



TARAPUR
TRANSFORMERS LIMITED

Annual Report 2012 – 2013

Board of Directors

Mr. Rajendra Kumar Choudhary
 Mr. Naresh Kumar Choudhary
 Mr. R.G. Subramanian Iyer
 Mr. Mrugen H. Shah
 Mr. M. K. Sugathan

Company Secretary & Compliance Officer
 Ms. Ekta Kumari

Registered Office

J-20, MIDC, Tarapur Industrial Area
 Boisar, Dist. Thane – 401506, Maharashtra
 Tel – (91 2525) 605120
 Fax – (91 2525) 645555
 Email – complianceofficer@tarapurtransformers.com

Corporate Office

836/837, 8th Floor, IJMIMA Complex
 Raheja Metroplex, Link Road
 Malad (West), Mumbai – 400064, Maharashtra
 Tel – (91 22) 42728080
 Fax – (91 22) 42728090

UNITS**Pali Unit**

141, Manor Road, Village Pali
 Post – Posheri, Taluka – Wada, Dist. – Thane
 Tel – (91 2526) 645977
 Fax – (91 2526) 271154

Vadodara Unit

L/25/5, GIDC Industrial Estate
 Por – Ramangamdi, Vadodara, Gujarat
 Tel – (91 265) 2830290 Fax – (91 265) 2339629

Statutory Auditors

M/s Raman S. Shah & Associates
 Chartered Accountants
 Inder Darshan Bldg., 'A' Wing 102, 1st Floor,
 Next to Jain Temple, Borivali (W),
 Mumbai – 400 092.

Registrar & Share Transfer Agents for Physical & Electronic Shares

Bigshare Services Private Limited
 E-2/3, Ansa Industrial Estate, Sakivihar Road,
 Saki Naka, Andheri (E), Mumbai – 400 072.
 Tel – (91 22) 28470652
 Email: investor@bigshareonline.com

Main Bankers

Canara Bank
 Overseas Main Branch,
 211, Dalamal Tower, Nariman Point,
 Mumbai – 4000021

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Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to update their email addresses with the Company or Registrar and Share Transfer Agents (Big Share Services Pvt. Ltd.), to enable us to send all the documents through electronic mode in future.



NOTICE is hereby given that the 25th Annual General Meeting of the Members of **Tarapur Transformers Limited** will be held at J-20, MIDC, Tarapur Industrial Area, Boisar, Thane – 401506, Maharashtra, on Saturday, 28th September, 2013 at 11.00 a.m. to transact with or without modification(s), as may be permissible, the following business:

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013, Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon.
 2. To appoint a Director in place of Mr. Mrugen H. Shah who retires by rotation and being eligible offers himself for re-appointment.
 3. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:-
“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Raman S. Shah & Associates, Chartered Accountants, having Firm registration number 119891W issued by ‘The Institute of Chartered Accountants of India’, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors of the Company”.
- “RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution”.

SPECIAL BUSINESS:-

4. To consider and if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION :-**
“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Mudakkarappillil Kesavan Sugathan, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retirement by rotation as per the provisions of the Articles of Association of the Company.”
5. To consider and if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION :-**
“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311, read with Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as ‘the said Act’ including any modification(s) or re-enactment(s) thereof for the time being in force, approval of members be and is hereby accorded for appointment of Mr. Rajendra Kumar Choudhary as Whole-time Director of the Company for a period of three (3) years from 14th November, 2012 to 13th November, 2015.”
RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in the current financial year of the Company, and as approved by the Remuneration Committee & Board of Directors of the Company at its meeting held on 14th November, 2012 and agreed upon by Mr. Rajendra Kumar Choudhary, he shall serve the Company on without any salary on the terms and conditions set out in the Explanatory Statement hereto.
RESOLVED FURTHER THAT taking into consideration the financials of the Company in future, the Board is at liberty to pay or modify any remuneration and perquisites as may be agreed, which shall be paid to Mr. Rajendra Kumar Choudhary, Whole-time Director as minimum remuneration provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling provided in Section II of part II of Schedule XIII or such other amount and perquisites as may be provided from time to time or any equivalent statutory re-enactment thereof.
“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such acts, deeds and things and execute all such documents, instruments as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

**By Order of the Board of Directors,
For Tarapur Transformers Limited**

Mumbai, 13th August, 2013

Registered Office:-

J-20, MIDC, Tarapur Industrial Area,
Boisar, Thane 401506.

**Ekta Kumari
Company Secretary**

NOTES:-

- a. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item no. 4 and 5 is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY/PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
- d. The Company has notified closure of register of members and transfer books from 24th September, 2013 to 28th September, 2013 (both days inclusive) for determining the name of members for the ensuing Annual General Meeting.
- e. Members holding shares in Physical form are requested to notify change of address, if any, to Registrar and Share Transfer Agents and those who hold shares in dematerialized form are requested to notify to their Depository participants, their change in address.
- f. As per the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders in respect of the Shares held by them. Nomination Forms can be obtained from the Registrar and Share Transfer Agents of the Company.
- g. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring



their respective copy of the Annual Report to the Meeting and affix their signature at the place provided on the attendance slip annexed to the Proxy form and hand over the slip at the entrance to the place of the Meeting.

- h. Non – Resident Indian Members are requested to inform the Company's Registrar and Share Transfer Agents M/s. Bigshare Services Private Limited immediately of –
 - a. The change in the residential status on return to India for permanent settlement.
 - b. The particulars of the bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
- i. Relevant documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the 25th Annual General Meeting.

Explanatory Statement

As required under Section 173(2) of the Companies Act, 1956, in respect of Special Business mentioned in the notice:-

Item No. 4

The Board of Directors of the Company has appointed, pursuant to the provisions of Section 260 of The Companies Act, 1956, Mr. Mudakkarappillil Kesavan Sugathan as an Additional Director of the Company vide circular resolution dated 23rd July, 2013 and he holds office upto the date of this Annual General Meeting.

He does not hold any equity shares of the Company. Mr. M. K. Sugathan is a Director on the Board of Bil Energy Systems Limited. The Board of Directors is confident that his vast knowledge and experience will be of great value to the Company and hence commends the resolution set out at item no. 4 of the notice as an ordinary resolution for your approval.

Save and except Mr. M. K. Sugathan, none of the Directors of the Company are in any way, concerned or interested in the resolution.

Item No.5:

The Board of Directors of the Company at its meeting held on 14th November, 2012 have appointed Mr. Rajendra Kumar Choudhary as the Whole-time Director of the Company for a period of 3 years with effect from 14th November, 2012 in terms of Sections 198, 269, 309, 310 and 311 of the Companies Act, 1956 (the Act) read with Schedule XIII to the Act.

The Board is of the view that Mr. Rajendra Kumar Choudhary has vast experience and knowledge and his appointment as the Whole-time Director on terms & conditions as mentioned below including remuneration, will be in the interest of the Company.

The proposed remuneration payable to Mr. Rajendra Kumar Choudhary is as follows:

SALARY – Nil

PERQUISITES AND ALLOWANCES:

CATEGORY A

Housing: Director shall be entitled to house rent allowance of ₹ 5000 per month, which will be suitably increased by the Board of Directors, if required.

Medical Reimbursement / Medical Insurance: Reimbursement of all medical expenses for self and family as per the policy of Company. Medical insurance premium shall be paid by the Company.

Personal Accident Insurance: Personal accident insurance as per the policy of the Company.

Entertainment Expenses: Reimbursement of entertainment expenses on actual basis incurred during the course of the business.

Club Fees: Fees of clubs exclusive of admission and life membership fee subject to a maximum of two clubs.

CATEGORY B

The contribution to Provident fund, superannuation fund, gratuity or annuity fund, if any, and if introduced by the Company will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

CATEGORY C

Car with chauffeur for official use, telephones, Internet and fax facility at residence. These will not be considered as perquisites.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors as it may in its discretion deem fit, within the maximum amounts payable to Director in accordance with Schedule XIII to the Act, or any amendments made hereafter in this regard.

Brief resume with the nature of expertise in specific functional areas and name of the other Companies in which Mr. Rajendra Kumar Choudhary is holding directorships and the Chairmanships/Memberships of Committees of the Board are given in the Corporate Governance section of the Annual Report.

The extracts of remuneration given above shall be deemed to be the extract of remuneration required to be furnished under Section 302 of The Companies Act, 1956. Save and except Mr. Rajendra Kumar Choudhary, being the recipient of remuneration, Mr. Naresh Kumar Choudhary, being the brother of Mr. Rajendra Kumar Choudhary, none of the other Directors of the Company is in any way, concerned or interested in the resolution.

The Board of Directors recommends resolution at Item No. 5 for your approval as a Special Resolution.

**By Order of the Board of Directors,
For Tarapur Transformers Limited**

Mumbai, 13th August, 2013

Registered Office:-

J-20, MIDC, Tarapur Industrial Area,
Boisar, Thane 401506.

**Ekta Kumari
Company Secretary**



Dear Members,

The Directors of your Company have pleasure in presenting Twenty fifth Annual Report together with the Audited Accounts and Auditors' Report for the year ended 31st March, 2013.

1. Financial Performance:-

The financial performance of the Company for the Year ended 31st March, 2013 is as summarized below:-

(₹. In Lacs)

Particulars	2012-2013	2011-2012
Gross Turnover & Other Income	5624.44	3309.85
Profit/(Loss) before Exceptional Item, Interest, Depreciation & Taxation	11.25	(39.45)
Less – Exceptional Items (Loss on Sale of Investments/Fixed Assets)	-	540.71
Profit/(Loss) before Interest, Depreciation & Taxation	11.25	(580.16)
Less – Interest	247.97	135.28
Profit/(Loss) before Depreciation & Taxation	(236.72)	(715.44)
Less – Depreciation	62.74	62.50
Profit / (Loss) before tax	(299.46)	(777.94)
Less– Provision for Taxation (Including Deferred Tax)	-	-
Net Profit / (Loss) for the year	(299.46)	(777.94)
Add/(less) Surplus/(deficit) brought forward from previous Year	(1152.18)	(374.24)
Profit available for Appropriations/(Loss)	(1451.64)	(1152.18)
Appropriations:-		
Proposed Dividend	-	-
Balance Carried to Balance Sheet	(1451.64)	(1152.18)

2. Performance Review:-

The Turnover of the Company has increased to ₹ 5435.81 Lacs, but the Company has incurred net loss of ₹ 299.46 Lacs for FY 2012-13. The same is mainly due to increase in the cost of major raw materials and high interest rates. However, in the second and third quarter of the FY 2012-13, there was improvement in sales margin and consequently the Company earned a net profit of ₹ 87.06 lacs and ₹ 6.42 lacs respectively.

3. Dividend:-

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

4. Directors:-

Mr. Mrugen H. Shah, Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Notice convening the Annual General Meeting includes the proposal for his re-appointment.

During the year Mr. Mudakkarpappillil Kesavan Sugathan was appointed as an Additional Director vide circular resolution passed by the Board members dated 23rd July, 2013. He seeks appointment as a Director of the Company at the ensuing Annual General Meeting.

The Board of Directors of the Company at its meeting held on 14th November, 2012 had appointed Mr. Rajendra Kumar Choudhary as the Whole-time Director of the Company for a period of Three (3) years with effect from 14th November, 2012 in terms of Sections 198, 269, 309, 310 and 311 of the Companies Act, 1956 (the Act) read with Schedule XIII to the Act.

Brief resumes of the above Directors, nature of their expertise in specific functional areas and names of the Public Limited Companies in which they hold directorships and memberships / chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under Clause 49 of the Listing Agreement is given in the Report on Corporate Governance forming part of the Annual Report.

During the year Mr. Anil Kumar Nevatia had tendered resignation w.e.f. 7th May, 2012 and Mr. Mohan Waman Ranadive had tendered his resignation w.e.f. 14th November, 2012. Your Directors wish to place on record their sincere appreciation for the invaluable services rendered by them during their tenure as a Director.

5. Directors' Responsibility Statement:-

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, confirm that:-

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures from the same.
- Appropriate accounting policies have been selected and applied consistently and such judgments & estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss of the Company for the accounting year ended on that date.
- Proper & sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities; and,
- The annual accounts of the Company have been prepared on a going concern basis.

6. Auditors:-

The present Statutory Auditors of the Company, M/s. Raman S. Shah & Associates, Chartered Accountants, Mumbai, retire as Statutory Auditors at the conclusion of this Annual General Meeting. They are eligible for re-appointment and the Company has received a Certificate from them stating that their re-appointment, if made, would be within the limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such an appointment within the meaning of sub-sections (3) and (4) of Section 226 of the Companies Act, 1956. Their re-appointment is recommended by the Board.

7. Cost Auditors:-

The Ministry of Corporate Affairs (MCA) has introduced The Companies (Cost Accounting Records) Rules, 2011 published vide GSR 430(E) dated 03rd June, 2011 and Cost Audit order no. 52/26/CAB-2010 dated 24th January, 2012 which has become applicable to the Company with effect from the financial year 2011-12. Henceforth, the Company is required to maintain and keep cost records of all its units and branches. Further, the Company to which these rules apply would be required to submit a Compliance Report duly certified by a Cost Accountant, along with the Annexure to the Central Government in prescribed Form. In view of the above, based on the recommendations of Audit Committee, the Board of Directors at its meeting held on 14th May, 2012, had appointed



Mr. Jayant J. Paleja, a Practicing Cost Accountant, as Cost Accountant to issue the Compliance Certificate for the financial year 2012-2013 and at the Board meeting held on 29th May, 2013, has approved his appointment for conducting cost audit of the Company for the financial year 2013-14.

Necessary certificate and consent letter from the said Auditor has been obtained to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956

8. Auditors' Report:-

As regard Auditors' remarks in the Annexure to their report under Item No. (ix) with respect to non-payment of Maharashtra VAT, Service Tax, Income Tax and Professional Tax the same is self explanatory.

9. Tax Provisions:-

The Company has made adequate provisions as required under the provisions of relevant laws governing taxation on the Company.

10. Fixed Deposits:-

During the year ended on 31st March, 2013, the Company has not accepted any Fixed Deposits from public under Section 58A & 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

11. Corporate Governance:-

We adhere to the principal of Corporate Governance mandated by the Securities and Exchange Board of India (SEBI) and have implemented all the prescribed stipulations. As required by Clause 49 of the Listing Agreement, a detailed report on Corporate Governance forms part of this Report as Annexure II. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached.

12. Management's Discussion and Analysis Report:-

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis Report, which forms part of this Report as Annexure – I.

13. Energy Conservation and Technology Absorption:-

In view of the nature of business of the Company which is labour intensive and which consists of repair, refurbishment as well as manufacturing of transformers, the information required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 with respect to conservation of Energy, Technology absorption is not given as electricity purchased and consumption per unit of production is not amenable to logical presentation.

14. Foreign Exchange earnings and outgo:-

Your Company earned/spent foreign exchange as under during the year.

Earnings	:	₹ Nil
Outgo	:	₹ 75.11 lakhs

15. Particulars of Employees:-

There are no employees covered under Section 217(2A) of the Companies Act, 1956.

16. Acknowledgement:-

The Board wishes to place on record its sincere appreciation for the assistance and co-operation received from Bankers, Government Departments and other Business Associates for their continued support towards the conduct of operations of the Company efficiently.

The directors express their gratitude to the shareholders for their continuing confidence in the Company. The directors also acknowledge the hard work and persuasive efforts put in by the employees of the Company in carrying forward Company's vision and mission.

**On behalf of the Board of Directors,
For Tarapur Transformers Limited
Rajendra Kumar Choudhary
Whole Time Director**

Mumbai, 13th August, 2013

Annexure I to the Directors' Report

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Industry Overview

The Indian economy grew at its slowest pace in a decade in 2012-13 at 5% as compared to 6.2% in the previous year. The Indian economy, Asia's third-largest, has slowed sharply from the scorching growth notched a few years ago due to a string of factors, including high inflation, high interest rates, slowing global economy, delay in implementation of projects, policy logjam, slowing industrial growth and declining business sentiment. The industrial growth remained lowest in 20 years at 1% as compared to 2.9% in the year 2011-12. With no visible pick-up in any key levers of the economy, the situation remains grim. Demand in the system is weak with low levels of consumption, government expenditure and investments,

Indian Transformer Industry

The Indian Transformer industry today faces tough competition from Chinese manufacturers. Apart from this, there are huge liquidity problems faced by the local utilities, comprising of State Electricity Boards. While the margins are becoming more and more compressed, the warranty periods insisted upon by the buyers are increasing day by day. The industry is now looking upto the Government to extricate it from the problems.

Business Overview

Your Company is currently engaged in the areas of manufacturing, rehabilitation, up-gradation, and refurbishment of transformers ranging from Power & Distribution Transformer, Industrial Transformer, Furnace Duty Transformer, Electric Locomotive Transformer, Electric Traction Substation Transformer, Dry Type Transformer, Potential Transformer, Special Purpose Transformers. We are one of the few players in Indian markets manufacturing & repairing, power & distribution transformers, focusing on quality, timely delivery and customization based on our engineering capabilities without any third party collaboration or technical assistance.



In India many players belong to the unorganized segment of the Industry and cater to small ratings distribution transformer's demand. However, over a period of time many of these small players moved up the value chain and graduated to the higher rating transformers. Despite this, the number of players qualified for the larger variants of transformers is still small to serve upcoming demand expected over forthcoming years.

Discussions on Results of Operations

During the current fiscal year, your Company has achieved Total Turnover of ₹ 5435.81 Lacs and has incurred Net Loss of ₹ 299.46 Lacs.

The Company has net worth of about ₹ 6843.21 Lacs as on March 31, 2013.

The Company has incurred losses during the year, mainly due to the following reasons:

- (a) Due to the ongoing capital expansion at Wada unit of the Company, production facilities were not undertaken to the extent of available capacity.
- (b) Due to the qualification criteria laid down by the utilities, who happen to be main customers of the Company, the Company has to go for orders at cost or lower to enable the Company to participate in future tenders of utilities.
- (c) The nature of business is working capital intensive and we mainly deal with State Electricity Boards which are known for delayed payments. As payments are blocked with SEB's, there is need to borrow for short term to carry on operations, which impacts our profitability as high interest payments are to be made.

Future Outlook

As the number of competitors in the higher range of power transformers manufacturing is very small, the board still foresees a bright future for the Company. However, the targeted profitability will be achieved only after the Company meets the minimum qualifying criteria set up by various utilities who happen to be our main customers.

Risk & Concerns

Our future results of operations could potentially be affected by the following factors:

- Our ability to manufacture transformers as per the requirement of our clients;
- Our ability to continuously operate and maintain our manufacturing facilities optimally;
- Our ability to continue to source raw material at competitive rates;
- Our ability to manufacture transformers using the latest technologies in terms of modern materials, components and processes.
- Our ability to generate working capital funds at reasonable interest rates.

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. The Company has built a strong team of highly qualified and competent professionals to meet the emerging business challenges and market competition.

Internal Control and its Adequacy

The Internal audit was carried out by firm of Chartered Accountants who conduct the audit on the basis of Annual Audit Plan. The process includes review and evaluation of effectiveness of the existing process, controls and compliance. It also ensures adherence to policies and systems, and mitigation of the operational risks perceived for each area under audit. Significant observations including recommendations for improvement of the business processes were reviewed by the Management before reporting to the Audit Committee which reviewed the Internal Audit procedures, findings and status of implementation of the agreed action plan.

Cautionary Statement

Statements in the Management Discussion and Analysis Report, describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

**On behalf of the Board of Directors,
For Tarapur Transformers Limited**

**Rajendra Kumar Choudhary
Whole Time Director**

Mumbai, 13th August, 2013

Annexure II to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

Corporate Governance is the application of best management practices, compliance of laws and adherence to ethical standards to achieve the Company's objective of maximizing stakeholders' value and discharge of social responsibility. The Corporate Governance structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees etc.

In addition to these, the Company has also adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreements, the disclosure requirements of which are given below:

Mandatory Requirements:-

1. Company's Philosophy on Corporate Governance:-

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximizing value for all its stakeholders.

2. Board of Directors (Board):-

a) Board Composition:-



The Board of the Company should consist of optimum combination of Executive, Non Executive – Independent Directors, which should be in conformity with the requirement of Clause 49 of the Listing Agreement with Stock Exchanges.

The present strength of the Board is Five (5) Directors, comprising of one Whole Time Director, one Non Executive Promoter Director and Three Independent & Non Executive Directors. The Board Members possess the skills, expertise & experience necessary to guide the Company.

Name of Director	Category of Directorship	Designation
Mr. Naresh Kumar Choudhary	Promoter – Non Executive	Director
Mr. Rajendra Kumar Choudhary	Promoter – Non Executive	Whole Time Director
Mr. R.G. Subramanian Iyer	Independent – Non Executive	Director
Mr. Mrugen H. Shah	Independent – Non Executive	Director
*Mr. M. K. Sugathan	Independent – Non Executive	Additional Director

*Appointed w.e.f. 23rd July, 2013.

b) Board Meetings and attendance of Directors:-

During the financial year ended on 31st March 2013, Four (4) Board Meetings were held on the following dates: – 14th May, 2012, 14th August, 2012, 14th November, 2012, and 12th February, 2013.

Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the Board members to discharge their responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as part of Agenda Papers, the same are tabled at the meeting or / and the presentations are made to the Board. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

The information as specified in Annexure IA to Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable, for discussion and consideration.

The attendance at the Board Meetings held during the year and attendance at the last Annual General Meeting, number of directorships in other Public Limited companies and membership in committees across various companies of which the Director is a Member / Chairman are given below:-

Name of Directors	No. of Board Meetings Attended	Attendance at last AGM held on 28th September, 2012	# Directorship held in other Companies	Committee Memberships / Chairmanships	
				Membership	Chairmanship
Mr. Naresh Kumar Choudhary	02	Absent	Nik-San Engineering Company Limited	-	-
Mr. Rajendra Kumar Choudhary	04	Present	Bilpower Limited Bil Energy Systems Limited Choudhary Global Limited	07	02
*Mr. Mohan W. Ranadive	02	Present	--	-	-
Mr. R.G. Subramanian Iyer	02	Absent	Ramkrishna Electricals Ltd.	02	01
Mr. Mrugen H. Shah	04	Absent	Bil Energy Systems Limited Unibios Laboratories Ltd.	02	05

*Resigned w.e.f. 14th November, 2012.

Excluding Private Companies and Companies under Section 25 of the Companies Act, 1956.

The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all companies in which they are Directors. As per Clause 49 of the Listing Agreement, for the purpose of reckoning the said limit, Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee alone shall be considered.

c) Information of Directors' Appointment / Re-appointment:-

The profiles of Directors who are seeking re-appointment / appointment at the Annual General Meeting are furnished below:-

Appointment:

Mr. M. K. Sugathan, aged 65 years, has been appointed as "Independent Director" of the Company w.e.f. July 23rd, 2013 by the Board of Directors. He is M.B.A. in Marketing and Advertising from Cochin University and also holds degree of Bachelor in Economics. He started his career with Kerala Electrical & Allied Engineering Co. Limited (owned by Kerala State Government) in 1974 and was subsequently designated as General Manager – Marketing and Director upto 2006. He was also a director in Travancore-Cochin Chemicals Limited (State Public Undertaking Owned by Kerala State Government). Mr. M. K. Sugathan has wide experience in Sales and Marketing especially in Alternators, Transformers and Structural Engineering and Lighting Alternators business. He does not hold any equity shares of the Company.

Mr. Rajendra Kumar Choudhary aged 52 years, has over 25 years of experience in the field of manufacturing of electrical lamination, distribution and power transformers, Motor Stamping and Banking & Finance. As a director of the Company he is actively involved in day to day operations of the Company, and heads the marketing and finance operations of the Company. He is the member of Audit Committee and Remuneration Committee and Chairman of Shareholders' Grievance Committee of the Company. He is holding 914355 equity shares of the Company.

Re-appointment:

Mr. Mrugen H. Shah aged 34 years is a Fellow member of The Institute of Chartered Accountants of India and holds a Bachelors degree of Commerce, and Diploma in Information Systems Audit DISA (ICAI). He is a partner in M/s Agarwal, Desai & Shah, Chartered Accountants, and has a vast experience in the field of accounts taxation and specially bank audits. He is the Chairman of Audit Committee, member of Remuneration Committee and Shareholders' Grievance Committee of the Company. He does not hold any equity shares of the Company.



Committees of the Board of Directors of the Company:-

3. Audit Committee:-

a) Composition and attendance:-

The Audit Committee comprises of experts specializing in accounting / financial management. The Chairman of the Audit Committee is a Non-executive and Independent Director. The composition and attendance of Audit Committee as on 31st March, 2013 is as follows:-

Name of the Members	Position	Category	Attendance
Mr. Mrugen H. Shah	Chairman	Independent & Non Executive Director	4
Mr. Rajendra Kumar Choudhary	Member	Non Executive Director	4
Mr. R. G. Subramanian Iyer	Member	Independent & Non Executive Director	1

The Audit Committee is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and the Companies Act, 1956. All the members of Audit Committee possess knowledge of corporate finance, accounts and Company Law.

During the financial year 2012-13, Four (4) Audit Committee meetings were held on 14th May, 2012, 14th August, 2012, 14th November, 2012, and 12th February, 2013.

b) Power & Terms of Reference:-

The Power and terms of reference of the Audit Committee are as mentioned in Clause 49 II (C), (D) & (E) of the Listing Agreement entered into with the Stock Exchanges and includes overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issues and issues related to risk management and compliances. The Statutory Auditors are invited to the meeting.

4. Remuneration Committee:-

a) Composition and attendance:-

The composition of Remuneration Committee as on 31st March, 2013 is as follows:-

Name of the Members	Position	Category
Mr. R.G. Subramanian Iyer	Chairman	Independent & Non Executive Director
Mr. Rajendra Kumar Choudhary	Member	Non Executive Director
Mr. Mrugen Shah	Member	Independent & Non Executive Director

During the year One (1) Remuneration Committee meeting was held on 14th November, 2012.

b) Terms of Reference:-

The broad terms of reference of the committee are to appraise the performance of Chairman, Managing Director, Whole Time Directors and Chief Executive Officer; determine and recommend to the Board compensation payable to Chairman, Managing Director, Whole Time Directors and Chief Executive Officer. The Remuneration policy of the Company is based on review of achievements. The remuneration policy is in consonance with the existing industry practice.

c) Remuneration Policy:-

Subject to approval of the Board of Directors and subsequent approval by the members at the Annual General Meeting and such authorities as the case may be, remuneration of Chairman, Managing Director, Whole Time Directors, Chief Executive officer is fixed by the Remuneration Committee. The remuneration is decided by the Remuneration Committee taking into consideration various factors such as qualifications, experience, expertise, prevailing remuneration in the competitive industries, financial position of the company etc.

The remuneration structure comprises of basic salary, perquisites, allowances (fixed component), and contribution to provident fund, in accordance with the provisions of the Companies Act, 1956.

5. Shareholders' / Investors' Grievance Committee:-

a) Composition and attendance:-

The Board has delegated the powers to approve transfer of shares etc. to this Committee. The composition of Shareholders' / Investors' Grievance Committee as on 31st March, 2013 is as follows:-

Name of the Members	Position	Category	Attendance
Mr. Rajendra Kumar Choudhary	Chairman	Non Executive Director	-
Mr. Mrugen Shah	Member	Independent & Non Executive Director	-
Mr. R.G. Subramanian	Member	Independent & Non Executive Director	-

During the year no shareholders' Grievance Committee meeting was held.

b) Terms of Reference:-

The Company has a Shareholders' / Investors' Grievance Committee, to look into redressal of Investors Complaints and requests such as delay in transfer of shares, non receipt of Dividend, Annual Report, revalidation of Dividend warrants etc.

The Committee deals with various matters relating to:

- Transfer / transmission of shares.
- Issue of share certificate in lieu of lost, sub-divided, consolidated, rematerialized or defaced certificates.
- Consolidation / splitting of folios.
- Review of shares dematerialized and all other related matters.
- Investors' grievance and redressal mechanism and recommend measures to improve the level of investors' services.

The secretarial department of the Company and Registrar and Share Transfer Agents attend expeditiously to all grievances / correspondences of the shareholders and investors, received directly or through SEBI, Stock Exchanges, Department of Corporate Affairs, and Registrar of Companies etc. The complaints are generally resolved within 15 days of receipt of letter, except in cases that are constrained by disputes or legal impediment.