

# TRANSFORMERS AND ELECTRICALS KERALA LIMITED

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



**50<sup>th</sup> Annual Report**  
Year Ended 31<sup>st</sup> March 2013

**TELK****Board of Directors**

Shri. V. Somasundaran IAS : Chairman  
Shri. K.S. Srinivas IAS : Director  
Shri. A.K. Jha : Director  
Shri. U.P. Pani : Technical Director  
Smt. G. Indu : Director  
Shri. Sudhir Arya : Director  
Shri. Prabhat Kumar : Managing Director

**Company Secretary**

Shri. Joffy George

**Registered Office**

Angamally South,  
Ernakulam District-683 573  
E-mail : telk@vsnl.com  
Website : www.telk.com

**Factory**

Angamally

**Statutory Auditors**

M/s G. Joseph & Associates

**Cost Auditors**

M/s Rajendran, Mani & Varier (Regn. NO.00006)

Cost Accountants, Ernakulam

(Due date for filling Cost Audit Report 2012-13: 30.09.2013)

**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 : corpserv@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)**



**50<sup>th</sup> ANNUAL REPORT  
Year Ended 31<sup>st</sup> March 2013**

## DIRECTORS' REPORT

**Dear Members,**

Your Directors have pleasure in presenting the Fiftieth Annual Report of your Company with the audited Balance Sheet and Profit & Loss account for the year ended March 31, 2013.



### FINANCIAL RESULTS

(Rs. in lakhs)

Particulars	2012-13	2011-12
<b>Revenue from operations</b>	14845 (4203 MVA)	19686 (5762 MVA)
<b>Other Income</b>	601	551
<b>Total Revenue</b>	15446	20237
<b>Expenses</b>		
Cost of materials consumed	9535	12024
Changes in inventories of finished goods, work in progress	(-)597	(+)71
Employee benefits expenses	4914	4526
Finance costs	67	190
Depreciation & amortization expenses	273	176
Manufacturing, Administration & Selling Expenses	1051	1375
Prior period Items (net)	(-)30	(-)52
<b>Total Expenses</b>	15213	18310
<b>Profit Before Tax (PBT)</b>	233	1927
<b>Tax expenses</b>	74	606
<b>Profit After Tax (PAT)</b>	159	1321

### FINANCIAL HIGHLIGHTS

During the year, Sales Turnover net of excise duty, decreased by 25% from Rs. 196.86 Crore in 2011-12 to Rs.148.45 Crore in 2012-13. Profit After Tax for the year 2012-13 is placed at Rs.1.59 Crore as against Rs.13.21 crore during 2011-12.

Net Worth of the company has gone up from Rs. 116.24 crore to Rs.117.83 crore registering an increase of 1.37%.

Despite difficult, hard and adverse market conditions your Company has recorded a production of 5178 MVA, and the plant utilisation factor of 115% as against the industry average of 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.

Design improvement and optimization process was initiated in which an advanced software from Ukrain was imported for analysis of Stray Losses and Pro-E software for optimization in design of tanks was also procured. A Yoke Shunt was also designed on a trial basis in one unit for reducing stray loss levels. These design improvements actually helped the Company in reducing the cost of transformers because of which TELK could emerge as the lowest bidder for the first time in NTPC tenders for Gandhar and Ratnagiri Projects.

TELK also successfully designed and manufactured its first ever high capacity generator transformer for 660MW Thermal Unit by supplying 7 Nos. single phase 270 MVA GT for TPCIL Project at Krishnapattanam. The new softwares for design optimization and Yoke Shunt was used in this design.

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 6 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 Company with a net worth of over Rs.117 Crore.

### **RATING OF TELK VIS-À-VIS MOU TARGETS**

The MOU rating for the year 2012-13 is under finalization by Government of Kerala/ NTPC Limited. However, Company's own assessment places performance of the Company in "Very Good" category for the FY 2012-13 with a Composite Score of 1.96.



### **BOARD OF DIRECTORS**

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

Shri. D.K. Jain ceased to be Director on 30.06.2012. Shri. A.K. Jha was appointed as Director on 03.07.2012. Shri. S.P. Singh ceased to be Director on 28.02.2013.

Directors wish to place their appreciation for the valuable services rendered by Shri. D.K. Jain and Shri. S.P. Singh during their tenure as Directors of the Company.

### **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. 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**

As we witnessed a tough business year in 2012-13, the corresponding HR journey can be described as challenging, enriching & successful on many counts. TELK's HR has always believed in the philosophy of aligning business interests to the people interests & vice versa.

At the organizational level, as TELK goes through a process of 'change' and 'transformation', HR has redefined itself by ensuring that this change is effectively communicated, percolated & accepted by all the stakeholders.

Understanding the importance of open communication in building employee commitment in this ever dynamic and competitive environment, we empowered our associates with all the relevant information through various employee communication forums.

We continued to drive with great gusto and zeal, employee commitment and motivation through various employee engagement and development interventions.

Our efforts towards Employee involvement in decision making and initiatives like cost reduction & system improvement programs continued to provide opportunities for exchanges on the various issues that impact the employees directly or indirectly.

Our continued focus on proactive involvement, employee-friendly practices policies, two way communication and grievance redressal mechanism, and interface with families of employees helped us to enhance engagement level of our employees. Voluntary participation of employees in activities like family visits, sports and recreation, health related

initiatives – blood donation, CSR activities, and associates get-togethers enabled us that we make maximum use for fun aspect of work-life, which in turn, is very important for efficient and productive working.

Through all these activities & interventions, Human Resource Department is playing a pivotal role in improving the competitive edge of the business and with the strong, competent and committed workforce of 668 Employees, TELK's HR is all set to further drive the Vision of the Organization.

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, 18 training programs were conducted, exposing 404 workmen and 108 officers at different levels to various in-house training programs. Besides, 3 workmen and 45 officers were given external training in different technical and managerial areas.



TELK could successfully negotiate and conclude the Long Term Settlement for wage revision in respect of both Workmen as well as Officers. The revised pay scales have already been implemented as per the approval by the Board and the proposals are now pending with Govt. of Kerala for their final approval and payment of arrears.

For the first time in the history of TELK, the Overtime menace has been brought down to zero and in the year under report no

Overtime has been sanctioned on the shop floor. Although, this has, some what adversely reflected on the production but despite the initial resentment amongst the workmen, finally they also supported this larger cause in Company's interest.

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



Your Company formulated its first ever Safety Manual in 2012, with an objective to present relevant information and guidelines on safety aspects, the observance of which will go a long way in prevention of occupational injuries as well as accidents.

Two safety awards were received by TELK for the first time, one from Directorate of Factories and Boilers and one from National Safety Council.

### **CORPORATE GOVERNANCE**

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



Company follows the best Corporate Governance practices founded on the principle of transparency, in the interest of all stakeholders. The Board of Directors of the Company 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 correspondences, newspaper releases and hosting at Company Website. The Company has adequate internal control systems and procedures in place.

#### **AUDIT COMMITTEE**

Audit Committee of the Company presently comprises four Directors. Statutory Auditors and Internal Auditors of the Company are invitees to all meetings of the Committee and the Company Secretary is the Secretary to the Audit Committee. The Composition of the Audit Committee complies with the



requirements of Section 292A of the Companies Act, 1956.

Audit Committee discharges the functions laid down in the Companies Act, 1956 apart from discharging those functions delegated by the Board of Directors from time to time. Audit Committee has been closely overseeing and monitoring the adequacy and effectiveness of internal control systems and procedures, and audit functions including follow-up and compliance of audit reports and interaction with the Auditors. Audit Committee acts as an effective tier to the Board in the matter of audit and internal control systems, and offers useful suggestions in the conduct and management of the business of the Company. Company has adopted a Charter for the Audit Committee of the Board of Directors of the Company.

#### **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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year 2012-13

(iii) We have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of this Act for safeguarding the Assets of the Company and/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 & 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.



### **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, Joint General Manager (Finance & Accounts) is given in *Annexure-II* to this Report.

### **AUDITORS**

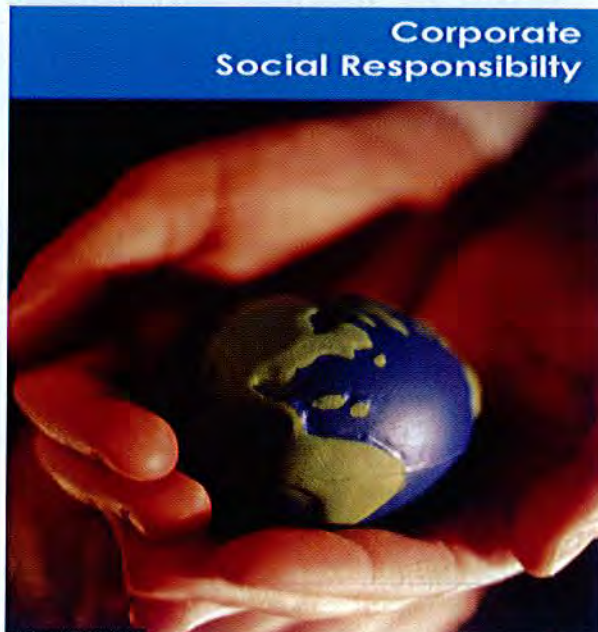
The Auditors of your Company are appointed by the Comptroller and Auditor General of India. The names of Auditors

appointed for the year 2012-13 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 education, drinking water, peripheral development etc. are also given due consideration.

## INDUSTRIAL – ECONOMIC SCENARIO

The global economy witnessed severe headwinds during the financial year 2012, highlighted by the economic crisis in Europe and slowdown in emerging markets such as India and China, which continued to impact businesses globally. However, reforms and actions are being undertaken on a collective basis to achieve economic recovery and stability in the medium term.

Rising inflation, continuous fall of the rupee and poor economic growth in the last year coupled with fall in the international prices of crude oil and base metals like copper and steel are signaling yet another year of poor growth and serious concern.

Power Generation capacity addition of ~54,000 MW was carried out during the 11<sup>th</sup> Five Year Plan (2007-12). During the 12<sup>th</sup> Five Year Plan (2012-17), 1,00,000 MW capacity addition is planned. Assuming ~65,000 MW capacity addition during the 12<sup>th</sup> Five Year Plan (2012-17), incremental demand of 500,500 MVA and replacement demand of 238,150 MVA is expected. Out of this aggregate 738,650 MVA, Power Transformers would account for 579,730 MVA. Apart from this domestic demand, there would be exports. (Data Source: CRISIL, ACMIIL Research)

However implementation of pristine measures and reforms by Government of India remains the key for healthy growth of Power Sector, which in turn drives the entire electrical industry including transformer industry. Financial restructuring package designed by Government of India is still to

be accepted by all SEB's which are currently facing severe financial resource crunch due to which all the future expansion / R&M projects are put on hold. Hopefully the power sector in both Central as well as State hands shall come out of the current morass and drive the electrical industry.

January, 2013 Issue of IEEMA indicates that Indian Electrical Equipment Industry is in doldrums as the Industry has registered a negative growth of 3.6% in the first half year of 2012-13 and negative growth of 4.1% in the 3<sup>rd</sup> quarter for the first time in a decade of unstopping growth. Only the transmission sector promises some robust growth under 765kV and 400kV segments which may bring some relief.

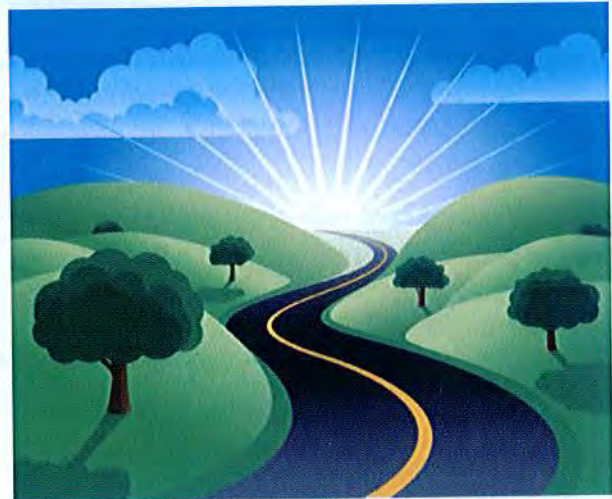
This sharp decline can be attributed to delays in project / order finalisations and execution due to delicate financial health of state utilities, SEBs and overall economic slowdown. This has resulted in cut throat competition and operating profit margin erosion. Besides, buyers are not even lifting the ordered material leading to equipment stock piling up in the manufacturers premises.

All this has put tremendous pressure on cash flow of equipment manufacturers who are already reeling under severe burden of underutilisation of capacities and cash flow problems.



## OPERATING PERFORMANCE REVIEW

Coming to the business, we report that the current year is unprecedented in many ways. While the Transformer Industry is witnessing shrinkage in demand, increased volume coupled with higher productivity will help us to remain competitive in the Industry. On the one hand we have to focus on cost reduction strategies and on the other we should strive hard to increase our productivity.



The current industry scenario has severely eroded the profit margins of the Company and also put tremendous pressure on the cash flow. Installed domestic overcapacity and rapid inroads by Chinese and Korean firms have resulted into cut throat competition and most of the manufacturers are reeling under severe under utilisation of capacity. The orders are few and takers are more.

In these challenging times, we remained resilient and focused on opportunities. Striving forward needed little imagination and loads of optimism. Amidst this pall of gloom, we continued to be innovative in reducing costs and creating value. And we are determined to do so in the long term.

Although TELK could not escape the adversity of the market scenario in the Transformer Industry, still the performance has been mixed with some major milestones & achievements with erosion in profitability.

Due to the extremely adverse market conditions, TELK has also faced its share of brunt and has to compromise on its overall revenues as well as profit margins. The silver lining is that despite such perilous conditions, TELK has managed to keep its order book full and production line engaged. TELK achieved 115% capacity utilisation during the year under report whereas the industry average capacity utilisation in the country is around 75%. Though the margins have come down, the company has managed to remain positive without any cash loss. This could be achieved with all out zeal and effort put in by the Company in chasing and securing orders.

The efforts for cost reduction are in full swing and each department has been actively involved in reducing the operating costs to the extent possible. The Company has also launched a special austerity drive for cutting down miscellaneous expenses, procurement costs and power consumption and a special drive to recover written off LD from various competitors.



The capacity augmentation project which was started two years before was completed and the new facility was inaugurated by the Hon'ble Excise and Port Minister on 02.02.2013 and now our production capacity will go upto 7000 MVA per annum. The new facility includes extension of 50 and

100 Ts. Bays, a new Core Shop, a new Air-conditioned Winding Shop fitted with Vertical Winding Machine, a new Electric Drier and a new Packing and Despatch Section. All the new bays are now fitted with new overhead cranes and the general upkeep and orderliness has also improved on the shop floor. This capacity augmentation involved a capex of about 24 crores which has been met through the internal accruals of the Company and no external commercial borrowings was taken. So even today with the enhancement of new capacity, TELK continues to be a zero debt Company.

With the support of the unions, we have now started the third shift operation with the help of hiring retired TELK workmen on short term contract basis.

During the Emerging Kerala Summit, various diversification options were explored. To summarise, the business potential in the renewable energy in general and solar and wind power in particular appear to be promising especially the roof top solar power could be a game changer for the Company. TELK has begun focusing on the Solar Power space, and has a multi-pronged approach towards this market segment. We are awaiting a final policy on solar power from the State Government which is expected to be announced shortly.

2012-13 was a vital year for TELK in strengthening our organizational will, taking up challenges in a positive spirit and standing tall in difficult times to emerge successful.

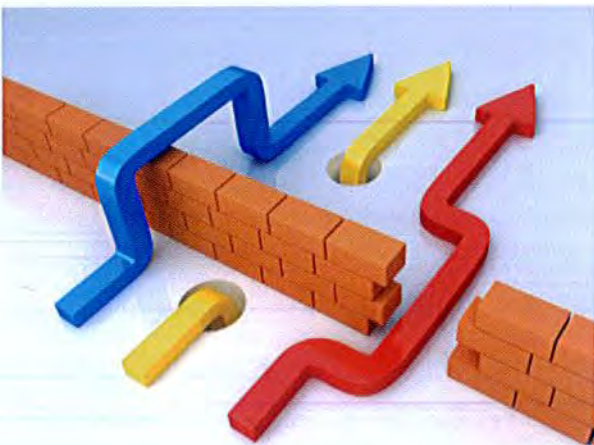
The company is in a transformational phase and during the financial year 2012-13, we undertook key steps to overcome the current challenging industry environment aimed at creating a sustainable growth platform, leveraging our manufacturing & technology capabilities and management skills. We continue to focus on our goal to create value for all our stakeholders in the long term.

We are deeply engaged in building inner strength at this moment and will continue to show our responsiveness with fruitful results. Our strength stems from the people we have. We are certain that by using our inherent organizational resilience, we will collectively bounce back in this fast changing world!



## FUTURE OUTLOOK

Organizational Development initiatives undertaken during the year under report have created a positive outlook. A change in the mind set and culture is already visible. Despite this, the future outlook continues to pose key concerns and we need to improve upon our productivity further and reduce our costs so as to remain viable in the highly competitive future. At the same time, the market drives must become positive and Government should usefully address the key issues afflicting the Power Sector growth which in turn will drive the Transformer Market growth.

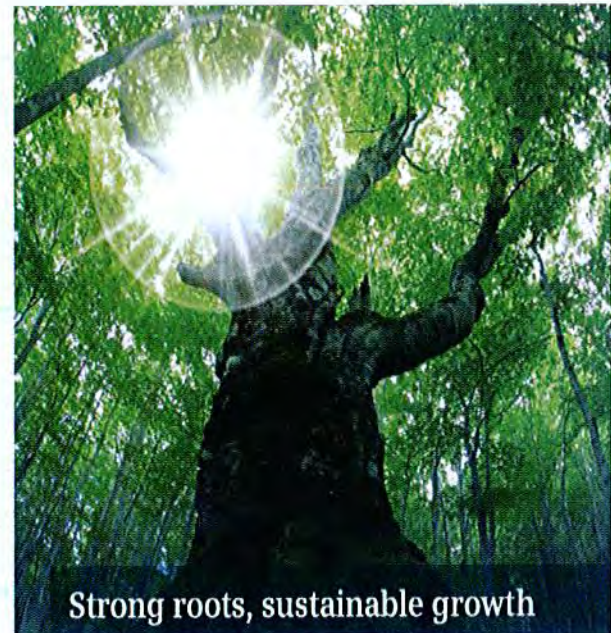


Technology tie up continues to be the most critical issue faced by the Company. TELK is gearing itself to mitigate these risks and meet the challenges by taking up various initiatives like increasing the productivity levels, improvement and optimization of design using latest design softwares, reduction of costs at every stage from procurement of raw material by E-procurement upto the final stage of manufacture by reducing Overtime expenses to zero and deployment of skilled workmen on short term contract basis and 3 shifts operations.

The way forward is to increase the volumes and thus maintain a healthy profit line. For the next Financial Year 2013-14, the Company is going to fix a target of over 6000 MVA. 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.2389 Lakhs in the form of Excise Duties, Sales Tax, Service Tax, Corporate Tax, etc. during the year 2012-13.



**Strong roots, sustainable growth**

## **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.

Directors thank the esteemed shareholders, Comptroller & Auditor General of India, Bankers and other business associates and well-wishers for their encouragement and support.

Board 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.

Directors wish to place on record their appreciation for 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**

Trivandrum  
20.04.2013

## ANNEXURE - I

### A. ENERGY CONSERVATION

During the year 2012-13, there was 10.5% decrease in the production MVA compared to the previous year. Total consumption of electric power and furnace oil reduced by 14.3% and 46.74%, respectively. The total cost of furnace oil and electricity decreased by 4.52%.

Average electricity consumption per MVA reduced by 4.18%.

Expense on power and fuel in terms of quantity (MVA) of production was more than the previous year. Even though the total electricity and furnace oil consumption was reduced considerably, due to revised power tariff rates and reduction in production MVA, the expenses on power and fuel per MVA was increased amounting to an additional expenditure of Rs.15.53 lakhs.

### B. TECHNOLOGY ABSORPTION

#### FORM-B

(See Rule 2)

1. Specific areas where R&D was carried out by the company

- i) Analysis was done on Major Transformer Tanks designed during last year by simulating 3 -D models using the Software Pro-Engineer and its Compatible Analysis Software and the optimizations were done as per the analysis results.
- ii) 4 Design Engineers were trained at M/s VIT, Ukraine for 5 days on the purchased softwares for Electrostatic Field Analysis and Impulse Distribution Analysis and the analysis of newer designs using the same is being carried out.
- iii) Considerable insulation reduction could be achieved in one of our transformers after analysing the impulse distribution of the same in the purchased VIT Software.
- iv) 550kV 1600 A Bushing was successfully developed and Type Tested at CPRI & Bushings of other voltage class upto 220kV were also successfully tested at CPRI as per latest IEC requirements.

- v) Various options of Magnetic shunt were tried in different transformers and now the final Magnetic shunt of new technology which gave consistent stray loss reduction in both large Generator Transformers and 315 MVA Auto Transformers could be developed.
- vi) Successfully implemented the 5 sheets/Bag Step Lap Core Design for 1-phase Centre legged Core Construction
- vii) Development of new Sources for following items:
  - a) Low Cost Wire guards for Transformer Cooling fans
  - b) Indigenous source for creped Kraft paper, Aircell.
  - c) Alternate source for Insulating Kraft Paper, Teflon Rods, Transformer Oil Resistant Paints, Transformer Oil, Transformer Cooling radiators, Speciality Coatings of Zinc Rich, MIO & polyurethane Paints
  - d) Nitrile Rubber Gaskets were successfully used in place of existing rubberised cork gaskets.
- viii) Following Latest Testing Equipments were added to our High Voltage Testing Laboratory:
  - a) 60 A winding Resistance meter
  - b) 10000A & 25000A Impulse Current Shunt
  - c) Automatic Karl-Fischer equipment for measurement of Moisture in Oil
  - d) PeakValue Voltmeter
  - e) Online Temperature Indicator
- ix) Development of inhouse Software for the Design Calculations of Transformer.
- x) Upgradation of our Technical Library with latest Technical Reports/Literature from CIGRE, ANSI, IEEE etc.
- xi) Updation of existing Indian & International Standards and also procurement of new Standards required for our Design & Manufacture



2. Benefits derived as a result of the above

- 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 purchase contract for free training of Design Engineers at their premises for 5 days and it has helped a lot for the use of the software and to improve in the area of 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) After implementing the insulation reduction and testing the transformer successfully, we have attained confidence in insulation reduction for the 220kV Voltage Class Windings.
- iv) This has helped us to be competitive in transformer prices, as earlier we had to import bushings for these requirements. Also we have equipped ourselves to meet the challenges in the transformer and bushing market.
- v) Considerable Stray loss reduction could be achieved and thus we could be competitive in our losses and thereby prices.
- vi) Reduction in No Load losses could be achieved and thereby our competitiveness improved.
- vii) Addition of new sources to our Vendor List has helped to make the purchase Competitive.
- viii) 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.
- ix) These softwares in Excel and Visual Basic make the calculations easier and reduces design cycle time.
- x) Helped us to make our Technocrats aware of the latest developments in the field of Transformer and its accessories.
- xi) Regular study on Latest Standards, Indian and International, helps us to keep in pace with the changing world standards in the Transformer and other electrical Equipments and their Accessories.

### 3 Future plan of action

- i) a) Changing rubberized cork gasket to synthetic gasket in a phased manner.  
b) New Sources Development for :-
  - 1) Unit Cooler
  - 2) Insulation Materials
  - 3) Terminal Connectors
  - 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) Triple Helical transposition Methods to be studied in detail to reduce the Circulating Current losses.
- v) Development of Common Magnetic Shunt for 3 phases of a 3 limbed Transformer.

### 4 Expenditure

- a) Capital : Rs. 48.50 lakhs
- b) Recurring: Rs. 5.00 lakhs
- c) Total : Rs. 53.50 lakhs

### **Technology Absorption, Adaptation and Innovation**

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

- a) Successful Implementation of 5 sheets/Bag Step Lap Core Design for Large Single Phase Centre Legged Core Construction.
- b) Successful Implementation of Magnetic Shunt in Large GTs and Autotransformers.
- c) Development and Testing of New Bushings:
  - 1) 550kV,1600A Bushing
  - 2) All other Bushings <220kV as per latest IEC requirements.
- d) Continuing the study in the field of reduction of Stray Losses/Hot Spot Temperature in Power Transformers by using CRGO / Copper Shields and hope to improve further in this field.

- 2 Benefits derived as a result of the above
- a,b) Considerable Reduction in No Load and Stray Losses and thereby we have become more competitive in the market for transformers of the kind.
  - c) Commercialisation of these TELK Bushings will make TELK Transformer prices more competitive, as we are now importing these from other suppliers at higher costs.
  - d) Loss Capitalized Cost being a vital factor for Tender Evaluation, we shall get a competitive edge in Tenders due to reduction in Load losses and No Load Losses and thereby the Total Losses.

### C. FOREIGN EXCHANGE EARNING AND OUTGO

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

1. The export sales turnover during the year 2012-13 was Rs. 1104.67 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. 231.92 lakhs
- b. Foreign Exchange earning- Sales : Rs. 1104.67 lakhs

## ANNEXURE – II

### CERTIFICATION



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

- a) We have reviewed the financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2013 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 31<sup>st</sup> March, 2013 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Joint General Manager  
(Finance & Accounts)

Managing Director

Angamally  
20 - 04 - 2013

## INDEPENDENT AUDITORS' REPORT

To

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

We have audited the accompanying financial statements of M/s. TRANSFORMERS AND ELECTRICALS KERALA LIMITED ("The company") which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the

manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India **subject to non confirmation of balances of sundry debtors, loans and advances and a major portion of sundry creditors, the impact of which on the accounts is not ascertainable:**

- a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2013;
  - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  2. As required by section 227(3) of the Act, we report that:
    - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
    - b) in our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
    - c) the Balance Sheet, Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
    - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
    - e) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per Notification No. GSR 829 (E) dated 21/10/2003 issued by the Department of Company Affairs.
    - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Place: Trivandrum  
Date: 20-04-2013

P. Rajagopal  
Partner  
M.No. 202134

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of TRANSFORMERS AND ELECTRICALS KERALA LIMITED on the accounts of the company for the year ended 31 st March, 2013.

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

- I. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As per the information and explanations given to us, the fixed assets have not been physically verified by the management.  
(c) In our opinion and according to the information and explanation given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
- II. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion and on the basis of examination of the records, the company is generally maintaining proper records of its inventory. No material discrepancies were noticed on physical verification of inventory by the management as compared to the book records.
- III. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has not granted any loans, secured or unsecured to companies, firms, or other parties listed in the register maintained section 301 of the Companies Act 1956. Consequently, the provisions of clauses (iii) (b), (iii) (c) & (iii) (d) of the Order are not applicable to the company.  
(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has not taken loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Thus 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 generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- V. In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable to the company for the current year.

- VI. The company has not accepted any deposit from the public covered under section 58A and 58AA of the Companies Act, 1956.
- VII. As per information and explanations given by the management, the company has an internal audit system commensurate with its size and nature of its business.
- VIII. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- IX. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information & explanations given to us there were no outstanding statutory dues as on 31st March, 2013 for a period of more than six months from the date they became payable.
- (b) As per the information given to us, the following statutory dues have not been deposited on account of any disputes :-

Nature of Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relate	Forums where dispute is pending
Income Tax Act, 1961	Income Tax	19.94	2005-06 and 2008-09	Commissioner (Appeals) and Rectification u/s 154
Central Excise Act, 1944	Excise Duty	10.19	1996-97/2004-05 to 2008-09 2011-12/2012-13	The Commissioner (Appeals) and High Court of Kerala
Service Tax under the Finance Act, 1994	Service Tax	198.70	2007-08 to 2012-13	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	Sales Tax	131.31	1985-86 to 2005-06	The Deputy Commissioner (Appeals)



- X. The company does not have any accumulated loss and have not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- XI. Based on our audit procedures and on 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. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The company is not a Chit Fund or Nidhi / Mutual Benefit Fund /Society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003, (as amended) is not applicable to the company.
- XIV. In our opinion and according to the explanations given to us, the company is not a dealer or trader in securities.
- XV. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from a bank or financial institution.
- XVI. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
- XVII. Based on the information & explanations given to us and on an overall examination of the Balance Sheet of the company as at 31st March, 2013, we report that no funds raised on short term basis have been used for long term investment by the company.
- XVIII. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the company has not made any preferential allotment of shares during the year.
- XIX. The company has no outstanding debentures during the period under audit.
- XX. The company has not raised any money by public issue during the year.
- XXI. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the year, nor have we been informed of such case by the management.

For G Joseph & Associates

**Chartered Accountants**

Firm Reg. No. 006310S

P.Rajagopal

Partner

M.No.202134

Place:Trivandrum

Date:20-04-2013



**TRANSFORMERS AND ELECTRICALS KERALA LIMITED,**  
Angamally South PO, Ernakulam District, Kerala.  
**BALANCE SHEET As at 31 st March, 2013**

(Amount in Rs. in lakhs)

<b>As at March 31,</b>	<b>Note</b>	<b>2013</b>		<b>2012</b>	
<b>I EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
a Share Capital	2	4296.96		4296.96	
b Reserves and Surplus	3	<u>7461.77</u>	11758.73	<u>7303.24</u>	11600.20
<b>2 Non-Current Liabilities</b>					
a Long-Term Borrowings					
b Other Long Term Liabilities					
c Long-Term Provisions					
<b>3 Current Liabilities</b>					
a Short Term Borrowings					
b Trade Payables	4	1016.72		1046.97	
c Other Current Liabilities	5	3984.66		2939.69	
d Short-Term Provisions	6	<u>138.71</u>	5140.09	<u>649.66</u>	4636.32
<b>Total</b>			<b><u>16898.82</u></b>		<b><u>16236.52</u></b>
<b>II ASSETS</b>					
<b>1 Non-Current Assets</b>					
a Fixed Assets					
i. Tangible Asset	7	1867.19		1238.34	
ii. Intangible Asset	7	42.37		67.98	
iii. Capital Work-in-Progress	8	24.39		250.43	
iv. Intangible Assets under Development	8	-	1933.95	-	1556.75
b Non-Current Investments	9		0.70		0.70
c Deferred Tax Assets (Net)	10		85.57		33.74
d Long-Term Loans and Advances	11		50.67		50.82
e Other Non-Current Assets	12		-		-
<b>2 Current Assets</b>					
a Current Investments					
b Inventories	13	5961.96		5240.75	
c Trade Receivables	14	6958.20		7265.70	
d Cash and Bank Balances	15	1421.33		1755.22	
e Short-Term Loans and Advances	16	182.79		116.19	
f Other Current Assets	17	<u>303.65</u>	14827.93	<u>216.65</u>	14594.51
<b>Total</b>			<b><u>16898.82</u></b>		<b><u>16236.52</u></b>
Significant Accounting Policies and Other Notes	26				

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

For and on behalf of the Board of Directors

Arun Kumar Gupta  
Managing Director

G. Indu  
Director

Date : 20/04/2013

Joffy George  
Company Secretary

As per our report of even date

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

P. Rajagopal  
Partner(M.No.202134)

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

(Amount in Rs. in lakhs)

<b>For the Year ended March, 31</b>	<b>Note</b>	<b>2013</b>	<b>2012</b>
<b>I Revenue from Operations</b>	18	14844.68	19686.28
<b>II Other Income</b>	19	601.48	550.77
<b>III Total Revenue</b>		<u>15446.16</u>	<u>20237.05</u>
<b>IV Expenses:</b>			
Cost of Materials Consumed	20	9535.11	12024.14
Changes in Inventories of Finished Goods, Work in Progress	21 (-)	596.86	(+ 70.74
Employee Benefits Expense	22	4913.93	4526.06
Finance Costs	23	67.07	189.77
Depreciation and Amortization Expense Manufacturing, Administration & Selling Expenses	7 24	272.87	175.95
Prior Period Items (Net)	25 (-)	29.87	(-) 51.66
<b>Total Expenses</b>		<u>15213.16</u>	<u>18309.96</u>
<b>V Profit/Loss before Exceptional and Extraordinary Items &amp; Tax</b>	(+)	233.00	(+ 1927.09
<b>VI Exceptional Items</b>		-	-
<b>VII Profit/Loss before Extraordinary Items and Tax</b>	(+)	233.00	(+ 1927.09
<b>VIII Extraordinary Items</b>		-	-
<b>IX Profit/Loss before Tax</b>	(+)	233.00	(+ 1927.09
<b>X Tax Expense:</b>			
Previous Years Tax	(+)	35.56	(+ 38.70
Current Tax	(-)	161.86	(-) 611.48
Deferred Tax	(+)	51.83	(-) 33.46
<b>XI Profit / Loss for the Year</b>	(+)	<u>158.53</u>	<u>(+) 1320.85</u>
<b>XII Earnings per Equity Share:</b>			
Basic and Diluted		0.37	3.07

Significant Accounting Policies and  
Other Notes

1

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

For and on behalf of the Board of Directors

As per our report of even date

Arun Kumar Gupta  
Managing Director

Joffy George  
Company Secretary

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

G. Indu  
Director

P. Rajagopal  
Partner(M.No.202134)

Date : 20/04/2013



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

(Amount in Rs. in lakhs)

For the Year ended March, 31	2013	2012
<b>I. Cash Flow from Operating Activities:-</b>		
Net Profit (+)/ loss (-) before Tax and Extra Ordinary Item	(+)	(+)
Adjustments for:-		
Depreciation	(+)	(+)
(Profit)/Loss on Sale of Asset (net)	(-)	(-)
Foreign Exchange (Gain)/Loss	(-)	(-)
Interest Received	(-)	(-)
Interest Paid	(+)	(+)
Bad debts written off	(+)	(+)
Provision for Bad and Doubtful Debts	(+)	(+)
Operating Profit (+)/Loss(-) before working capital changes	(+)	(+)
Net	253.62	2090.27
Adjustments for:-		
Increase/decrease in Loans & Advances	(+)	(+)
Trade and Other Receivables	(+)	(-)
Inventories	(-)	(+)
Trade Payables	(+)	(+)
Bank Finance for Working Capital	-	(+)
Cash Generated from Operations	(+)	(+)
Foreign Exchange (Gain)/Loss	(+)	(+)
Direct Tax paid	(-)	(-)
Cash flow before Extra Ordinary Item	(+)	(+)
Extra Ordinary Item	(+)	(+)
<b>Net Cash from / (used) in Operating Activities</b>	(+)	(+)
<b>B. Cash flow from Investing Activities :-</b>		
Purchase of Fixed Assets	(-)	(-)
Capital Work in Progress	(-)	(-)
Sale of Fixed Asset	(+)	(+)
Interest Received	(+)	(+)
<b>Net Cash from/(used) in Investing Activities</b>	(-)	(-)
<b>C. Cash flow from Financing Activities:-</b>		
Borrowings (Less share holders change)	-	-
Dividend Paid	(-)	(-)
Tax on Dividend	(-)	(-)
Interest Paid	(-)	(-)
<b>Net Cash from/(used) in Financing Activities</b>	(-)	(-)
Cash and Cash Equivalents in the beginning of the year	(+)	(+)
Net increase/decrease in Cash and Cash Equivalents (A+B+C)	(-)	(+)
Cash and Cash Equivalents at the end of the year	(+)	(+)

For and on behalf of the Board of Directors

Arun Kumar Gupta  
 Managing Director

Joffy George  
 Company Secretary

G. Indu  
 Director

Date : 20/04/2013

As per our report of even date

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

P. Rajagopal  
 Partner(M.No.202134)

**Note No. 1 to the Financial Statements****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1. AS 1: DISCLOSURE OF ACCOUNTING POLICIES**

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

**2. AS 2: INVENTORY VALUATION**

- (a) Stock of raw materials and stores (including materials with fabricators) are valued at 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 31<sup>st</sup> MARCH 2013**

1. Excise duty liability in respect of finished goods provided in accounts amounts to Rs. 290.26 lakhs (Rs. 99.40lakhs).
2. The Working Capital facilities provided by the Banks are secured by a charge on the assets of the Company.
3. Freight and insurance included under Note No. 18 C to the Financial Statements -Other Operating Income, amounting Rs. 37.80 lakhs (Nil) is net of amount expended Rs.318.10 lakhs(Nil). Freight and insurance included under Note No. 24 to the Financial Statements - Manufacturing, Administration and Selling Expenses, amounting to Rs.Nil (Rs. 139.26 lakhs) is net of freight and insurance collected amounting to Rs. Nil (Rs. 667.03 lakhs).
4. The Company implemented a system for the confirmation of the balances shown under Debtors, Creditors and advances included under Loans and Advance. In respect of instances where confirmation is received from the parties, there is an ongoing system for reconciliation of the Accounts and the Management does not envisage any significant impact on the Accounts due to this.
5. Sales tax assessments from 2007-08 are pending. Additional liability, if any, on pending assessments has not been provided for. An amount of Rs.71.09 lakhs (Rs.71.09 lakhs) have been paid under the Amnesty Scheme announced by the Government of Kerala and it has been contested in Appeal. Such payments up to 31-03-2013 is considered as an advance and shown under Note No. 17 to the Financial Statements Other Current Assets - Others  
However, the total provided amount of Rs. 71.09 lakhs (Rs. 71.09 lakhs) is shown as a deduction from Current Assets as doubtful advances.
6. Bank balance includes Rs. 4.66 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.
7. A Business Collaboration and Shareholders' Agreement was entered into amongst M/s. NTPC Ltd, the Government of Kerala and the Company (TELK) on 23-06-2007. The agreement envisages sale and transfer of 44.60 % shares of TELK held by the Government of Kerala and their undertakings to M/s. NTPC Ltd. and for the upgradation and expansion of the Company. Further investment in equity will be made by M/s. NTPC and the Government of Kerala for financing the above upgradation and expansion with debt/equity ratio 65:35. The transfer of shares was effected during the year 2009-10 at a total value of Rs. 3134 lakh subject to final price to be based on the valuation of the assets of the Company (TELK) as on 31-03-2009



## 8. Segment Reporting:

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

Rs. in lakhs

Particulars	India		Outside India		Total	
	For the year ended 31-03-13	For the year ended 31-03-12	For the year ended 31-03-13	For the year ended 31-03-12	For the year ended 31-03-13	For the year ended 31-03-12
Sales	13684.72	14691.53	1122.16	4994.75	14806.88	19686.28

## 9. Related Party Disclosures:

## a) Related Parties:

- (i) Entities with significant influence in the Company - M/s. NTPC Ltd.  
(ii) Key Management Personnel (KMP) -  
Shri. Arun Kumar Gupta (MD) for the whole year.

## b) Transactions with the related party are as follows:

Rs. in lakhs

Particulars	2012-13	2011-12
Sales of Goods and Services	728.24	64.31
Amount recoverable	330.02	13.47
Sitting Fee (Nominee Directors)	0.01	0.01
Payment to KMP:		
Remuneration to Managing Directors	27.52	29.51
Rent of house and reimbursement of Travelling expenses	11.86	10.60

10. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31-03-2013. The disclosure pursuant to the said Act is as under:

Rs. in lakhs

Particulars	As on 31-03-2013	As on 31-03-2012
Principal amount due to suppliers under MSMED Act, 2006	58.43	41.42
Interest accrued and due to suppliers under MSMED Act On the above amount, unpaid	NIL	NIL
Payment made to suppliers (other than interest) beyond the appointed day during the year	NIL	NIL
Interest paid to supplier under MSMED Act (other than Sec.16)	NIL	NIL
Interest paid to supplier under MSMED Act (Sec.16)	NIL	NIL
Interest due and payable towards suppliers under MSMED Act for payments already made	NIL	NIL
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	NIL	NIL

11. Licenses for duty free / concessional duty import entitlement for export/deemed export contracts executed by the Company unavailed, as on 31-03-2013 is Rs. 1860.47 lakhs (Rs. 3173.00 lakhs). The export obligation pending on duty free licenses availed as on 31-03-2013 is Rs. 713.17 lakhs ( Rs. 441.07 lakhs)

12. Disclosure as required by Accounting Standard 15.

Rs. in lakhs

a) <u>Expenses recognized in the Profit &amp; Loss Account</u>	Leave salary Plan		Gratuity Plan	
	2012-13	2011-12	2012-13	2011-12
i. Current service cost	305.77	235.49	76.16	73.57
ii. Interest cost	62.40	78.15	200.52	174.23
iii. Expected return on plan assets	(86.49)	(87.76)	(216.56)	(193.20)
iv. Net actuarial loss/(gain) recognized in the year	77.32	(360.98)	(1.86)	469.33
<b>TOTAL</b>	<b>359.00</b>	<b>(135.10)</b>	<b>58.26</b>	<b>523.93</b>

b) <u>Change in defined benefit obligation during the year end</u>	Leave salary Plan		Gratuity Plan	
	2012-13	2011-12	2012-13	2011-12
i. Present value of obligation as at the beginning of the year	779.96	976.91	2506.50	2177.88
ii. Interest cost	62.40	78.15	200.52	174.23
iii. Current service cost	305.77	235.49	76.16	73.57
iv. Benefits paid	(144.52)	(149.61)	(402.00)	(388.51)
v. Actuarial loss on obligation	79.78	(360.98)	(1.62)	469.33
vi. Present value of obligations at the end of the period.	<b>1083.39</b>	<b>779.96</b>	<b>2379.56</b>	<b>2506.50</b>

c) <u>Change in the fair value of plan assets during the year end</u>	Leave salary Plan		Gratuity Plan	
	2012-13	2011-12	2012-13	2011-12
i. Fair value of plan assets at the beginning of the year	954.26	993.43	2107.01	2227.32
ii. Expected return on plan assets	86.49	87.76	216.56	193.20
iii. Contributions made during the year.	82.81	22.68	422.99	75.00
iv. Benefits paid by Insurer	(144.52)	(149.61)	(401.99)	(388.51)
v. Actuarial gain on plan assets	2.46	NIL	0.23	NIL
vi. Present value of plan assets at the end of the year	<b>981.50</b>	<b>954.26</b>	<b>2344.80</b>	<b>2107.01</b>

d) <u>Balance Sheet Movements</u>	Leave salary Plan		Gratuity Plan	
	2012-13	2011-12	2012-13	2011-12
i. Value of net Liability (net assets) at the beginning of the year	(174.30)	(16.52)	399.49	(49.44)
ii. Expenses	359.00	(135.10)	58.26	523.93
iii. Contributions made during the year	(82.81)	(22.68)	(422.99)	(75.00)
iv. Benefits paid by Company	-	-	-	-
v. Value of net Liability (net assets) at the end of the year	<b>101.89</b>	<b>(174.30)</b>	<b>34.76</b>	<b>399.49</b>

e) <u>Actuarial Assumptions</u>	Leave salary Plan		Gratuity Plan	
	2012-13	2011-12	2012-13	2011-12
i. Discount rate used	8%	8%	8%	8%
ii. Expected return on plan assets	8%	8%	8%	8%

## Reconciliation

		Rs. in lakhs	
(i) Gratuity:			
Expenses as recognized in the above statement		58.26	(523.93)
Other gratuity dues not covered by the above AS 15 disclosure		87.13	(43.25)
Gratuity contribution for NTPC deputed employees		1.18	(1.68)
	<b>Total</b>	<b>146.57</b>	<b>(568.86)</b>
(ii) Leave:			
The expense as disclosed above excludes leave encashment charges in respect of leave encashed during the year for employees continuing in service.			
13. Deferred Tax Asset / (Liability) consists of:			

				Rs. in lakhs
	As at 31.03.2013	Additions/ adjustments during the year	As at 31.03.2012	
Deferred Tax Liability:				
Difference of book depreciation and tax depreciation	-58.13	-1.35	-56.78	
Deferred Tax Asset:				
On Other disallowances	143.70	53.18	90.52	
<b>Net Deferred Tax Asset/(Liability)</b>	<b>85.57</b>	<b>51.83</b>	<b>33.74</b>	

14. The stock of finished goods includes repair cost of Rs. Nil (Rs. 27.62 lakhs of one number 15 MVA transformer (Repair) belongs to M/s. Steel Complex Ltd., Kozhikode.)
15. Disclosure as per AS 29

(a) PROVISIONS:

Rs. in lakhs

Nature of Provision	Balances as at 01.04.2012	Additional provision charged during the year	Amounts used during the year	Unused amount reversed	Balances as at 31.03.2013
i. Service Tax	124.04	-	-	-	124.04
ii. Sales Tax	95.05	-	-	18.64	76.41
iii. Income Tax	86.62	-	0.72	-	85.90
iv. Excise Duty	21.09	-	-	2.14	18.95

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

- (i) In the year 2012-13 Company has provided an amount of Rs. Nil (Rs. 32.76 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 provisions for advance amounting for Rs. 71.08 lakh (Rs. 71.08 lakh), doubtful of realization against this has been made under Note No.17 to the Financial statements - Other Current Assets - Others.
- (ii) Company has provided Rs. 361.18 lakhs in the year 2010-11 on Income Tax liability of Assessment year 2008-09 as the assessment for that year was completed raising a demand of Rs. 361.18 lakhs inclusive of interest of Rs. 275.92 Lakhs, for which appeals are pending with Appellate Authorities, on a conservative basis. Against the above demand, installment payments of Rs.80 lakhs and adjustment of Refund amounts on Assessment for AY 2009-10, AY 2010-11 and AY 2011-12 is adjusted by the Income Tax Department and the balance outstanding payable as at the year end is Rs.85.90 lakhs (Rs.86.62 lakhs).
- (iii) Company has provided in previous year Rs. 6.83 lakhs on Excise Duty for which refund claim is pending with Appellate Authorities, on a conservative basis and the total provided amount of Rs. 18.95lakhs (Rs. 21.09 lakhs) is shown as deduction from Note No.17 to the Financial statements - Other Current Assets - Others.

## (b) CONTINGENT LIABILITIES:

Rs. in lakhs

		31.03.2013	31.03.2012
	Contingent liabilities not provided for:		
a.	Disputed sales tax liability under appeal	139.05	147.14
b.	Disputed excise duty liability	25.56	11.62
c.	Disputed Service tax liability	74.66	28.26
d.	Contingent liability to bank towards: Counter guarantees given to bank in respect of guarantee issued by them.	6541.77	5824.99
e.	Income Tax – Others	19.94	17.26
f.	Estimated amount of contracts, net of advances, Remaining to be executed on capital account and others not provided for	1353.08	593.30

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 2013**

**16. 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	3023.47	3148.51	3630.20	3638.84
2 Copper	MT	666.48	3207.16	931.29	4379.35
3 Transformer oil	KL	1721.09	1133.24	2145.71	1392.55
4 Intermediaries/Components			1826.32		2484.02
	TOTAL		9315.23	TOTAL	11894.76

**17 Goods manufactured :**

Particulars	Licensed capacity	Installed capacity	Actual production	Quantity Opening	Value Rs. in lakhs	WORK IN PROGRESS		FINISHED GOODS	
						Quantity Closing	Value* Rs. in lakhs	Quantity Opening	Value Rs. in lakhs
1 Power Transformers (6000 MVA)	6000 MVA	4500 MVA	4801.32 MVA	607.37 MVA	233 MVA	377.50 MVA	1350 MVA	(377.50 MVA)	
2 Current and Potential Trfr. (1000 Nos.)	1000 Nos.	1000 Nos.*	48 Nos. (15 Nos.)	Nil. (Nil)	4 (Nil)	7 Nos. (8 Nos.)	7 Nos. (7 Nos.)		
3 Circuit breakers (375 Nos.)	375 Nos	Not separately assessed	Nil (Nil)	Nil (Nil)	1894.05 (2172.28)	Nil (Nil)	Nil (Nil)	1040.75 (1095.13)	2524.37 ('1040.75)
4 Gas circuit breakers (100 Nos.)	100 Nos.	100 Nos. (100 Nos.)	Nil (Nil)	Nil (Nil)	1214.33 (1894.05)	Nil (Nil)	Nil (Nil)		
5 Shunt reactors (500 MVA)	500 MVA	500 MVA	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)		
6 Isolated phase bus ducts DGTD Registration	Not separately assessed	Not separately assessed	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)		

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

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

	31-03-2013 (Rs.in lakhs)	31-03-2012 (Rs.in lakhs)
18. Value of imports during the year (CIF)		
a) Raw materials		272.95
Direct	144.06	<u>370.63</u>
High Seas Transfer	<u>162.58</u>	643.58
	306.64	485.34
b) Components	87.86	215.98
c) Capital goods		
19. Expenditure in foreign currency on:		
a) Traveling	2.27	2.09
b) Sales commission and others	84.39	86.24
20. Value (landed cost) of imported Raw Materials, Components and Spares consumed		
Direct	246.17	911.10
High Seas Transfer	<u>199.56</u>	<u>309.41</u>
	445.73	1220.51
	4.68%	10.03%
Value of indigenous Raw Materials	9087.32	10949.16
	<u>95.32%</u>	<u>89.97%</u>
	<u>9533.05</u>	<u>12169.67</u>
21. Amount of Dividends remitted during the year in foreign currency	Nil	Nil
Number of Non - Resident Shareholders	16	16
Number of Shares	9950	9950
22 Earnings in Foreign Exchange: (FOB) Sales	1104.67	4820.92
23. The excess provision created in earlier years in respect of Selling Agency Commission- Rs. Nil (Rs. 56.32 lakhs), written back, is classified as Income for the year under the head Prior Period Adjustments.		
24. Salaries and Wages includes an amount of Rs.38.05 lakh (Previous year- Nil) towards actuarially estimated probable liability on account of employees' medical claims eligible to be claimed by them but not yet claimed.		
25. Repairs and Replacement under the Manufacturing, Administration and Selling Expenses includes an amount of Rs.14.43 lakhs(Nil) towards estimated probable liability for warranty claims for products supplied for the unexpected period of warranty.		
26. Previous year's figures have been suitably re-arranged wherever applicable to correspond to current year's classification. Previous years figures unless otherwise stated are in brackets.		



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

(Amount in Rs. in lakhs)

<b>As at March, 31</b>	<b>2013</b>	<b>2012</b>
<b>SHARE CAPITAL</b>		
<b>Equity Share Capital</b>		
<b>AUTHORISED</b>		
125000000 shares of par value of Rs.10/- each (Previous year 125000000 shares of par value of Rs.10/- each)	12500.00	12500.00
<b>ISSUED</b>		
42975400 shares of par value of Rs.10/- each (Previous year 42975400 shares of par value of Rs.10/- each)	4297.54	4297.54
<b>SUBSCRIBED AND CALLED-UP</b>		
42967350 shares of par value of Rs.10/- each fully paid up (Previous year 42967350 shares of par value of Rs.10/- each fully paid up)	4296.74	4296.74
Forefeited shares	0.22	0.22
Total	4296.96	4296.96

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

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

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

Please refer Note.No.1. B. 7



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

(Amount in Rs. in lakhs)

As at March, 31	2013	2012
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	1619.60	1619.60
Add: Transfer from Surplus	-	-
Closing Balance	<u>1619.60</u>	<u>1619.60</u>
<b>General Reserve</b>		
As per last Balance Sheet	5085.00	3085.00
Add: Transfer from Surplus	-	2000.00
Closing Balance	<u>5085.00</u>	<u>5085.00</u>
<b>Surplus</b>		
As per last Balance Sheet	598.64	1702.26
Add :- Profit after tax for the year from Profit & Loss Statement	<u>158.53</u>	<u>1320.85</u>
Amount available for Appropriation	757.17	3023.11
Less: Appropriations		
Transfer to General Reserve	-	2000.00
Dividend Paid	-	-
Tax on Dividend Paid	-	-
Proposed dividend *	-	365.22
Tax on proposed dividend	-	59.25
Closing Balance	<u>757.17</u>	<u>598.64</u>
<b>Total</b>	<b>7461.77</b>	<b>7303.24</b>

\* The Board of Directors has proposed final dividend for the year 2012-13 @ Rs. Nil per equity share par value of Rs.10/- each (previous year Rs.0.85 per equity share)

Please refer Note.No.1. B. 21



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

(Amount in Rs. in lakhs)

	As at March, 31	2013	2012
<b>TRADE PAYABLES</b>			
For Capital Expenditure			
- Micro & Small Enterprises		-	-
- Others		17.26	41.43
For Others			
- Micro & Small Enterprises		58.43	41.42
- Others		941.03	964.12
<b>TOTAL</b>		<b>1016.72</b>	<b>1046.97</b>

Please refer Note.No.1. B. 10

**Note No. 5 to the Financial Statements**

**OTHER CURRENT LIABILITIES**

**Others**

Unclaimed Dividend*	5.09	3.94
Advances from Customers and Others	1117.99	816.54
Deposits from Contractors and Others	28.24	29.18
Other Liabilities		
Tax Deducted at Source & Other Statutory Dues	653.55	478.91
Others**	2179.79	1611.12
<b>TOTAL</b>	<b>3984.66</b>	<b>2939.69</b>

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

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

Please refer Note.No.1 B. 15

**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	2013	2012
<b>SHORT TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
As per last Balance Sheet	225.19	-65.96
Additions during the year/period	417.26	388.83
Less: Amounts paid during the year/period	505.80	97.68
Amounts reversed during the year/period	-	-
<b>Closing Balance</b>	<b>136.65</b>	<b>225.19</b>
<b>Provision for Current Tax</b>		
As per last Balance Sheet	-	-
Additions during the year/ period	161.86	611.48
Amounts adjusted during the year/ period	-	-
Less: Netted against Advance Tax and TDS	161.86	611.48
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>Provision for Proposed Dividend</b>		
As per last Balance Sheet	365.22	343.74
Additions during the year/ period	-	365.22
Less: Amounts used during the year/ period	365.22	343.74
Amounts reversed during the year/ period	-	-
<b>Closing Balance</b>	<b>-</b>	<b>365.22</b>
<b>Provision for tax on Proposed Dividend</b>		
As per last Balance Sheet	59.25	55.76
Additions during the year/ period	-	59.25
Less: Amounts used during the year/ period	59.25	55.76
Amounts reversed during the year/ period	-	-
<b>Closing Balance</b>	<b>-</b>	<b>59.25</b>
<b>Others</b>		
<b>Provision for Materials to be issued</b>	<b>2.06</b>	<b>-</b>
<b>Total</b>	<b>138.71</b>	<b>649.66</b>

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

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



(Amount in Rs. in lakhs)

<b>SCHEDULE OF FIXED ASSETS AS AT 31.03.2013</b>											
DESCRIPTION OF ASSETS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK		
	AS ON 01.04.12	ADDITIONS OR ADJUSTMENTS	SALE OR ADJUSTMENTS	AS ON 31.03.13	TILL 31.03.12	FOR THE YEAR	FOR SALE OR ADJUSTMENTS	TOTAL 31.03.13	AS ON 31.03.13	AS ON 31.03.12	
<b>TANGIBLE ASSETS:</b>											
LAND	5.82	-	-	5.82	-	-	-	-	5.82	5.82	
LAND DEVELOPMENT	29.32	-	-	29.32	-	-	-	-	29.32	29.32	
BUILDING	650.30	670.61	-	1320.91	353.23	32.35	(0.29)	385.87	935.04	297.07	
RAILWAY SIDING	14.01	-	14.01	-	13.82	-	13.82	-	-	0.19	
PLANT AND MACHINERY	2443.15	193.27	227.22	2409.20	1655.12	180.36	223.10	1612.38	796.82	788.03	
-DO- PRECISION	16.59	-	7.36	9.23	16.50	0.01	7.33	9.18	0.05	0.09	
ELECT. INSTALLATIONS	67.35	0.42	2.04	65.73	66.61	0.11	2.00	64.72	1.01	0.74	
OFFICE EQUIPMENTS	30.48	0.17	-	30.65	24.33	1.05	-	25.38	5.27	6.15	
FURNITURE & FIXTURES	56.05	5.50	-	61.55	36.66	4.59	-	41.25	20.30	19.39	
CANTEEN FURNITURE	17.24	-	-	17.24	10.04	1.86	-	11.90	5.34	7.20	
DRAWING OFFICE EQUIP.	1.59	-	-	1.59	1.57	-	-	1.57	0.02	0.02	
WATER SYSTEMS	48.08	0.83	0.35	48.56	23.67	3.45	0.19	26.93	21.63	24.41	
AIR CONDITIONERS	25.55	1.67	0.68	26.54	20.69	0.81	0.63	20.87	5.67	4.86	
MOTOR VEHICLE - CAR	18.96	-	-	18.96	15.10	1.00	-	16.10	2.86	3.86	
MOTOR VEHICLE - LORRY	5.54	-	-	5.54	4.35	0.36	-	4.71	0.83	1.19	
LIBRARY	0.38	-	-	0.38	0.33	0.01	-	0.34	0.04	0.05	
DORMITORY & CANTEEN	15.07	-	-	15.07	7.02	1.12	-	8.14	6.93	8.05	
UTENSILS											
COMPUTER HARDWARE	149.36	6.88	24.38	131.86	107.46	17.98	23.82	101.62	30.24	41.90	
<b>TOTAL</b>	<b>3594.84</b>	<b>879.35</b>	<b>276.04</b>	<b>4198.15</b>	<b>2356.50</b>	<b>245.06</b>	<b>270.60</b>	<b>2330.96</b>	<b>1867.19</b>	<b>1238.34</b>	
<b>INTANGIBLE ASSETS:</b>											
SOFTWARE	99.98	2.20	1.98	100.20	32.00	27.81	1.98	57.83	42.37	67.98	
<b>TOTAL</b>	<b>3694.82</b>	<b>881.55</b>	<b>278.02</b>	<b>4298.35</b>	<b>2388.50</b>	<b>272.87</b>	<b>272.58</b>	<b>2388.79</b>	<b>1909.56</b>	<b>1306.32</b>	
PREVIOUS YEAR	2854.01	852.12	11.31	3694.82	2219.95	175.95	7.40	2388.50	1306.32	634.06	

Depreciation of Rs. 0.38 lakhs has been classified under prior period expenses being short provision of depreciation in previous year  
 Fixed assets having Original cost of Rs. 277.63 Lakhs (Nil) with accumulated depreciation of Rs. 272.22 lakhs (Nil) have been scrapped and included in sales or adjustments.  
 Please refer Note.No.1 B. 2 & 18

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

(Amount in Rs. in lakhs)

	As at 01.04.12	Addition	Deduction/ Adjustment	Capitalised	As at 31/03/2013
<b>CAPITAL WORK-IN-PROGRESS</b>					
Buildings	250.43	420.18	-	670.61	-
Plant and Machinery	-	217.66	-	193.27	24.39
Others	-	15.47	-	15.47	-
<b>Total</b>	<b>250.43</b>	<b>653.31</b>	<b>-</b>	<b>879.35</b>	<b>24.39</b>
<b>Previous Year Total</b>	<b>96.82</b>	<b>945.45</b>	<b>-</b>	<b>791.84</b>	<b>250.43</b>
<b>INTANGIBLE ASSETS UNDER DEVELOPMENT</b>					
Software	-	2.20	-	2.20	-
<b>Total</b>	<b>-</b>	<b>2.20</b>	<b>-</b>	<b>2.20</b>	<b>-</b>
<b>Previous Year Total</b>	<b>-</b>	<b>60.28</b>	<b>-</b>	<b>60.28</b>	<b>-</b>
<b>Grand Total</b>	<b>250.43</b>	<b>655.51</b>	<b>-</b>	<b>881.55</b>	<b>24.39</b>
<b>Previous Year Grand Total</b>	<b>96.82</b>	<b>1,005.73</b>	<b>-</b>	<b>852.12</b>	<b>250.43</b>



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

			(Amount in Rs. in lakhs)	
			2013	2012
As at March, 31				
<b>NON CURRENT INVESTMENTS</b>	Number of shares Current Year/ (Previous Year)	Face value per share Current Year/ (Previous Year) (Rs.)		
<b>(Unquoted, non-trade)</b>				
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
<b>Total</b>			<b>0.70</b>	<b>0.70</b>

**Note No. 10 to the Financial Statements**

			(Amount in Rs. in lakhs)	
			2013	2012
As at March, 31				
<b>DEFERRED TAX ASSET(NET)</b>				
Disallowances u/s 43B of the Income Tax Act, 1961			143.70	90.52
Provisions & Other Disallowances for Tax Purposes				
Less: Deferred Tax Liabilities				
Difference of Book Depreciation and Tax Depreciation			58.13	56.78
<b>Deferred tax Asset (net)</b>			<b>85.57</b>	<b>33.74</b>

Please refer Note.No.1. B. 13

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

(Amount in Rs. in lakhs)

As at March, 31	2013	2012
<b>Long Term Loans and Advances</b>		
(Unsecured, considered good, unless otherwise stated)		
<b>CAPITAL ADVANCES</b>		
Advance to Suppliers for capital equipments	4.56	8.86
Security Deposits*	46.11	41.96
<b>Total</b>	<b>50.67</b>	<b>50.82</b>

\* Security Deposits include deposits with Government authorities amounting to Rs. 9.57 lakhs (Rs. 9.58 lakhs)

**Note No. 12 to the Financial Statements**

**Other Non-Current Assets**

(Unsecured, considered good, unless otherwise stated)

Other Non-Current Assets

**Total**



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

(Amount in Rs. in lakhs)

	As at March, 31	2013	2012
<b>INVENTORIES</b>			
Stock of Raw materials	1677.35	1627.51	
Stock -Goods in Transit	107.32	1784.67	51.84
Stock of W I P		1483.37	2179.26
Stock of Finished Goods		2524.37	1040.75
Stock of Tools		18.99	19.71
Stock of Jigs		38.03	25.30
Stock of Scrap		82.17	250.28
Stock of Material with Fabricators		30.36	46.10
<b>Total</b>		<b>5961.96</b>	<b>5240.75</b>

Please refer Note.No.1.B. 1 & 14

**Note No. 14 to the Financial Statements**

(Amount in Rs. in lakhs)

	As at March, 31	2013	2012
<b>TRADE RECEIVABLES</b>			
(Unsecured, considered good, unless otherwise stated)			
Outstanding for a period exceeding six months from the date they are due for payment		91.53	73.78
Considered doubtful		-	-
Other debts		6866.67	7191.92
<b>Total</b>		<b>6958.20</b>	<b>7265.70</b>
Less: Provision for Bad & Doubtful Debts*		-	-
<b>Total</b>		<b>6958.20</b>	<b>7265.70</b>

\* Details of Provision for Bad & Doubtful Debts

Debts outstanding over six months

Opening Balance - 22.11

Additional provisions - -

Less: Adjustment for Doubtful Debts written off - 22.11

Less: Provision written back - -

Closing Balance - -



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

(Amount in Rs. in lakhs)

As at March, 31	2013	2012
<b>CASH AND BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalent</b>		
<b>Balances with Banks</b>		
- Current Accounts	5.99	38.42
- Deposits with original Maturity of less than three months	911.43	1283.28
Cash on hand	-	2.38
Others / Stamp and Stamp paper	0.02	0.01
	917.44	1324.09
<b>Other Bank Balances</b>		
Deposits with original Maturity of more than 3 months	498.80	427.19
Others-Unclaimed Dividend Account	5.09	3.94
	503.89	431.13
Less: Bank balances with original maturity of more than 12 months disclosed under other non-current assets	-	-
	503.89	431.13
<b>Total</b>	<b>1421.33</b>	<b>1755.22</b>
Balance with Banks include:		
Unclaimed dividend account balance	5.09	3.94
Remittances in transit	-	-
Fixed Deposit under Capital Gain Scheme	-	-
Margin money for Working Capital Facilities	285.00	480.00
Security for Bank Overdraft to the extent of drawing	-	1964.19

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



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

(Amount in Rs. in lakhs)

As at March, 31	2013	2012
<b>SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good, unless otherwise stated)		
Employee Related	22.29	10.61
Contractors & Suppliers	20.66	51.56
Advance Tax Deposit & Tax Deducted at Source	139.84	54.02
<b>Total</b>	<b>182.79</b>	<b>116.19</b>

**Note No.17 to the Financial Statements**

(Amount in Rs. in lakhs)

As at March, 31	2013	2012
<b>OTHER CURRENT ASSETS</b>		
(Unsecured, considered good, unless otherwise stated)		
Interest Accrued on Fixed deposits	15.95	102.42
Claims Recoverable	-	-
Others *	377.74	206.41
Less: Provisions	90.04	92.18
<b>Total</b>	<b>303.65</b>	<b>216.65</b>

\* Others include:

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

Please refer Note.No.1. B. 5

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

(Amount in Rs. in lakhs)

	For the year ended March, 31			2012		
	Quantity	2013 Unit	Value	Quantity	Unit	Value
<b>Operating Income</b>						
<b>A Sale of products</b>						
1. Power Transformers	4203.19	MVA	13074.81	5761.81	MVA	18507.68
2. Current Transformers	11	Nos.	48.00	11	Nos.	36.81
3. Potential Transformers	33	Nos.	78.05	5	Nos.	12.70
4. On Load Tap Changers	24	Nos.	138.10	20	Nos.	92.08
5. Bushings	91	Nos.	317.30	59	Nos.	187.24
6. Spares			198.76			452.05
<b>B Sale of Service</b>						
Service Charges			241.96			257.23
<b>C Other Operating Income</b>						
Sale of Scrap			709.90			140.49
Freight & Insurance			37.80			-
<b>Total Operating Income</b>			<b>14844.68</b>			<b>19686.28</b>
Excise Duty on Sales			<b>1577.59</b>			<b>1476.37</b>
<b>Gross Sales</b>			<b>16422.27</b>			<b>21162.65</b>

Please refer Note.No.1. B. 8 &amp; 22

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

Profit on Sale of Asset (Includes additional compensation received on land acquisition Rs. 21.69 lakhs (Nil) and profit due to transfer of assets to stock of scrap Rs. 10.79 lakhs (Nil))	32.46	25.30
Rent	3.25	1.27
Interest (Includes interest on additional compensation received on land acquisition Rs.22.42 lakhs (1.16 lakhs))	249.95	285.17
Insurance receipts	8.37	73.67
Bad debts recovered	189.76	82.55
Provisions Written Back	18.64	21.77
Foreign Exchange Fluctuation	50.06	53.03
Miscellaneous income	6.38	8.01
Unclaimed Balances written back (Net)	42.61	-
<b>TOTAL</b>	<b>601.48</b>	<b>550.77</b>



**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	2013	2012
<b>Employee Benefits Expense</b>		
Salaries, Wages and Bonus	3742.30	3171.72
Contribution to Provident Fund	247.95	195.50
Contribution to Pension Fund	53.94	53.79
Gratuity	146.57	568.86
Staff Welfare	723.17	536.19
<b>TOTAL</b>	<b>4913.93</b>	<b>4526.06</b>

Please refer Note No. 1. B. 12 &amp; 24

**Note No. 23 to the Financial Statements**

(Amount in Rs. in lakhs)

For the year ended March, 31	2013	2012
<b>FINANCE COST</b>		
Interest	1.00	80.46
Bank charges and Guarantee Commission	66.07	109.31
<b>TOTAL</b>	<b>67.07</b>	<b>189.77</b>



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

(Amount in Rs. in lakhs)

For the year ended March, 31	2013	2012
<b>MANUFACTURING, ADMINISTRATION &amp; SELLING EXPENSES</b>		
Factory Expenses	54.84	50.03
Power and Fuel	294.14	293.68
Repairs: Plant and Machinery	9.47	28.77
Buildings	2.11	16.88
Others	200.05	176.60
Repairs and Replacement	130.39	15.68
Rates and Taxes	31.82	89.15
Rent (MD)	3.67	2.79
Traveling:		
MD	8.19	7.81
Directors	0.03	0.10
Others	63.53	59.60
Printing and Stationary	11.43	13.18
Postage, Telegram and Telephones	15.35	16.26
Auditors' Remuneration:		
For Statutory Audit	1.30	1.30
For Tax Audit	0.22	0.22
For Cost Audit	1.00	-
For reimbursement of expenses	0.43	0.43
Directors' Sitting Fee	0.03	0.02
Legal Charges	4.76	3.70
General Charges	41.10	72.59
Selling Agency Commission	103.26	145.66
Insurance Charges	31.48	46.82
Advertisement & Publicity	6.73	17.02
Erection Expenses of Transformers	22.43	16.52
Freight & Insurance	-	139.26
Foreign Exchange Fluctuation	-	-
Bad Debts written off	13.15	160.94
<b>TOTAL</b>	<b>1050.91</b>	<b>1374.96</b>

Please refer Note.No.1. B. 3,19 & 25.

**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	2013	2012
<b>PRIOR PERIOD ADJUSTMENTS</b>		
<b>INCOME</b>		
Security Deposit	10.16	-
Sales	20.10	-
Selling Agency Commission	-	56.32
<b>TOTAL</b>	<b>30.26</b>	<b>56.32</b>
<b>EXPENSES</b>		
Materials	-	0.56
Depreciation	0.39	3.76
Interest	-	0.34
<b>TOTAL</b>	<b>0.39</b>	<b>4.66</b>
<b>Net</b>	<b>(-) 29.87</b>	<b>(-) 51.66</b>

Please refer Note.No.1. B. 23 & Note No. 7

For and on behalf of the Board of Directors

Arun Kumar Gupta  
 Managing Director

Joffy George  
 Company Secretary

G. Indu  
 Director

Date : 20/04/2013

As per our report of even date

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

P. Rajagopal  
 Partner(M.No.202134)



**GOVERNMENT OF KERALA**

**No. 42164/PU-D3/2013/Fin.**

**FINANCE (PU-D) DEPARTMENT**

**COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON  
THE AUDITED ANNUAL ACCOUNTS OF TRANSFORMERS AND  
ELECTRICALS KERALA LTD FOR THE YEAR 2012-2013**

1. The profit of the Company declined to ₹ **158.53** lakh during the year under review from ₹ **1320.85** lakh during the previous year.
2. Export and deomestic sales reported a drastic decline to ₹ **14,806.88** lakh during the year under review from ₹ **19686.28** lakh during the previous year. Consequently revenue from operation declined from ₹ **19686.28** lakh in 2011-2012 to ₹ **14844.68** lakh during 2012-13. Efforts be taken to boost up export and domestic sales and to expand the operations of the Company.
3. Measures be taken to physically verify the fixed assets.
4. Immediate mesasures be taken for confirming balances of sundry debtors, loans and advances and sundry cerditors.
5. Performance of the Company needs improvement.

Thiruvananthapuram  
Dated 14/06/2013

**Dr. 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 2012-13**

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. 158.53 Lakhs against Rs.1320.85 Lakhs during the previous year.	Noted
2	Export and domestic sales reported a drastic decline to Rs.14806.88 lakh during the year under review from Rs.19686.28 lakh during the previous year. Consequently revenue from operation declined from Rs.19686.28 lakh in 2011-2012 to Rs.14844.68 lakh during 2012-2013. Efforts be taken to boost up export and domestic sales and to expand the operations of the Company.	The power equipment manufacturing sector in India is going through a very difficult phase which has led to squeeze in per MVA realizations and margins.
3	Measures to be taken to physically verify the fixed assets.	The company has a system of periodically verifying and reconciling all items of fixed assets and differences on verification, if any, are properly dealt with in the Books of Accounts.
4	Immediate measures be taken for confirming balances of sundry debtors, loans and advances and sundry creditors.	The Company has implemented a system for confirmation of the balances shown under Debtors, Creditors and advances included under Loans and Advances. In respect of instances where confirmation is received from the parties, there is an ongoing system for reconciliation of the Accounts.
5	Performance of the Company needs improvement	Noted



सत्यमेव जयते

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

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

31 मार्च 2013 को समाप्त वर्ष के लिए ट्रांसफॉर्मर्स आन्ट इलेक्ट्रिकल्स केरला लिमिटेड,

अंगमालि के लेखाओं पर कम्पनी अधिनियम 1956 को 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, 2013.**

The preparation of financial statements of **The Transformers and Electricals Kerala Limited** for the year ended **31 March 2013** 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 is 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 **20 April 2013**.

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 **Transformers and Electricals Kerala Limited, Angamally** for the year ended **31 March 2013**. 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. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of the Companies Act, 1956, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

**A. COMMENTS ON PROFITABILITY****Statement of Profit and Loss-****I. Revenue from Operations-(Note No: 18)- ₹ 148.45 crore**

This include ₹ 1.67 crore due to recognition and accounting of income on account of price variation before charges were made to the customers and obtaining their approval in violation of the provisions of AS 9 resulting in overstatement of profit and other current assets by ₹ 1.67 crore.

**II. Expenses****Manufacturing, Administration and selling Expenses (Note No: 24 )-₹ 10.51 crore**

This does not include an amount of ₹ 0.46 crore towards provision for liquidated damages which was deducted by M/s Chhattisgarh State Power Transmission Company Limited, Raipur. This has resulted in over statement of Profit and Sundry Debtors by ₹ 0.46 crore.

**III. Other Income (Note No. 19)****Profit on Sale of asset-₹ 0.32 crore**

This include ₹ 0.11 crore being notional profit recognized on transfer of fixed assets to stock of scrap which is contrary to para 14.2 of Accounting Standard 10. As per Para No. 14.2 of Accounting Standard - 10. "Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value". However violation of Accounting Standard-10, has resulted in over statement of Profit and Current Assets by ₹ 0.11 crore.


**IV. Other Income (Note No. 19)****Bad Debts recoverd- ₹ 1.90 crore**

This includes ₹ 0.66 crore being liquidated damages written off during 2011-12, which has been recognized as Income though the amount remained unrealized. This has resulted in over statement of Profit and Trade Receivables by ₹ 0.66 crore.

**V. Prior Period Income (Note No. 25) ₹ (-) 0.30 crore**

This includes ₹ 0.20 crore being the refund of the amount deducted by a consumer on account of price re-fixation of Transformer in the previous years. Since the transactions did not arise as a result of any errors or omissions in the preparation of previous year financial Statements, as per Accounting Standard 5, the same should have been treated as Operating Revenue instead of Prior Period Income. This has resulted in over statement of Prior Period Income and under statement of Revenue from Operations by ₹ 0.20 crore

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

  
डा. बिजु जैकब  
Dr. Biju Jacob

तिरुवनन्तपुरम  
Thiruvananthapuram  
Dated : 27-08-2013

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

**Reply to the Comments of the Comptroller and Auditor General of India under  
Section 619(4) of the Compines Act, 1956, on the Accounts of Transformers  
and Electricals Kerala Limited Angamally for the year ended 31<sup>st</sup> March 2013**

<b>Sl No.</b>	<b>Comments of the Comptroller and Auditor General of India</b>	<b>Company's Reply</b>
1	Revenue from Operations (Note No: 18) Rs. 148.45 crore. This include Rs. 1.67 crores due to recognition and accounting of Income on account of price variation before charges were made to the Customers and obtaining their approval in violation of the provisions of AS 9 resulting in overstatemnet of profit and other current assets by Rs. 1.67 crores.	The price variation claims are contractually due from the Customers and the method of Accounting followed is on the same basis as in the earlier years. As all the related costs are fully debited to the P&L Account, recognition of the price variation claims only will reflect the correct position of the Operating Profitability for the year
2	Manufacturing, Administration and selling Expenses (Note No: 24) Rs. 10.51 crore. This does not include an amount of Rs. 0.46 crores towards provision for liquidated damages which was deducted by M/s Chhattisgarh State Power Transmission Company Limited, Raipur. This has resulted in over statement of profit and sundry debtors by Rs. 0.46 crore.	The Customer has agreed to release the balance amount after final commissioning of the equipment and the same is considered as realizable and as such no provision for doubtful debts is considered necessary in the Accounts.
3	Profit of sale of asset - Rs. 0.32 crores. This include Rs. 0.11 crore being notional profit recognized on transfer of fixed assets to stock of scrap which is contrary to para 14.2 of Accounting Standard 10. As per Para No. 14.2 of Accounting Standard - 10. "Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value". However violation of Accounting Standard-10, has resulted in over statement of Profit and Current Assets by Rs. 0.11 crore.	As there is no uncertainty in the realization of the amounts on the sale of scrap, the method of valuation is considered to be appropriate

4	Bad debt recoverd- Rs. 1.90 crore. This includes Rs. 0.66 crore being liquidated damages written off during 2011-12, which has been recognized as Income though the amount remained unrealized. This has resulted in over statement of Profit and Trade Receivables by Rs. 0.66 crore.	As the Customer has issued delivery extension letter, the amount is considered to be fully realizable.
5	Prior Period Income (Note No: 25) Rs. (-) 0.30 crores. This includes Rs. 0.20 crore being the refund of the amount deducted by a customer on account of price re-fixation of Transformer in the previous years. Since the transactions did not arise as a result of any errors or omissions in the preparation of previous year financial statements, as per Accounting Standard 5, the same should have been treated as Operating revenue insted of Prior Period Income. This has resulted in over statement of Prior Period Income and under statement of Revenue from Operations by Rs. 0.20 crores	As all the expenditures relating to the manufacture has been debited in prior years, the revenue has been considered under Prior Period Income.



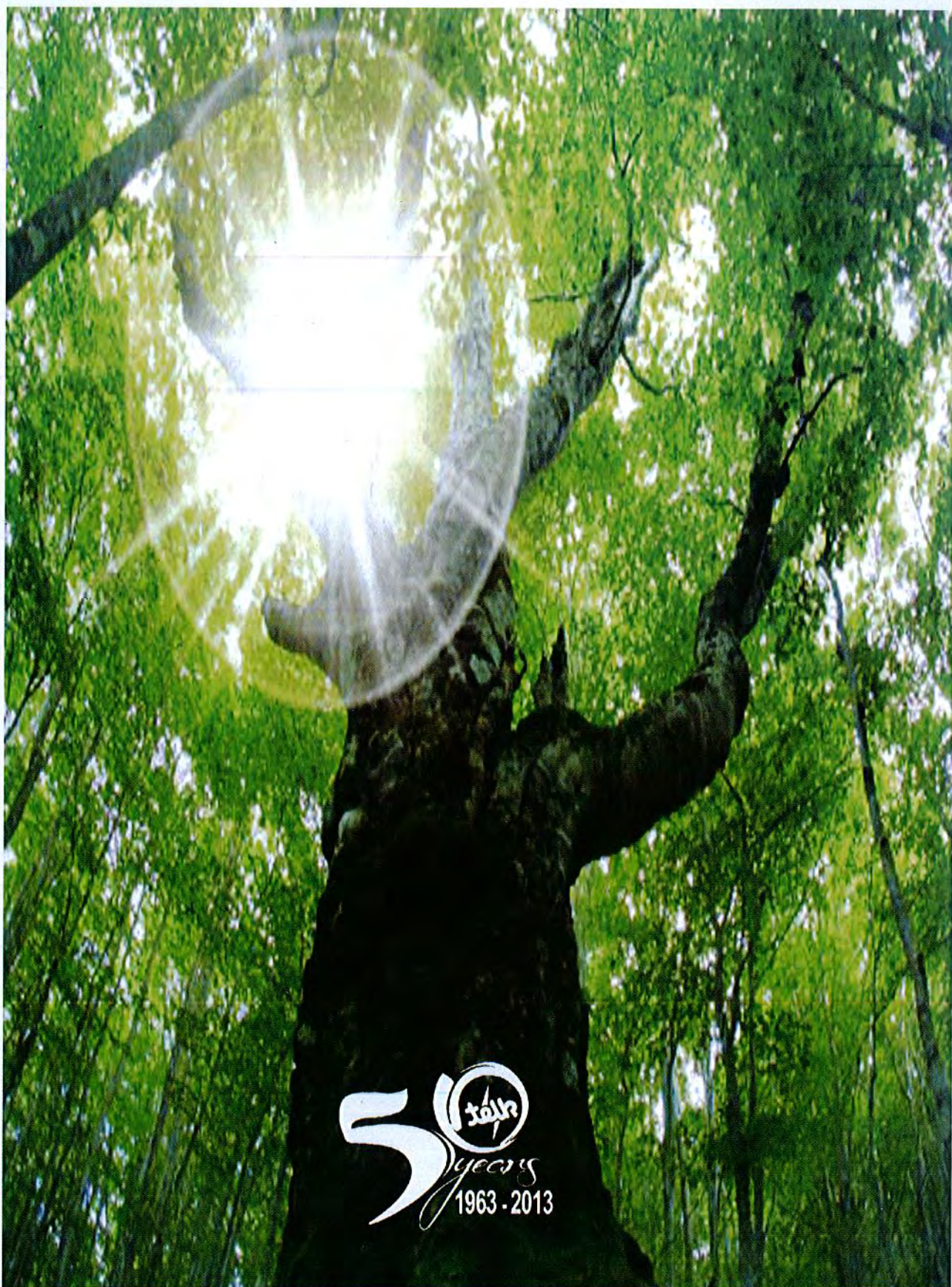
# PROXY FORM

## **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 50<sup>th</sup> Annual General Meeting of the  
Company to be held on the.....  
..... and at any adjournment thereof.

Re. One  
Revenue  
Stamp

Signed this..... day of ..... 2013



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