

TRANSFORMERS AND ELECTRICALS KERALA LIMITED

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



49th Annual Report
Year Ended 31st March 2012

TELK**Board of Directors**

Shri. V. Somasundaran IAS : Chairman
Shri.T.O.Sooraj IAS : Director
Shri. S.P.Singh : Technical Director
Shri. A.K. Jha : Director
Smt. G. Indu : Director
Shri. Sudhir Arya : Director
Shri. Arun Kumar Gupta : Managing Director

Company Secretary

Shri. Joffy George

Registered Office

Angamally South,
Ernakulam District-683 573

Factory

Angamally

Auditors

M/s Elias George & Company

Bankers

State Bank of Travancore
Federal Bank Limited
South Indian Bank Limited

Registrar & Share Transfer Agent

Integrated Enterprises (India) Limited
Kences Towers, T Nagar
Chennai - 600 017
Ph.: 044 28140801
Email : corpserve@iepindia.com

Shareholders Helpdesk

Telephone: 0484 - 2454597
Fax No: 0484 - 2452873
Email: cs@telk.com

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Transformers and Electricals Kerala Limited

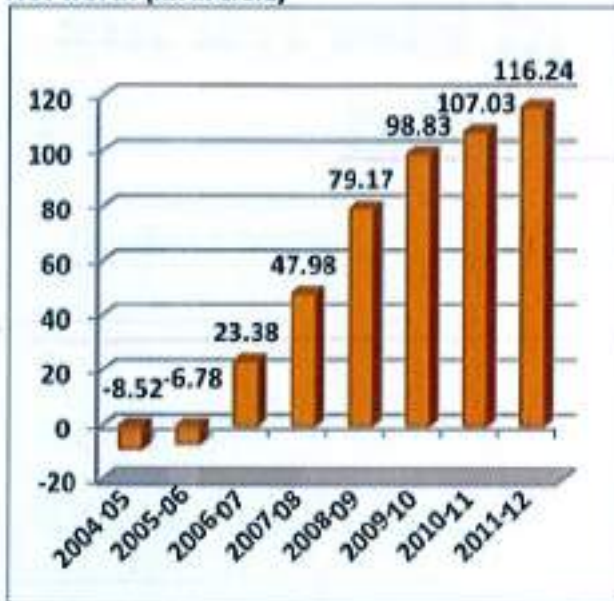
(A Joint Venture of Government of Kerala and NTPC Limited)



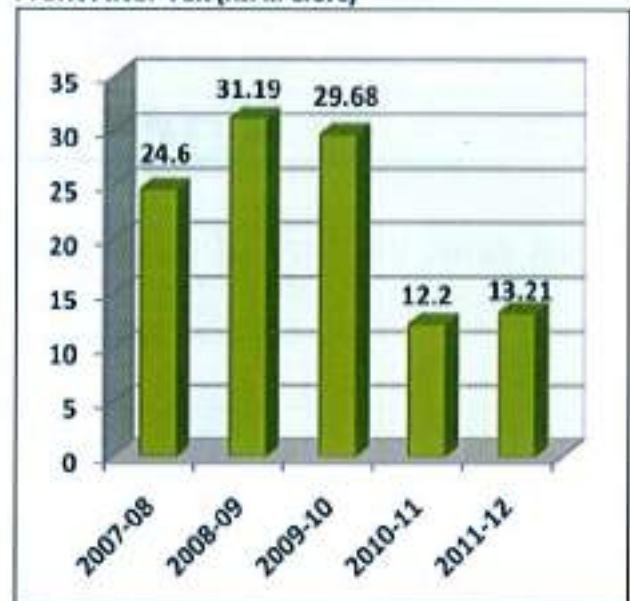
**49th ANNUAL REPORT
Year Ended 31st March 2012**

Financial Chart

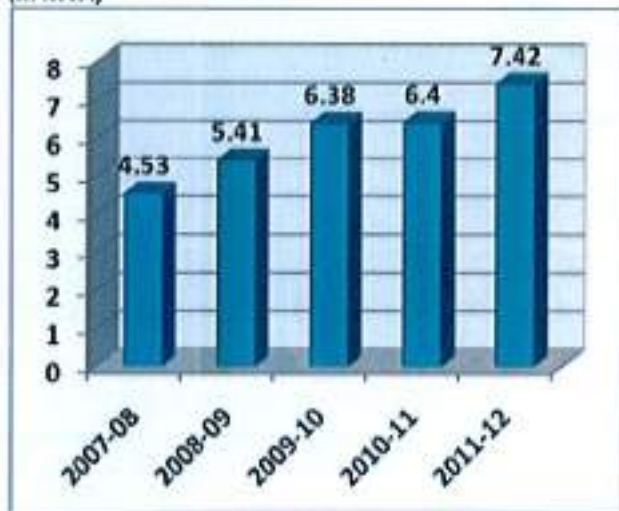
Net worth (Rs. in Crore)



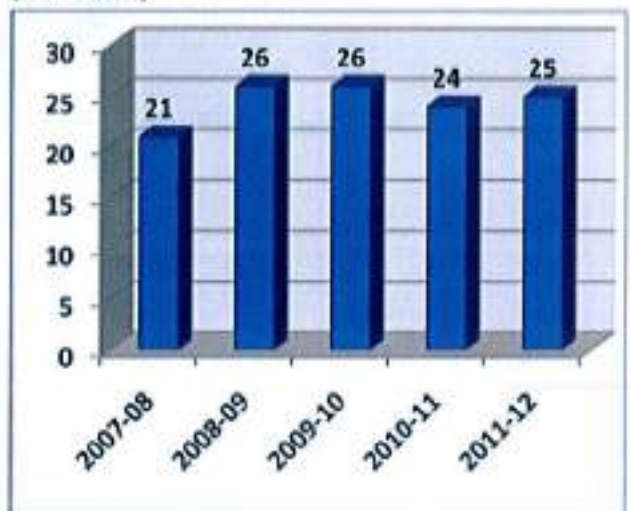
Profit After Tax (Rs. in Crore)



Production per Employee
(In MVA)



Sales Turnover per Employee
(Rs. in Lakhs)



The Board of Directors



Shri. V. Somasundaran IAS
CHAIRMAN



Shri. S. P. Singh
Technical Director



Shri. T.O. Scoraj IAS
Director



Shri. A. K. Jha
Director



Shri. Arun Kumar Gupta
Managing Director



Shri. Sudhir Arya
Director



Smt. G. Indu
Director

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Forty Ninth Annual Report of your Company with the audited Balance Sheet and Profit & Loss account for the year ended March 31, 2012.

FINANCIAL RESULTS

(Rs. in lakhs)

Particulars	2011-12	2010-11
Revenue from operations	19686 (5762 MVA)	19204 (5094 MVA)
Other Income	551	516
Total Revenue	20237	19720
Expenses		
Cost of materials consumed	12024	12406
Changes in inventories of finished goods, work in progress	(+)71	(-)1084
Employee benefits expenses	4526	3906
Finance costs	190	117
Depreciation & amortization expenses	176	126
Manufacturing, Administration & Selling Expenses	1375	1496
Prior period Items (net)	(-)52	(-)1
Total Expenses	18310	16966
Profit Before Tax (PBT)	1927	2754
Tax expenses	606	1534
Profit After Tax (PAT)	1321	1220

FINANCIAL HIGHLIGHTS

During the year, Sales Turnover net of excise duty, increased by 2.51% from Rs.192.04 crore in 2010-11 to 196.86 in 2011-12. Profit after tax for the year 2011-12 is placed at Rs.13.21 crore as against Rs.12.20 crore during 2010-11 registering a growth of 8.28%.

Net Worth of the company has gone up from Rs. 107.03 crore to Rs.116.24 crore registering an increase of 8.61%.

Despite difficult, hard and adverse market conditions your Company has recorded it's highest ever production of 5806 MVA, and the plant utilisation factor of 130% as against the industry average of 70-75%. 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 right from the workmen to senior most officers, resulting in an increase of 12% production when compared to the previous year. However, the poor market conditions and the intense price war did not allow the corresponding increase in the turnover which recorded an increase of only 2.51%.

Efforts were also made towards cost reduction in different areas like design and engineering optimisation, economy in procurement through long term rate contract and optimum economic order quantities through careful inventory planning. The overall productivity level also registered an increase from 6.4 MVA per employee in the previous year to 7.42 MVA per employee in the current year. The overtime payments were also reduced from Rs.2.5 crore last year to Rs.1.2 crore in the current year. However, all these cost cutting initiatives and increase in productivity were neutralised by the adverse market conditions because of which the gross profit margins got reduced. In spite of this, the net profit registered an incremental growth of 8.28%.

Your Company will complete 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 5 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 to become a profit making and dividend paying Company with a net worth of over Rs.115 Crore. This performance is stellar when reviewed against the backdrop of extremely adverse market conditions and poor economic growth in the Electrical Manufacturing Industry. All the employees of the Company have performed very well, driven by a strong and motivated team.



DIVIDEND

Your Directors have recommended a dividend of Rs.0.85 per equity share of Rs.10 /- each for the year 2011-12.

RATING OF TELK VIS-À-VIS MOU TARGETS

The MOU rating for the year 2011-12 is under finalization by Government of Kerala/ NTPC Limited. However, Company's own assessment places performance of the Company in "Excellent" category for the FY 2011-12 with a Composite Score of 1.33.



BOARD OF DIRECTORS

As per the Business Collaboration & Shareholders' Agreement and up on transfer of 44.6% of the paid up share capital by Government of Kerala to NTPC Limited, Government of Kerala vide G.O. dated 18.06.2009 reconstituted the Board of Directors with four nominees of Government of Kerala and four nominees of NTPC Limited.

Shri. J.Vijayamohanam ceased to be Director on 15.06.2011. Smt. Indu G. was appointed as Director on 19.10.2011. Shri. K.Sivakumar ceased to be Director on 31.10.2011. Shri. Sudhir Arya was appointed as Director on 29.11.2011.

Shri. T.Balakrishnan IAS ceased to be the Chairman of the Company on 22.03.2012. Shri. V.Somasundaran IAS was appointed as the Chairman of the Company on 22.03.2012.

The Directors wish to express their sincere appreciation for the remarkable services rendered by Shri. T.Balakrishnan IAS (retd.) as an active and dynamic Chairman of the Company. His contributions to the Company over the past five years have indeed been very valuable.

The Directors also wish to place their appreciation for the valuable services rendered by Shri. J.Vijayamohanam and Shri. K.Sivakumar.

DEMAT FACILITY

Your Company is admitted with both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vide ISIN – INE123K01011 since February 2009 and as such demat facility is made available for the shareholders.

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'.



HUMAN RESOURCES – MOST VALUABLE OF ALL ASSETS

The Company has total employee strength of 729 as on March 31, 2012 comprising of 216 officers and 513 workmen. The Company makes extensive use of various training programmes with a view to provide specialized training in newer areas of skills and also to provide wider exposure to its employees at all levels.

Continuous efforts are taken to ascertain the training needs for competency building of employees. During the year, 40 training programs were conducted, exposing 306 workmen and 218 officers at different levels to various in-house training programs. Besides, 30 workmen and 119 officers were given external training in different technical and managerial areas.

Power Management Institute of NTPC Limited has agreed to extend both technical

and managerial competency building programs for TELK executives.

Your Company's employees rose to the challenges posed by rapidly changing economic landscape, particularly in the Electrical Manufacturing Industry which witnessed one of its worst period, and aligned themselves with Company Vision.

Your Company follows participative style of management with frequent communication meetings between the management and Trade Unions / Officers Associations. During the year under report Company instituted 'Best Employee of the Month' Award and revived the 'Suggestion Scheme' to boost employee morale.

Your Company was the first PSU in Kerala, to conduct referendum by secret ballot on 24.11.2011 as per the new legislation, Kerala Recognition of Trade Unions Act and Rules, 2010 for providing recognition of Trade Unions in order to facilitate collective bargaining and to check multiplicity of Trade Unions. Among the 3 Trade Unions contested in the election, 2 were recognized viz., TELK Employees Union (CITU) and TELK Workers Congress (INTUC) as Sole Bargaining Agent and Constituent of Joint Bargaining Council, respectively.

The validity of the period of operation of the 11th Long Term Agreement (LTA) for workmen of TELK was from 01.03.2007 to 31.08.2011. The Trade Unions who were recognized by the last referendum held on 21.12.2006, submitted their charter of demands on 28.09.2011 and insisted for commencement of bi-lateral discussion on their demands. Since the bi-lateral discussions for Long-term Settlement were to be held with recognized Trade Unions, the discussions commenced on 26.12.2011, after the recognition of Trade Unions as per



"The Kerala Recognition of Trade Unions Act and Rules, 2010". Several rounds of discussions are over and most of the issues are being settled.



For revising the Promotion Policy of TELK Executives, the Management had appointed HR consultants and leading management practitioners. For providing a planned career growth for TELK Executives, multiple studies and consultations were made with stakeholders including all the executive associations for revising the Executive Promotion Policy. The revised Promotion Policy came to force with effect from 15.12.2011 and the promotion of Executives on 01.01.2012 was based on the revised Promotion Policy.

The Company had harmonious industrial relations throughout the year and it will be the endeavour 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 all the persons 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 endeavour is to bring down the accidents to zero level through training, safety promotional activities and creating safety awareness among employees at all levels.



During the year under report, Company has lesser number of accidents and there were no fatal accidents.

As a formal recognition for our continued efforts in the safety related activities, your Company was awarded the **Safety Award - 2011** in the category for Very Large Factories (Engineering) for the first time since Company's inception in 1963.



Shri. Shibu Baby John, Honourable Minister for Labour & Rehabilitation, Government of Kerala presenting SAFETY AWARD- 2011 in the category for Very Large Factories (Engineering) to Shri. Arun Kumar Gupta, Managing Director, TELK.

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.

The 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 comprises eight Directors including the Chairman and the Managing Director. Except the Managing Director, rest of the Directors are non-executive Directors. During the year under report, there were 4 Board Meetings.

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 correspon-

dences, newspaper releases and hosting at Company Website. The Company has adequate internal control systems and procedures in place.



AUDIT COMMITTEE

The Audit Committee of the Board in 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.

The 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. The 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. The 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.



The Company has adopted a Charter for the Audit Committee of the Board of Directors of the Company.



For the year 2010-11, your Company was the first Company among all PSUs in the State of Kerala to finalize, approve and adopt the Accounts with 'Nil Comment' from C&AG and declare dividend. Besides, there are no pending paras/comments from C&AG in Company's Accounts till 2009-10.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 your Directors confirm as under:-

(i) In the preparation of Annual Accounts, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures.

(ii) We have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year 2011-12.

(iii) We have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of this Act for safe guarding the Assets of

the Company and/or preventing and detecting fraud and other irregularities; and

(iv) We have prepared the Annual Accounts on an ongoing 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 2014 and its scope covers design, development, production, installation and servicing of transformers, series and shunt reactors, switchgears, tap changers and bushings.

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.

Your Directors are pleased to inform that the Managing Director, TELK was awarded for outstanding achievement in Corporate Leadership instituted by the Government of Kerala for the third consecutive year.

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

The particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as prescribed under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in *Annexure-I* to this Report.

CERTIFICATION

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

AUDITORS

The Auditors of your Company are appointed by the Comptroller and Auditor General of India. The names of Auditors appointed for the year 2011-12 are printed separately in the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

At TELK, Corporate Social Responsibility (CSR) encompasses much more than social outreach programs and is an integral part of the way the Company conducts its business.



Your Company has identified health in and around Angamally as a key area with particular focus on aged persons. Besides, community development activities such as health, education, drinking water, peripheral development etc. are also given due consideration. TELK in recognition of its obligations as "Corporate Citizen" has drawn up plans to take up social/community development activities at village level.

INDUSTRIAL – ECONOMIC SCENARIO

The Indian transformer industry has for long been traditional but is now seen maturing rapidly.

Transformer industry is in one of its most difficult and perilous phase in the history in which all the major players in the country reported sharp decline in their profit margin as well as plant capacity utilisation factor which stood at an average of 70-75%. Invasion from Chinese and Korean players through a massive price war made the competition more intense which left almost all the transformer domestic players in a bleeding state. The poor economic growth during 2011-12 in general and power sector in particular are the key factors responsible for the declining growth in the electrical manufacturing industry which recorded its slowest growth during the last 2 years. The situation is likely to continue for some more time, till the power sector brightens up in the 12th Five year Plan promising some good action for electrical manufacturing industry.

However, there are several challenges on the road ahead that need to be tackled deftly. According to reliable data, domestic production of transformers is likely to reach 2.3 lakh MVA in FY12, up from an estimated 1.91 lakh MVA in FY11 and 1.53 lakh MVA in FY10.



It has been reported that high interest rates and global demand slow down have impacted Indian Economy to grow only by 6.9% in the financial year that ended 31st March 2012, its slowest rate in three years. Most of the engineering and transformer companies have reported sharp decline in profit margins due to intense price war in view of over capacity available in the Country. However, 12th five-year plan is promising good future because of ambitious generating capacity additions of about 1 lakh MW.

A big endorsement to India's indigenous manufacturing capabilities has come in the form of the 1,200kV transformer range. These ultra-high voltage transformers will form an integral part of India's ambitions of transmitting power at 1,200kV levels - the highest in the world so far. Power Grid Corporation of India, in association with domestic manufacturers, is in the midst of a pilot project at Bina in Madhya Pradesh to test equipment and monitor live conditions, preparing the ground for commercial use of 1,200kV power transmission.

Considering these, TELK is in urgent need of a technology tie-up for manufacturing ultra-high voltage transformers.

Recognizing the new challenges in the 12th plan, your Company has strengthened the Division catering to timely repair, maintenance, monitoring and servicing of transformers and other vital installations.

The recent surge in imports of HV/EHV transformers mainly from China, Korea and Germany - is a cause of concern to the domestic industry.



FUTURE OUTLOOK

Your Company has been aggressively scouting for a suitable technology partner who is either willing to transfer technology or to forge an alliance through JVC route for starting a new manufacturing facility in India where TELK can design and manufacture 765 kV Transformers, Reactors and other associated equipments. Discussions are in progress with many such overseas companies in China and Japan to conclude the deal at the earliest. A high level working group consisting of senior officials from Government of Kerala, NTPC Limited and TELK is evaluating various options for selecting the most appropriate partner. This working group has set a time limit of 6 months within which the technology partner for TELK must be finalised.



While we expect a cautious outlook for the year ahead, our strong execution capabilities will help us in meeting the timelines and delivering the targeted growth in all facets of our business. Despite some macro economic concerns about slow down in the sector, our long term outlook remains positive.

CONTRIBUTION TO EXCHEQUER

Your Company contributed an amount of Rs.2715 Lakhs in the form of Duties, Sales Tax, Corporate Tax etc. during the year 2011-12. Further contribution of Rs.59 lakhs is expected on account of Corporate Dividend Tax.

ACKNOWLEDGEMENT

The Board places on record its sincere appreciation towards the Company's valued customers in India and abroad for the support and confidence reposed by them in the Organisation and looks forward to the continuance of this mutually supportive relationship in future. The Board also gratefully acknowledges the support and guidance received from various ministries of Government of India, Government of Kerala, particularly the Honourable Minister for Industries, Government of Kerala in company's operations and developmental plans.

The Directors thank the esteemed shareholders, Comptroller & Auditor General of India, Bankers and other business associates and well-wishers for their encouragement and support. The Directors gratefully acknowledge 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 and Internal Auditors. The Directors express their gratitude to various Institutions and Agencies for their continued support.

The Directors wish to place on record their appreciation of the dedicated services rendered by employees at all levels and look forward to their continued efforts and commitment to take the Company to greater heights.

**For and on behalf of
the Board of Directors**

Sd/-

**(V.Somasundaran IAS)
CHAIRMAN**

Angamally
24.04.2012



ANNEXURE – I

A. ENERGY CONSERVATION

During the year 2011-12, there was 12% increase in the production MVA compared to the previous year. The total consumption of electric power and furnace oil increased by 2.11% and 50.3%, respectively. The total cost of electricity and furnace oil increased by 11.27%.

Percentage saving in electricity consumption per MVA was 8.82%. Expense on power and fuel in terms of quantity (MVA) of production was more or less the same of the previous year with a saving of Rs.1.74 lakhs.

During the year under report, self tank drying was more compared to the previous year which is accountable for the increased usage of furnace oil. This includes the D3 tank trial drying also. Apart from this, major part of expansion work such as welding, cutting of structures etc. was carried out during the period under report which consumed considerable electric power. Considering this, the above increase in total consumption of electric power and furnace oil is reasonable.

B. TECHNOLOGY ABSORPTION

FORM-B

(See Rule 2)

1. Specific areas where R&D was carried out by the company
 - i) Analysis done on Major Transformer Tanks of last year on the purchased 3D drafting Software Pro-Engineer for enabling the 3-D modeling of Transformers and the changes incorporated in their design as required.
 - ii) Purchased the First Stage Programs on Electrostatic Field Analysis and Impulse Distribution Analysis and the implementation of the same is being carried out.
 - iii) Development of new Sources for following items:
 - a) Power Cables
 - b) Powder Coating on Fan Guards for Export jobs
 - c) Stainless Steel Fixtures
 - d) Wired Control Panels
 - e) Transformer Oil
 - iv) Following Latest Testing Equipments were added to our High Voltage Testing Laboratory:
 - a) 2800kV Potential Divider
 - b) SFRA Equipment
 - c) OLTC Sequence Tester
 - d) Winding Resistance Meter
 - e) PD Monitoring System
 - f) 4 Channel Oscilloscope.

2. Benefits derived as a result of the above

- v) Development of indigenous software for the design calculations of Transformer.
- vi) Upgradation of our Technical Library with latest Technical Reports/Literature from CIGRE, ANSI, IEEE etc.
- vii) Updation of existing Indian and International Standards and also procurement of new Standards required for our Design and Manufacture.
- viii) Computerisation of Standard Drawings in a phased manner.
- ix) Installation of a Centralized Server to cater all the requirements of the Design Department.
- i) After providing general and specialized training for our Technical personnel on Pro – Engineer, the 3-D analysis of most of our jobs could be done using the same and the results were found to be satisfactory.
- ii) This was done as part of our efforts to improve in the area of Electromagnetic and Electrostatic field analysis, the area in which further improvements are to be achieved. We are working on the purchased softwares and expect to improve further in these areas.
- iii) Addition of new sources to our Vendor List has helped to make the purchase competitive.
- iv) These State of the Art Testing Equipments would enable us to conduct more accurate and precise tests on our products and also enable to obtain test results very faster.
- v) These softwares in Excel and Visual Basic make the calculations easier and reduces design cycle time.
- vi) To make our Technocrats aware of the latest developments in the field of Transformer and its accessories.
- vii) 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.
- viii) Further revisions and changes can be easily incorporated. Also these very important documents shall be stored and preserved as soft copies.
- ix) All the vital data in the Design Department shall be centrally located in the server and hence data retrieval shall also be easier.



3 Future plan of action

- i) a) Changing rubberized cork gasket to synthetic gasket in a phased manner.
b) New Sources Development for:-
 - 1) Oil Pump
 - 2) Cooling Fan
 - 3) Insulation Materials
 - 4) Air Cell
- ii) Making our technical personnel experts in Pro-Engineer and 3-D Modelling so that we can reduce rework level and also analyse our Tanks Mechanically.
- iii) Effectively use the purchased Design Application Software from M/s VIT, in the Design of EHV Power Transformers to analyse the Dielectric Design and to try to reduce the cost of the Power Transformer.
- iv) Evaluation and Purchase of Application Software for calculating Stray Losses more precisely.

4 Expenditure

- a) Capital : Rs.252.50 lakhs
- b) Recurring : Rs.5.00 lakhs
- Total : Rs. 257.50 lakhs

Technology Absorption, Adaptation and Innovation

1 Efforts in brief made towards technology absorption, adaptation and innovation progress

- a) Prototype Testing of New Bushings under
 - 1) 420kV, 1600 A Bushing
 - 2) 36 kV, 16000A High Current Bushing
- b) 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.
- c) Studies are also being conducted to reduce Stray losses using Yoke Shunt.
- d) Development of Software for 5 sheets/bag, Step Lap Core Design of Centre Legged Single Phase Generator Transformers.

2 Benefits derived as a result of the above

- a) Commercialisation of TELK Bushings will make TELK Transformer prices more competitive, as we are now procuring these from other suppliers at higher costs.
- b&c) 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 .

- d) We have obtained benefits both in the No-load Losses (approximately 10% Reduction) and also in the commercial values of power Transformers by using this 5 sheets/bag Step Lap Design in 4/5 Limbed Transformers. Hence we expect the same in Single Phase Centre-Legged Generator Transformers also.

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 2011-12 was Rs. 4820.92 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/work shops, 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. 9,62,90,181/- |
| b. | Foreign Exchange earning- Sales | : | Rs. 4820.92 lakhs |



ANNEXURE – II

CERTIFICATION



We, Arun Kumar Gupta, Managing Director and S.V. Ganapathy Iyer, Deputy 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, 2012 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, 2012 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.

Deputy General Manager
(Finance & Accounts)

Managing Director

Angamally
24 - 04 - 2012

Elias George & Co.
Chartered Accountants



B - 16, H. I. G. Avenue
Gandhi Nagar, Cochin - 682 020
Phone 0484 - 2204008, 2208648
Fax : 0484 - 2204008
E-mail : eliasgeorge@asianetindia.com

AUDITORS' REPORT

TO
THE MEMBERS,
TRANSFORMERS AND ELECTRICALS KERALA LIMITED
ANGAMALY.

1. We have audited the attached Balance Sheet of TRANSFORMERS AND ELECTRICALS KERALA LIMITED, ANGAMALY, as at 31st March 2012, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We draw your attention to note 26.B.5 regarding the confirmation of balances shown under Debtors, Creditors and advances included under Loans & Advances. Only 16% of the creditors have confirmed their balances which are being reconciled. However, no balance confirmations have been received from Sundry Debtors and advances included under Loans & Advances. We cannot ascertain the impact of the non-confirmed balances on the accounts.
4. As required by Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said order.
5. Subject to Para 3 above and further to our comments in the Annexure referred to above, we report that :



- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (v) Being a Government Company, the provisions of Sec 274(1)(g) of the Companies Act, 1956 do not apply as per notification number GSR 829(E) dated 21st October, 2003 issued by the Department of Company Affairs.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, subject to Para 3 above, the said accounts, read together with the significant Accounting policies and other notes attached thereto and forming part of the accounts, give the information required by the Companies Act, 1956, 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 31st March, 2012;
 - b) In the case of the Statement of Profit and Loss, of the Profit of the Company 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.

For Elias George & Co.
Chartered Accountants
Firm Regn. No. 0008015

Sd/
Chirag J Shah
Partner
Membership No. 214798

Date: 24/04/2012
Trivandrum

ANNEXURE TO AUDITORS REPORT

(Referred to in paragraph 4 of our audit report of even date)

- I. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) Based on the information and explanations given to us, a major part of the fixed assets were physically verified during the year and no major discrepancies were noticed.
(c) During the year, the company has not disposed off substantial part of its fixed assets.
- II. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the unit is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records are dealt with in the books of accounts. However, control register is not maintained in respect of inventory of scrap.
- III. (a) The Company has not granted any loan to parties covered under the register maintained u/s 301 of the Companies Act, 1956 during the year. Hence, sub-clauses (b), (c) and (d) are not applicable to the company.
(b) The Company has not taken any loan, secured or unsecured, from parties covered in the register maintained under section 301 of the Act. Hence, sub-clauses (f) and (g) are not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business in place for the purchase of inventory and fixed assets and for sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system.
- V. To the best of our knowledge and belief and according to the information and explanations given to us, during the year under audit, there have been no contracts or arrangements that need to be entered in the register maintained u/s 301 of the Companies Act 1956.
- VI. The company has not accepted deposits from the public during the year and hence the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the Rules framed there under are not applicable.
- VII. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.



- VIII. The Central Government has prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956. The company has maintained the prescribed accounts and cost records. We have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- IX. (a) As per the records of the company, the company is generally regular in depositing with the appropriate authorities 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 and other statutory dues applicable to it and there are no dues outstanding as at the last day of the financial year for a period exceeding six months from the date they became payable.
- (b) According to the information & explanations given to us, the particulars of dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess as at 31st March, 2012 which have not been deposited on account of a dispute, are as follows:

Nature of Statute	Nature of dues	Amount (Rs. in lacs)	Period to which dues relate	Forums where dispute is pending
Central Excise Act, 1944	Excise Duty	5.69	1996-97/2004-05/ 2005-06/2006-07	High Court of Kerala
Central Excise Act, 1944	Excise Duty	5.93	2007-08/ 2008-09/ 2011-12	The Commissioner (Appeals)
Service Tax under the Finance Act, 1994	Service Tax	165.10	2007-08 to 2011-12	The Commissioner (Appeals)
Kerala General Sales Tax & CST	Sales Tax	13.05	1982-83/ 1983-84/ 1987-88	High Court of Kerala
Kerala General Sales Tax/ CST/ Andhra Pradesh General Sales Tax/Gujarat General Sales Tax	Sales Tax	139.41	1985-86 to 2005-06	The Deputy Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	17.26	2006-07	

- X. The company does not have accumulated losses as at the end of the financial year. It has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- XI. Based on our audit procedures and on basis of the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- XII. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities of a similar nature and hence maintenance of documents and records relating to such items are not applicable.
- XIII. The company is not a chit fund or a nidhi / mutual benefit fund /society. Therefore, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the company.
- XIV. The company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of the Companies (Auditor's Report) Order, 2003, are not applicable to the company.
- XV. According to the information and explanations given to us, the company has not given any guarantee for loan taken by others from banks or other financial institution.
- XVI. The Company has not availed any fresh term loans during the year
- XVII. According to the information and explanations given to us and on an overall examination of the records of the company, we report that funds raised on short-term basis have not been used for long-term investment.
- XVIII. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- XIX. The company has not issued any debentures.
- XX. The company has not raised any money by public issues during the year.
- XXI. Based upon the audit procedures performed by us and based on the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the year under audit.

For Elias George & Co.
Chartered Accountants
Firm Reg No: 0008015

Sd/-
Chirag J Shah
Partner

Date: 24/04/2012
Trivandrum

Membership No. 214798



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
BALANCE SHEET As at 31 at March, 2012

(Amount in Rs. in lakhs)

As at March 31,	Note	2012		2011	
I EQUITY AND LIABILITIES					
1 Shareholders' funds					
a Share capital	1	4296.96		4296.96	
b Reserves and surplus	2	7303.24	11600.20	6406.86	10703.82
2 Non-current liabilities					
a Deferred tax liabilities (Net)					
b Other Long term liabilities					
c Long-term provisions	3	0.00	0.00	0.00	0.00
3 Current liabilities					
a Trade payables	4	1046.97		1330.73	
b Other current liabilities	5	2939.69		3152.52	
c Short-term provisions	6	823.96	4810.62	545.04	5028.29
Total			16410.82		15732.11
II ASSETS					
1 Non-current assets					
a Fixed assets					
i. Tangible Asset	7	1238.34		615.09	
ii. Intangible Asset	7	67.98		18.97	
iii. Capital work-in-progress	8	250.43		96.82	
iv. Intangible assets under development	8	0.00	1556.75	0.00	730.88
b Non-current investments	9		0.70		0.70
c Deferred tax assets (Net)	10		33.74		67.20
d Long-term loans and advances	11		50.82		118.65
e Other non-current assets	12		0.00		1620.00
2 Current assets					
a Current investments					
b Inventories	13	5240.75		5824.73	
c Trade receivables	14	7265.70		5435.84	
d Cash and Bank Balances	15	1755.22		1551.94	
e Short-term loans and advances	16	290.49		287.31	
f Other current assets	17	216.65	14768.81	294.88	13194.68
Total			16410.82		15732.11
Significant Accounting Policies and Other Notes	26				

The accompanying notes 1 to 26 form an integral part of these financial statements.

For and on behalf of the Board of Directors

As per our report of even date

Arun Kumar Gupta
Managing Director

Joffy George
Company Secretary

For Elias George & Co.,
Chartered Accountants,
Firm Regn. No.000801S

T.O.Sooraj IAS
Director

Date : 24/04/2012

Chirag J. Shah
Partner(M.No.214798)

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	2012	2011
I Revenue from operations	18	19686.28	19204.03
II Other income	19	550.77	516.08
III Total Revenue		<u>20237.05</u>	<u>19720.11</u>
IV Expenses:			
Cost of materials consumed	20	12024.14	12405.99
Changes in inventories of finished goods, work in progress	21 (+)	70.74 (-)	1083.94
Employee benefits expense	22	4526.06	3905.84
Finance costs	23	189.77	117.06
Depreciation and amortization expense	7	175.96	125.67
Manufacturing, administration & Selling expenses	24	1374.98	1496.38
Prior period items (Net)	25 (-)	51.66 (-)	0.71
Total expenses		<u>18309.96</u>	<u>16966.28</u>
V Profit before exceptional and extraordinary items & tax		1927.09	2753.83
VI Exceptional items		-	-
VII Profit before extraordinary items and tax		<u>1927.09</u>	<u>2753.83</u>
VIII Extraordinary items		-	-
IX Profit before tax		1927.09	2753.83
X Tax expense:			
Previous years tax	(+)	38.70 (-)	589.39
Current tax	(-)	611.48 (-)	936.48
Deferred tax	(-)	33.48 (-)	5.80
XI Profit/(Loss) for the period	(+)	<u>1320.85 (+)</u>	<u>1220.16</u>
XII Earnings per equity share: Basic and Diluted		3.07	2.84

Significant Accounting Policies and
Other Notes

26

The accompanying notes 1 to 26 form an integral part of these financial statements.

For and on behalf of the Board of Directors

As per our report of even date

Arun Kumar Gupta
Managing Director

Joffy George
Company Secretary

For Elias George & Co.,
Chartered Accountants,
Firm Regn. No 000801S

T.O.Sooraj IAS
Director
Date : 24/04/2012

Chirag J. Shah
Partner(M.No.214798)



TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Emakulam District, Kerala.
CASH FLOW STATEMENT

(Amount in Rs. in lakhs)

For the year ended March 31,	2012	2011
L CASH INFLOWS		
(1) From Operating activities		
(a) Profit from operating activities	1927.09	2753.83
Adjustments:		
Depreciation	175.95	125.87
Interest Paid	189.77	117.05
(Gain)/Loss on Sale of Asset	0.00	0.31
Bad debts written off	160.94	126.51
Provision/(Reversal) for doubtful debts and advances	0.00	0.00
(b) Working capital changes		
Decrease in inventories	363.88	
Decrease in Trade receivables		32.13
Decrease in short term loans & advances		
Decrease in other current assets	78.21	
Increase in trade payables		962.45
Increase in other current liabilities	63.41	
Increase in provisions	253.95	130.02
Total of (1)	3293.30	4237.77
(2) From investing activities		
(a) Proceeds from sale of Fixed Assets	29.21	57.28
(b) Proceeds from sale of investments		
(c) Realisation of long term advances		
(d) Decrease in other long term loans and advances	67.83	20.76
(e) Decrease in other non-current assets	1620.00	
(f) Dividend received		
(g) Interest received	285.17	266.58
(h) Other income	1.27	1.50
Total of (2)	2003.48	346.12
(3) From financing activities		
Proceeds from short term borrowings		
Total of (3)	0.00	0.00
Total cash inflows (1+2+3)	5236.78	4583.89

(Amount in Rs. in lakhs)

For the year ended March 31,	2012	2011
II. CASH OUTFLOWS		
From Operating activities		
(a) Loss from operating activities		
Adjustments:		
Depreciation		
Other Income	286.44	268.08
(Loss)/gain on sale of fixed assets	25.30	58.96
Assets written off		
(Provision)/Reversal for doubtful debts and advances		
(b) Working capital changes:		
Increase in inventories		1077.01
Increase in trade receivables	1990.80	47.93
Increase in short-term loans and advances	16.36	
Increase in other current assets		125.54
Decrease in trade payables	283.77	
Decrease in other current liabilities		233.90
Decrease in provision		
(c) Direct tax paid (Net of refund)	834.16	1432.57
Total of (1)	3436.83	3291.99
(2) From Investing activities		
(a) Purchase of fixed assets/ capital work-in-progress	1005.73	351.16
(b) Increase in other long-term loans and advances		
(c) Increase in other non-current assets		1620.00
Total of (2)	1005.73	1871.16
(3) From financing activities		
(a) Dividend paid (including distribution tax)	401.17	996.48
(b) Interest and other finance costs	189.77	117.05
Total of (3)	590.94	1113.51
Total cash outflows (1+2+3)	5033.50	6376.66
III. Net (decrease)/increase in cash and cash equivalents (HI)	203.28	-1792.77
Add: Cash and cash equivalents at the beginning of the period	1551.94	3344.71
IV Cash and cash equivalents at the end of the period	1755.22	1551.94

For and on behalf of the Board of Directors

As per our report of even date

Arun Kumar Gupta
Managing DirectorT.O.Sooraj IAS
Director

Date : 24/04/2012

Joffy George
Company SecretaryFor Elias George & Co.,
Chartered Accountants,
Firm Regn. No.000801SChirag J. Shah
Partner(M.No.214798)

**TRANSFORMERS AND ELECTRICALS KERALA LIMITED,**

Angamally South PO, Ernakulam District, Kerala.

Note No. 1 to the Financial Statements

(Amount in Rs. in Lakhs)

<u>As at March 31,</u>	<u>2012</u>	<u>2011</u>
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)	<u>12500.00</u>	<u>12500.00</u>
ISSUED		
42975400 shares of par value of Rs.10/- each fully paid up (Previous year 42975400 shares of par value of Rs.10/- each fully paid-up)	<u>4297.54</u>	<u>4297.54</u>
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	<u>0.22</u>	<u>0.22</u>
	<u>4296.96</u>	<u>4296.96</u>

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.26. B, 8

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,	2012	2011
RESERVES AND SURPLUS		
Capital Reserve		
As per last balance sheet	1619.60	1619.60
Add: Transfer from Surplus	0.00	0.00
Closing Balance	<u>1619.60</u>	<u>1619.60</u>
General Reserve		
As per last balance sheet	3085.00	3085.00
Add: Transfer from Surplus	2000.00	0.00
Closing Balance	<u>5085.00</u>	<u>3085.00</u>
Surplus		
As per last balance sheet	1702.26	881.60
Add(Less)-Profit (Loss) after tax for the year from Profit & Loss Statement	<u>1320.85</u>	<u>1220.18</u>
Amount available for Appropriation	3023.11	2101.78
Less: Appropriations		
Transfer to General Reserve	2000.00	
Dividend Paid		
Tax on Dividend Paid		
Proposed dividend *	365.22	343.74
Tax on proposed dividend	<u>59.25</u>	<u>55.76</u>
Closing Balance	<u>598.64</u>	<u>1702.26</u>
Total	7303.24	6408.86

* The Board of Directors has proposed final dividend for the year 2011-12 @
 Rs.0.85 Per equity share per value of Rs.10/- each (previous year Rs.0.80
 Per equity share)

Please refer Note.No.26, B. 23 & 26.

Note No. 3 to the Financial Statements

LONG TERM PROVISIONS

(Amount in Rs. In lakhs)

Others

Nature of provision	Balance as at the beginning of the year 01-04-11	Additional provision charged during the period	Amounts adjusted during the period	Amounts reversed during the period	Closing balance as on 31-03-2012
Provision for Employee benefit					-
Others					-
Total	-	-	-	-	-



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

(Amount in Rs. in lakhs)

	As at March 31,	2012	2011
TRADE PAYABLES			
For capital expenditure			
- Micro & Small Enterprises			
- Others		41.43	12.02
For Others			
- Micro & Small Enterprises		41.42	58.24
- Others		964.12	1260.47
TOTAL		1046.97	1330.73

Please refer Note.No.26. B. 11

Note No. 5 to the Financial Statements

OTHER CURRENT LIABILITIES

Others

Unclaimed Dividend*	3.94	5.61
Advances from customers and others	816.54	1071.84
Deposits from contractors and others	29.18	29.37
Other liabilities		
Tax Deducted at Source & Other Statutory Dues	478.91	812.99
Others**	1611.12	1232.61
TOTAL	2939.69	3152.52

*Represents the amounts which have not been claimed by the Investor.

Out of the above, no amount is due for payment to Investor Education and Protection Fund

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

Please refer Note.No.26. B. 17

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,	2012	2011
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
As per last Balance Sheet	-49.44	
Additions during the year/period	523.93	
Less: Amounts paid during the year/period	75.00	
Amounts reversed during the year/period		
Closing Balance	399.49	
Provision for Current Tax		
As per last Balance Sheet	0.00	0.00
Additions during the year/ period	611.48	938.48
Amounts adjusted during the year/ period		
Less: Netted against advance tax and TDS	611.48	938.48
Closing Balance	0.00	0.00
Provision for Proposed Dividend		
As per last Balance Sheet	343.74	859.34
Additions during the year/ period	365.22	343.74
Less: Amounts used during the year/ period	343.74	859.34
Amounts reversed during the year/ period		
Closing Balance	365.22	343.74
Provision for tax on Proposed Dividend		
As per last Balance Sheet	55.76	142.73
Additions during the year/ period	59.25	55.76
Less: Amounts used during the year/ period	66.76	142.73
Amounts reversed during the year/ period		
Closing Balance	59.25	55.76
Others		
Provision for materials to be issued	0	145.54
Total	823.96	645.04

Disclosure required by AS 15 on "Employee Benefits" has been made in Note No.26.B.14

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,

Angamally South PO, Ernakulam District, Kerala.

Note No. 7 to the Financial Statements

(Amount in Rs. in lakhs)

DESCRIPTION OF ASSETS	AT COST				DEPRECIATION				NET BLOCK	
	AS ON 01.04.11	ADDITORS OR ADJUSTMENTS	SALE OR ADJUSTMENTS	GROSS BLOCK ON 31.03.12	TTL 31.03.11	FOR THE YEAR	FOR SALE OR ADJUSTMENTS	TOTAL	AS ON 31.03.12	AS ON 31.03.11
TANGIBLE ASSETS:										
LAND	5.82			5.82					5.82	5.82
LAND DEVELOPMENT	29.32			29.32					29.32	29.32
BUILDING	398.52	256.78		650.30	338.16	11.31	(3.78)	363.23	297.07	61.26
RAILWAY SIDING	19.42		5.41	14.01	18.19	0.03	5.39	13.83	0.18	0.23
PLANT AND MACHINERY	1859.53	498.76	5.14	2443.15	1542.19	117.96	5.03	1655.12	788.03	417.34
-DO- PRECISION	16.59			16.59	16.48	0.02		16.50	0.09	0.11
ELECT INSTALLATIONS	67.35			67.35	66.49	0.12		66.61	0.74	0.88
OFFICE EQUIPMENTS	30.64	0.04	0.20	30.48	23.13	1.39	0.19	24.33	6.15	7.51
FURNITURE & FIXTURES	53.51	3.10	0.56	56.06	33.11	4.10	0.56	38.66	19.39	20.40
CANTEEN FURNITURE	17.24			17.24	7.52	2.52		10.04	7.20	9.72
DRAWING OFFICE EQUIP.	1.59			1.59	1.66	0.00		1.56	0.03	0.03
WATER SYSTEMS	23.61	24.47		48.08	21.46	2.21		23.67	24.41	2.15
AIR CONDITIONERS	24.63	0.92		25.55	20.01	0.68		20.69	4.66	4.62
MOTOR VEHICLE - CAR	18.96			18.96	13.75	1.35		15.10	3.86	5.21
MOTOR VEHICLE - LORRY	5.54			5.54	3.84	0.51		4.35	1.19	1.70
LIBRARY	0.33	0.06		0.39	0.33	0.00		0.33	0.05	0.00
COMPUTER HARDWARE	126.81	22.45		149.36	85.26	21.30		107.46	41.90	40.65
DORMITORY & CANTEEN UTENSILS	13.80	1.27		15.07	5.74	1.28		7.02	8.05	8.06
TOTAL	2814.31	791.84	11.31	3594.84	2188.22	184.68	7.40	2356.50	1238.34	615.09
INTANGIBLE ASSETS:										
SOFTWARE	39.70	60.28		99.98	20.73	11.27		32.00	67.98	18.37
TOTAL	2854.01	852.12	11.31	3694.82	2219.95	175.96	7.40	2388.50	1306.32	634.06
PREVIOUS YEAR	2699.73	254.34	10.05	2854.01	2103.71	125.67	9.42	2219.95	634.06	566.02

Original cost as on 01-04-2011 of Building and Land development has been regrouped to the extend of Rs. 13.80 lakhs. Consequently depreciation of Rs. 3.76 lakhs has been classified under prior period expenses and not included in the current year depreciation.

Please refer Note No.26, B. 2, 3 & 20

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

(Amount in Re. In lakhs)

	As at 01-04-11	Addition	Deduction/ Adjustment	Capitalised	As at 31-03-2012
CAPITAL WORK-IN-PROGRESS					
Buildings:	73.57	422.22	-	245.36	250.43
Plant and machinery	23.25	135.86	-	159.11	0.00
Total	96.82	558.08	-	404.47	250.43
PREVIOUS YEAR TOTAL					
INTANGIBLE ASSETS UNDER DEVELOPMENT					
Software	-	-	-	-	-
Total	-	-	-	-	-
PREVIOUS YEAR TOTAL					



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,		2012	2011
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,	2012	2011
DEFERRED TAX ASSET(NET)		
Disallowances u/s 43B of the Income Tax Act, 1961	90.52	92.61
Provisions & Other disallowances for tax purposes		
Less: Deferred tax liabilities		
Difference of book depreciation and tax depreciation	56.78	25.4
Deferred tax Asset (net)	33.74	67.20

Please refer Note.No.28. B. 15

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

(Amount in Rs. in lakhs)

	As at March 31,	2012	2011
Long term Loans and Advances			
(Unsecured, considered good, unless otherwise stated)			
CAPITAL ADVANCES			
Advance to Suppliers for capital equipments		8.86	82.70
Deposits		41.96	35.95
		50.82	118.65

Please refer Note.No.26. B. 7

Note No. 12 to the Financial Statements**Other non-current assets**

(Unsecured, considered good, unless otherwise stated)

Other non-current assets

Bank Balance with original maturity
of more than 12 months

	-	1620.00
Total	0.00	1620.00



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,	2012	2011
INVENTORIES			
Stock of Raw materials	1627.51	1851.30	
Stock -Goods In Transit	<u>51.84</u>	<u>1679.35</u>	<u>2036.45</u>
Stock of W I P		2179.26	2234.88
Stock of Finished Goods		1040.75	1095.13
Stock of Tools		19.71	15.99
Stock of Jigs		25.30	27.08
Stock of Scrap		250.28	56.30
Stock of Material with Fabricators		46.10	158.90
Total		5240.75	5624.73

Please refer Note.No.26.A 2. and 26. B. 1 & 16

Note No. 14 to the Financial Statements

(Amount in Rs. in lakhs)

	As at March 31,	2012	2011
TRADE RECEIVABLES			
(Unsecured, considered good, unless otherwise stated)			
Outstanding for a period exceeding six months from the date they are due for payment			
		73.78	345.47
Considered doubtful		0	22.11
Other debts		<u>7191.92</u>	<u>5090.37</u>
Total		7265.70	5457.95
Less: Provision for bad & doubtful debts*		-	22.11
		<u>7265.70</u>	<u>5435.84</u>

* Details of Provision for bad & doubtful debts

Debts outstanding over six months

Opening Balance 22.11 109.50

Additional provisions -

Less: Adjustment for doubtful debts written off 22.11 -

Less: Provision written back 0.00 87.39

Closing Balance 0.00 22.11

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,	2012	2011
CASH AND BANK BALANCES		
Current Cash Equivalent		
Balances with Banks		
- Current Accounts	38.42	244.17
- Deposits with original Maturity of less than three months	1283.28	180.00
Cash on hand	2.39	26.63
Others	0.00	0.02
	<u>1324.09</u>	<u>450.82</u>
Other Bank Balances		
Deposits with original Maturity of more than 3 months	427.19	2715.51
Others-Unclaimed Dividend Account	3.94	5.61
	<u>431.13</u>	<u>2721.12</u>
Less: Bank balances with original maturity of more than 12 months disclosed under other non-current assets (Note No:12)	-	1620.00
	<u>431.13</u>	<u>1101.12</u>
	<u>1755.22</u>	<u>1551.94</u>
Balance with Banks include:		
Unclaimed dividend account balance	3.94	5.61
Remittances in transit	Nil	157.16
Fixed Deposit under Capital Gain Scheme	Nil	235.51
Margin money for Working Capital Facilities	480.00	180.00

Please refer Note.No.28. B. 2 & 7



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,	2012	2011
SHORT TERM LOANS AND ADVANCES (Unsecured, considered good, unless otherwise stated)		
Employee related	184.91	73.62
Contractors & Suppliers	51.56	57.91
Advance tax deposit & tax deducted at source	54.02	155.88
Total	290.49	287.31

Note No.17 to the Financial Statements

(Amount in Rs. in lakhs)

As at March 31,	2012	2011
OTHER CURRENT ASSETS (Unsecured, considered good, unless otherwise stated)		
Interest accrued :		
Fixed deposits	102.42	61.84
Claims Recoverable	-	14.25
Others *	206.41	281.55
Less: Provisions	92.18	52.58
Total	216.65	294.86

* 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.26. B. 6

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

(Amount in Rs. in lakhs)

For the year ended March 31,			2012		2011	
	Quantity	Unit	Value	Quantity	Unit	Value
Operating Income						
A Sales						
1. Power Transformers	5761.81	MVA	18507.68	5093.92	MVA	18044.85
2. Current & Potential transformers	16	Nos.	49.51	50	Nos.	162.27
3. On load tap changers	20	Nos.	92.08	20	Nos.	165.38
4. Bushings	59	Nos.	187.24	42	Nos.	108.01
5. Spares			452.05			390.61
6. Scrap			140.49			150.67
7. Service Charges			257.23			242.24
			<u>19686.28</u>			<u>19204.03</u>
Excise Duty on Sales			1476.37			990.67
Gross Sales			<u>21162.65</u>			<u>20194.70</u>
B Other operating income						
Total Operating Income			<u>19686.28</u>			<u>19204.03</u>

Please refer Note.No.26, B. 9 & 24

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

Rent		1.27	1.50
Interest		285.17	266.58
(Includes interest on additional compensation received on land acquisition Rs.1.17 lakhs(62.35 lakhs)			
Profit on sale of asset		25.30	58.96
Insurance receipts		73.67	61.10
Bad debts recovered		62.55	30.04
Collection from Bad Debts Provision			87.38
Provisions Written Back:			
Sales Tax	10.75		
PF Shortfall	11.02	21.77	
Foreign Exchange Fluctuation		53.03	-
Miscellaneous income		8.01	12.62
TOTAL		<u>550.77</u>	<u>518.08</u>



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,	2012	2011
MATERIALS		
Opening stock	2251.65	2326.50
Add: Purchase	11618.83	11929.52
	<u>13870.48</u>	<u>14256.02</u>
Less: Closing stock	1975.73	2251.65
	<u>11894.75</u>	<u>12004.37</u>
Less: Material consumption for prior years	145.53	15.50
	<u>11749.22</u>	<u>11988.87</u>
Add: Stores and spares consumed	274.92	271.59
	<u>12024.14</u>	<u>12260.46</u>
Add: Materials to be issued	0.00	145.53
TOTAL	<u><u>12024.14</u></u>	<u><u>12405.99</u></u>

Please refer Note.No.26. B. 18,20 & 22.

Note No. 21 to the Financial Statements

Changes in Inventories of finished goods, work in progress

Finished Goods

Opening stock	1095.12	867.31
Closing stock	1040.75	1095.12
Change	(*) 54.37	(-) 227.81

Work-in-progress

Opening stock	2234.88	1315.84
Closing stock	2179.26	2234.88
Change	(+) 55.62	(-) 919.04

EP on finished goods

Opening stock	138.64	75.73
Closing stock	99.39	138.64
Change	(-) 39.25	(+) 62.91

Total

(+) 70.74 (-) 1063.94

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,	2012	2011
Employee benefits expense		
Salaries, wages and bonus	3171.72	3056.20
Contribution to provident fund	195.50	185.56
Contribution to pension fund	53.79	54.03
Gratuity	568.88	104.57
Staff welfare	536.19	503.48
TOTAL	4526.06	3905.84

Note No. 23 to the Financial Statements

(Amount in Rs. in lakhs)

For the year ended March 31,	2012	2011
FINANCE COST		
Interest	80.46	34.05
Bank charges and guarantee commission	109.31	83.00
TOTAL	189.77	117.05



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

(Amount in Rs. in lakhs)

For the year ended March 31,	2012	2011
MANUFACTURING, ADMINISTRATION & SELLING EXPENSES		
Factory expenses	50.03	56.09
Power and fuel	293.68	264.75
Repairs: Plant and machinery	28.77	42.70
Buildings	15.68	10.45
Others	178.55	101.55
Repairs and replacement	15.68	22.57
Rates and taxes	89.15	58.21
Rent (MD)	2.79	0.68
Travelling:		
MD	7.81	4.34
Directors	0.10	1.12
Others	59.60	60.44
Printing and stationery	13.18	10.21
Postage, telegram and telephones	18.26	15.58
Auditors' remuneration:		
For Audit	1.20	1.00
For Tax Audit	0.22	0.22
For reimbursement of expenses	0.43	1.85
Directors' sitting fee	0.02	0.05
Legal charges	3.70	3.08
General charges	72.59	131.16
Loss on sale of assets	0.00	0.31
Selling agency commission	145.66	211.89
Insurance charges	46.82	35.83
Advertisement & publicity	17.02	31.74
Erection expenses of transformers	16.52	25.81
Freight & Insurance	139.26	282.06
Foreign exchange fluctuation		7.72
Bad debts written off	160.94	126.31
Provision for bad and doubtful debts		
TOTAL	1374.96	1495.38

Please refer Note.No.26. B. 4 & 21.

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,	2012	2011
PRIOR PERIOD ADJUSTMENTS		
INCOME		
Materials	-	0.71
Selling Agency Commission	56.32	-
TOTAL	<u>56.32</u>	<u>0.71</u>
EXPENSES		
Materials	0.56	
Depreciation	3.76	
Interest	0.34	
TOTAL	<u>4.66</u>	<u>0</u>
Net	(-) 51.66	(-) 0.71

Please refer Note.No.26. B. 25.

Note No. 26 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 average cost, net of credit of duty of excise and KVAT input tax credit. 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.
- (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.

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 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.

12. 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 2012:

1. Excise duty liability in respect of finished goods provided in accounts amounts to Rs.99.40 lakhs (Rs. 138.64 lakhs).
2. The Working Capital facilities provided by the Banks are secured by a charge on the assets of the Company.
3. 56.71 acres out of 59 acres as per the BIFR sanctioned scheme was taken over by Industries Department, Government of Kerala on 29.7.2008.
4. Freight and insurance included under Schedule No. 24 – Manufacturing, Administration and Selling Expenses, amounting to Rs. 139.26 lakhs (Rs.282.06 lakhs) is net of freight and insurance collected amounting to Rs.667.03 lakhs (Rs.420.40 lakhs).
5. 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.
6. Sales tax assessments from 2006-07 are pending. Additional liability, if any, on pending assessments has not been provided for. The following assessed Sales Tax

liabilities, which has been contested in Appeal have been paid under the Amnesty Scheme announced by the Government of Kerala. Such payments up to 31-03-2012 is considered as an advance and shown under Loans and advances.

Rs. in lakhs

Sl.No.	Particulars	2011-12	2010-11
1	1997-98 CST Assessment	3.50	3.50
2	1998-99 KGST Assessment	.78	.78
3	1999-00 CST Assessment	7.01	7.01
4	1999-00 KGST Assessment	.27	.27
5	2000-01 CST Assessment	3.33	
6	2001-02 CST Assessment	4.15	
7	2001-02 KGST Assessment	11.16	
8	2002-03 CST Assessment	2.12	2.12
9	2002-03 KGST Assessment	1.78	1.78
10	2003-04 CST Assessment	7.77	7.77
11	2003-04 KGST Assessment	1.86	1.86
12	2004-05 CST Assessment	6.21	6.21
13	2004-05 KGST Assessment	7.02	7.02
14	2005-06 CST Assessment	14.13	
	Total	71.09	38.32

However, Rs.32.77 lakhs (Rs. 38.32 Lakhs) is provided on a conservative basis and the total provided amount of Rs.71.09 lakhs (Rs.38.32 lakhs) is shown as a deduction from Current Assets as doubtful advances.

7. Long Term Loans and advances include deposits with Government authorities amounting to Rs.9.58 lakhs (Rs.9.58 lakhs). Bank balance includes Rs.4.67 lakhs (Rs.4.67 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.
8. A Business Collaboration and Shareholder's 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 44.6% share of TELK held by the Government of Kerala and their undertakings to M/s. NTPC Ltd. and for the up gradation 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 up gradation 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 lakhs subject to final price to be based on the valuation of the assets of the Company (TELK) as on 31-03-2009

9. Segment Reporting:

Company operates only in one business segment. Details of Export and domestic sales are given below:

Rs. in lakhs

Particulars	India		Outside India		Total	
	For the year ended 31-03-12	For the year ended 31-03-11	For the year ended 31-03-12	For the year ended 31-03-11	For the year ended 31-03-12	For the year ended 31-03-11
Sales	14691.53	11624.57	4994.75	7579.46	19686.28	19204.03

10. Related Party Disclosures:

a) Related Parties:

(i) Entities with significant influence in the Company - M/s. NTPC Ltd.

(ii) Key Management Personnel (KMP) -

Shri. S. Venkadeeswaran (MD) up to 26-04-2011

Shri. Arun Kumar Gupta (MD) from 26-04-2011

b) Transactions with the related party are as follows:

Particulars	2011-12 Rs. in lakhs	2010-11 Rs. in lakhs
Sales of Goods and Services	64.31	36.07
Amount recoverable	13.47	1.42
Sitting Fee (Nominee Directors)	.01	.01
Payment to KMP:		
Remuneration to Managing Directors	29.51	26.05
Rent of house and reimbursement of Travelling expenses	10.60	5.00

11. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31-03-2012. The disclosure pursuant to the said Act is as under:

Rs. in lakhs

Particulars	2011-12	2010-11
Principal amount due to suppliers under MSMED Act, 2006	41.42	58.24
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

12. Licenses for duty free / concessional duty import entitlement for export/deemed export contracts executed by the Company unavailed, as on 31-03-2012 is Rs.3173.00 lakhs (Rs. 4126 lakhs). The export obligation pending on duty free licenses availed as on 31-03-2012 is Rs. 414.07 lakhs (Rs. 1391 lakhs)
13. The Board for Industrial and Financial Reconstruction vide its Order 610/95 dated 09.04.2008 has issued a Modified Sanctioned Scheme (MS-08) in terms of section 19(3) read with Section 18(4) of the Sick Industrial Companies (Special Provisions) Act, 1985.

Based on the Board for Industrial and Financial Reconstruction Order No.610/1995 dated 08-08-2011 the Company ceases to be a sick industrial company, within the meaning of Section 31(o) of the SICA as its net worth has turned positive and its revival is sustainable. It is therefore, discharged from the preview of SICA / BIFR

14. Disclosure as required by Accounting Standard 15.

a) <u>Expenses recognized in the Profit & Loss Account</u>	Leave salary Plan		Gratuity Plan	
	2011-12	2010-11	2011-12	2010-11
i. Current service cost	235.49	68.45	73.57	76.05
ii. Interest cost	78.15	68.46	174.23	193.31
iii. Expected return on plan assets	(87.76)	(72.41)	(193.20)	(206.77)
iv. Net actuarial loss/(gain) recognized in the year	(360.98)	168.51	469.33	40.47
TOTAL	(135.10)	233.01	523.93	103.06

b) <u>Change in defined benefit obligation during the year end</u>	Leave salary Plan		Gratuity Plan	
	2011-12	2010-11	2011-12	2010-11
i. Present value of obligation as at the beginning of the year	976.91	855.70	2177.88	2416.31
ii. Interest cost	78.15	68.46	174.23	193.31
iii. Current service cost	235.49	68.45	73.57	76.05
iv. Benefits paid	(149.61)	(184.21)	(388.51)	(548.26)
v. Actuarial loss on obligation	(360.98)	168.51	469.33	40.47
vi. Present value of obligations at the end of the period.	779.96	976.91	2506.50	2177.89



c) <u>Change in the fair value of plan assets during the year end</u>	Leave salary Plan		Gratuity Plan	
	2011-12	2010-11	2011-12	2010-11
i. Fair value of plan assets at the beginning of the year	993.43	857.94	2227.32	2475.71
ii. Expected return on plan assets	87.76	72.41	193.20	206.77
iii. Contributions made during the year.	22.68	247.29	75.00	93.08
iv. Benefits paid by Insurer	(149.61)	(184.21)	(388.51)	(548.26)
v. Actuarial gain on plan assets	NIL	NIL	NIL	NIL
vi. Present value of plan assets at the end of the year	954.26	993.43	2107.01	2227.32

d) <u>Balance Sheet Movements</u>	Leave salary Plan		Gratuity Plan	
	2011-12	2010-11	2011-12	2010-11
i. Value of net Liability (net assets) at the beginning of the year	(16.52)	(2.24)	(49.44)	(59.40)
ii. Expenses	(135.10)	233.01	523.93	103.05
iii. Contributions made during the year	(22.68)	(247.29)	(75.00)	(93.09)
iv. Benefits paid by Company				
v. Value of net Liability (net assets) at the end of the year	(174.30)	(16.52)	(399.49)	(49.44)

e) <u>Actuarial Assumptions</u>	Leave salary Plan		Gratuity Plan	
	2011-12	2010-11	2011-12	2010-11
i. Discount rate used	8%	8%	8%	8%
ii. Expected return on plan assets	8%	8%	8%	8%

Reconciliation

(i) Gratuity:

	Rs. In lakhs	
Expenses as recognized in the above statement	523.93	(103.06)
Add provision for gratuity which will accrue on account of wage revision not covered by the above AS 15 disclosure	43.25	(nil)
Gratuity for NTPC deputed employees	1.68	(1.51)
Total	568.86	(104.57)

(ii) Leave:

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

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

	Rs. in lakhs	
	As at 31.03.2012	As at 31.03.2011
Deferred Tax Liability:		
On excess of net book value over income tax written down value of fixed assets	56.78	25.41
Deferred Tax Asset:		
On Other disallowances	90.52	92.61
Net Deferred Tax Asset/(Liability)	33.74	67.20

16. The stock of finished goods includes repair cost of Rs.27.62 lakhs (Rs.27.62lakhs) of one number 15 MVA transformer (Repair) belongs to M/s. Steel Complex Ltd., Kozhikode.

17. Disclosure as per AS 29

(a) PROVISIONS:

Nature of Provision	Rs. in lakhs				
	Balances as at 01.04.2011	Additional provision charged during the year	Amounts used during the year	Unused amount reversed	Balances as at 31.03.2012
i. Service Tax	124.04	-	-	-	124.04
ii. Sales Tax	73.03	32.77	-	10.75	95.05
iii. Income Tax	361.18	-	274.56	-	86.62
iv. Excise Duty	14.26	6.83	-	-	21.09

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

- (i) Company has made a provision of Rs. 124.04 lakhs in the year 2009-10 towards service tax liability on Goods Transport Agency Services for the period starting from 01.01.2005. The dispute pending before various Appellate / Adjudicating Authorities has been provided on conservative basis.
- (ii) In the year 2011-12 Company has provided an amount of Rs.32.76 lakhs (Rs.38.32 lakhs) on sales Tax liability of previous years for which amounts are paid under Amnesty Scheme/non production of statutory forms for which Appeals are pending with Appellate Authorities on a conservative basis. The amounts are shown as deduction from Loans and Advances as doubtful advances.
- (iii) 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 and AY 2011-12 is adjusted by the Income Tax Department and the balance outstanding payable as at the year end is Rs.86.62 lakhs (Rs.361.18 lakhs).

- (iv) Company has provided an amount of Rs.6.83 lakhs (Rs.14.26 lakhs) on Excise Duty for which refund claim is pending with Appellate Authorities, on a conservative basis and the total provided amount of Rs.21.09lakhs (Rs.14.26 lakhs) is shown as deduction from Loans and Advances as doubtful advances.

(b) CONTINGENT LIABILITIES:

Rs. In lakhs

	31.03.2012	31.03.2011
Contingent liabilities not provided for:		
a. Disputed sales tax liability under appeal	147.14	144.24
b. Disputed excise duty liability	11.62	11.27
c. Disputed Service tax liability	28.26	4.61
d. Contingent liability to bank towards: Counter guarantees given to bank in respect of guarantee issued by them.	5824.99	6752.81
e. Income Tax – Others	17.26	-
f. Estimated amount of contracts, net of advances, Remaining to be executed on capital account and others not provided for	173.93	263.04

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 2012

18. 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	3630.20	3636.64	3473.84	3609.69
2. Copper	MT	931.29	4379.35	1014.01	4249.08
3. Transformer oil	KL	2145.71	1362.55	2305.63	1234.65
4. Intermediates/Components			2484.02		2310.75
TOTAL			11894.76	TOTAL	12004.37

19. Goods manufactured :

Particulars	Licensed capacity	Installed capacity	Actual production	WORK IN PROGRESS		FINISHED GOODS					
				Quantity Opening	Value (Rs. in lakhs)	Quantity Closing	Value (Rs. in lakhs)	Quantity Opening	Value (Rs. in lakhs)	Quantity Closing	Value (Rs. in lakhs)
1. Power Transformers (8000 MVA)	6000 MVA	4500 MVA	5805.93 MVA	590.75 MVA	507.37 MVA	350 MVA	377.50 MVA				
	(4500 MVA)	(4500 MVA)	(5455.62 MVA)	(303.75 MVA)	(590.75 MVA)	(275 MVA)	(350 MVA)				
2. Current and Potential Trf. (1000 Nos.)	1000 Nos.	1000 Nos.*	13 Nos. (50 Nos.)	Nil (Nil)	Nil (Nil)	8 Nos. (9 Nos.)	7 Nos. (8 Nos.)				
	(1000 Nos.)	(1000 Nos.)	(50 Nos.)	(Nil)	(Nil)	(9 Nos.)	(8 Nos.)				
3. Circuit breakers	375 Nos (375 Nos.)	Not separately assessed	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)				
	(375 Nos.)										
4. Gas circuit breakers	100 Nos. (100 Nos.)	100 Nos. (100 Nos.)	Nil (Nil)	Nil (Nil)	1894.06 (2172.28)	1095.13 (887.31)	1040.75 (1095.13)				
	(100 Nos.)	(100 Nos.)	(Nil)	(Nil)	(1028.79)						
5. Siant reactors	500 MVA (500 MVA)	500 MVA (500 MVA)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)				
	(500 MVA)	(500 MVA)									
6. Isolated phase bus ducts	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



		31-03-2012 (Rs in lakhs)	31-03-2011 (Rs. in lakhs)
20	Value of imports during the year (CIF)		
	a) Raw materials		
	Direct	272.95	376.49
	High seas transfer	370.63	47.92
		643.58	426.41
	b) Components	485.34	342.08
	c) Capital goods	215.98	147.53
21	Expenditure in foreign currency on:		
	a) Travelling	2.09	-
	b) Sales commission and others	86.24	28.83
22	Value (landed cost) of Imported raw materials, components and spares consumed		
	Direct	911.10	650.91
	High seas transfer	309.41	23.35
		1220.51	674.26
		10.03%	5.49%
	Value of indigenous raw materials	10949.16	11601.70
		89.97%	94.51%
		12169.67	12275.96
23	Amount of dividends remitted during the year in foreign currency	Nil	Nil
	Number of non - resident shareholders	16	16
	Number of shares	9950	9950
24	Earnings in foreign exchange:		
	Sales	4820.92	7247.08
25.	The excess provision created in earlier years in respect of Selling Agency Commission- Rs.56.32 lakhs, written back in the current year as it is no longer required, is classified as Income for the year under the head Prior Period Adjustments.		
26.	The dividend of 8.5% along with the applicable dividend tax is considered in the Account.		
	Dividend @ 8.5% on Rs.4296.74 lakhs	:	Rs.365.22 lakhs
	Dividend Tax @ 16.2225%	:	Rs. 59.25 lakhs
27.	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.		

For and on behalf of the Board of Director

As per our report of even date

Arun Kumar Gupta
Managing Director

Joffy George
Company Secretary

For Elias George & Co.,
Chartered Accountants,
Firm Regn. No. 0008015

T. O. Sooraj IAS
Director

Chirag J. Shah
Partner (M.No.214798)

Date : 24/04/2012



GOVERNMENT OF KERALA

No. 41459/PUD3/12/Fin.

FINANCE (PU-D) DEPARTMENT

**COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON
THE AUDITED ANNUAL ACCOUNTS OF TRANSFORMERS AND
ELECTRICALS KERALA LTD FOR THE YEAR 2011-2012**

- i. Profit of the company for the period under review is Rs. 1320.85 lakh against Rs. 1220.16 lakh during the previous year.
- ii. The company may take necessary steps to pay the dividend declared during the year to the share holders as it is in profit.
- iii. Action should be taken by the management to settle the refund claim on excise duty pending with Appellate authorities.

Thiruvananthapuram

Dated 19/06/2012


 V.P. Joy

PRINCIPAL SECRETARY (FINANCE)

Reply to the Comments of Principal Secretary (Finance), Government of Kerala on the Audited Annual Accounts of Transformers and Electricals Kerala Limited for the year 2011-12.

Sl. No.	Comments of Principal Secretary (Finance), Government of Kerala	Company's Reply:
1	Profit of the Company for the period under review is Rs. 1320,85 Lakhs against Rs.1220,16 Lakhs during the previous year.
2	The Company may take necessary steps to pay the dividend declared during the year to the shareholders as it is in profit.	For the financial year 2011-12, a dividend of 8.5% is proposed and after the approval of the Proposed Dividend by the Shareholders in the Annual General Meeting, the Declared Dividend will be distributed.
3	Action should be taken by the management to settle the refund claim on excise duty pending with Appellate Authorities.	Our Refund Application is pending disposal before the Central Excise Appellate Authorities. As referred in Note No. 26 B .17. (iv) attached to the Balance Sheet, provision has been made in the Accounts on a conservative basis for the total refund due of Rs. 21.09 Lakhs.



सत्यमेव जयते

महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा) का कार्यालय,
केरल, तिरुवनन्तपुरम

**OFFICE OF THE ACCOUNTANT GENERAL (E&RSA)
KERALA, THIRUVANANTHAPURAM**

31 मार्च 2012 को समाप्त वर्ष के लिए ट्रांसफॉर्मरेस आन्ट इलेक्ट्रिकल्स केरला लिमिटेड,
आंगमालि के लेखाओं पर कंपनी अधिनियम 1956 की धारा 619(4) के अधीन भारत के नियंत्रक - महालेखापरीक्षक की टिप्पणियाँ

**COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619
(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TRANSFORMERS AND
ELECTRICALS KERALA LIMITED; ANGAMALLY FOR THE YEAR ENDED 31 MARCH 2012.**

The preparation of financial statements of **The Transformers and Electricals Kerala Limited** for the year ended **31 March 2012** in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **24 April 2012**.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of **The Transformers and Electricals Kerala Limited** for the year ended **31 March 2012**. The supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to enquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors Report under section 619 (4) of the Companies Act, 1956.

**For and on behalf of
The Comptroller & Auditor General of India**


Dr. Biju Jacob

महालेखाकार (आ. एवं रं. क्षे. ले.प.) केरल
ACCOUNTANT GENERAL (E & RSA), KERALA

तिरुवनन्तपुरम
Thiruvananthapuram
Dated : 27-06-2012

PROXY FORM



TRANSFORMERS AND ELECTRICALS KERALA LTD **Angamally South P.O., Ernakulam Dist., Kerala State.**

I/We
of In the district of
being a member / members of the above named Company hereby appoint
of In the district of
or failing him of as my /our
proxy to vote for me /us on my/ our behalf at the 49th Annual General Meeting of the
Company to be held on the
..... and at any adjournment thereof.

Re. One
Revenue
Stamp

Signed this day of 2012

