

# **Transformers and Electricals Kerala Limited**

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



**52<sup>nd</sup> ANNUAL REPORT  
Year Ended 31<sup>st</sup> March 2015**



## BOARD'S REPORT

### To The Members,

Your Directors are pleased to present the Fifty Second Annual Report on the business and operations of the Company and the audited accounts for the Financial Year ended 31<sup>st</sup> March 2015.

The Indian economy is witnessing a restoration and so are the electrical industry and its various segments including the transformer industry. With increasing demand for reliable power in the country, the power transformers market is expected to witness a growth trend.

Power Transformer Industry growth for the FY – 2014-15 is negative compared to previous year. At present about 30% excess capacity is there in the market resulting in under utilization of production capacities and therefore, the selling prices are under pressure, so as the margins.

### Review of Operation

During the year under review, the Company could achieve a production of 2402 MVA and plant utilization factor of 53%. In the year 2014-15 the Company has achieved Sales Turnover of Rs. 130.02 Crore and has incurred an operational loss of Rs. 33.16 Crore. The Company has a net worth of Rs. 96.28 Crore as on March 31, 2015. The financial performance of your Company was severely affected by the combined impact of pricing pressures in the market place, reduction in order booking, increase in input costs, delays in projects as well as complying with stringent design specifications of the customers.

### Financial Results

(Rs. in lakhs)

Particulars	2014-15	2013-14
<b>Revenue from operations</b>	13002 (2805 MVA)	16607 (5201 MVA)
<b>Other Income</b>	233	393
<b>Total Revenue</b>	13235	17000
<b>Expenses</b>		
Cost of materials consumed	9246	10714
Changes in inventories of finished goods, work in progress	(+)1068	(+)372
Employee benefits expenses	4807	4561
Finance costs	61	66
Depreciation & amortization expenses	127	300
Manufacturing, Administration & Selling Expenses	1242	1068
Prior period Items (net)	Nil	(-)95
<b>Total Expenses</b>	16551	16986
<b>Profit Before Tax</b>	(-)3316	14
<b>Tax expenses</b>	(+)1056	(+)68
<b>Profit After Tax</b>	(-)2260	82

The Company continued to focus on optimizing its working capital to improve cash position. Your Directors are continuously looking for avenues for future growth of the Company in Transformer Industry.

## Dividend

Your Directors do not recommend any dividend for the year under review in view of losses incurred.

## Note on Joint Venture

TELK is a joint venture between Government of Kerala and NTPC Limited since 2007. 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. The Chairman of the Board shall be the nominee of Government of Kerala and the Managing Director shall be a nominee of NTPC Limited.

## Directors

The following changes have taken place in the Board of Directors: Shri. Deepak Trehan (DIN 07033968) was appointed as the Managing Director of the Company in December 2014. Shri. Abbey Paul (DIN 06777802), Additional Secretary, Industries Department, Government of Kerala, Shri. K. M. A. Shukkoor (DIN 05226182) and Shri. K.S. Rajagopal (DIN 06530058) were appointed as Directors on the Board of Directors of TELK in May 2014, November 2014 and July 2015, respectively.

Shri. Prabhat Kumar (DIN 06624512) stepped down from the Office of the Managing Director of TELK in December 2014. Shri. K. S. Srinivas IAS (DIN 01644154) ceased to be director of the Company with effect from 12.05.2014. Shri. Abbey Paul (DIN 06777802) ceased to be

director of the Company with effect from 25.07.2015.

The Board of Directors places on record their deep appreciation of the valuable services rendered as well as advice and guidance provided by Shri. Prabhat Kumar, Shri. K. S. Srinivas IAS and Shri. Abbey Paul during their tenure.

## Independent Directors

Pursuant to Companies Act, 2013 Shri. K. Manmathan Nair (DIN 00173417) and Shri. S. Venkadeeswaran (DIN 01807369) are appointed as Independent Directors for a period of 2 years and shall not be liable to retire by rotation. Independent Directors of your Company have given the Certificate of Independence stating that they meet the criteria of independence as mentioned under section 149 (6) of the Companies Act, 2013. The above appointments form part of the Notice of the 52<sup>nd</sup> Annual General Meeting and the respective Resolutions are recommended for your approval.

## Key Managerial Personnel

Pursuant to the provisions of section 2(51) and section 203 read with rules made there under and other applicable provisions of the Companies Act, 2013, Shri. Deepak Trehan, Managing Director was designated as whole time Key Managerial Personnel. Shri. S.V. Ganapathi Aiyer, Joint General Manager (Finance & Accounts) and Dr. Joffy George, Company Secretary & Deputy General Manager (NBD) were designated as Chief Financial Officer (KMP) and Company Secretary (KMP) respectively.



## **Directors' Responsibility Statement as required under Section 134 (3) (c) of the Companies Act, 2013**

The Directors confirm that:

(a) in preparation of the annual accounts for the Financial Year ended 31<sup>st</sup> March 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors 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 at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such

systems are adequate and operating effectively.

### **Transfer to Reserves**

Your Company has not transferred any amount to reserves in the year 2014-15.

### **Fixed Deposits**

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

### **Particulars of loans, guarantees or investments**

During the year under review there were no loans, guarantees or investments falling under the purview of section 186 of the Companies Act, 2013.

### **Events occurring after the Balance sheet date**

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

### **Auditors and Auditors' Report**

M/s. G. Joseph & Associates, Chartered Accountants, Kochi who are the Statutory Auditors of the Company, hold office till the conclusion of the forthcoming AGM. The Company has received a Certificate from them that their appointment, is within the limits and that they are not disqualified for such an appointment under the Companies Act, 2013.

### Comments of the Statutory Auditors on the Accounts of Transformers and Electricals Kerala Limited, Angamally for the year ended 31<sup>st</sup> March 2015 and Company's reply

Comments of the Statutory Auditors	Company's Reply
The Company has recognized deferred tax asset amounting to Rs. 1,033.37 lakhs on the losses for the year which are eligible as carry forward tax loses. As per Accounting Standards 22, Accounting for Taxes on Income, where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. In the absence of virtual certainty of future profits, the loss for the year is understated by Rs. 1,033.37 lakhs and the deferred tax asset overstated by Rs. 1,033.37 lakhs.	The Company is expected to generate taxable profits in the coming years and the carry forward losses relating to current year in the Income Tax Assessment is expected to be set off against the future profits and as such recognition of its Tax credit in the Statement of Profit and Loss and Deferred Tax Asset in the Balance Sheet is considered to be appropriate.

### Board meetings

During the year under report, there were 4 Board Meetings viz., 21.05.2014, 13.08.2014, 10.12.2014 & 20.03.2015. The gap between two Meetings did not exceed 120 days. The composition and category of the Directors along with their attendance at Board Meetings are given below:

Name of Director	Board meetings attended			
	21 <sup>st</sup> May 2014	13 <sup>th</sup> August 2014	10 <sup>th</sup> December 2014	20 <sup>th</sup> March 2015
Shri. P.H. Kurian IAS (Non-Executive)	Present	Present	Present	Present
Shri. Prabath Kumar (Managing Director)	Present	Present	NA *	NA *
Shri. Deepak Trehan (Managing Director)	NA **	NA **	Present	Present
Shri. U.P. Pani (Non-Executive)	Present	Absent	Present	Absent
Shri. A.K. Jha (Non-Executive)	Present	Present	Present	Absent
Shri. Sudhir Arya (Non-Executive)	Present	Present	Present	Absent
Shri. Abbey Paul (Non-Executive)	Present	Present	Present	Present
Shri. M.P. Salim (Non-Executive)	Present	Present	Absent	Absent
Shri. K.M.A. Shukkoor (Managing Director)	NA ***	NA ***	Present	Present

\*Shri. Prabhat Kumar ceased w.e.f 10.12.2014.

\*\* Shri. Deepak Trehan appointed w.e.f 10.12.2014.

\*\*\* Shri. K.M. A. Shukkoor appointed w.e.f 07.11.2014.

### 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.



Shareholders holding shares in physical form desirous of availing electronic form of delivery of documents are requested to inform with our Registrar and Transfer Agents by this facility written request if they wish to avail.

## **Internal Control and its Adequacy**

M/s. Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Kochi conducted Internal Audit of your Company for the Financial Year 2014-15. Your Company has in place adequate systems of internal control commensurate with its size and nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. The Audit Committee reviews Audit Reports submitted by the Internal Auditors. Suggestions for improvement are considered and Audit Committee follows up the implementation of corrective actions. The Committee also meets the Company's Statutory Auditors to ascertain, *inter alia*, their views on the adequacy of internal control systems in your Company and keeps the Board of Directors informed of its major observations from time to time.

## **Particulars of Employees**

There were no employees who were in receipt of remuneration within the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Hence, the particulars as required to be disclosed under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are 'NIL'.

## **Audit Committee**

Audit Committee discharges the functions laid down in the Companies Act, 2013 apart from discharging those functions delegated by the Board of Directors from time to time. Audit Committee has been closely overseeing and monitoring the adequacy and effectiveness of internal control systems and procedures, and audit functions including follow-up and compliance of audit reports and interaction with the Auditors. Audit Committee acts as an effective tier to the Board in the matter of audit and internal control systems, and offers useful suggestions in the conduct and management of the business of the Company. Company has adopted a Charter for the Audit Committee of the Board of Directors of the Company. The Committee met 3 times during the year viz., 21.05.2014, 24.09.2014 and 31.01.2015.

### **Composition of the Committee:**

Shri. M.P Salim	-Non-Executive Director (Director representing Finance Department, Government of Kerala.)
Shri. K. Manmathan Nair	- Independent Director
Shri. S. Venkadeeswaran	- Independent Director

There will be a special invitee to the Audit Committee. The position of "Special invitee" and "Member, Audit Committee" shall be changed on a yearly rotational basis amongst Government of Kerala and NTPC Limited. Presently, the nominee director of NTPC Limited, Shri. Sudhir Arya is the "Special Invitee" till 09.12.2015.

## Nomination & Remuneration Committee

Pursuant to Section 178 of the Companies Act, 2013 Company has constituted Nomination and Remuneration committee with 4 members viz., Shri. K.S. Rajagopal (Non-Executive Director) [Director representing Industries Department, Government of Kerala], Shri. Sudhir Arya (Non-Executive Director), Shri. K. Manmathan Nair (Independent Director) and Shri. S. Venkadeeswaran (Independent Director).

## Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Board oversees redressal of shareholder and investor grievances, and *inter alia*, approves sub-division / consolidation / issue of duplicate share certificates, transmission of shares and transfer of shares.

### Composition of the Committee:

Shri. M.P Salim	- Non-Executive Director (Director representing Finance Department, Government of Kerala.)
Shri. K.S. Rajagopal	- Non-Executive Director (Director representing Finance Department, Government of Kerala.)
Shri. Deepak Trehan	- Managing Director

## Human Resources

Your Company strongly believes that employees are central to the Company's transformation agenda and that it is important to build capabilities of employees to handle both current and future needs. During the year, the Company continued to work on identifying the needs of employees

across all categories and level. As on 31<sup>st</sup> March 2015 your Company's capabilities are centered on its highly dedicated employees numbering 547. TELK focuses on providing individual development and growth in a work culture that enables cross-pollination of ideas, ensures high performance and remains empowering. During the year under review, your company installed CCTV cameras at workplaces which are providing extra eyes of the management. These helps to monitor all exit and entry points of our premises, secure our assets from illegal access and monitor staff efficiency and performance.

Happy employees mean a healthy organization. HR Department conducts various employee welfare activities which include family visits, sports and recreation, health related initiatives, get together, annual day etc. HR department also reviews organizational policies and its impact on the motivation of the employees. Your Company believes in family like environment and team work. Thus has achieved cooperation and willingness of all the employees for best performance at all levels.

Employee Category	No. of persons Employed
Officers	171
Clerical	33
Skilled	219
Semi-Skilled	104
Unskilled	20
<b>Total</b>	<b>547</b>



## **Safety**

The health and safety of the employees remains the highest priority for TELK. All endeavors are being taken to enhance safety standards and processes towards minimizing safety risks in all operations in the company. To spread the awareness of safety measures, safety weeks are organized involving each worker and various safety related activities are conducted. A committed Safety Committee is functioning in the Company and its endeavor is to bring down the accidents to zero level through training, safety promotional activities and creating safety awareness among employees at all levels. Your Company's approach is to institutionalise safety as a value-led concept with focus on inculcating a sense of ownership at all levels and driving behavioural change leading to the creation of a safety culture. In line with this, several behavioural based safety culture initiatives have been rolled out at your Company's operating units resulting in noticeable improvement in perceptions about safety.

All permanent employees, temporary staff and contract workers of the Company were provided with safety awareness and trainings through various initiatives.

## **ISO Certification**

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

March 2017 and its scope covers design, development, production, installation and servicing of transformers, series and shunt reactors, switchgears, tap changers and bushings.

## **NABL Accreditation**

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

## **Corporate Governance**

The Company continues to lay great emphasis on the highest standards of Corporate Governance. The Company believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value. The Company's Governance philosophy is founded upon a rich legacy of fair, ethical and transparent governance practices by adopting highest standards of professionalism, honesty, integrity and ethical behaviour, in order to protect the interests of all its stakeholders.

Your 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 of ten Directors including the Chairman and the Managing

Director. Except the Managing Director, rest of the Directors are Non-executive Directors. During the financial year 2014-15, there were four Board meetings and three Audit Committee 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.

### **Right to Information Act, 2005**

In order to promote transparency and accountability, an appropriate mechanism has been put in place in the Company to provide information to citizens under the provisions of Right to Information (RTI) Act, 2005. For this purpose, the Company has, in line with the RTI Act, nominated a Public Information Officer and an Assistant Public Information Officer. An Appellate Authority has also been nominated for considering the appeals of information seekers, who may not be satisfied with the response of Public Information Officers. The details of the procedure for securing access to information and filing of first appeal under the Act are hosted in TELK's website. Instructions have been given to administrative units to ensure compliance to the mandatory requirements of the Act. TELK's journey in adopting RTI as a tool of transparency also helps in improving efficiency of systems and processes. During the year, 25 applications and 3 appeals were received. All the aforesaid applications and appeals were disposed off by the authorized authority within the stipulated time frame.

### **Risk Management**

Keeping in view of the nature of industry in which your Company is engaged, your Company had all along been conscious of the risk associated with the nature of its business. Senior Management personnel carries out risk identification, risk assessment, risk treatment and risk minimization procedures for all functions of the Company, which are periodically reviewed on an ongoing basis and executive management controls risk through means of a properly defined framework.

Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. Some of the identified risks relate to competitive intensity and cost volatility. The key risks and mitigating actions are placed before the Audit Committee of the Company.

### **Related Party Transactions**

All related party transactions during the year under review were on arm's length basis and in the ordinary course of business. Accordingly, the disclosure of Related Party Transactions as required under Section 134 (3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The information as prescribed under Section 134 of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is appended as Annexure I to Board's Report.



## **Certification**

A Certificate duly signed by Shri. Deepak Trehan, Managing Director and Shri. S.V. Ganapathi Aiyer, Chief Financial Officer is given in Annexure II to this Report.

## **Corporate Social Responsibility**

Your Company considers 'Corporate Social Responsibility' as one of its main purpose. TELK , as a corporate citizen has done all the acts in order to stand guard for the well-being of all stakeholders as well as the general community through preservation of environment, strengthening of backward sections of the society, promotion of communities and so on.

## **Extract of Annual Return as on financial year ended 31.03.2015.**

In accordance with Section 134 (3) (a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is appended as Annexure III to the Board's Report.

## **Industrial Scenario**

The World Bank has predicted a GDP growth rate of 8 per cent for India by 2017 and said that a strong expansion in the country, coupled with favourable oil prices, would accelerate the economic growth in South Asia. The World Bank said that in India, GDP growth is expected to accelerate to 7.5 per cent in fiscal year 2015-16. It could reach 8 per cent in FY 2017-18, on the back of significant acceleration of investment growth to 12 per cent during FY 2016 - FY 2018. The Government in the Union Budget 2015 -16 had projected the GDP growth to be at 8.5 per cent this fiscal. The overall economic situation in the country is looking better and the basic parameters of the Indian economy are moving in the right direction.

Though there is a perennial shortage of power in the country, the demand for transformers is increasing proportionately with the amplification of power generation, transmission and distribution networks. In India, the demand for equipment used in power sector is multiplying at a rapid rate because of social, economic and industrial development. Experts feel that the growth of the transformer industry depends largely on planned capacity addition to power generation, distribution network and transmission in the country. Govt.'s attempt of attaining 100 per cent electrification across the country by 2017 would contribute to the demand for power transformers.

The Transformer Industry heavily depends on imports especially in the extra high-voltage (EHV) segment. Also, the industry growth is increasingly coming under pressure due to the growing competition from foreign manufacturers and the investment slowdown.

The Indian transformer industry is facing some key challenges which restrict it from growing to its full potential and targets. Some of the challenges include inadequate testing facilities, CRG imports and delay in payment release.

## **Road ahead**

2014-15 was a demanding and difficult year, in which we had to navigate in an uncertain, volatile market environment and to overcome internal challenges. After 13 years of achieving profit, TELK witnessed declining trend in turnover and profitability and resulted in an overall loss. Your Company will remain challenging in FY 2015-16 mainly due to pricing pressure from customers and rising operational costs.

While the market condition is expected to remain challenging for FY 2015-16 and the Company's existing business performance is likely to be impacted, the Management will continue to focus on consolidating its existing business. The company has to make substantial changes in the way we do business to succeed in a very competitive and economically challenging marketplace. TELK will take all out efforts to reverse this trend, making necessary and very difficult changes to insure our company's survival. Your company has adequate assets on ground and also has the finest minds in the industry. With this combination, we are confident of weathering any storm.

### **Contribution to Exchequer**

Your Company contributed an amount of Rs. 1200 Lakhs in the form of Excise Duty, Customs Duty, Sales Tax, Service Tax and Income Tax during the year 2014-15.

### **Cautionary Statement**

Statements in the Annual Report, particularly those which describing the Company's objectives, projections, estimates and expectations, may constitute forward looking statements within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

### **Acknowledgements**

The Directors wish to convey their gratitude and appreciation to all of the Company's employees for their tremendous personal efforts as well as their collective dedication and contribution to the Company's performance. The Directors would also like to thank the employee unions, shareholders,

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

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

For and on behalf of the  
Board of Directors of TELK

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

Trivandrum  
Date: 18.08.2015



## **ANNEXURE - I**

### **CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO [Particulars pursuant to the Companies (Accounts) Rules, 2014]**

#### **(A) Conservation of energy**

During the year 2014-15, there was 35% decrease in the production MVA compared to the previous year. Total consumption of Electric Power increased by 4.2% and that of furnace oil decreased by 23.33%. Total cost of Furnace oil & Electricity decreased by 5.83%. Average Electricity consumption per MVA increased by 76.76%. Expense on power & fuel in terms of quantity (MVA) of production was more than that of the previous year. This was due to production of more number of small capacity transformers in comparison to previous year.

#### **(i) the steps taken or impact on conservation of energy**

As part of energy conservation, efforts were taken in the area of lighting in the year 2014-15, which helped us to save 45,000 units (approximately). This was achieved by changing 400W/250W street lights to 85W CFL lamps and replacing asbestos sheets on the roof top in some areas by transparent sheets.

#### **(ii) the steps taken by the company for utilising alternate sources of energy**

There is a proposal to replace the electric water heater in the Canteen area with Solar water heater.

#### **(iii) the capital investment on energy conservation equipments**

No capital investments were made by the Company on energy conservation equipments in 2014-15. However, the Company has a proposal to procure APFC Panel for Plate Work Shop on a trial basis based on Energy Audit Report for which technical feasibility is under review.

#### **(B) Technology absorption**

##### **(i) the efforts made towards technology absorption**

- 400kV CT with Short Time Current 50kA 3 sec was successfully developed and Type Tested at CPRI.
- TELK YB2 OLTC Successfully Type Tested at CPRI.
- Development work of 400kV 2000A Condenser Bushing being carried out.
- Successfully Short Circuit Tested the following transformers at CPRI:
  - a) 50 MVA 132/33kV, 3 phase
  - b) 42 MVA 110/27kV, 1 phase ( Traction )
  - c) 16 MVA 110/33kV, 3 phase

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution
- We have now bagged large scale orders from prestigious customers like NTPC for 400kV CTs.
  - TELK OLTC can be used in TELK make Transformers thereby reducing overall cost of Transformers. This also helps in strengthening TELK's position in the OLTC Market.
  - On successful development of the 400kV 2000A Bushing, TELK can use the same for TELK make Transformers thereby achieving cost reduction. TELK can also tap the new requirements of Bushings of the above rating from utilities like PGCIL, NTPC, DVC, ALSTOM etc.
  - With the above test reports, TELK can give competitive quotes for Transformers of the concerned ratings.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): NIL
- (a) the details of technology imported: NA
  - (b) the year of import: NA
  - (c) whether the technology been fully absorbed: NA
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA
- (iv) the expenditure incurred on Research and Development: NIL

### (C) Foreign exchange earnings and Outgo

Company has established a separate wing in the Marketing Department to cater the needs of Exports. TELK's marketing officers closely monitor opportunities in Export Markets through constant interactions with customers abroad. Steps are also taken to explore new foreign markets in addition to the present export markets.

#### Activity in foreign currency

	<b>2014-15</b> (Rs. in lakhs)	<b>2013-14</b> (Rs. in lakhs)
Earnings	3414.5	3715.56
Expenditure	724.63	771.14
Net foreign exchange earnings(NFE)	2689.87	2944.42
NFE/Earnings (%)	78.78%	79.25%

Trivandrum  
Date: 18.08.2015

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



## ANNEXURE - II



### CERTIFICATION

To  
The Board of Directors  
Transformers and Electricals Kerala Limited

We, Shri. Deepak Trehan, Managing Director and Shri. S.V. Ganapathy Aiyer, Chief Financial Officer of Transformers and Electricals Kerala Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the Financial Year ended 31<sup>st</sup> March, 2015 and based on our knowledge and belief, we state that:
- these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading with respect to the period covered by this report.
  - these statements and other financial information included in this Report, present a true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent or illegal.
- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have disclosed, based on our most recent evaluation of Company's internal control over financial reporting during the year, to the Auditors and Audit Committee:
- significant changes, if any, in the internal control over financial reporting during the year;
  - significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - any instances of significant fraud of which we are aware, that involve the management or other employees who have a significant role in the Company's internal control system.

Deepk Trehan  
Managing Director

S.V. Ganapathy Aiyer  
Chief Financial Officer

Angamally  
18.08.2015

## Annexure III

## FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and  
rule 12(1) of the Company (Management & Administration) Rules, 2014.

### I. REGISTRATION & OTHER DETAILS:

1.	CIN	U31102KL1963SGC002043
2.	Registration Date	09.12.1963
3.	Name of the Company	Transformers And Electricals Kerala Limited
4.	Category/Sub-category of the Company	Company Limited by Shares
5.	Address of the Registered office & contact details	ANGAMALLY SOUTH P.O. ERNAKULAM DISTRICT KERALA PIN – 683 573 TELEPHONE: 0484 2510251 FAX: 0484 2452873 E Mail: cs@telk.com
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Enterprises (India) Ltd, 2 <sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street, T-Nagar, Chennai – 600 017. Ph:-044 28140801 corpserv@iepindia.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Transformers	31102	92%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: Nil

Sl. No.	Name & Address	Country	CIN	Holding / Subsidiary/ Associate	Percentage of shareholding	Applicable Section
1		-	-	-	-	-



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual /HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	2,34,44,102	-	2,34,44,102	54.56	2,34,44,102	-	2,34,44,102	54.56	-
d) Bodies Corp.	1,91,63,438	-	1,91,63,438	44.60	1,91,63,438	-	1,91,63,438	44.60	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	4,26,07,540	-	4,26,07,540	99.16	4,26,07,540	-	4,26,07,540	99.16	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-

<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	200	11,450	11,650	0.03	200	11,450	11,650	0.03	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	36,200	2,50,410	2,86,610	0.67	36,500	2,50,110	2,86,610	0.67	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	52,500	-	52,500	0.12	52,500	-	52,500	0.12	-
c) Others (specify)									
Non Resident Indians	-	8,950	8,950	0.02	-	8,950	8,950	0.02	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	100	-	100	-	100	-	100	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>89,000</b>	<b>2,70,810</b>	<b>3,59,810</b>	<b>0.84</b>	<b>89,300</b>	<b>2,70,510</b>	<b>3,59,810</b>	<b>0.84</b>	<b>-</b>
Total Public Shareholding (B)=(B)(1)+(B)(2)	89,000	2,70,810	3,59,810	0.84	89,300	2,70,510	3,59,810	0.84	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>4,26,96,540</b>	<b>2,70,810</b>	<b>4,29,67,350</b>	<b>100</b>	<b>4,26,96,840</b>	<b>2,70,510</b>	<b>4,29,67,350</b>	<b>100</b>	<b>-</b>

**B) Shareholding of Promoter-**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Governor of Kerala	2,34,44,102	54.56	-	2,34,44,102	54.56	-	-
2	NTPC Limited	1,91,63,438	44.6	-	1,91,63,438	44.6	-	-



**C) Change in Promoters' Shareholding (please specify, if there is no change): No Change**

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4,26,07,540	99.16	4,26,07,540	99.16
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	4,26,07,540	99.16	4,26,07,540	99.16

**D) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Shri. Keshav Parasramka</b>				
	At the beginning of the year	17,500	0.0407	17,500	0.0407
	Increase / Decrease during the year	-	-	-	-
2	<b>Shri. Krishnam Parasramka</b>				
	At the beginning of the year	17,500	0.0407	17,500	0.0407
	Increase / Decrease during the year	-	-	-	-
3	<b>Shri. Arvind Kumar Parasramka</b>				
	At the beginning of the year	17,500	0.0407	17,500	0.0407
	Increase / Decrease during the year	-	-	-	-
4	<b>M/s. The Western India Plywoods</b>				
	At the beginning of the year	10,000	0.0232	10,000	0.0232
	Increase / Decrease during the year	-	-	-	-
5	<b>Shri. P. P. Zibi Jose</b>				
	At the beginning of the year	9,000	0.0209	9,000	0.0209
	Increase / Decrease during the year	-	-	-	-
6	<b>Smt. Jayashree Venkatesh</b>				
	At the beginning of the year	5,000	0.0116	5,000	0.0116
	Increase / Decrease during the year	-	-	-	-
7	<b>Arch Diocese Of Vera Poly</b>				
	At the beginning of the year	5,000	0.0116	5,000	0.0116
	Increase / Decrease during the year	-	-	-	-

8	<b>Smt. Sudha Soman</b>				
	At the beginning of the year	4,000	0.0093	4,000	0.0093
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	4,000	0.0093	4,000	0.0093
9	<b>Shri. M.M. Karunakara Menon</b>				
	At the beginning of the year	3,000	0.0069	3,000	0.0069
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	3,000	0.0069	3,000	0.0069
10	<b>Shri. K. Sankaranarayanan</b>				
	At the beginning of the year	3,000	0.0069	3,000	0.0069
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	3,000	0.0069	3,000	0.0069

#### E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>S.V. Ganapathi Aiyer – CFO</b>				
	At the beginning of the year	100	0.0002	100	0.0002
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	100	0.0002	100	0.0002

The following Directors / Key Managerial Personnel (KMP) did not hold any shares in the Company during the Financial Year – 2014-15:

P.H. Kurian IAS – Non-Executive Chairman  
A.K. Jha – Non - Executive Director  
K.S. Srinivas IAS\*\* - Non - Executive Director  
Abbey Paul\*\* – Non - Executive Director  
KMA Shukkoor - Non –Executive Director  
Deepak Trehan\* – Managing Director

U.P. Pani – Non- Executive Director  
Sudhir Arya – Non – Executive Director  
G. Indu\*\* - Non - Executive Director  
M.P. Salim\*\* - Non –Executive Director  
Prabhat Kumar\* – Managing Director  
Joffy George – Company Secretary (KMP)

\* Managing Director for part of the Financial Year – 2014-15

\*\* Directorship held for part of the Financial Year – 2014-15

#### V) INDEBTEDNESS

The Company has not availed any loans during the year and is a debt-free company.



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

(Amount in Rs.)

SN.	Particulars of Remuneration	Name of Managing Director		Total Amount
		Prabhat Kumar*	Deepak Trehan*	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,95,345	10,25,675	27,21,020
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,93,120	56,750	3,49,870
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	- -	- -	- -
5	Others, please specify	-	-	-
	Total (A)	19,88,465	10,82,425	30,70,890
	Ceiling as per the Act	Section 197 of the Companies Act, 2013 regarding overall maximum managerial remuneration shall not apply to a Government Company vide MCA Notification dt. 05.06.2015		

\* Managing Director for part of the Financial Year – 2014-15

### B. REMUNERATION TO OTHER DIRECTORS

SN	Particulars of Remuneration	Name of Directors									Total Amount (Rs.)
		P.H.Kurian	U.P. Pani	A.K. Jha	Sudhir Arya	K.S. Srinivas	G. Indu	Abbey Paul	M.P.Salim	KMA Shukkoor**	
1	Independent Directors*	-	-	-	-	-	-	-	-	-	-
	Fee for attending board / committee meetings	-	-	-	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (1)	-	-	-	-	-	-	-	-	-	-
2	Other Non-Executive Directors	P.H.Kurian	U.P. Pani	A.K. Jha	Sudhir Arya	K.S. Srinivas	G. Indu	Abbey Paul	M.P.Salim	KMA Shukkoor**	
	Fee for attending board / committee meetings	600	300	450	450	-	-	600	300	300	3000
	Commission	-	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-	-
	Total (2)	600	300	450	450	-	-	600	300	300	3000
	Total (B)=(1+2)	600	300	450	450	-	-	600	300	300	3000
	Total Managerial Remuneration	600	300	450	450	-	-	600	300	300	3000
	Overall Ceiling as per the Act	Section 197 of the Companies Act, 2013 regarding overall maximum managerial remuneration shall not apply to a Government Company vide MCA Notification dt. 05.06.2015.									

\* There were no Independent Directors on the Board during the Financial Year – 2014-15. Independent Directors (two) were appointed on 01.04.2015.

\*\* Except for KMA Shukkoor, fee for attending board / committee meetings are paid to the respective nominating authorities viz., Government of Kerala and NTPC Limited.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD***(Amount in Rs.)*

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,62,068	16,46,977	28,09,045
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15,868	-	15,868
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	11,77,936	16,46,977	28,24,913

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There has been no instance of non-compliance by the Company on any matter related to Companies Act and hence, no Penalties/ Punishments/ Compounding of offences have been imposed on the Company or Directors or any other officers in default.



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## INDEPENDENT AUDITORS' REPORT

To

THE MEMBERS,  
TRANSFORMERS AND ELECTRICALS KERALA LIMITED,  
ANGAMALLY ,  
KERALA.

### **Report on the Financial Statements**

"We have audited the accompanying financial statements of M/s.Transformers and Electricals Kerala Limited ("The company") which comprise the Balance Sheet as at 31st March,2015, the Statement of Profit & Loss for the year then ended, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act,2013 ('the Act') with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view 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 Company's Directors, 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 on the financial statements.

### **Basis for Qualified Opinion**

*The Company has recognized deferred tax asset amounting to Rs.1,033.37 lacs on the losses for the year which are eligible as carry forward tax losses. As per Accounting Standards 22, Accounting for Taxes on Income, where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. In the absence of virtual certainty of future profits, the loss for the year is understated by Rs. 1,033.37 lacs and the deferred tax asset overstated by Rs.1,033.37 lacs.*

### **Qualified Opinion**

We further report that in our opinion and to the best of our information and according to the explanation given to us except for the effects of the matter described in the 'Basis for qualified opinion' paragraph the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31,2015;
- b. in the case of the Statement of Profit & Loss, of the loss for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Emphasis of matter**

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

The Company had entered into a Long Term Settlement for Wage Revision with the Recognized Trade Unions in the Conciliation Settlement before the Regional Joint Labour Commissioner, Ernakulam for a period of five years from 01-09-2011 to 31-08-2016. The aforementioned agreement was subject to obtaining sanction by the Government of Kerala. Further, salary payments for the financial year ended March 31,2015, were made in accordance with this agreement.

The Government of Kerala vide G.O.(Ms.) No. 17/2014/ID dated 03-02-2014 has issued its



Sanction to the above, but with deviations. As a result, to the extent of the deviations mentioned by the Government of Kerala while providing its sanction, the expenditure under the head salaries & allowances is overstated and net profit for the year is understated. We have been informed that the Board of Directors have agreed to appeal against the said deviations. Further, we are given to understand that the exact impact on the profit and loss account cannot be quantified for want of information. (Refer Note No.24 of the Notes to the Financial Statements)

### **Report on other legal and other regulatory requirements**

As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us :
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note B(14) of the Notes on Accounts For the year ended March 31, 2015 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**Allen Joseph**  
Partner  
M. No.228498

Place: Kochi  
Date: 26-05-2015

**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<sup>st</sup> March, 2015.**

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

- (i)
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) ***As per the information and explanations given to us, the fixed assets have not been physically verified by the management during the current year***
  - (c) In our opinion and according to the information and explanations given to us, a few fixed assets were disposed off during the year but the same does not affect the going concern assumption.
- (ii)
  - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and on the basis of examination of the records, the company is generally maintaining proper records of its inventory. No material discrepancies were noticed on physical verification of inventory by the management as compared to the book records.
- (iii) 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 under section 189 of the Companies Act, 2013. Consequently, the provisions of clauses (iii)(a) & (iii)(b) of the Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and nature of its business, for the purchase of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls have been noticed.
- (v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the Company has not accepted deposits. Consequently, the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Rules made there under are not applicable to the Company.
- (vi) As per information & explanation given by the management, maintenance of



cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 read with Companies Cost Records and Audit Rules 2014.

- (vii) (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 and explanations given to us there were no outstanding statutory dues as on 31st March, 2015 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 disputes:-

<b>Nature of Statute</b>	<b>Nature of dues</b>	<b>Amount (Rs. in lacs)</b>	<b>Period to which the amount relate</b>	<b>Forums where dispute is pending</b>
Central Excise Act, 1944	Excise Duty	19.92	2004-05 to 2008-09 and 2011-12 to 2013-14	The Commissioner (Appeals) and High Court of Kerala
Service Tax under the Finance Act, 1994	Service Tax	214.81	2009-10 to 2013-14	The Commissioner (Appeals)
Kerala General Sales Tax & CST	Sales Tax	144.37	1982-83 to 2005-06	The Deputy Commissioner (Appeals) and High Court of Kerala

- (c) The Company has not declared any dividend and consequently the provisions of Companies Act, 1956 (1 of 1956) and Rules made thereunder related to investor education and protection fund are not applicable to the Company.
- (viii) The company does not have any accumulated loss and has incurred cash loss during the financial year covered by our audit but not in the immediately preceding financial year.
- (ix) Based on our audit procedure and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institution, bank or debenture holders.
- (x) The company has not given any guarantee for loans taken by others from bank or financial institutions of which the terms and conditions are prejudicial to the interest of the Company.

- (xi) 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.
- (xii) Based on the audit procedures performed and the information and explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

Place: Kochi  
Date: 26-05-2015

**Allen Joseph**  
Partner  
M. No.228498



**TRANSFORMERS AND ELECTRICALS KERALA LIMITED,**  
Angamally South PO, Ernakulam District, Kerala.  
**BALANCE SHEET As at 31<sup>st</sup> March, 2015**

(Rs. in lakhs)

<b>As at March, 31</b>	<b>Note</b>	<b>2015</b>		<b>2014</b>	
<b>I EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
a Share Capital	2	4,296.96	4,296.96		
b Reserves and Surplus	3	5,331.45	9,628.41	7,543.48	11,840.44
<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	1,291.70		1,087.61	
c Other Current Liabilities	5	3,296.59		3,464.59	
d Short-Term Provisions	6	227.24	4,815.53	37.65	4,589.85
<b>Total</b>			<b>14,443.94</b>		<b>16,430.29</b>
<b>II ASSETS</b>					
<b>1 Non-Current Assets</b>					
a Fixed Assets					
i. Tangible Assets	7	1,687.20		1,733.45	
ii. Intangible Assets	7	22.43		25.84	
iii. Capital Work-in-Progress	8	87.71		52.83	
iv. Intangible Assets under Development	8	-	1,797.34	-	1,812.12
b Non-Current Investments	9		0.70		0.70
c Deferred Tax Assets (Net)	10		1,080.20		50.19
d Long-Term Loans and Advances	11		40.70		44.11
e Other Non-Current Assets	12		48.42		-
<b>2 Current Assets</b>					
a Current Investments		-		-	
b Inventories	13	4,121.27		5,210.73	
c Trade Receivables	14	5,814.60		6,391.53	
d Cash and Bank Balances	15	689.03		2,203.64	
e Short-Term Loans and Advances	16	279.43		363.41	
f Other Current Assets	17	572.25	11,476.58	353.86	14,523.17
<b>Total</b>			<b>14,443.94</b>		<b>16,430.29</b>
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

(Joffy George)  
Company Secretary

(S.V. Ganapathi Aiyer)  
Chief Financial Officer

(Deepak Trehan)  
Managing Director

(M. P. Salim)  
Director

Date : 26-05-2015

As per our report of even date

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

Allen Joseph  
Partner (M.No.228498)

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

(Rs. in lakhs)

<b>For the Year ended March, 31</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>I Revenue from Operations</b>	18	13,002.24	16,607.33
<b>II Other Income</b>	19	232.54	392.76
<b>III Total Revenue</b>		<b>13,234.78</b>	<b>17,000.09</b>
<b>IV Expenses:</b>			
Cost of Materials Consumed	20	9,245.53	10,714.48
Changes in Inventories of Finished Goods, Work in Progress	21	1,068.42	371.70
Employee Benefits Expense	22	4,806.95	4,561.25
Finance Costs	23	60.77	66.31
Depreciation and Amortization Expense	7	127.23	299.72
Manufacturing, Administration & Selling Expenses	24	1,241.59	1,068.06
Prior Period Items (Net)	25	-	(95.30)
<b>Total Expenses</b>		<b>16,550.49</b>	<b>16986.22</b>
<b>V Profit/Loss before Exceptional and Extraordinary Items &amp; Tax</b>		<b>(3,315.71)</b>	<b>13.87</b>
<b>VI Exceptional Items</b>		-	-
<b>VII Profit/Loss before Extraordinary Items and Tax</b>		<b>(3,315.71)</b>	<b>13.87</b>
<b>VIII Extraordinary Items</b>		-	-
<b>IX Profit/Loss before Tax</b>		<b>(3,315.71)</b>	<b>13.87</b>
<b>X Tax Expense:</b>			
Previous Years Tax		25.84	137.07
Current Tax		-	(33.85)
Deferred Tax		1,030.01	(35.38)
<b>XI Profit / Loss for the Year</b>		<b>(2,259.86)</b>	<b>81.71</b>
<b>XII Earnings per Equity Share:</b>			
Basic and Diluted (Rs.)		<b>(5.26)</b>	<b>0.19</b>

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

(Joffy George)  
Company Secretary

(S.V. Ganapathi Aiyer)  
Chief Financial Officer

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

(Deepak Trehan)  
Managing Director

(M. P. Salim)  
Director

Allen Joseph  
Partner (M.No.228498)

Date : 26-05-2015



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

**CASH FLOW STATEMENT**

(Rs. in lakhs)

<b>For the Year ended March, 31</b>	<b>2015</b>	<b>2014</b>
<b>A. Cash Flow from Operating Activities:-</b>		
Net Profit (+)/ loss (-) before Tax and Extra Ordinary Items	(3,315.71)	13.87
Adjustments for:-		
Depreciation	127.23	299.72
(Profit)/Loss on Sale of Asset (net)	(7.16)	0.45
Foreign Exchange (Gain)/Loss	1.11	28.37
Interest Received	(107.75)	(125.56)
Interest Paid	11.65	26.88
Bad debts written off	101.00	8.56
Provision for Bad and Doubtful Debts	-	-
Operating Profit (+)/Loss(-) before working capital changes	(3,189.63)	252.29
Adjustments for:-		
Increase/decrease in Loans & Advances	(192.45)	(138.52)
Trade and Other Receivables	475.92	558.10
Inventories	1,088.44	738.13
Trade Payables	239.44	(478.93)
Bank Finance for Working Capital	-	-
Cash Generated from Operations	(1,578.28)	931.07
Foreign Exchange (Gain)/Loss	(14.85)	(13.72)
Direct Tax paid/Refund	81.66	(69.69)
Cash flow before Extra Ordinary Item	(1,511.47)	847.66
Extra Ordinary Item	-	-
<b>Net Cash from / (used) in Operating Activities</b>	<b>(1,511.47)</b>	<b>847.66</b>
<b>B. Cash flow from Investing Activities :-</b>		
Purchase of Fixed Assets	(29.82)	(150.04)
Capital Work in Progress	(34.88)	(28.44)
Sale of Fixed Asset	8.26	13.23
Interest Received	113.38	126.83
<b>Net Cash from/(used) in Investing Activities</b>	<b>56.94</b>	<b>(38.42)</b>
<b>C. Cash flow from Financing Activities:-</b>		
Borrowings (Less share holders change)	-	-
Dividend Paid	(0.01)	(0.05)
Tax on Dividend	-	-
Interest Paid	(11.65)	(26.88)
<b>Net Cash from/(used) in Financing Activities</b>	<b>(11.66)</b>	<b>(26.93)</b>

**Cash Flow Statement ( Contd.)**

Cash and Cash Equivalents in the beginning of the year	<b>2,203.64</b>	<b>1421.33</b>
Net increase/decrease in Cash and Cash Equivalents (A+B+C)	<b>(1,466.19)</b>	<b>782.31</b>
Cash and Cash Equivalents at the end of the year	<b>737.45</b>	<b>2,203.64</b>

**Note:**

Cash and Cash equivalent included in the Cashflow statement comprise of the following balances:

	2014-15	2013-14 (Rs.in lakhs)
Balances with Bank Current Account	27.76	26.68
Balances in Fixed Deposits*	704.63	2171.91
Unclaimed Dividend Account Balance	5.02	5.03
Stamp / Stamp paper	0.04	0.02
<b>Total</b>	<b>737.45</b>	<b>2203.64</b>

\*Balances in Fixed Deposits consists of Margin money for Working Capital Facilities amounting to Rs.704.63 lakhs for the year 2014-15 and Rs.1006.72 lakhs for the year 2013-14.

For and on behalf of the Board of Directors

(Joffy George)  
Company Secretary

(S.V. Ganapathi Aiyer)  
Chief Financial Officer

(Deepak Trehan)  
Managing Director

(M. P. Salim)  
Director

As per our report of even date

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

Allen Joseph  
Partner (M.No.228498)

Date : 26-05-2015



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**TRANSFORMERS AND ELECTRICALS KERALA LIMITED,  
Angamally South P.O. Ernakulam District, Kerala.**

**Note No. 1 to the Financial Statements**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. AS 1: DISCLOSURE OF ACCOUNTING POLICIES**

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

**2. AS 2: INVENTORY VALUATION**

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

### 3. AS 9: REVENUE RECOGNITION

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

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

### 4. AS 10: FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation.

The Company follows the method of charging depreciation as per the Companies Act, 2013. Depreciation is charged as per the useful life and the residual value prescribed under Schedule II of the Companies Act, 2013 as amended by Notification No G S R 627 (E) dated 29<sup>th</sup> August 2014 and all subsequent Notification/Amendments, for the full year. Depreciation of additions to assets or on sale, discarding, demolishing or destroying of assets is calculated pro-rata from the date of such addition or up to the date of such sale, discarding, demolishing or destroying, as the case may be.

### 5. AS 11: FOREIGN CURRENCY TRANSACTIONS

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

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

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

### 6. AS 13: INVESTMENTS

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

### 7. AS 15: EMPLOYEE BENEFITS

#### I. Short term employee benefits

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

#### II. Post employment benefits

##### A) Defined Contribution Plans.

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

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



B) Defined Benefit Plans

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

8. AS 16: BORROWING COSTS

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

9. AS 20: EARNINGS PER SHARE

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

10. AS 22: ACCOUNTING FOR TAXES ON INCOME

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

11. AS 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 2015

1. Excise duty liability in respect of finished goods provided in accounts amounts to Rs. 116.65 lakhs (Rs. 130.26 lakhs).
2. The Working Capital facilities provided by the Banks are secured by a charge on the assets of the Company.
3. Freight and insurance included under Note No. 24 to the Financial Statements – Manufacturing, Administration and Selling Expenses, amounting to Rs.120.56 lakhs is net of freight and insurance collected amounting to Rs.427.69 lakhs. As on 31-03-2014, Freight and insurance included under Note No. 18 C to the Financial Statements – Other Operating Income, amounting Rs.8.97 lakhs is net of amount expended Rs.443.35 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 have been paid in previous years under the Amnesty Scheme announced by the Government of Kerala and it has been contested in Appeal. Such payments up to 31-03-2015 is considered as an advance and shown under Note No. 17 to the Financial Statements - Other Current Assets - Others.

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

6. Bank balance includes Rs. 4.65 lakhs (Rs. 4.66 lakhs) being the balance of loan from Government of Kerala after effecting VRS payments kept in the joint account with KIRFB. The VRS loan from Government of Kerala was waived vide order Nos. G.O. (Ms)No.74/2007/ID dated 05-06-2007 and G.O. (Ms) No. 157/2008/ID dated 04-10-2008.
7. A Business Collaboration and Shareholders' Agreement was entered into amongst M/s. NTPC Ltd, the Government of Kerala and the Company (TELK) on 23-06-2007. The agreement envisages sale and transfer of 44.60 % shares of TELK held by the Government of Kerala and their undertakings to M/s. NTPC Ltd. and for the upgradation and expansion of the Company. Further investment in equity will be made by M/s. NTPC and the Government of Kerala for financing the above upgradation and expansion with debt/



equity ratio 65:35. The transfer of shares was effected during the year 2009-10 at a total value of Rs. 3134 lakhs 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 2014-15	For the year ended 2013-14	For the year ended 2014-15	For the year ended 2013-14	For the year ended 2014-15	For the year ended 2013-14
Sales	9587.74	12882.79	3414.50	3715.56	13002.24	16598.35

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. Prabhat Kumar (MD) from 27-05-2013.  
Shri. Deepak Trehan (MD) from 02-12-2014.

b) Transactions with the related party are as follows:

Rs. in lakhs

Particulars	2014-15	2013-14
Sales of Goods and Services	1270.81	2403.56
Amount recoverable	919.16	1936.45
Sitting Fee (Nominee Directors)	0.02	0.01
Payment to KMP:		
Remuneration to Managing Directors	42.54	46.89
Rent of house and reimbursement of Travelling expenses	3.40	5.86

10. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31-03-2015. The disclosure pursuant to the said Act is as under:

Rs. in lakhs

Particulars	As on 31-03-2015	As on 31-03-2014
Principal amount due to suppliers under MSMED Act, 2006	163.16	45.91
Interest accrued and due to suppliers under MSMED Act On the above amount, unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to supplier under MSMED Act (other than Sec.16)	-	-
Interest paid to supplier under MSMED Act (Sec.16)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

11. Licenses for duty free/concessional duty import entitlement for export/deemed export contracts executed by the Company unavailed, as on 31-03-2015 is Rs.3174.25 lakhs (Rs.3017.52 lakhs). The export obligation pending on duty free licenses availed as on 31-03-2015 is Rs.Nil ( Rs.496.71 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	
	2014 -15	2013 -14	2014-15	2013 -14
i. Current service cost	170.46	166.62	62.56	76.43
ii. Interest cost	72.27	86.67	180.06	190.36
iii. Expected return on plan assets	(83.02)	(94.48)	(181.53)	(206.12)
iv. Net actuarial loss/(gain) recognized in the year	123.16	(269.46)	(83.72)	9.76
<b>TOTAL</b>	<b>282.87</b>	<b>(110.65)</b>	<b>(22.63)</b>	<b>70.43</b>

b) <u>Change in defined benefit obligation during the year end</u>	Leave salary Plan		Gratuity Plan	
	2014-15	2013-14	2014-15	2013-14
i. Present value of obligation as at the beginning of the year	903.31	1083.39	2250.72	2379.56
ii. Interest cost	72.27	86.67	180.06	190.36
iii. Current service cost	170.46	166.62	62.56	76.43
iv. Benefits paid	(184.40)	(163.91)	(437.50)	(405.42)
v. Actuarial loss on obligation	117.65	(269.46)	(95.73)	9.79
vi. Present value of obligations at the end of the period.	<b>1079.29</b>	<b>903.31</b>	<b>1960.11</b>	<b>2250.72</b>

c) <u>Change in the fair value of plan assets during the year end</u>	Leave salary Plan		Gratuity Plan	
	2014-15	2013-14	2014-15	2013-14
i. Fair value of plan assets at the beginning of the year	1022.96	981.50	2185.55	2344.80
ii. Expected return on plan assets	83.02	94.48	181.53	206.12
iii. Contributions made during the year.	22.62	110.89	74.36	40.02
iv. Benefits paid by Insurer	(184.40)	(163.91)	(437.50)	(405.42)
v. Actuarial gain on plan assets	(5.51)	-	(12.01)	0.03
vi. Present value of plan assets at the end of the year	<b>938.69</b>	<b>1022.96</b>	<b>1991.93</b>	<b>2185.55</b>



d) <u>Balance Sheet Movements</u>	Leave salary Plan		Gratuity Plan	
	2014-15	2013-14	2014-15	2013-14
i. Value of net Liability (net assets) at the beginning of the year	(119.65)	101.89	65.17	34.76
ii. Expenses	282.87	(110.65)	(22.63)	70.43
iii. Contributions made during the year	(22.62)	(110.89)	(74.36)	(40.02)
iv. Benefits paid by Company	-	-	-	-
v. Value of net Liability (net assets) at the end of the year	<b>140.60</b>	<b>(119.65)</b>	<b>(31.82)</b>	<b>65.17</b>

  

e) <u>Actuarial Assumptions</u>	Leave salary Plan		Gratuity Plan	
	2014-15	2013-14	2014-15	2013-14
i. Discount rate used	8%	8%	8%	8%
ii. Expected return on plan assets	8%	8%	8%	8%

#### Reconciliation

##### (i) Gratuity:

	<u>Rs. in lakhs</u>	
Expenses as recognized in the above statement	(22.63)	(70.43)
Other gratuity dues not covered by the above AS 15 disclosure	56.39	(87.44)
<b>Total</b>	<b>33.76</b>	<b>(157.87)</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:

	<u>Rs. in lakhs</u>		
	As at 01.04.2014	Additions/ adjustments during the year	As at 31.03.2015
Deferred Tax Liability: Difference of book depreciation and tax depreciation	(41.17)	(44.18)	(85.35)
Deferred Tax Asset: On Other disallowances	91.36	1074.19	1165.55
<b>Net Deferred Tax Asset/(Liability)</b>	<b>50.19</b>	<b>1030.01</b>	<b>1080.20</b>

## 14. Disclosure as per AS 29

## (a) PROVISIONS:

Rs. in lakhs

Nature of Provision	Balances as at 01.04.2014	Additional provision charged during the year	Amounts used during the year	Unused amount reversed	Balances as at 31.03.2015
i. Service Tax	124.04	-	-	-	124.04
ii. Sales Tax	76.41	-	-	-	76.41
iii. Excise Duty	19.10	-	-	-	19.10

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

- (i) The Central Excise Department has issued show cause notices demanding a further amount of Rs.68.66 lakhs (Rs.68.66 lakhs) towards service tax liability on Goods Transport Agency Services. As the dispute is pending before various Appellate / Adjudicating Authorities and the Company is expecting favorable decisions no provision for the said liability has been created in the Accounts. However, the demands covered by the show cause notices is disclosed under contingent liability.
- (ii) Company has provided Rs.Nil (Rs.0.15 lakhs) on Excise Duty for which refund claim is pending with Appellate Authorities, on a conservative basis and the total provided amount of Rs.19.10 lakhs (Rs.19.10 lakhs) is shown as deduction from Note No.17 to the Financial Statements – Other Current Assets - Others.

## (b) CONTINGENT LIABILITIES:

Rs. in lakhs

	31.03.2015	31.03.2014
Contingent liabilities not provided for:		
a. Disputed sales tax liability under appeal	139.05	139.05
b. Disputed excise duty liability	19.92	18.68
c. Disputed Service tax liability	90.78	94.32
d. Contingent liability to bank towards:		
Counter guarantees given to bank in respect of guarantee issued by them.	6840.69	6188.07
e. Income Tax – Others	-	71.38
f. Estimated amount of contracts, net of advances, Remaining to be executed on capital account and others not provided for	790.85	533.48

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 2015**



**15. Raw materials and components consumed:**

Particulars	Unit	Figures for the Current Year		Figures for the Previous Year	
		Quantity	Value Rs. in lakhs	Quantity	Value Rs. in lakhs
1. Steel	MT	2034.00	2124.87	2369.00	2465.80
2 Copper	MT	615.00	3062.77	714.00	3643.58
3 Transformer oil	KL	1334.00	886.14	1684.00	1176.78
4 Intermediaries/Components			2934.62		3081.54
	TOTAL		9008.40	TOTAL	10367.70

**16 Goods manufactured :**

**OPENING AND CLOSING STOCK OF GOODS PRODUCED**

Particulars	WORK IN PROGRESS				FINISHED GOODS				
	Licensed capacity	Installed capacity	Actual production	Quantity Opening	Value Rs. in lakhs	Quantity Closing	Value Rs. in lakhs	Quantity Opening	Value Rs. in lakhs
1 Power Transformers (6000 MVA)	6000 MVA	4500 MVA	2402.47 (4577.22 MVA)	549.54 MVA (233 MVA)	180.91 MVA (549.54 MVA)	408.81 MVA (1350 MVA)	375.24 MVA (408.81MVA)		
2 Current and Potential Trfr. (1000 Nos.)	1000 Nos.	1000 Nos.* (1000 Nos.)	54 Nos. (66 Nos.)	18Nos. (4Nos.)	15 Nos. (18Nos.)	15 Nos. (7Nos.)	14 Nos. (15 Nos.)		
3 Circuit breakers	375 Nos (375 Nos.)	Not separately assessed	Nil (Nil)	Nil (Nil)	2184.07 (1214.33)	707.37 (2184.07)	1263.57 (2524.37)	Nil (Nil)	1117.25 (1263.57)
4 Gas circuit breakers	100 Nos. (100 Nos.)	100 Nos. (100 Nos.)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5 Shunt reactors	500 MVAR (500 MVAR)	500 MVAR (500 MVAR)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6 Isolated phase bus ducts	Registration	Not separately assessed	Nil (Nil)	Nil (Nil)	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.

(Rs. in lakhs)

	31.03.2015	31.03.2014
17. Value of imports during the year (CIF)		
a) Raw Materials		
Direct	236.86	219.01
High Seas Transfer	-	-
	236.86	219.01
b) Components	476.46	505.29
c) Capital Goods	11.31	1.77
18 Expenditure in Foreign Currency on:		
a) Travelling	-	-
b) Sales commission and others	-	45.07
19 Value (landed cost) of Imported Raw Materials, Components and Spares consumed		
Direct	765.17	829.52
High Seas Transfer	-	-
	765.17	829.52
	8.30%	7.81%
Value of Indigenous Raw Materials	8454.03	9794.89
	91.70%	92.19%
	<u>9219.20</u>	<u>10624.41</u>
20 Amount of Dividends remitted during the year in foreign currency	Nil	Nil
Number of Non-Resident Shareholders	14	14
Number of Shares	8950	8950
21 Earnings in Foreign Exchange: (FOB)		
Sales	3275.91	3525.18



22. Other Current Liabilities - Others includes an amount of Rs.41.81 lakhs (Rs.36.46 lakhs) towards actuarially estimated probable liability on account of employees' medical claims eligible to be claimed by them but not yet claimed.
23. Other Current Liabilities - Others includes an amount of Rs.11.80 lakhs (Rs.10.20 lakhs) towards estimated probable liability for warranty claims for products supplied for the period of warranty.
24. The Company had on 09-06-2012 signed the Long Term Settlement for Wage Revision with the Recognized Trade Unions in the Conciliation Settlement before the Regional Joint Labour Commissioner, Ernakulam for a period of five years from 01-09-2011 to 31-08-2016 and based on Board approval the revised pay and benefits were implemented from the month of August 2012 onwards and the arrears for the period 01-09-2011 to 31-07-2012 was resolved to be paid after obtaining the Government of Kerala's sanction for the Long Term Agreement. The Accounts for the previous years were prepared in line with the terms and conditions of the above Long Term Settlement. The Government of Kerala vide G.O.(Ms.) No. 17/2014/ID dated 03-02-2014 has issued its Sanction to the above, but with deviations. The Board of Directors in its Meeting held on 25-03-2014 has resolved to forward again the Long Term Settlement signed between the Management and the Recognized Trade Unions in the Conciliation Settlement before the Regional Joint Labour Commissioner, Ernakulam which was earlier approved by the Board, for the reconsideration of the Government of Kerala and with a request for issue of Orders in line with the Board approved Long Term Settlement and in the mean time to maintain status quo. The Accounts for the year also is prepared on the status quo basis in the matter.
25. Prepaid expenses, Prior Period Expenses/Incomes of Rs.1 lakh and below are charged to natural heads of Accounts. Prior Period Income includes an amount of Rs.Nil (Rs.91.68 lakhs) being services rendered outside India and amounts realized in prior years for transformers supplied.
26. The Company follows the method of charging depreciation as per the Companies Act, 2013. Depreciation is charged as per the useful life prescribed in Part C of Schedule II of the Companies Act, 2013 and the residual value of all tangible asset is considered as 5% of the Original Cost of the asset and for Intangible asset the residual value is considered as Zero. The Company is running on double shift and the depreciation for Plant & Machinery is calculated by increasing 50% as prescribed in Note No.6 of Part C of Schedule II of the Companies Act, 2013 .The Written Down Value as on 01.04.2014 of the assets were compared with the required residual value as mentioned above and the excess/short depreciation as on 01.04.2014 amounting to Rs 47.83 lakhs is written back from Accumulated Depreciation and added with the Surplus as per last Balance Sheet in the Note No 3 of the Financial Statement.
27. Out of the Income Tax Refunds relating to Assessment Years 2007-08 and 2008-09 receivable as on 31.03.2014 amounting to Rs 87.04 lakhs, an amount of Rs 72.05 was received in 2014-15 and the balance amount is expected to be received shortly.

28. Out of Liquidated damages amounting to Rs 45.66 lakhs withheld by M/s Chattisgarh State Power Transmission Company Limited (CSPTCL), an amount of Rs 30.76 lakhs were collected during 2014-15 and the balance amount of Rs 14.90 lakhs is written off as bad debt.
29. The Liquidated damages amounting to Rs 66.41 lakhs withheld by M/s L&T, which was recognized as income in the year 2012-13 was fully released in 2014-15.
30. The Company is expected to generate Taxable Profits in the coming years and the carry forward losses relating to the current year in the Income Tax Assessment is expected to be set off against the future profits and as such recognition of its Tax Credit in the Statement of Profit and Loss and Deferred Tax Asset in the Balance Sheet is considered to be appropriate. In line with this, Deferred Tax Asset amounting to Rs.1033.37 lakhs in respect of the Income Tax benefits on carry forward losses is recognized in the Accounts.
31. Previous year's figures are as at 31-03-2014. 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**

(Rs. in lakhs)

<b>As at March, 31</b>	<b>2015</b>	<b>2014</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
	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**

(Rs. in lakhs)

<b>As at March, 31</b>	<b>2015</b>	<b>2014</b>
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	1,619.60	1,619.60
Add: Transfer from Surplus	-	-
Closing Balance	<u>1,619.60</u>	<u>1,619.60</u>
<b>General Reserve</b>		
As per last Balance Sheet	5,085.00	5,085.00
Add: Transfer from Surplus	-	-
Closing Balance	<u>5,085.00</u>	<u>5,085.00</u>
<b>Surplus</b>		
As per last Balance Sheet	838.88	757.17
Depreciation Previous Year written back	47.83	
Add :- Profit / Loss after tax for the year from Profit & Loss Statement	<u>(2,259.86)</u>	<u>81.71</u>
Amount available for Appropriation	<u>(1,373.15)</u>	<u>838.88</u>
Less: Appropriations:		
Transfer to General Reserve	-	-
Dividend Paid	-	-
Tax on Dividend Paid	-	-
Proposed dividend	-	-
Tax on proposed dividend	-	-
Closing Balance	<u>(1,373.15)</u>	<u>838.88</u>
<b>Total</b>	<b>5,331.45</b>	<b>7,543.48</b>

Please refer Note.No.1. B. 20 &amp; 26



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

( Rs. in lakhs)

	<b>As at March, 31</b>	<b>2015</b>	<b>2014</b>
<b>TRADE PAYABLES</b>			
For Capital Expenditure			
- Micro & Small Enterprises		-	-
- Others		12.66	11.78
For Others			
- Micro & Small Enterprises		163.16	45.91
- Others		1115.88	1029.92
<b>TOTAL</b>		<b>1291.70</b>	<b>1087.61</b>

Please refer Note.No.1. B. 10

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

**OTHER CURRENT LIABILITIES**

**Others**

Unclaimed Dividend*	5.02	5.03
Advances from Customers and Others	514.77	909.44
Deposits from Contractors and Others	25.23	29.31
Other Liabilities		
Tax Deducted at Source & Other Statutory Dues	407.81	393.08
Others**	2343.76	2127.73
<b>TOTAL</b>	<b>3296.59</b>	<b>3464.59</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, contractors etc

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

(Rs. in lakhs)

	As at March, 31	2015	2014
<b>SHORT TERM PROVISIONS</b>			
<b>Provision for Employee Benefits</b>			
As per last Balance Sheet		(54.48)	136.65
Additions during the year/period		282.87	(40.22)
Less: Amounts paid during the year/period		96.98	150.91
Amounts reversed during the year/period		22.63	-
<b>Closing Balance</b>		<b>108.78</b>	<b>(54.48)</b>
<b>Provision for Current Tax</b>			
As per last Balance Sheet		-	-
Additions during the year/ period		-	33.85
Amounts adjusted during the year/ period		-	-
Less: Netted against Advance Tax and TDS		-	(33.85)
<b>Closing Balance</b>		<b>-</b>	<b>-</b>
<b>Provision for Proposed Dividend</b>			
As per last Balance Sheet		-	-
Additions during the year/ period		-	-
Less: Amounts used during the year/ period		-	-
Amounts reversed during the year/ period		-	-
<b>Closing Balance</b>		<b>-</b>	<b>-</b>
<b>Provision for tax on Proposed Dividend</b>			
As per last Balance Sheet		-	-
Additions during the year/ period		-	-
Less: Amounts used during the year/ period		-	-
Amounts reversed during the year/ period		-	-
<b>Closing Balance</b>		<b>-</b>	<b>-</b>
<b>Others</b>			
<b>Provision for Materials to be issued</b>		<b>118.46</b>	<b>92.13</b>
<b>Total</b>		<b>227.24</b>	<b>37.65</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**

(Rs. in lakhs)

DESCRIPTION OF ASSETS	GROSS BLOCK AT COST					DEPRECIATION				NET BLOCK	
	AS ON 01.04.13	ADDITIONS OR ADJUSTMENTS	SALE OR ADJUSTMENTS	AS ON 31.03.15	TILL 31.03.14	FOR THE YEAR	FOR SALE OR ADJUSTMENTS	TOTAL Up to 31.03.15	AS ON 31.03.15	AS ON 31.03.14	
<b>TANGIBLE ASSETS:</b>											
LAND	5.82	-	-	5.82	-	-	-	-	5.82	5.82	
LAND DEVELOPMENT	29.32	-	-	29.32	-	0.34	(2.37)	2.71	26.61	29.32	
BUILDING	1364.37	-	-	1364.37	468.69	26.29	3.79	491.19	873.18	895.68	
PLANT AND MACHINERY	2516.13	25.99	-	2542.12	1796.48	80.11	46.25	1830.34	711.78	719.65	
ELECT. INSTALLATIONS	65.73	-	-	65.73	64.86	0.05	2.78	62.13	3.60	0.87	
OFFICE EQUIPMENTS	32.72	0.90	0.83	32.79	27.90	0.43	(1.67)	30.00	2.79	4.82	
FURNITURE & FIXTURES	65.75	0.06	0.20	65.61	45.65	2.55	1.37	46.83	18.78	20.10	
CANTEEN & DORMITORY FURNITURE & UTENSILS	32.31	-	0.51	31.80	22.38	2.39	0.69	24.08	7.72	9.93	
WATER SYSTEMS	49.23	0.08	-	49.31	29.98	1.36	0.18	31.16	18.15	19.25	
AIR CONDITIONERS	26.54	-	-	26.54	21.67	1.90	0.33	23.24	3.30	4.87	
MOTOR VEHICLES	20.12	-	-	20.12	17.45	0.59	(0.16)	18.20	1.92	2.67	
LIBRARY	0.38	-	0.38	0.00	0.35	-	0.35	0.00	0.00	0.03	
COMPUTER HARDWARE	133.78	2.79	0.18	136.39	113.34	7.81	(1.69)	122.84	13.55	20.44	
TOTAL	4342.20	29.82	2.10	4369.92	2608.75	123.82	49.85	2682.72	1687.20	1733.45	
<b>INTANGIBLE ASSETS:</b>											
SOFTWARE	92.08	-	-	92.08	66.24	3.41	-	69.65	22.43	25.84	
<b>GRAND TOTAL</b>	<b>4434.28</b>	<b>29.82</b>	<b>2.10</b>	<b>4462.00</b>	<b>2674.99</b>	<b>127.23</b>	<b>49.85</b>	<b>2752.37</b>	<b>1709.63</b>	<b>1759.29</b>	
<b>PREVIOUS YEAR</b>	<b>4298.35</b>	<b>150.04</b>	<b>14.11</b>	<b>4434.28</b>	<b>2388.79</b>	<b>299.72</b>	<b>13.52</b>	<b>2674.99</b>	<b>1759.29</b>	<b>1909.56</b>	

Please refer Note.No.1. B. 2, 17 & 26

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

(Rs. in lakhs)

	As at 01.04.14	Addition	Deduction/ Adjustment	Capitalised	As at 31.03.2015
<b>CAPITAL WORK-IN-PROGRESS</b>					
Buildings :	-	0.57	-	-	0.57
Plant and Machinery	52.83	34.61	0.30	-	87.14
Others	-	-	-	-	-
<b>Total</b>	<b>52.83</b>	<b>35.18</b>	<b>0.30</b>	<b>-</b>	<b>87.71</b>
<b>Previous Year Total</b>	<b>24.39</b>	<b>122.80</b>	<b>-</b>	<b>94.36</b>	<b>52.83</b>
<b>INTANGIBLE ASSETS UNDER DEVELOPMENT</b>					
Software	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Previous Year Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>52.83</b>	<b>35.18</b>	<b>0.30</b>	<b>-</b>	<b>87.71</b>
<b>Previous Year Grand Total</b>	<b>24.39</b>	<b>122.80</b>	<b>-</b>	<b>94.36</b>	<b>52.83</b>



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

(Rs. in lakhs)

	As at March, 31		2015	2014
<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**

(Rs. in lakhs)

	As at March, 31	2015	2014
<b>DEFERRED TAX ASSET(NET)</b>			
Disallowances u/s 43B of the Income Tax Act, 1961 Provisions, Other Disallowances & carry forward of losses for Tax Purposes		1,165.55	91.36
Less: Deferred Tax Liabilities			
Difference of Book Depreciation and Tax Depreciation		(85.35)	(41.17)
<b>Deferred tax Asset (net)</b>		<b>1,080.20</b>	<b>50.19</b>

Please refer Note.No.1. B. 13 & 30

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

(Rs. in lakhs)

As at March, 31	2015	2014
<b>Long Term Loans and Advances</b>		
(Unsecured, considered good, unless otherwise stated)		
<b>CAPITAL ADVANCES</b>		
Advance to Suppliers for Capital Equipments	-	3.82
Security Deposits*	40.70	40.29
<b>Total</b>	<b>44.70</b>	<b>44.11</b>

\* Security Deposits include deposits with Government authorities amounting to Rs. 3.72 lakhs (Rs. 3.75 lakhs)

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

**Other Non-Current Assets**

(Unsecured, considered good, unless otherwise stated)

Other Non-Current Assets	48.42	-
<b>Total</b>	<b>48.42</b>	<b>-</b>



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

(Rs. in lakhs)

	<b>As at March, 31</b>	<b>2015</b>	<b>2014</b>
<b>INVENTORIES</b>			
Stock of Raw materials	1403.90	1424.65	
Stock -Goods in Transit	39.45	1443.35	1492.33
Stock of W I P		1276.76	2212.47
Stock of Finished Goods		1117.25	1263.57
Stock of Tools		15.71	17.02
Stock of Jigs		46.69	48.94
Stock of Scrap		68.29	77.37
Stock of Fixed Assets Scrap		1.71	2.73
Stock of Material with Fabricators		151.51	96.30
<b>Total</b>		<b>4121.27</b>	<b>5210.73</b>

Please refer Note.No.1.B. 1

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

(Rs. in lakhs)

	<b>As at March, 31</b>	<b>2015</b>	<b>2014</b>
<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			
		877.95	756.35
Considered doubtful		-	-
Other debts		4936.65	5635.18
<b>Total</b>		<b>5814.60</b>	<b>6391.53</b>
Less: Provision for Bad & Doubtful Debts*		-	-
<b>Total</b>		<b>5814.60</b>	<b>6391.53</b>

Please refer Note.No.1. B. 28 & 29

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

(Rs. in lakhs)

As at March, 31	2015		2014	
<b>CASH AND BANK BALANCES</b>				
<b>Cash &amp; Cash Equivalent</b>				
Balances with Banks				
- Current Accounts	27.76		26.68	
- Deposits with original Maturity of less than three months	496.70		1980.81	
Stamp and Stamp paper	0.04	524.50	0.02	2007.51
<b>Other Bank Balances</b>				
Deposits with original Maturity of more than 3 months	207.93		191.10	
Others-Unclaimed Dividend Account	5.02		5.03	
	212.95		196.13	
Less: Bank balances with original maturity of more than 12 months disclosed under other non-current assets	48.42	164.53	-	196.13
<b>Total</b>		<b>689.03</b>		<b>2203.64</b>

Balance with Banks include:				
Unclaimed dividend account balance		5.02		5.03
Remittances in transit		-		-
Fixed Deposit under Capital Gain Scheme		-		-
Margin money for Working Capital Facilities (Includes margin money of Rs.48.42 lakhs (Nil) shown under Other Non-Current Assets being Fixed deposit of original maturity for more than 12 months)		704.63		1006.72
Security for EMD		-		5.90

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



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

(Rs. in lakhs)

As at March, 31	2015	2014
<b>SHORT TERM LOANS AND ADVANCES</b> (Unsecured, considered good, unless otherwise stated)		
Employee Related	21.73	24.80
Contractors & Suppliers	29.62	54.71
Advance Tax Deposit & Tax Deducted at Source	228.08	283.90
<b>Total</b>	<b>279.43</b>	<b>363.41</b>

Please refer Note.No.1. B. 27

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

(Rs. in lakhs)

As at March, 31	2015	2014
<b>OTHER CURRENT ASSETS</b> (Unsecured, considered good, unless otherwise stated)		
Interest Accrued :		
Fixed deposits	9.04	14.67
Claims Recoverable	65.90	74.63
Others *	592.96	360.21
Less: Provisions	(95.65)	(95.65)
<b>Total</b>	<b>572.25</b>	<b>353.86</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**

(Rs. in lakhs)

	For the year ended March, 31					
	Quantity	2015 Unit	Value	Quantity	2014 Unit	Value
<b>Operating Income</b>						
<b>A Sale of products</b>						
1. Power Transformers	2804.67	MVA	11613.67	5201.87	MVA	15340.00
2. Current Transformers	52	Nos.	301.94	32	Nos.	115.99
3. Potential Transformers		Nos.	-	12	Nos.	28.22
4. On Load Tap Changers	10	Nos.	38.43	10	Nos.	71.85
5. Bushings	80	Nos.	285.18	100	Nos.	285.19
6. Spares			234.48			266.60
<b>B Sale of Service</b>						
Service Charges			248.78			273.56
<b>C Other Operating Income</b>						
Sale of Scrap			279.76			216.95
Freight & Insurance			-			8.97
<b>Total Operating Income</b>			<b>13002.24</b>			<b>16607.33</b>
Excise Duty on Sales			<b>698.87</b>			<b>1448.56</b>
<b>Gross Sales</b>			<b>13701.11</b>			<b>18055.89</b>

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

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

Profit on Sale of Asset	0.32	0.15
Profit on sale of Fixed Asset Scrap	6.83	0.92
Rent	4.67	4.52
Interest	107.75	125.56
Insurance receipts	3.13	207.10
Bad debts recovered	-	28.84
Duty Credit Scip	77.43	-
Foreign Exchange Fluctuation	-	-
Miscellaneous income	20.99	19.54
Unclaimed Balances written back (Net)	11.42	6.13
<b>TOTAL</b>	<b>232.54</b>	<b>392.76</b>



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

( Rs. in lakhs)

<b>For the year ended March, 31</b>	<b>2015</b>	<b>2014</b>
<b>MATERIALS</b>		
Opening stock	1666.00	1881.39
Add: Purchase	9005.55	10152.31
	<u>10671.55</u>	<u>12033.70</u>
Less: Closing stock	1663.15	1666.00
	<u>9008.40</u>	<u>10367.70</u>
Less: Material consumption for prior years	92.13	2.06
	<u>8916.27</u>	<u>10365.64</u>
Add: Stores and Spares consumed	210.80	256.71
	<u>9127.07</u>	<u>10622.35</u>
Add: Materials to be issued	118.46	92.13
<b>TOTAL</b>	<b><u>9245.53</u></b>	<b><u>10714.48</u></b>

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

**Note No. 21 to the Financial Statements**

**Changes in inventories of Finished Goods, Work in Progress**

**Finished Goods**

Opening Stock	1263.57	2524.37	
Closing Stock	1117.25	1263.57	
Change		146.32	1260.80

**Work-in-Progress**

Opening Stock	2212.47	1483.37	
Closing Stock	1276.76	2212.47	
Change		935.71	(729.10)

**ED on Finished Goods**

Opening stock	130.26	290.26	
Closing stock	116.65	130.26	
Change		(13.61)	(160.00)

**TOTAL**

**1,068.42**

**371.70**

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

(Rs. in lakhs)

For the year ended March, 31	2015	2014
<b>Employee Benefits Expense</b>		
Salaries, Wages and Bonus	3730.91	3335.59
Contribution to Provident Fund	245.81	274.21
Contribution to Pension Fund	74.25	49.46
Gratuity	33.76	157.87
Staff Welfare	722.22	744.12
<b>TOTAL</b>	<b>4806.95</b>	<b>4561.25</b>

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

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

(Rs. in lakhs)

For the year ended March, 31	2015	2014
<b>FINANCE COST</b>		
Interest on Bank borrowings	-	11.65
Interest Others	11.65	15.23
Bank charges and Guarantee Commission	49.12	39.43
<b>TOTAL</b>	<b>60.77</b>	<b>66.31</b>



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

(Rs. in lakhs)

<b>For the year ended March, 31</b>	<b>2015</b>	<b>2014</b>
<b>MANUFACTURING, ADMINISTRATION &amp; SELLING EXPENSES</b>		
Factory Expenses	175.09	157.26
Power and Fuel	328.57	333.98
Repairs: Plant and Machinery	11.51	10.40
Buildings	1.51	2.62
Others	146.85	149.84
Repairs and Replacement	28.86	3.67
Rates and Taxes	9.06	10.05
Rent (MD)		0.66
Traveling:		
MD	3.40	5.20
Directors	1.84	-
Others	49.68	58.82
Printing and Stationary	11.85	12.53
Postage, Telegram and Telephones	13.26	18.77
Auditors' Remuneration:		
For Statutory Audit	1.30	1.30
For Tax Audit	0.22	0.22
For Cost Audit	-	0.80
For reimbursement of expenses	0.43	0.50
Directors' Sitting Fee	0.05	0.03
Legal Charges	2.78	2.77
General Charges	40.02	47.08
Selling Agency Commission	80.60	72.20
Insurance Charges	32.81	28.46
Advertisement & Publicity	1.25	1.85
Erection Expenses of Transformers	77.98	112.12
Freight & Insurance	120.56	-
Foreign Exchange Fluctuation	1.11	28.37
Bad Debts written off	101.00	8.56
<b>TOTAL</b>	<b>1241.59</b>	<b>1068.06</b>

Please refer Note.No.1. B.3, 18 & 23

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

(Amount in Rs. in lakhs)

For the year ended March, 31	2015	2014
<b>PRIOR PERIOD ADJUSTMENTS</b>		
INCOME		
Sales	-	91.68
Materials	-	5.13
<b>TOTAL</b>	<b>-</b>	<b>96.81</b>
EXPENSES		
Materials	-	1.51
<b>TOTAL</b>	<b>-</b>	<b>1.51</b>
<b>Net</b>	<b>-</b>	<b>(95.30)</b>

For and on behalf of the Board of Directors

(Joffy George)  
Company Secretary

(Deepak Trehan)  
Managing Director

Date : 26-05-2015

(S.V. Ganapathi Aiyer)  
Chief Financial Officer

(M. P. Salim)  
Director

As per our report of even date

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

Allen Joseph  
Partner (M.No.228498)



# TRANSFORMERS AND ELECTRICALS KERALA LIMITED

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

CIN: U31102KL1963SGC002043  
Angamally South P.O., PIN-683 573  
Ernakulam District, Kerala, India  
www.telk.com, cs@telk.com

## PROXY FORM

Form No. MGT-11

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

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

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

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

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

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

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 52<sup>nd</sup> Annual General Meeting of the company, to be held on Tuesday, the 29<sup>th</sup> day of September 2015 at 3.00 p.m. at Registered Office at Angamally and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	For	Against
<b>Ordinary Business</b>			
1	Re-appointment of Shri. P.H. Kurian IAS (DIN: 00027596), who retires by rotation		
2	Re-appointment of Shri. Sudhir Arya (DIN:05135780), who retires by rotation		
3	Fixation of remuneration of Statutory Auditors of the Company for the year 2014-15		
4	Fixation of remuneration of Statutory Auditors of the Company for the year 2015-16		
<b>Special Business</b>			
5	Appointment of Shri. K. Manmathan Nair (DIN: 00173417) as an Independent Director		
6	Appointment of Shri. S. Venkadeeswaran (DIN: 01807369) as an Independent Director		

Signed this..... day of..... 2015

Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder (s): \_\_\_\_\_

Affix Rs.1/- Revenue Stamp
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Notes: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.  
 2. Please put 'X' in the appropriate column against the resolutions indicated in the Box.