 to 31-07-2012 was resolved to be paid after obtaining the Government of Kerala's sanction for the Long Term Agreement. The Accounts for the previous years were prepared in line with the terms and conditions of the above Long Term Settlement. The Government of Kerala vide G.O.(Ms.) No. 17/2014/ID dated 03-02-2014 has issued its Sanction to the above, but with deviations. The Board of Directors in its Meeting held on 25-03-		

2014 has resolved to forward again the Long Term Settlement signed between the Management and the Recognized Trade Unions in the Conciliation Settlement before the Regional Joint Labour Commissioner, Ernakulam which was earlier approved by the Board, for the reconsideration of the Government of Kerala and with a request for issue of Orders in line with the Board approved Long Term Settlement and in the mean time to maintain status quo. The Accounts for the year also is prepared on the status quo basis in the matter.

25. Prepaid expenses, Prior Period Expenses/Incomes of Rs.1 lakh and below are charged to natural heads of Accounts. Prior Period Income includes an amount of Rs.91.68 lakhs being services rendered outside India and amounts realized in prior years for transformers supplied.
26. Previous year's figures have been suitably re-arranged wherever applicable to correspond to current year's classification. Previous years figures unless otherwise stated are in brackets.



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 2 to the Financial Statements

(Amount in Rs. in lakhs)

As at March, 31	2014	2013
SHARE CAPITAL		
Equity Share Capital		
AUTHORISED		
125000000 shares of par value of Rs.10/- each (Previous year 125000000 shares of par value of Rs.10/- each)	12500.00	12500.00
ISSUED		
42975400 shares of par value of Rs.10/- each (Previous year 42975400 shares of par value of Rs.10/- each)	4297.54	4297.54
SUBSCRIBED AND CALLED-UP		
42967350 shares of par value of Rs.10/- each fully paid up (Previous year 42967350 shares of par value of Rs.10/- each fully paid up)	4296.74	4296.74
Forefeited shares	0.22	0.22
Total	4296.96	4296.96

During the year, the company has not issued/bought back any equity shares.

The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company.

The Government of Kerala holds 23444102 (23444102)equity shares being 54.56% (54.56%), NTPC Ltd holds 19163438 (19163438)equity shares being 44.60% (44.60%)of the total equity shares of the company and no other shareholder of the Company holds more than 5% of the equity shares.

Please refer Note.No.1. B. 7

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 3 to the Financial Statements

(Amount in Rs. in lakhs)

As at March, 31	2014	2013
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	1619.60	1619.60
Add: Transfer from Surplus	-	-
Closing Balance	<u>1619.60</u>	<u>1619.60</u>
General Reserve		
As per last Balance Sheet	5085.00	5085.00
Add: Transfer from Surplus	-	-
Closing Balance	<u>5085.00</u>	<u>5085.00</u>
Surplus		
As per last Balance Sheet	757.17	598.64
Add :- Profit after tax for the year from Profit & Loss Statement	<u>81.71</u>	<u>158.53</u>
Amount available for Appropriation	838.88	757.17
Less: Appropriations		
Transfer to General Reserve	-	-
Dividend Paid	-	-
Tax on Dividend Paid	-	-
Proposed dividend	-	-
Tax on proposed dividend	-	-
Closing Balance	<u>838.88</u>	<u>757.17</u>
Total	7543.48	7461.77

Please refer Note.No.1. B. 20



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 4 to the Financial Statements

(Amount in Rs. in lakhs)

	As at March, 31	2014	2013
TRADE PAYABLES			
For Capital Expenditure			
- Micro & Small Enterprises		-	-
- Others		11.78	17.26
For Others			
- Micro & Small Enterprises		45.91	58.43
- Others		1029.92	941.03
TOTAL		1087.61	1016.72

Please refer Note.No.1. B. 10

Note No. 5 to the Financial Statements

OTHER CURRENT LIABILITIES

Others

Unclaimed Dividend*	5.03	5.09
Advances from Customers and Others	909.44	1117.99
Deposits from Contractors and Others	29.31	28.24
Other Liabilities		
Tax Deducted at Source & Other Statutory Dues	393.08	653.55
Others**	2127.73	2179.79
TOTAL	3464.59	3984.66

*Represents the amounts which have not been claimed by the Investors.
Out of the above, no amount is due for payment to Investor Education and Protection Fund

**Other Payable- Others include amount payable to employees, contractors etc

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 6 to the Financial Statements

(Amount in Rs. in lakhs)

As at March, 31	2014	2013
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
As per last Balance Sheet	136.65	225.19
Additions during the year/period	-40.22	417.26
Less: Amounts paid during the year/period	150.91	505.80
Amounts reversed during the year/period	-	-
Closing Balance	-54.48	136.65
Provision for Current Tax		
As per last Balance Sheet	-	-
Additions during the year/ period	33.85	161.86
Amounts adjusted during the year/ period	-	-
Less: Netted against Advance Tax and TDS	33.85	161.86
Closing Balance	-	-
Provision for Proposed Dividend		
As per last Balance Sheet	-	365.22
Additions during the year/ period	-	-
Less: Amounts used during the year/ period	-	365.22
Amounts reversed during the year/ period	-	-
Closing Balance	-	-
Provision for tax on Proposed Dividend		
As per last Balance Sheet	-	59.25
Additions during the year/ period	-	-
Less: Amounts used during the year/ period	-	59.25
Amounts reversed during the year/ period	-	-
Closing Balance	-	-
Others		
Provision for Materials to be issued	92.13	2.06
Total	37.65	138.71

*Disclosure required by AS 15 on "Employee Benefits " has been made in Note No.1. B.12

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 7 to the Financial Statements



(Amount in Rs. in lakhs)

SCHEDULE OF FIXED ASSETS AS AT 31.03.2014												
DESCRIPTION OF ASSETS	GROSS BLOCK AT COST						DEPRECIATION				NET BLOCK	
	AS ON 01.04.13	ADDITIONS OR ADJUSTMENTS	SALE OR ADJUSTMENTS	AS ON 31.03.14	TILL 31.03.13	FOR THE YEAR	FOR SALE OR ADJUSTMENTS	TOTAL Up to 31.03.14	AS ON 31.03.14	AS ON 31.03.13		
TANGIBLE ASSETS:												
LAND	5.82	-	-	5.82	-	-	-	-	-	5.82	5.82	
LAND DEVELOPMENT	29.32	-	-	29.32	-	-	-	-	-	29.32	29.32	
BUILDING	1320.91	43.46	-	1364.37	385.87	82.82	-	468.69	-	895.68	935.04	
PLANT AND MACHINERY	2409.20	97.70	-	2506.90	1612.38	174.92	-	1787.30	-	719.60	796.82	
-DO- PRECISION	9.23	-	-	9.23	9.18	0.00	-	9.18	-	0.05	0.05	
ELECT. INSTALLATIONS	65.73	-	-	65.73	64.72	0.14	-	64.86	-	0.87	1.01	
OFFICE EQUIPMENTS	30.65	0.65	0.17	31.13	25.38	0.95	0.01	26.32	0.01	4.81	5.27	
FURNITURE & FIXTURES	61.55	4.20	-	65.75	41.25	4.40	-	45.65	-	20.10	20.30	
CANTEEN FURNITURE	17.24	-	-	17.24	11.90	1.38	-	13.28	-	3.96	5.34	
DRAWING OFFICE EQUIP.	1.59	-	-	1.59	1.57	-	-	1.57	-	0.02	0.02	
WATER SYSTEMS	48.56	0.67	-	49.23	26.93	3.05	-	29.98	-	19.25	21.63	
AIR CONDITIONERS	26.54	-	-	26.54	20.87	0.80	-	21.67	-	4.87	5.67	
MOTOR VEHICLE - CAR	18.96	-	4.38	14.58	16.10	0.73	4.33	12.50	-	2.08	2.86	
MOTOR VEHICLE - LORRY	5.54	-	-	5.54	4.71	0.25	-	4.96	-	0.58	0.83	
LIBRARY	0.38	-	-	0.38	0.34	0.01	-	0.35	-	0.03	0.04	
DORMITORY & CANTEEN UTENSILS	15.07	-	-	15.07	8.14	0.96	-	9.10	-	5.97	6.93	
COMPUTER HARDWARE	131.86	2.87	0.95	133.78	101.62	12.29	0.57	113.34	0.57	20.44	30.24	
TOTAL	4198.15	149.55	5.50	4342.20	2330.96	282.70	4.91	2608.75	4.91	1733.45	1867.19	
INTANGIBLE ASSETS:												
SOFTWARE	100.20	0.49	8.61	92.08	57.83	17.02	8.61	66.24	8.61	25.84	42.37	
GRAND TOTAL	4298.35	150.04	14.11	4434.28	2388.79	299.72	13.52	2674.99	13.52	1759.29	1909.56	
PREVIOUS YEAR	3694.82	881.55	278.02	4298.35	2388.50	272.87	272.58	2388.79	272.58	1909.56	1306.32	

Additions / Adjustments to Plant and Machinery includes an amount of Rs.7.12 lakhs, capitalised in 2012-13 and depreciation for the current year includes Rs.0.66 lakhs being short provision of depreciation in previous year. Please refer Note.No.1 B. 2 & 17

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
 Angamally South PO, Ernakulam District, Kerala.
Note No. 8 to the Financial Statements

(Amount in Rs. in lakhs)

	As at 01.04.13	Addition	Deduction/ Adjustment	Capitalised	As at 31.03.2014
CAPITAL WORK-IN-PROGRESS					
Buildings :	-	43.46	-	43.46	-
Plant and Machinery	24.39	79.34	-	50.90	52.83
Others	-	-	-	-	-
Total	24.39	122.80	-	94.36	52.83
Previous Year Total	250.43	653.31	-	879.35	24.39
INTANGIBLE ASSETS UNDER DEVELOPMENT					
Software	-	-	-	-	-
Total	-	-	-	-	-
Previous Year Total	-	2.20	-	2.20	-
Grand Total	24.39	122.80	-	94.36	52.83
Previous Year Grand Total	250.43	655.51	-	881.55	24.39



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 9 to the Financial Statements

(Amount in Rs. in lakhs)

	As at March, 31		2014	2013
NON CURRENT INVESTMENTS	Number of shares Current Year/ (Previous Year)	Face value per share Current Year/ (Previous Year) (Rs.)		
(Unquoted, non-trade)				
1. 450 'B' Class (450 'B' class) shares of Rs.100/- each in TELK Employees Multipurpose Co-operative Society Ltd., Angamally, at cost, fully paid.	450 (450)	100 (100)	0.45	0.45
2. 500 'B' class (500 'B' class) shares of Rs. 50/- each in TELK Employees Canteen Co-operative Society Ltd., Angamally, at cost, fully paid.	500 (500)	50 (50)	0.25	0.25
Total			0.70	0.70

Note No. 10 to the Financial Statements

(Amount in Rs. in lakhs)

	As at March, 31	2014	2013
DEFERRED TAX ASSET(NET)			
Disallowances u/s 43B of the Income Tax Act, 1961		91.36	143.70
Provisions & Other Disallowances for Tax Purposes			
Less: Deferred Tax Liabilities			
Difference of Book Depreciation and Tax Depreciation		41.17	58.13
Deferred tax Asset (net)		50.19	85.57

Please refer Note.No.1. B. 13

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 11 to the Financial Statements

(Amount in Rs. in lakhs)

As at March, 31	2014	2013
Long Term Loans and Advances		
(Unsecured, considered good, unless otherwise stated)		
CAPITAL ADVANCES		
Advance to Suppliers for capital equipments	3.82	4.56
Security Deposits*	40.29	46.11
Total	44.11	50.67

* Security Deposits include deposits with Government authorities amounting to Rs. 3.75 lakhs (Rs. 9.57 lakhs)

Note No. 12 to the Financial Statements

Other Non-Current Assets

(Unsecured, considered good, unless otherwise stated)

Other Non-Current Assets	-	-
Total	-	-



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 13 to the Financial Statements

(Amount in Rs. in lakhs)

	As at March, 31	2014	2013
INVENTORIES			
Stock of Raw materials	1424.65	1677.35	
Stock -Goods in Transit	67.68	1492.33	1784.67
Stock of W I P		2212.47	1483.37
Stock of Finished Goods		1263.57	2524.37
Stock of Tools		17.02	18.99
Stock of Jigs		48.94	38.03
Stock of Scrap		77.37	66.36
Stock of Fixed Assets Scrap		2.73	15.81
Stock of Material with Fabricators		96.30	30.36
Total		5210.73	5961.96

Please refer Note.No.1.B. 1

Note No. 14 to the Financial Statements

(Amount in Rs. in lakhs)

	As at March, 31	2014	2013
TRADE RECEIVABLES			
(Unsecured, considered good, unless otherwise stated)			
Outstanding for a period exceeding six months from the date they are due for payment		756.35	91.53
Considered doubtful		-	-
Other debts		5635.18	6866.67
Total		6391.53	6958.20
Less: Provision for Bad & Doubtful Debts*		-	-
Total		6391.53	6958.20

* Details of Provision for Bad & Doubtful Debts

Debts outstanding over six months

Opening Balance

Additional provisions

Less: Adjustment for Doubtful Debts written off

Less: Provision written back

Closing Balance

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 15 to the Financial Statements

(Amount in Rs. in lakhs)

As at March, 31	2014	2013
CASH AND BANK BALANCES		
Cash & Cash Equivalent		
Balances with Banks		
- Current Accounts	26.68	5.99
- Deposits with original Maturity of less than three months	1980.81	911.43
Others / Stamp and Stamp paper	0.02	0.02
	2007.51	917.44
Other Bank Balances		
Deposits with original Maturity of more than 3 months	191.10	498.80
Others-Unclaimed Dividend Account	5.03	5.09
	196.13	503.89
Less: Bank balances with original maturity of more than 12 months disclosed under other non-current assets	-	-
	196.13	503.89
Total	2203.64	1421.33
Balance with Banks include:		
Unclaimed dividend account balance	5.03	5.09
Remittances in transit	-	-
Fixed Deposit under Capital Gain Scheme	-	-
Margin money for Working Capital Facilities	1006.72	285.00
Security for EMD	5.90	-

Please refer Note.No.1. B. 2 & 6



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 16 to the Financial Statements

(Amount in Rs. in lakhs)

As at March, 31	2014	2013
SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Employee Related	24.80	22.29
Contractors & Suppliers	54.71	20.66
Advance Tax Deposit & Tax Deducted at Source	283.90	139.84
Total	363.41	182.79

Note No.17 to the Financial Statements

(Amount in Rs. in lakhs)

As at March, 31	2014	2013
OTHER CURRENT ASSETS		
(Unsecured, considered good, unless otherwise stated)		
Interest Accrued :		
Fixed deposits	14.67	15.95
Claims Recoverable	-	-
Others *	434.84	377.74
Less: Provisions	95.65	90.04
Total	353.86	303.65

* Others include:

Excise duty/service tax/ cess receivable, PLA balance, EMD receivable, prepaid expenses and amounts paid under amnesty scheme of sales tax department.

Please refer Note.No.1. B. 5

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 18 to the Financial Statements

(Amount in Rs. in lakhs)

For the year ended March, 31	2014		2013			
	Quantity	Unit	Value	Quantity	Unit	Value
Operating Income						
A Sale of products						
1. Power Transformers	5201.87	MVA	15340.00	4203.19	MVA	13074.81
2. Current Transformers	32	Nos.	115.99	11	Nos.	48.00
3. Potential Transformers	12	Nos.	28.22	33	Nos.	78.05
4. On Load Tap Changers	10	Nos.	71.85	24	Nos.	138.10
5. Bushings	100	Nos.	285.19	91	Nos.	317.30
6. Spares			266.60			198.76
B Sale of Service						
Service Charges			273.56			241.96
C Other Operating Income						
Sale of Scrap			216.95			709.90
Freight & Insurance			8.97			37.80
Total Operating Income			16607.33			14844.68
Excise Duty on Sales			1448.56			1577.59
Gross Sales			18055.89			16422.27

Please refer Note.No.1. B.3, 8 & 21

Note No. 19 to the Financial Statements**Other Income**

Profit on Sale of Asset (Includes additional compensation received on land acquisition Rs.Nil (Rs. 21.69 lakhs) and profit due to transfer of assets to stock of scrap Rs.Nil (Rs.10.79 lakhs)	0.15	32.46
Profit on sale of Fixed Asset Scrap	0.92	-
Rent	4.52	3.25
Interest (Includes interest on additional compensation received on land acquisition Rs.Nil (Rs. 22.42 lakhs))	125.56	249.95
Insurance receipts	207.10	8.37
Bad debts recovered	28.84	189.76
Provisions Written Back	-	18.64
Foreign Exchange Fluctuation	-	50.06
Miscellaneous income	19.54	6.38
Unclaimed Balances written back (Net)	6.13	42.61
TOTAL	392.76	601.48



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 20 to the Financial Statements

(Amount in Rs. in lakhs)

For the year ended March, 31	2014	2013
MATERIALS		
Opening stock	1881.39	1975.72
Add: Purchase	10152.31	9220.90
	12033.70	11196.62
Less: Closing stock	1666.00	1881.39
	10367.70	9315.23
Less: Material consumption for prior years	2.06	-
	10365.64	9315.23
Add: Stores and Spares consumed	256.71	217.82
	10622.35	9533.05
Add: Materials to be issued	92.13	2.06
TOTAL	10714.48	9535.11

Please refer Note.No.1. B. 15, 17 & 19

Note No. 21 to the Financial Statements

Changes in inventories of Finished Goods, Work in Progress

Finished Goods

Opening Stock	2524.37	1040.75
Closing Stock	1263.57	2524.37
Change	(+) 1260.80	(-) 1483.62

Work-in-Progress

Opening Stock	1483.37	2179.26
Closing Stock	2212.47	1483.37
Change	(-) 729.10	(+) 695.89

ED on Finished Goods

Opening stock	290.26	99.39
Closing stock	130.26	290.26
Change	(-) 160.00	(+) 190.87

TOTAL

(+) 371.70 **(-) 596.86**

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 22 to the Financial Statements

(Amount in Rs. in lakhs)

For the year ended March, 31	2014	2013
Employee Benefits Expense		
Salaries, Wages and Bonus	3335.59	3742.30
Contribution to Provident Fund	274.21	247.95
Contribution to Pension Fund	49.46	53.94
Gratuity	157.87	146.57
Staff Welfare	744.12	723.17
TOTAL	4561.25	4913.93

Please refer Note No. 1. B. 12 & 22

Note No. 23 to the Financial Statements

(Amount in Rs. in lakhs)

For the year ended March, 31	2014	2013
FINANCE COST		
Interest on Bank borrowings	11.65	1.00
Interest Others	15.23	-
Bank charges and Guarantee Commission	39.43	66.07
TOTAL	66.31	67.07



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 24 to the Financial Statements

(Amount in Rs. in lakhs)

For the year ended March, 31	2014	2013
MANUFACTURING, ADMINISTRATION & SELLING EXPENSES		
Factory Expenses	157.26	54.84
Power and Fuel	333.98	294.14
Repairs: Plant and Machinery	10.40	9.47
Buildings	2.62	2.11
Others	149.84	200.05
Repairs and Replacement	3.67	130.40
Rates and Taxes	10.05	31.82
Rent (MD)	0.66	3.67
Traveling:		
MD	5.20	8.19
Directors	-	0.03
Others	58.82	63.53
Printing and Stationary	12.53	11.43
Postage, Telegram and Telephones	18.77	15.35
Auditors' Remuneration:		
For Statutory Audit	1.30	1.30
For Tax Audit	0.22	0.22
For Cost Audit	0.80	1.00
For reimbursement of expenses	0.50	0.43
Directors' Sitting Fee	0.03	0.03
Legal Charges	2.77	4.76
General Charges	47.08	41.10
Selling Agency Commission	72.20	103.26
Insurance Charges	28.46	31.48
Advertisement & Publicity	1.85	6.73
Erection Expenses of Transformers	112.12	22.43
Foreign Exchange Fluctuation	28.37	-
Bad Debts written off	8.56	13.15
TOTAL	1068.06	1050.91

Please refer Note.No.1. B. 18 & 23

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Note No. 25 to the Financial Statements

(Amount in Rs. in lakhs)

For the year ended March, 31	2014	2013
PRIOR PERIOD ADJUSTMENTS		
INCOME		
Security Deposit	-	10.16
Sales	91.68	20.10
Materials	5.13	-
TOTAL	96.81	30.26
EXPENSES		
Materials	1.51	-
Depreciation	-	0.39
Interest	-	-
TOTAL	1.51	0.39
Net	(-) 95.30	(-) 29.87

For and on behalf of the Board of Directors

Prabhat Kumar
Managing Director

Joffy George
Company Secretary

M.P. Salim
Director

Date : 21-05-2014

As per our report of even date

For G. Joseph & Associates,
Chartered Accountants,
Firm Regn. No.006310S

Allen Joseph
Partner
(M. No.228498)



GOVERNMENT OF KERALA

No. 54997/PU-D3/14/Fin.

FINANCE (PU-D) DEPARTMENT

**COMMENTS OF ADDITIONAL CHIEF SECRETARY, FINANCE ON
THE AUDITED ANNUAL ACCOUNTS OF TRANSFORMERS AND
ELECTRICALS KERALA LTD FOR THE YEAR 2013-14**

- (i) The net profit of the Company for the period under review is reported as Rs. 81.71 lakhs as against the net profit of Rs. 158.53 lakh during the last year.
- (ii) Company should maintain proper records of fixed assets and conduct physical verification periodically.
- (iii) Company should maintain and update registers required under Section 301 of the Companies Act 1956.
- (iv) The Company should ensure strict economy in every sphere of its activities.

Thiruvananthapuram
Dated 08-08-2014

V. Somasundaran
ADDITIONAL CHIEF SECRETARY (FINANCE)

**Reply to the Comments of Additional Chief Secretary, Finance,
Government of Kerala on the Audited Annual Accounts of Transformers and
Electricals Kerala Limited for the year 2013-14**

SI No.	Comments of Additional Chief Secretary, Finance, Government of Kerala	Company's Reply
1	The net profit of the Company for the period under review is reported as Rs. 81.71 lakh as against the net profit of Rs. 158.53 lakh during the last year.	Noted
2	Company should maintain proper records of fixed assets and conduct physical verification periodically.	The company has a system of periodically verifying and reconciling all items of fixed assets and differences on verification, if any, are properly dealt with in the Books of Accounts. In line with the Comments, we will consider doing the physical verification of fixed assets during 2014-15.
3	Company should maintain and update registers required under Section 301 of the Companies Act .	The referred transactions relates to sale of transformers made during the year to the JV Partner M/s NTPC Ltd. In line with the Comment, such transactions will be updated in the register maintained under Section 301.
4	The Company should ensure strict economy in every sphere of its activities.	Noted



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala



PROXY FORM (Form No. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U31102KL1963SGC002043

Name of the company: Transformers and Electricals Kerala Limited

Registered office: Angamaly South P.O., Ernakulam District, Kerala - 683 573.

Name of the member (s): Registered address: E-mail Id: Folio No/ Client Id: DP ID:
--

I / We, being the member (s) of shares of the above named company, hereby appoint

1. Name:
 Address:
 E-mail Id:
 Signature:..... or failing him

2. Name:
 Address:
 E-mail Id:
 Signature:..... or failing him

3. Name:
 Address:
 E-mail Id:
 Signature:.....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 51st Annual General Meeting of the company, to be held on the 29th day of September 2014 at 3.00 p.m. at Registered Office at Angamally and at any adjournment thereof in respect of such resolutions as are indicated below:

- Resolution No.
- 1.....
 - 2.....
 - 3.....
 - 4.....
 - 5.....

Affix Revenue Stamp

Signed this..... day of..... 2014

Signature of shareholder

Signature of Proxy holder (s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting