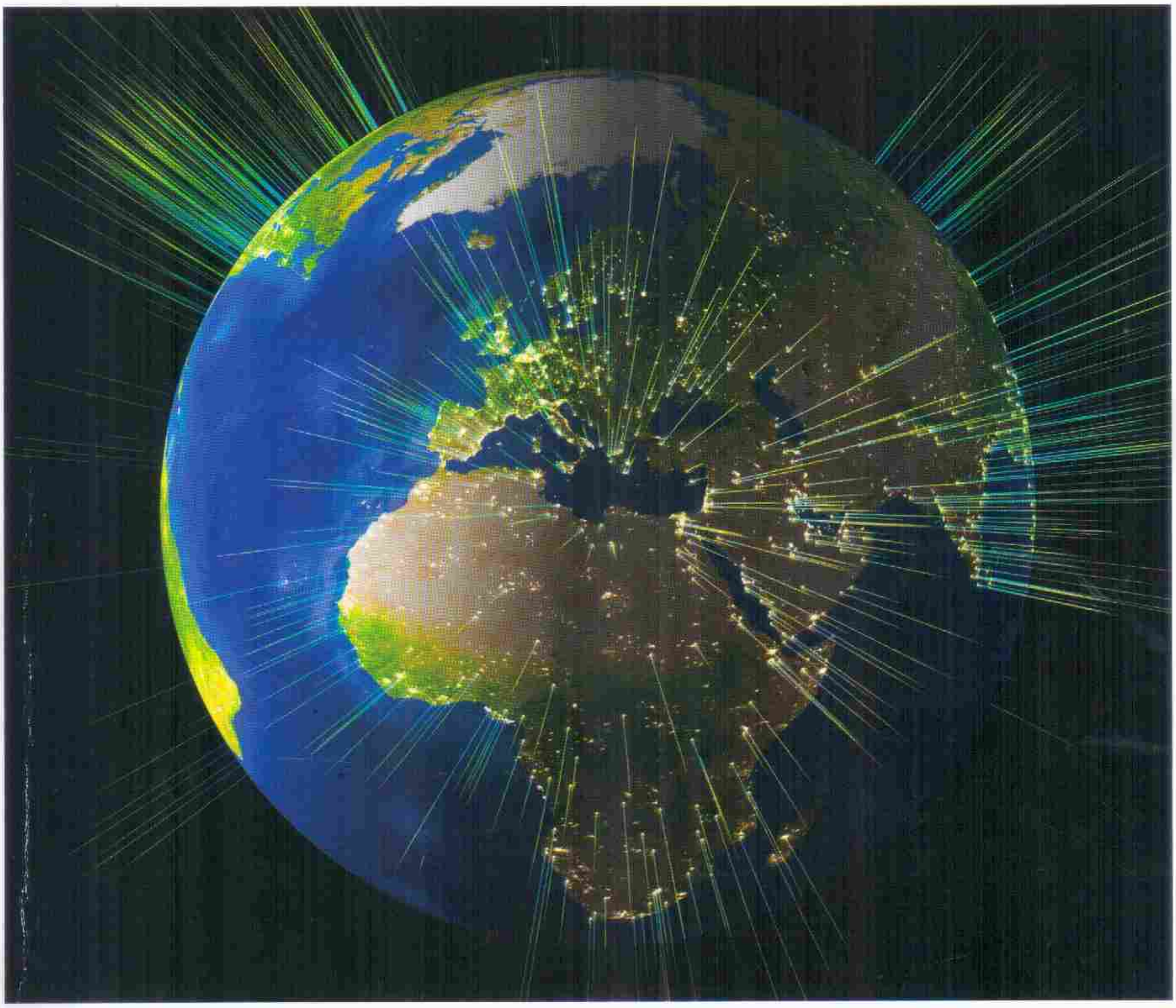
TRANSFORMERS AND ELECTRICALS KERALA LIMITED

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



54th ANNUAL REPORT
Year ended 31st March 2017

Transformers and Electricals Kerala Limited

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

54th ANNUAL REPORT
Year Ended 31st March 2017

TELK

Board of Directors

Adv. N.C. Mohanan	: Chairman
Shri. P.K. Mohapatra	: Director
Shri. A.K. Gupta	: Director
Shri. Mammen J.	: Director
Shri. Prasanth M.	: Director
Smt. P. Vijayakumari	: Director
Shri. K.K. Ramachandran	: Director
Shri. Prasad B.	: Managing Director

Company Secretary
Dr. Joffy George

Chief Financial Officer
Shri. S. Sivakumar

Registered Office:

Angamally South
Ernakulam District
PIN 683 573
E-mail: it@telk.com
Website: www.telk.com
CIN: U31102KL1963SGC002043

Factory: Angamally

Statutory Auditors:

M/s. George, John & Prabhu

Bankers

State Bank of India

Federal Bank Limited

South Indian Bank Limited

Registrar & Share Transfer Agent

Integrated Registry Management
Services Private Limited
Kences Towers, T Nagar
Chennai – 600 017

Ph.: 044 28140801

E-mail: kalyan@integratedindia.in

Shareholders Helpdesk
Telephone: 0484 - 2510251
Fax No: 0484 - 2452873
E-mail: cs@telk.com

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BOARD'S REPORT

Dear members,

The Board of Directors of your Company are pleased to submit the 54th Annual Report on the business and operations of the company along with the audited financial Statements for the Financial Year ended 31st March 2017.

The Power and Distribution Transformers market in India witness moderate growth due to growing demand for electricity and increasing government initiatives for power capacity additions. Market continued to be a difficult one during the year, owing to intense competition due to significant overcapacity and higher raw material expenses. In the backdrop of a volatile input cost environment and heightened competitive intensity, the operating environment for your Company during the year continued to be challenging.

Volatility in the Domestic as well as International market for principal raw materials had been a constant challenge for the Company to execute fixed price orders at budgeted cost and maintain the margins. However Company could avail some benefits out of better discipline in selecting orders and scaling up volume to improve the margin. Hence your Company's growth during the Financial Year 2016-17 is positive as compared to previous year.

Performance of Business

During the year, Revenue from operations of the Company increased by 8.40% from Rs. 167.74 Crore in 2015-16 to Rs. 181.82 Crore in 2016-17 and had earned an operational profit of Rs. 6.70 Crore as against operational loss of Rs. 14.17 Crore in 2015-16. Your Company achieved a production of 3356 MVA. The Company has net worth of Rs. 79.52 Crore as on March 31, 2017.

Financial Results

(Rs. in lakhs)

Particulars	2016-17	2015-16
Revenue from operations	18182 (3354 MVA)	16774 (3426 MVA)
Other Income	252	267
Total Income	18483	17041
Expenses		
Cost of material consumed	9884	9522
Changes in inventories of finished goods and work in progress	380	1086
Excise duty on Sales expenses	1948	1577
Employee benefits expense	4497	4374
Finance costs	180	166
Depreciation & amortization expenses	132	124
Other Expenses	743	1609
Total Expenses	**17764**	**18458**
Profit or Loss before Income Tax and Exceptional Items	670	(1417)
Exceptional Items	-	-
Total Tax expenses	181	(461)
Profit / (Loss) for the year	**489**	**(956)**
Total other comprehensive income / (loss) for the year	(92)	55
Total comprehensive income / (loss) for the year	397	(901)

Dividend

Board of Directors do not recommend any dividend for the year under review.

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 inductions and retirements took place in the Board of Directors: Shri. S. Roy (DIN - 03584600) was appointed as director on the Board of Directors in November, 2016. Shri. K. K. Ramachandran (DIN - 08016619) was appointed as director in June, 2017. Shri.Prasanth M. (DIN - 07825129) and Smt. P. Vijayakumari (DIN - 07247504) were appointed as directors on the Board of Directors in July, 2017. Shri.P.K. Mohapatra (DIN–07800722) was appointed as director in June 2018. Shri. Mammen Jacob (DIN–08255812) was appointed as director in August 2018. Board of Directors have appointed Shri. S.M.C. Pillai as an Independent Director w.e.f. 01.10.2018.

Shri. U. P. Pani (DIN-03199828) ceased to be director in October, 2016. Shri. K. S. Rajagopal (DIN-06530058) and Shri. K.M.A. Shukoor (DIN-05226182) ceased to be directors of the Company due to vacation of office under section 167 of Companies Act, 2013 in July, 2017 and June, 2017, respectively. Shri. S. Muraleedharan (DIN-07601580) ceased to be director of the Company with effect from 03.07.2017. Shri. K. Manmathan Nair (DIN-00173417) and Shri. S. Venkadeeswaran (DIN-01807369) ceased to be the Independent Directors with effect from 31.03.2017. Shri. S. Roy and Shri Sudhir Arya ceased to be directors with effect from 21.06.2018 and 10.08.2018, respectively.

Board of Directors places on record their gratitude and appreciation for the guidance and the valuable services rendered by Shri. U. P. Pani, Shri. K. S. Rajagopal, Shri. K.M.A. Shukoor, Shri. S. Muraleedharan, Shri. S. Roy and Shri. Sudhir Arya as directors and Shri. K. Manmathan Nair and Shri. S. Venkadeeswaran as Independent Directors during their tenure.

Key Managerial Personnel

In accordance with Section 2(51) and section 203 read with rules made thereunder and other applicable provisions of the Companies Act, 2013, Shri.Prasad B., Managing Director, Dr.Joffy George, Company Secretary and Shri. S. Sivakumar, Chief Financial Officer are the Key Managerial Personnel of the Company.

Directors' Responsibility Statement

The Directors confirm that:

(a) in the preparation of the annual accounts for the Financial Year ended 31st March 2017, the Indian Accounting Standards (Ind AS) 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 this Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;

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

(e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Transfer to Reserves

Company has not transferred any amount to reserves in the year 2016-17.

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

There were no material changes and commitments affecting the financial position of the company 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. George, John & Prabhu, Chartered Accountants, Ernakulam were appointed as Statutory Auditors of the Company for the year 2016-17. 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.

Qualification made by the Statutory Auditors on the Annual Accounts of the Company for the year ended 31st March 2017 and Company's reply is given below:

Qualification in the Report of the Statutory Auditors
Basis for Qualified Opinion Trade receivables (Note no. 11) amount to Rs. 9,714.04 Lakhs, Loans (Non-Current Assets) (Note no. 7) amounting to Rs. 18.27 Lakhs, Loans (Current) (Note no. 7) amounting to Rs. 43.69 Lakhs, Balance with Govt. Authorities (Note no. 9) amounting to Rs. 245.74 Lakhs, Advances to Suppliers & Contractors (Note no. 9) amounting to Rs. 92.51. Lakhs, Provision for medical

re-imbursement (Note no. 14) amounting to Rs. 48.86 Lakhs are subject to confirmation.The impact of the above on the financial statements cannot be quantified.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in basis for qualified opinion paragraph above, the aforesaid Standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the company as at 31st March 2017, and its profit (financial performance including other compreh-ensive income), its cash flows and the changes in equity for the year ended on that date.

Company's reply on the Qualification in the Report of Statutory Auditors

Figures in the financial statements subject to confirmation:

1. Trade receivables (Note no. 11) amount to Rs. 9,714.04 Lakhs

As part of the finalisation & audit procedure we already sent the confirmation letters to selected major customers. The same were sent through registered post. We are yet to receive any reply from them. Also the balance against these customers are all good and subsequently we received all money with Nil default against these debtors balances.

2. Loans (Non-Current Assets) (Note no. 7) amounting to Rs. 18.27 Lakhs

Out of the total Rs.18.27 Lakhs, Rs.3.27 Lakhs related to deposit with Central Excise authority. Balance Rs. 15 Lakhs are Earnest Money deposits with different parties .These are receivable upon completion of the agreement with the respective parties.

3. Loans (Current) (Note no. 7) amounting to Rs. 43.69 Lakhs

These are our Earnest Money deposits with various Central & State PSUs like NHPC, HPSEB, TANTRANSCO, PGCIL, APGENCO, etc.

4. Balance with Govt. Authorities (Note no. 9) amounting to Rs. 245.74 Lakhs

Balance with Government Authorities of Rs.245.74 Lakhs are in the nature of advance payments as part of appeal procedures as well as obtaining stay against any revenue recovery.

5. Advances to Suppliers & Contractors (Note no. 9) amounting to Rs. 92.51. Lakhs

Advances to Suppliers & Contractors mainly consists of those advances as on

31st March 2017 to Copper suppliers and other limited suppliers who needs to receive the money in advance against the proforma invoice. Company received all the supplies against those advances and that none of the vendors made any default in supply against those advances.

6. Provision for medical re-imbursement (Note no. 14) amounting to Rs. 48.86 Lakhs

A provision of Rs.48.86 Lakhs was present in the Balance sheet as on 31st March'16. This was based on the Actuarial Report issued for the FY 2015-16. For the year 2016-17 the company appointed a new actuary – M/s Ankolekar & Co to issue the report as per IND AS 19 and after review of our case, they informed that there is no need to do the Actuarial Valuation for Medical Reimbursement. So based on that advise we just continued the old figure of 2015-16 for the year 2016-17 without doing a new Actuarial Valuation.

Internal Control and its Adequacy

M/s. Abraham Thomas & Co., Chartered Accountants, Kochi conducted Internal Audit of your Company during the financial year 2016-17. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and provide reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensure compliance of corporate policies. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and follows up the implementation of corrective actions strengthening the Company's risk management policies and systems.

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'.

Number of meetings of the Board

The Board met four times during the financial year 2016-17 viz., 18.07.2016, 11.11.2016, 28.02.2017 & 21.03.2017. The maximum interval between two meetings did not exceed 120 days as prescribed in the Companies Act, 2013. The composition and category of the Directors along with their attendance at Board Meetings are given below:

Name of Director	Board meetings attended			
	18th July 2016	11th November 2016	28th February 2017	21st March 2017
Shri. P.H. Kurian IAS (Non-Executive)	Present	NA*	NA*	NA*
Adv. N. C. Mohanan (Non-Executive)	NA*	Present	Present	Present
Shri. Prasad B (Managing Director)	Present	Present	Present	Present
Shri. M.P.Salim (Non-Executive)	Absent	NA**	NA**	NA**
Shri. S. Muraleedharan (Non-Executive)	NA**	Absent	Present	Present
Shri. A.K. Gupta (Non-Executive)	Absent	Present	Absent	Absent
Shri. Sudhir Arya (Non-Executive)	Present	Present	Present	Present
Shri. K.S. Rajagopal (Non-Executive)	Absent	Absent	Absent	Absent
Shri U.P. Pani (Non-Executive)	Present	NA***	NA***	NA***
Shri. S. Roy (Non-Executive)	NA***	Absent	Absent	Absent
Shri. K.M. A. Shukkoor (Non-Executive)	Absent	Absent	Absent	Absent
Shri. K.Manamathan Nair (Independent)	Present	Present	Present	Present
Shri. S. Venkadeeswaran (Independent)	Absent	Present	Absent	Absent

** Adv. N. C. Mohanan appointed as Chairman w.e.f. 08.09.2016 in place of Shri. P. H. Kurian IAS.*

*** Shri. S. Muraleedharan appointed w.e.f. 27.10.2016 in place of Shri. M. P. Salim*

**** Shri. S. Roy appointed as Director w.e.f 01.11.2016 in place of Shri. U. P. Pani.*

Committees of Board

Currently Board has four Committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

Audit Committee

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. The Committee met thrice during the year viz., 25.06.2016, 27.01.2017 and 21.03.2017. The composition and category of the Directors along with their attendance at Audit Committee Meetings are given below:

Name of the Director	Audit Committee Meetings attended		
	25th June 2016	27th January 2017	21st March 2017
Shri. Sudhir Arya (Non-Executive)	Present	NA*	NA*
Shri. S. Muraleedharan (Non-Executive)	NA*	Present	Present
Shri. K. Manmathan Nair (Independent)	Present	Present	Present
Shri. S. Venkadeeswaran (Independent)	Absent	Absent	Absent

** Membership changing every alternative year between Government of Kerala and NTPC*

Nomination and Remuneration Committee

Pursuant to Section 178 of Companies Act, 2013 Company had constituted Nomination and Remuneration Committee with four members.

Composition of the Committee (2016-17):

Shri. K.S. Rajagopal	- Non-Executive Director (Director representing Government of Kerala)
Shri. Sudhir Arya	- Non- Executive Director (Director representing NTPC Limited)
Shri. K. Manmathan Nair	- Independent Director
Shri. S. Venkadeeswaran	- Independent Director

Stakeholders Relationship Committee

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 (2016-17):

Adv. N. C. Mohanan - Non-Executive Chairman
Shri. K.S. Rajagopal - Non-Executive Director
Shri. Prasad B. - Managing Director

Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company had been constituted comprising of the following Directors of the Company as members:

1. Adv. N. C. Mohanan, Non-Executive Chairman (Representing Government of Kerala)
2. Managing Director (representing NTPC)
3. Shri. S. Venkadeeswaran, Independent Director

The terms of reference of CSR Committee *inter-alia*, include the following:

(i) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;

(ii) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;

(iii) To monitor the CSR policy of the Company from time to time;

(iv) Any other matter as may be directed by the Board of Directors from time to time.

Board Independence

All the Independent Directors have given the declaration that they meet the criteria of independence as per the provisions of the Companies Act, 2013.

Cost Audit

The Company with the approval of Central Government had appointed M/s. Rajendran, Mani & Varier, Cost Accountants, Kochi to audit the cost accounts related to the company's products for the year ending on 31.03.2017.

SS Compliance

The Company has complied with the applicable Secretarial Standards.

Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of women at workplace in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

No complaint of sexual harassment was received by the ICC during the year 2016-17.

Human Resources Management

Your Company's capabilities are centered on its highly dedicated employees numbering 523 as on 31st March 2017. Our employees rose to the challenges posed by rapidly changing economic landscape, particularly in the electrical manufacturing industry which witnessed one of its worst periods, and aligned themselves with Company's Vision.

Our continued focus on proactive involvement, employee-friendly policies and grievance redressal mechanism, and interface with families of employees helped us to enhance engagement level of our employees. Voluntary active participation of employees was witnessed in activities like family visits, sports, recreation, health related initiatives, TELK Day etc.

Safety

Your Company places utmost importance on ensuring safety of its employees, visitors to our premises and the communities we operate in. Safety is an overarching area of management, and company has been achieving continuous improvement in safety performance through a combination of systems and processes as well as co-operation and support of all employees. We are taking adequate precautions and care of all our employees and visitors while they are on our premises. Company is providing all suitable personal protection equipments as well as awareness and training to its employees. A committed Safety Committee is functioning in the Company and it deals with all matters concerning Health, Safety and Environment and arrives at practical solutions to problems encountered.

ISO Certification

Your Company is an ISO certified company since 1995. As on date Company holds ISO 9001:2015 certification. The management system of the Company meets the requirements of the standard: ISO 9001:2015. This certification is valid until 27.02.2020 and its scope covers design & development, production, installation and servicing of Power transformers, series and shunt reactors, instrument transformers, tap changers & 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. 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

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 is at the core of our corporate governance practice. The Board of Directors of the Company comprises of Chairman, Managing Director, Directors and Independent Directors. Except the Managing Director, all other Directors are non-executive Directors. During the Financial Year 2016-17, there were four Board Meetings and three Audit Committee Meetings. The compliance of all statutory and regulatory requirements has been prompt and up to date. The Company has adequate internal control systems and procedures in place.

Right to Information Act, 2005

Your Company has put in place an appropriate mechanism to provide information to citizens under the provisions of Right to Information (RTI) Act, 2005 in order to promote transparency and accountability in its working. In line with the implementation of the Right to Information Act, 2005, Company had 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 Officer.

To assist and facilitate citizens in obtaining information, details have been placed on TELK's website, spelling out the procedure for securing access to information and filing of first appeal under the Act. Instructions have been 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 29 applications and 5 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.

Related Party Transactions

All Related Party Transactions entered during the year were in the Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. 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 particulars as prescribed under section 134 (3) (m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 is appended as Annexure I to Board's Report.

Certification

A Certificate duly signed by Shri. Prasad B., Managing Director and Shri. S Sivakumar, CFO is given as 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.

The CSR Policy of your Company have been formulated on 28.02.2017 and the contents of policy is given in Annexure IV to Board's Report.

Extract of Annual Return as on 31.03.2017

In accordance with Section 134 (3) (a) of the Companies Act, 2013, an extract of Annual Return as prescribed under Section 92 (3) of the Companies Act, 2013 is appended as Annexure-III to the Board's Report.

Contribution to Exchequer

Your Company contributed an amount of Rs. 2,715 Lakhs in the form of Excise Duty, Customs Duty, Sales Tax, Service Tax etc. during the year 2016-17.

Significant and Material orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals, impacting the going concern status and company's operation in future.

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

Directors wish to convey their gratitude and appreciation to all Company employees for their tremendous personal efforts as well as their collective dedication and contribution to the Company's performance. Board would also like to thank Workers' Recognized Trade Unions, Officers' Associations, shareholders, customers, dealers, suppliers, bankers, Central and State Governments 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. Directors also acknowledge the services of Statutory Auditors, Cost Auditors and Internal Auditors. 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/-
(Adv. N.C. Mohanan)
CHAIRMAN

Trivandrum
Dated 16th November 2018

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 2016-17, there was 6.55% increase in the production MVA compared to the previous year. Total consumption of Electric Power increased by 1.64% and that of furnace oil increased by 96.44%. Total cost of Furnace oil & Electricity increased by 14.12%. Average Electricity consumption per MVA decreased by 4.61%. Expense on power & fuel in terms of quantity (MVA) of production was more than that of the previous year.

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

Efforts are on for energy conservation including “Save Energy Drive”.

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

We are exploring possibilities of using solar energy wherever possible.

(iii) the capital investment on energy conservation equipments

No capital investment was made by the Company on energy conservation equipments in 2016-17.

(B) Technology Absorption

TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption

- 20 MVA, 110/11kV, 3phase transformer was successfully short circuit tested at CPRI.
- New tank design philosophy was developed to avoid tank hot spots for NPC 210 MVA single phase Generator Transformer supplied in 2003 and reported to have tank heating at site. Successfully tested and no hot spots were observed.
- Further optimisation was carried out for new designs to reduce major raw material content (Core & Copper)
- Reduction in weight of insulation materials achieved compared to previous design of transformers based on the voltage distribution study using VIT software and the transformers were successfully tested.
- New design for NPC 260 MVA Generator Transformer was done for replacing the existing transformer with a new one of more stringent specifications and within the constraint of space availability as that of the old transformer. New simple method of shielding the turret of GT to avoid turret flange heating was developed and experimented in this transformer which was successfully tested.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution.

- With the above test reports, TELK can give competitive quotes for transformers of similar ratings. Orders bagged for additional quantity of the same type of transformer with the above test report.
- With the new design of tank, repeated orders were received for changing the tank for the additional 6 Nos. of transformers working at site. This technology can be adapted in future for similar type of transformers also.
- Achieved Cost reduction and Market competitiveness with the improved Design.
- Same design philosophy can be adapted for transformer of similar nature, in future.

(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 address 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

	2016-17 (Rs. in lakhs)	**2015-16** (Rs. in lakhs)
Earnings	59.88	1116.36
Expenditure	439.05	331.79
Net foreign exchange earnings(NFE)	-379.17	784.57
NFE/Earnings (%)	-633.22%	70.28%

Sd/-
(Adv. N.C. Mohanan)
CHAIRMAN

Trivandrum
Dated : 16.11.2018

Annexure II

CERTIFICATION

To
The Board of Directors
Transformers and Electricals Kerala Limited

We, Shri. Prasad B., Managing Director and Shri. S. Sivakumar, 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 31st March, 2017 and based on our knowledge and belief, we state that:
   i. 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.
   ii. 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:
   i. significant changes, if any, in the internal control over financial reporting during the year;
   ii. 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
   iii. 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.

Sd/-	*Sd/-*
Prasad B.	**S. Sivakumar**
Managing Director	**Chief Financial Officer**

Angamally
30.10.2018

Annexure III

FORM NO. MGT. 9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2017
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 Registry Management Services Private Limited, 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T-Nagar, Chennai – 600 017. Ph:-044 28140801, E-Mail : kalyan@integratedindia.in

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)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Transformers	31102	90.22%

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 Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
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	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	4,26,07,540	-	4,26,07,540	99.16	4,26,07,540	-	4,26,07,540	99.16	-
B. Public Shareholding									
1. Institutions									
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)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									

i) Indian	200	10,400	10,600	0.03	200	10,400	10,600	0.03	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	38,950	2,48,710	2,87,660	0.67	39,000	2,48,660	2,87,660	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	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	91,750	2,68,060	3,59,810	0.84	91,800	2,68,010	3,59,810	0.84	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	91,750	2,68,060	3,59,810	0.84	91,800	2,68,010	3,59,810	0.84	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	4,26,99,290	2,68,060	4,29,67,350	100	4,26,99,340	2,68,010	4,29,67,350	100	-

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):

Sl. No.	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	**Shri. Keshav Parasramka**				
	At the beginning of the year	17,500	0.0407	17,500	0.0407
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	17,500	0.0407	17,500	0.0407
2	**Shri. Krishnam Parasramka**				
	At the beginning of the year	17,500	0.0407	17,500	0.0407
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	17,500	0.0407	17,500	0.0407
3	**Shri. Arvind Kumar Parasramka**				
	At the beginning of the year	17,500	0.0407	17,500	0.0407
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	17,500	0.0407	17,500	0.0407
4	**M/s. The Western India Plywoods**				
	At the beginning of the year	10,000	0.0232	10,000	0.0232
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	10,000	0.0232	10,000	0.0232

5	**Shri. P. P. Zibi Jose**				
	At the beginning of the year	9,000	0.0209	9,000	0.0209
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	9,000	0.0209	9,000	0.0209
6	**Smt. Jayashree Venkatesh**				
	At the beginning of the year	5,000	0.0116	5,000	0.0116
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	5,000	0.0116	5,000	0.0116
7	**Arch Diocese Of Verapoly**				
	At the beginning of the year	5,000	0.0116	5,000	0.0116
	Increase / Decrease during the year	-	-	-	-
	At the end of the year	5,000	0.0116	5,000	0.0116
8	**Smt. Sudha Soman**				
	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	**Shri. M.M. Karunakara Menon**				
	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	**Shri. K. Sankaranarayanan**				
	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
	S.V. Ganapathi Iyer# – CFO				
	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

 # Superannuated from the service of the Company on 30.04.2017.

The following Directors / Key Managerial Personnel (KMP) did not hold any shares in the Company during the Financial Year – 2016-17:

P.H. Kurian IAS – Non-Executive Chairman*

N. C. Mohanan – Non-Executive Chairman*

U.P. Pani – Non- Executive Director**

S. Roy – Non - Executive Director**

S. Muraleedharan – Non - Executive Director**

S. Venkadeeswaran – Independent Director

K. Manmathan Nair – Independent Director

A.K. Gupta - Non –Executive Director

K.M.A. Shukkoor - Non –Executive Director

K. S. Rajagopal– Non – Executive Director

Sudhir Arya – Non – Executive Director

M.P. Salim - Non –Executive Director

Prasad B. – Managing Director(KMP)

Joffy George – Company Secretary

* Non-Executive Chairman for part of the Financial Year – 2016-17

** Directorship held for part of the Financial Year – 2015-16

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:

SN.	Particulars of Remuneration	Name of Managing Director	Total Amount(Rs.)
		Prasad B	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,91,774	30,91,774
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	
	(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)	30,91,774	30,91,774
	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	

B. REMUNERATION TO OTHER DIRECTORS

Sl. No.	Particulars of Remuneration	Name of Directors										Total Amount (Rs.)
1	Independent Directors	S. Venkadeeswaran	K. Manmathan Nair	-	-	-	-	-	-	-		
	Fee for attending board / committee meetings	1,000	7,000	-	-	-	-	-	-	-		-
	Commission	-	-	-	-	-	-	-	-	-		-
	Others, please specify	-	-	-	-	-	-	-	-	-		-
	Total (1)	1,000	7,000	-	-	-	-	-	-	-		8,000
2	Other Non-Executive Directors	P.H.Kurian IAS	U.P. Pani	N.C. Mohanan	Sudhir Arya	A.K. Gupta	K.S. Rajagopal	S. Roy	M.P.Salim	KMA Shukkoor*	S. Muraleedharan	
	Fee for attending board / committee meetings	150	150	450	750	150	-	-	-	-	600	-
	Commission	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-	-	-
	Total (2)	150	150	450	750	150	-	-	-	-	600	2,250
	Total (B)=(1+2)											10,250
	Total Managerial Remuneration											10,250
	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.									

** 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	14,20,728	19,81,565	34,02,293
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(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	14,20,728	19,81,565	34,02,293

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.

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief Outline of TELK's CSR policy

The Corporate Social responsibility policy of TELK is guided by the vision and philosophy of its Joint Venture partner, NTPC's policy for CSR and Sustainability and is formulated with items specified in the Seventh Schedule of Companies Act, 2013.

A detailed CSR Policy was framed by the Company with approvals of CSR Committee and Board taken on 28.02.2017. The policy inter alia covers the following:

i) Preamble

ii) Commitment for CSR

iii) Guiding Principles

iv) Scope & Coverage

v) Mechanism & Process

1. Structure
2. Programme
3. Fund Allocation & Expenditure
4. Planning & Implementation
5. Monitoring, Evaluation & Reporting

CSR Policy is placed on Company's Website:
http:www.telk.com/UserFiles/telk/file/TELK Policy for CSR.pdf

2. Composition of CSR Committee

The company had constituted Corporate Social Responsibility Committee of the Board pursuant to section 135 of Companies Act, 2013 with the following composition:

1. Chairman, TELK
2. Managing Director, TELK; and
3. Independent Director

Terms of reference of CSR Committee inter-alia included the following:

(i) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;

(ii) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;

(iii) To monitor the CSR Policy of the Company from time to time;

(iv) Any other matter as may be directed by the Board of Directors from time to time.

3. Average net profit for previous three financial years

FY	PBT (Rs. in lakhs)
2013-14	14
2014-15	(3316)
2015-16	(1479)
Average Net Profit / (Loss)	(1594) Net Loss

4. Prescribed amount to be spend for CSR

NIL

5. Reasons for not spending the stipulated amount for CSR activities

Not Applicable since the Average Net Profit for the preceding 3 Financial Years is (Rs.1594 lakhs – Net Loss).

6. Responsibility Statement, of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policies of TELK and the policy of the Company duly signed by the director and Chairman of the CSR Committee.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Sd/-	Sd/-
(Shri. Prasad B)	(Adv. N. C. Mohanan)
Managing Director	**Chairman**

Angamally
31.10.2018

INDEPENDENT AUDITORS REPORT

To The Members of Transformers and Electricals Kerala Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS Financial Statements of Transformers and Electricals Kerala Ltd. (“the Company”) which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit & Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Standalone Ind AS Financial Statements

The company’s Board of Directors is responsible for the matters stated in Sec134(5) of the Companies Act 2013 (“the Act”) with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Sec133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS 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 of the Standalone Ind AS financial statements in accordance with the standards on auditing specified under Sec143(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 Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's directors, as well as evaluating the overall presentation of the Standalone Ind AS 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 Standalone Ind AS financial statements.

Basis for Qualified Opinion

Trade receivables (Note no. 11) amount to Rs. 9,714.04 Lakhs, Loans (Non-Current Assets) (Note no. 7) amounting to Rs. 18.27 Lakhs, Loans (Current) (Note no. 7) amounting to Rs. 43.69 Lakhs, Balance with Govt. Authorities (Note no. 9) amounting to Rs. 245.74 Lakhs, Advances to Suppliers & Contractors (Note no. 9) amounting to Rs. 92.51. Lakhs, Provision for medical re-imbursement (Note no. 14) amounting to Rs. 48.86 Lakhs are subject to confirmation.

The impact of the above on the financial statements cannot be quantified.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in basis for qualified opinion paragraph above, the aforesaid Standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the company as at 31st March 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

(i) We draw attention to the following matters in the notes to the financial statements:

a) Note No. 2(f) (i) Company Information and Significant Accounting Policies regarding revenue.

   Revenue from sale includes products sold on FOR destination basis and which are insured and are in transit as on 31st March 2017. The revenue in respect of the sale is recognised when invoices are raised and the products are dispatched to the customer. We are informed that the company has been following the same method consistently over the years and further that all such products are delivered subsequently and amounts realised before the date of this report and there is no loss or shortfall in the invoice value

b) Note no. 5 regarding the accounting software presently used by the company.

c) Note no.6 regarding bringing into books the gold, which is deposited in safe custody with State Bank of India.

d) Note no. 18 regarding non- collection of C-Forms from customers in respect of interstate sales amounting to Rs. 123 Lakhs.

e) Note no. 23 regarding implementation of Officers wage revision with effect from August 2012 as per the decision of Board of Directors, for which approval from Government of Kerala is yet to be obtained.

(ii) The company has not taken insurance cover in respect of the stock of materials lying with the fabricators amounting to Rs. 60.22 Lakhs

Our opinion is not modified in respect of (i) and (ii) above.

Other Matters

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 and 31st March 2015 dated 18th July 2016 and 26th May 2015 respectively, expressed a qualified opinion on those stand alone financial statements regarding recognition of deferred tax assets for both 2014-15 and 2015-16; as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of the above matter.

Report on Other Legal & Regulatory Requirements

1. As required by the Companies (Auditors Report) Order 2016 (“the Order”) issued by the Central Government in terms of Section 143 (11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in “Annexure I”a statement on the matters specified in paragraph 3 & 4 of the said order.

2. We are enclosing our report in terms of Section143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, in the “Annexure II” on the directions and sub directions issued by the Comptroller and Auditor General of India.

3. As required by Section143(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 purpose of our audit.

b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Sec133 of the Act read with The Companies (Indian Accounting Standards) Rules 2015 as amended.

e) Being a Government Company pursuant to the notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India; provisions of Sub Section (2) of Section 164 of the Act are not applicable to the Company.

f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure III".

g) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:

1. The Company has disclosed the impact of pending litigations on its Financial Positions in its Standalone Ind AS financial statements. Refer note no. 28a to the Financial Statements.

2. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses to be provided for. Refer note no. 28b to the Financial Statements.

3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

4. The Company has provided requisite disclosures in note no. 35 of its financial statements as to holdings as well as the dealings in Specified Bank Notes (SBN) during the period from 08th November 2016 to 30th December 2016. Based on the audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of accounts and records maintained by the company.

For, George, John & Prabhu
Chartered Accountants
(Firm Reg. No.-000917S)

Sd/-
CA Rupesh Pai. R
Partner (M No.-221480)

Place: Kochi-16
Date: 19.07.2018

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in our report of even date to the members of Transformers and Electricals Kerala Ltd. on the accounts for the year ended 31st March 2017

I. a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of Fixed Assets (Property, Plant & Equipment).

b) As per the information and explanations given to us physical verification of fixed assets (Property, Plant & Equipment) with individual value in excess of Rs. One Lakh has been completed. However, the reconciliation of the physical verification report with the fixed assets register was not produced before us and hence we are unable to comment on the discrepancies if any.

c) As per the information and explanations given to us the title deeds of the immovable property are held in the name of the company.

II. We are informed that physical verification of inventory has been conducted at reasonable intervals except for the stock of materials lying with fabricators (Stock of materials lying with fabricators as on as on 31st March 2017 was Rs. 60.22 Lakhs. The company has not taken any insurance cover for this.). The discrepancies noticed on physical verification were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.

III. The company has not granted any loans, secured or unsecured to any Companies, firms, Limited liability partnership or other parties covered in the register maintained under Sec189 of the Act.

In view of the above clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the order are not applicable.

IV. According to the information and explanations given to us and on the basis of our examination of books of account, during the year the company has not granted any loans or provided any guarantee or security in respect of any loans to any party covered under Section 185 and 186 of the Act. During the year the company has not made any investment (other than deposit of gold with State Bank of India as referred to in Note no. 6)

V. The Company has not accepted deposits from public. As such, the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company.

VI. As per the information and explanation given by the management, maintenance of cost records has been prescribed by the Central Government under Sec 148(1) of the

Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of Cost Records with the view to determine whether they are accurate or complete.

VII. a) According to the records of the Company, undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, customs duty, excise duty, cess, value added tax 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 statutory dues as on the last day of the financial year outstanding for a period of more than six months from the date they become payable.

b) As per the information and explanations given to us, the following statutory dues have not been deposited on account of disputes:

Sl No.	Name of the Statute	Nature of Dues	Amount (Rs. lakhs)	Period to which the amount relates	Forum where the dispute is pending
1	Service Tax under the Finance Act 1994	Service Tax	229.99	2007-10 to 2014-15	The Commissioner (Appeals)/CESTAT
2	Central Excise Act, 1994	Excise Duty	24.88	2004-05 to 2008-09 and 2011-12 to 2015-16	The Commissioner (Appeals)/CESTAT
3	Kerala General Sales Tax/Kerala VAT and CST	Sales Tax/VAT/ CST	136.69	1982-83 to 1983-84, 1985-86, 1987-88, 1990-91 to 1992-93, 1998-99, 2011-12 to 2013-14	The Deputy Commissioner (Appeals)/ High Court of Kerala
4	Employee State Insurance Act	ESI Dues	3.34	2000-01	High Court of Kerala

VIII. In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of loans or borrowings to any bank or financial institutions or government during the year. The company has not issued any debentures.

IX. During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or any term loans.

X. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees was noticed or reported during the year, nor have we been informed of any such case by the management.

XI. As per Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, provisions of clause 3(xi) of the order are not applicable to the Company.

XII. The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order is not applicable to the Company.

XIII. The Company has complied with the provisions of Sec 177 and 188 of the Act with respect to transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

XIV. During the year, the Company has not made any preferential allotments or private placements of shares or fully or partly convertible debentures. Accordingly, provisions of clause 3(xiv) of the order are not applicable to the Company.

XV. According to information and explanations given to us, the Company has not entered into any non-cash transactions with the Directors or persons connected with them as covered under Sec 192 of the Act.

XVI. According to information and explanations given to us, the Company is not required to be registered under Sec 45-IA of Reserve Bank of India Act, 1934. Accordingly, Provisions of clause 3(xvi) of the order is not applicable to the Company.

For George, John & Prabhu
Chartered Accountants
(Firm Reg. No.-000917S)

Sd/-
CA Rupesh Pai. R
Partner (M No.-221480)

Place: Kochi-16
Date: 19.07.2018

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT

M/s Transformers & Electricals Kerala Limited

FY 2016-17

General Directions under sub section (5) of section 143 of the Companies Act 2013 applicable from the year 2014-15 and onwards

1. If the Company has been selected for disinvestment, a complete status report in terms of valuation of assets, (including intangible assets and land) and liabilities (including committed and general reserves) may be examined, including the mode and present stage of disinvestment process.

   The company has not been selected for disinvestment

2. To report whether there are any cases of waiver/write-off of debts/loans/interest etc.; if yes the reasons thereof and the amount involved.

   During the year 2016-17 there are no cases of waiver/write off of debts.

3. Whether proper records are maintained for inventories lying with 3rd parties and assets received as gifts from Government or other authorities.

   Yes. Please refer to our Independent Auditor's report and Annexure 1 to the Independent Auditor's report.

   During the year Company has not received gift from Government or other parties.

4. A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.

   Case wise details of pending cases are given below. Based on the information and explanations given to us we are of the opinion that, the monitoring mechanism is to be made more effective.

Sl No.	Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates
1	Service Tax under the Finance Act 1994	Service Tax	4094509	2007
			4849025	2008
			4477232	2009
			227920	2011
			5530155	2012
			1539628	2013
			19240	2014
			2261649	2015
		TOTAL	**22999358**	
2	Central Excise Act, 1944	Excise Duty	203852	2005
			93047	2006
			428520	2007
			78589	2008
			49758	2009
			54137	2011
			84237	2012
			848314	2013
			126722	2014
			521123	2015
		TOTAL	**2488299**	
3	Kerala General Sales Tax/ Kerala VAT and CST	Sales Tax/ VAT/CST	49383	1982-83
			593190	1983-84
			662652	1987-88
			3373898	1990-91
			3000677	1991-92
			1433097	1992-93
			2019542	1998-99
			478100	1985-86
		CST	1190687	2011-12
		CST	447043	2012-13
		CST	420509	2013-14
		TOTAL	**13668778**	
4	Employee State Insurance Act	ESI Dues	333918	2000-01

Sector Specific Sub-directions under Section 143(5) of the Companies Act, 2013 Manufacturing Sectors

1. Whether the Company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?

   Yes

2. Whether the Company has utilised the Government assistance for technology up gradation/modernisation of its manufacturing process and timely submitted the utilisation certificates.

   NIL during 2016 - 17

3. Whether the Company has fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence.

   Yes

4. What is the system of valuation of by-products and finished products? List out the cases of deviation from its declared policy.

   Valuation of finished products- Finished goods are valued at cost/net realizable value whichever is lower. The Company does not have by-products.

   No case of deviation in the year 2016-17

5. Whether the effect of deteriorated stores and spares have been properly accounted for in the books.

   Yes, stock of scrap is accounted at net realisable value in the books.

6. Whether the Company has effective system for physical verification, valuation of stock, treatment of non moving items and accounting the effect of shortage/ excess noticed during physical verification.

   Yes, except for stock of materials lying with the fabricators. Please refer to our Independent Auditor's report and Annexure 1 to the Independent Auditor's report.

7. State the extent of utilisation of plant and machinery during the year vis-à-vis installed capacity.

   During financial year 2016-17 utilisation was at 79% of installed capacity.

8. Report on the cases of discounts/commission in regard to debtors and creditors where the Company has deviated from its laid down policy.

   No such deviations were observed.

Company Specific Sub-Directions for Transformers and Electricals Kerala Ltd.

1. Whether the Company has a proper policy for recognising revenue? Whether this policy is in consonance with the related AS? Whether all items of revenue recognised are as per this policy/AS?

   Yes. Company has complied with the Accounting Standards. Please refer to the paragraph "Emphasis of Matter" forming part of our Independent Auditor's Report.

2. Whether the Company has properly disclosed and accounted all statutory/taxation liabilities including income tax, service tax and excise duty? Whether final decisions in tax appeals are properly disclosed and accounted?

   Yes.

3. Whether the Company has made adequate disclosure of JV arrangements with NTPC including the impact of the same?

   Yes.

For George, John & Prabhu
Chartered Accountants
(Firm Reg. No.-000917S)

Sd/-
CA Rupesh Pai. R
Partner (M No.-221480)

Place: Kochi-16
Date: 19.07.2018

ANNEXURE "III" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in our report of even date to the members of Transformers & Electricals Kerala Limited on the accounts for the year ended 31st March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of Transformers & Electricals Kerala Limited ('the Company") as of 31st March 2017 in conjunction with our audit of the stand alone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls.

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanation given to us, and based on our audit, following material weaknesses have been identified as at 31st March 2017.

The Company did not have an appropriate internal control system for:

1. Obtaining confirmation of balances in respect of Trade receivables as on 31st March 2017

2. (i) Physical verification of material (owned by the Company) lying with fabricators as on 31st March 2017.

   (ii) Taking insurance cover for the stock of material (owned by the Company) lying with fabricators.

3. Authentication of vouchers and approval thereon by the superior officer in most of the cases.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March 2017 standalone Ind AS financial statements of the Company and these material weaknesses does not affect our opinion on the standalone Ind AS financial statements of the Company.

For George, John & Prabhu
Chartered Accountants
(Firm Reg. No.-000917S)

Sd/-
CA Rupesh Pai. R
Partner (M No. 221480)

Place: Kochi-16
Date: 19.07.2018

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Rupees(₹) in lakhs, unless otherwise stated
BALANCE SHEET

Particulars	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4a	1,561.31	1,580.84	1,687.20
Capital work-in-progress	4b	1.15	87.95	87.71
Other intangible assets	5	15.66	19.04	22.43
Financial assets				
(i) Investments	6	0.70	0.70	0.70
(ii) Loans	7	41.68	42.12	40.70
(iii) Other financial assets	8	75.03	-	48.42
Other non-current assets	9	1.38	-	-
Deferred tax assets(Net)	27	2,064.79	2,061.81	1,627.33
Total non-current assets		**3,761.70**	**3,792.46**	**3,514.49**
Current assets				
Inventories	10	2,820.79	2,556.59	4,121.27
Financial assets				
(i) Investments	6	11.06	-	-
(ii) Trade receivables	11	9,714.04	6,228.19	4,522.48
(iii) Cash and cash equivalents	12.a	638.36	78.78	524.50
(iv) Bank balances other than Cash and Cash equivalent	12.b	244.12	276.45	164.53
(v) Loans	7	43.69	54.99	65.90
(vi) Other financial assets	8	6.49	4.09	9.04
Other current assets	9	365.55	344.29	776.75
Total current assets		**13,844.10**	**9,543.38**	**10,184.47**
Total assets		**17,605.80**	**13,335.84**	**13,698.96**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13a	4,296.96	4,296.96	4,296.96
Other equity	13b	3,655.42	3,258.40	4,160.43
Total equity		**7,952.38**	**7,555.36**	**8,457.39**
Liabilities				
Non-current liabilities				
Provisions	14	415.48	433.90	446.92
Total non-current liabilities		**415.48**	**433.90**	**446.92**
Current liabilities				
Financial liabilities				
(i) Borrowings	15	2,154.86	1,310.36	-
(ii) Trade payables	16	1,551.42	410.10	1,279.03
(iii) Other financial liabilities	17	2,878.06	2,522.01	2,333.08
Provisions	14	1,089.25	226.14	259.96
Other current liabilities	18	1,564.35	877.97	922.58
Total current liabilities		**9,237.94**	**5,346.58**	**4,794.65**
Total liabilities		**9,653.42**	**5,780.48**	**5,241.57**
Total equity and liabilities		**17,605.80**	**13,335.84**	**13,698.96**

Company Overview, Basis of Preparation & Significant accounting policies 1, 2, 3
The accompanying notes from 1 to 35 are an integral part of these financial statements

For and on behalf of the Board of Directors

Sd/-
(Joffy George)
Company Secretary

Sd/-
(S. Siva Kumar)
Chief Financial Officer

Sd/-
(Prasad Bhaskaran Nair)
Managing Director

Sd/-
(Adv. N. C. Mohanan)
Chairman

As per our report of even date
For George, John & Prabhu,
Chartered Accountants,
Firm Regn. No.000917S

Sd/-
Rupesh Pai.R
Partner (M. No. 221480)

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Rupees(₹) in lakhs, unless otherwise stated

STATEMENT OF PROFIT & LOSS

Particulars	Note	For the year ended March 2017	31 March 2016
Revenue			
Revenue from operations	19	18,182.34	16,773.60
Other income	20	251.77	267.05
Total income		**18,434.11**	**17,040.65**
Expenses			
Cost of Material Consumed	21	9,883.63	9,522.42
Changes in inventories of finished goods and work in progress	22	379.66	1,085.92
Excise duty on sales	19	1,948.17	1,576.76
Employee benefits expense	23	4,497.19	4,374.20
Finance costs	24	180.04	165.82
Depreciation and amortization expense	25	132.23	123.92
Other expenses	26	743.25	1,609.38
Total expenses		**17,764.17**	**18,458.42**
Profit/(Loss) before income tax and exceptional items		**669.93**	**(1,417.77)**
Exceptional items	-	-	-
Profit/(Loss) before income tax		**669.93**	**(1,417.77)**
Tax expense			
Current tax	27	136.60	-
Deferred tax	27	44.36	(460.84)
Total tax expenses		**180.96**	**(460.84)**
Profit/(Loss) for the year		**488.97**	**(956.93)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurements of defined benefit liability	32	(139.29)	81.26
Income tax effect	27	47.34	(26.36)
Total other comprehensive income/(loss) for the year, net of income tax		**(91.95)**	**54.90**
Total comprehensive income/(loss) for the year		**397.01**	**(902.03)**
Profit/(Loss) per equity share			
Basic and diluted earnings per equity share (in INR)	30	1.14	(2.23)
Company Overview, Basis of Preparation & Significant accounting policies	1,2,3		

The accompanying notes from 1 to 35 are an integral part of these financial statements

For and on behalf of the Board of Directors

Sd/-
(Joffy George)
Company Secretary

Sd/-
(S. Siva Kumar)
Chief Financial Officer

As per our report of even date
For George, John & Prabhu,
Chartered Accountants,
Firm Regn. No.000917S

Sd/-
(Prasad Bhaskaran Nair)
Managing Director

Sd/-
(Adv. N. C. Mohanan)
Chairman

Sd/-
Rupesh Pai.R
Partner (M. No. 221480)

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Rupees(₹) in lakhs, unless otherwise stated

CASH FLOWS STATEMENT

		As at 31 March 2017	As at 31 March 2016
Cash flows from operating activities			
Profit / (Loss) before tax for the year		669.93	(1,417.77)
Adjustments for:			
Depreciation and amortisation		132.23	123.92
Bad trade receivables written off		-	4.66
Provision for doubtful trade receivables		(142.76)	606.78
Bad debts recovered		(13.10)	-
Unrealised forex loss/(gain) (net)		-	
Finance cost		115.12	93.60
Interest income		(80.73)	(52.64)
Dividend income		(0.11)	(0.72)
(Profit)/Loss on Sale of Asset(net)		(0.68)	-
Gold brought to books by crediting miscellaneous income		(11.76)	-
Impairment value of gold with bank		0.87	-
Operating profit before working capital changes		**669.00**	**(642.17)**
Changes in working capital			
(Increase)/decrease in trade receivables, loans and advances and other assets		(3,377.55)	(2,025.57)
(Increase)/decrease in inventories		(264.20)	1,564.68
Increase/(decrease) in trade payables, other payables and provisions		2,799.94	(717.42)
(Increase)/decrease in bank balances other than cash & cash Equivalents		(42.70)	(63.50)
Net change in working capital		**(884.51)**	**(1,241.81)**
Cash generated by operations		**(215.51)**	**(1,883.98)**
Direct taxes (paid)/Refund		(10.67)	181.39
Net cash generated by operating activities	**A**	**(226.18)**	**(1,702.59)**
Cash flows from investing activities			
Purchase of PPE and Capital WIP		(22.72)	(18.20)
Interest received		78.33	57.59
Dividend Income		0.11	0.72
Sale of Fixed Asset		0.65	(0.00)
Net cash generated by investing activities	**B**	**56.37**	**40.11**
Cash flows from financing activities			
Proceeds/(repayment) from short term borrowings (net)		844.50	1,310.36
Interest Paid		(115.12)	(93.60)
Net cash generated from financing activities	**C**	**729.38**	**1,216.76**
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)		**559.57**	**(445.72)**
Cash and cash equivalents at the beginning of the year		78.78	524.50
Cash and cash equivalents at the end of the year Note No.12.a		**638.36**	**78.78**

The accompanying notes from 1 to 35 are an integral part of these financial statements

For and on behalf of the Board of Directors

Sd/-
(Joffy George)
Company Secretary

Sd/-
(S. Siva Kumar)
Chief Financial Officer

As per our report of even date
For George, John & Prabhu,
Chartered Accountants,
Firm Regn. No.000917S

Sd/-
(Prasad Bhaskaran Nair)
Managing Director

Sd/-
(Adv. N. C. Mohanan)
Chairman

Sd/-
Rupesh Pai.R
Partner (M. No. 221480)

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Rupees(₹) in lakhs, unless otherwise stated

STATEMENT OF CHANGES IN EQUITY

(A) Equity share capital

	As at 31 March 2017		As at 31 March 2016	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Balance at the beginning of the period	429.67	4,296.74	429.67	4,296.74
Forfeited Shares	-	0.22	-	0.22
Total at the beginning of the period	429.67	4,296.96	429.67	4,296.96
Changes in Equity Share Capital during the period	-	-	-	-
Balance at the end of the reporting period	**429.67**	**4,296.96**	**429.67**	**4,296.96**

(B) Other equity

Particulars	Reserves and surplus			Items of other comprehensive income	Total
	Capital Reserve	General Reserve	Retained Earnings	Remeasurements of the net defined benefit plans, net of tax	
Balance as at 1 April 2015	**1,619.60**	**5,085.00**	**(2,506.44)**	**(37.73)**	**4,160.43**
Profit/(Loss) for the year	-	-	(956.93)	-	**(956.93)**
Other comprehensive income/(loss) for the year	-	-	-	54.90	**54.90**
Total comprehensive income/(loss) for the year	**-**	**-**	**(956.93)**	**54.90**	**(902.03)**
Dividend	-	-	-	-	**-**
Dividend distribution Tax	-	-	-	-	**-**
Total Contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**
Balance at as 31 March 2016	**1,619.60**	**5,085.00**	**(3,463.37)**	**17.17**	**3,258.40**
Profit/(Loss) for the year	-	-	488.97	-	**488.97**
Other comprehensive income/(loss) for the year	-	-	-	(91.95)	**(91.95)**
Total comprehensive income/(loss) for the year	**-**	**-**	**488.97**	**(91.95)**	**397.02**
Contributions by and distributions to owners					
Dividend	-	-	-	-	**-**
Dividend distribution Tax	-	-	-	-	**-**
Total contributions from and distributions to owners	**-**	**-**	**-**	**-**	**-**
Balance at as 31 March 2017	**1,619.60**	**5,085.00**	**(2,974.40)**	**(74.78)**	**3,655.42**

For and on behalf of the Board of Directors

Sd/-
(Joffy George)
Company Secretary

Sd/-
(S. Siva Kumar)
Chief Financial Officer

As per our report of even date
For George, John & Prabhu,
Chartered Accountants,
Firm Regn. No.000917S

Sd/-
(Prasad Bhaskaran Nair)
Managing Director

Sd/-
(Adv. N. C. Mohanan)
Chairman

Sd/-
Rupesh Pai.R
Partner (M. No. 221480)

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

Company Information and Significant Accounting Policies

1. Company Overview

Transformer and Electricals Kerala Limited ("TELK" or the "Company") is a Company domiciled in India and limited by shares. The address of the Company's registered office is Angamaly South P.0. Ernakulum, Kerala -683573. The Company is a Joint Venture Company formed between NTPC Limited and Government of Kerala in the year 2007. The Company is involved in the manufacturing and repair of transformer.

2. Basis of preparation

(a) Statement of Compliance

These financial statements are prepared on accrual basis of accounting in accordance and comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, and the Companies Act, 2013 (to the extent notified and applicable). These are the Company's first Ind AS compliant financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards' has been applied.

For all the periods upto and including 31 March 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies Act, 2013 (to the extent notified and applicable), and applicable provisions of the Companies Act, 1956. The Company followed the provisions of Ind AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition, viz., 1 April 2015. Certain of the Company's Ind AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31 March 2015, and accordingly the adjustments were made to restate the opening balances as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at 1 April 2015. This is the effect of the general rule of Ind AS 101 which is to apply Ind AS retrospectively. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 37.

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis,except for the following material items which have been measured at fair value as required by relevant IND AS;

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- The defined benefit asset/(liability) is recognized as the present value of defined benefit obligation less fair value of plan assets.

The methods used to measure fair values are discussed further in notes to financial statements.

(c) Regrouping of Previous year figures

Previous year figures have been regrouped wherever necessary to suit to the current year's requirements.

(d) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs (upto two decimals).

(e) Current and non – current classification

The Company presents assets and liabilities in the balance sheet based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non -current

(f) Use of estimates and management judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgements are based on previous experience and other factors considered reasonable and prudent in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as under:

i) Revenues

The Company is recognizing revenue in respect of sale of products when the goods are dispatched to the customers. The Customer or his representative conduct the pre-supply inspection and give consent to the final product and the buyer has a limited right of return only in cases of damages and losses caused during transit. The price of the goods are inclusive of freight and insurance and in case of goods sold on CIF basis, the significant risks and rewards of ownership are generally transferred to the buyer when the goods are loaded onto the truck, or other delivery vehicle, at the factory site of the seller. The Company generally has no further significant contractual performance obligation that would preclude revenue recognition.

ii) Useful life of property, plant and equipment

The charge in respect of periodic depreciation is derived after estimating the asset's expected useful life and the expected residual value at the end of its life. The depreciation method, useful lives and residual values of Company's assets are estimated by management at the time the assets is acquired and reviewed during each financial year.

iii) Provisions and contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgement by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

iv) Post-employment benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

v) Income taxes

Significant judgments are involved in determining the provision for income taxes including judgements on whether tax positions are probable of being sustained in tax assessments. A tax assessments can involve complex issues, which can only be resolved over extended time periods.

vi) Deferred taxes

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

vii) Expected credit losses on financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection, The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

(a) Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation/, amortisation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use.

The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When parts of an item of property, plant and equipment have different useful lives, they are

recognized and depreciated separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by

comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within 'other income' in the statement of profit or loss.

Expenditure on major inspection and overhauls of production plant is capitalised, when it meets the asset recognition criteria.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized and depreciated over the estimated useful lives considering the rates notified under Schedule II to the Companies Act, 2013. Other spare parts are carried as inventory and recognized in the income statement on consumption.

ii) Subsequent costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on diminishing balance method as prescribed in Schedule II of the Companies Act 2013. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Assets costing up to 5,000/- are fully depreciated in the year of acquisition. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed. The residual value, estimated useful life and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate."

The estimated useful lives of assets are as follows.

Category of assets Estimated useful life

Factory buildings 30 Years

Buildings (other than factory buildings) 60 Years

Plant & Machinery 15 Years

Electrical Installations and Equipment 10 Years

Office Equipment's 05 Years

General Furniture & Fixtures 10 Years

Canteen & Dormitory Furniture's 08 Years

Motor Vehicle 08 Years

Air conditioner 05 Years

Water System 15 Years

Computer Hardware and Servers 3-6 Years

(b) Intangible assets

i) Initial recognition

Intangible assets that are acquired by the Company, which have finite useful lives, are recognised at cost. Subsequent measurement is done at cost less accumulated amortisation and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for use.

ii) Derecognition

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of intangible assets are determined by comprising the proceeds from disposal with the carrying amount of intangible assets and are recognised in the statement of profit and loss.

iii) Amortisation

Cost of software recognized as intangible asset, is amortised on straight line method over a period of 10 years.

(c) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location. Cost is determined on weighted average basis. Cost of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale. 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 realisable values based on the cost of completion, whichever is lower.

(d) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(e) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Claims for liquidated damages against the Company are recognized in the financial statements based on the management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions. Other provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. However, where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

(f) Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss in the year in which it arise.

(g) Revenue

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

(i) Revenue from sale of goods.

The Company is recognizing revenue in respect of sale of products when the goods are dispatched to the customers. The Customer or his representative conduct the pre-supply inspection and give consent to the final product and the buyer has a limited right of return only in cases of damages or losses caused during transit. The price of the goods are inclusive of freight and insurance and in case of goods sold on CIF basis, the significant risks and rewards of ownership are generally transferred to the buyer when the goods are loaded onto the truck, or other delivery vehicle, at the factory site of the seller. The Company generally has no further significant contractual performance obligation that would preclude revenue recognition.

ii) Rendering of Services.

Revenue is recognized as and when services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

iii) Other Income.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established. Interest Income is recognized using effective interest rate method. Claims for export incentives/ duty drawbacks, duty refunds and insurance are accounted for on accrual basis.

(h) Employee benefits

i) Defined contribution plans

Contribution to Provident fund is in the nature of defined contribution plan and is made to a recognized trust. The Company's contribution to Provident fund is covered under defined contribution plan and is recognized as employee benefit expense in statement of profit or loss in the periods during which services are rendered by employees.

ii) Defined benefit plans

Payment of Gratuity to employees is covered under Group Gratuity Cum Assurance Scheme of the LIC of India which is in the nature of defined benefit Scheme. The liability recognized in the balance sheet in respect of these defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate government bond rate that have terms to maturity approximating to the terms of the related liability. Remeasurements comprising actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefits liability (asset) are recognized in other comprehensive income, net of income tax. Other expenses related to defined benefit plans are recognized in statement of profit or loss.

iii) Compensated absences

The Company has a Privilege Leave Policy and Sick Leave Policy which is classified as Other Long Term Employees benefits (as per para 153 of Ind AS 19). This is applicable to various workers and officers. The Company measures the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company records a liability for accumulated balance based on actuarial valuation determined using projected unit credit method. Remeasurements and other expenses related to long term benefit plans are recognized in statement of profit or loss. Privilege leave policy scheme is funded by the Company and is managed by Life Insurance Corporation of India in accordance with schemes framed by the Corporation. Sick Leave Policy scheme is funded and managed by the Company itself.

iv) Short-term benefits

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

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current income taxes are recognized under “income tax payable” net of payments on account, or under “tax receivables” where there is a credit balance.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets primarily include property, plant and equipment, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed. only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Segment reporting

The Company primarily engages in manufacture of transformers and electrical equipment's. The Company does not distinguish revenues, costs and expenses between different businesses in its internal reporting, and reports costs and expenses by nature as a whole. The Board of Directors reviews the results when making decisions about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one reportable segment. The Company operates and manages its business as a single segment mainly through the sale of transformers. As the Company's long-lived assets are all located in India and most of the Company's revenues are derived from India, no geographical information is presented.

(l) Government Grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised over the period in which the related costs are incurred and are deducted from the related expenses. Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the related asset.

(m) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Company by weighted average number of equity shares outstanding during the period adjusted for treasury shares held, if any. Diluted earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Company using the weighted-average number of equity shares considered for deriving basic earnings per share and weighted average number of dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive. Dilutive potential shares are deemed converted at the beginning of the period, unless issued at later date.

(n) Cash Flow statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Ind AS 7 "Statement of Cash Flows".

(o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset.

Subsequent measurement

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting

contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at Fair Value Through OCI (FVTOCI) –

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at Fair Value through Profit or Loss (FVTPL) –

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments –

All equity investments in entities other than subsidiaries and joint ventures are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments in subsidiaries and joint ventures are measured at cost, as cost represents the appropriate estimate of fair value in case of these investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

• The rights to receive cash flows from the asset have expired, or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets –

The loss allowance in respect of trade receivables are measured at an amount equal to life time expected credit losses. The loss allowance in respect of all other financial assets, which are required to be impaired, are measured at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However if at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12- months expected credit losses.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and Bank overdrafts.

Subsequent measurement –

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss –

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Gains or losses on liabilities held for trading are recognized in statement of profit and loss.

Financial liabilities measured at amortized cost

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(p) Corporate Social Responsibility

As per Section 135 of the Companies Act 2013, every company having net worth of rupees five hundred crores or more, or turnover of rupees one thousand crores or more or a net profit of rupees five crores or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. The Corporate Social Responsibility Committee of the Board shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years.

In compliance with the Companies Act, the company already constituted a Corporate Social Responsibility Committee of the Board. But based on the previous 2 years losses, the average profit of the company for the last 3 financial years became negative and hence outside the scope of Sec 135 of the Companies Act 2013 for the financial year 2016-17.

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

Notes to the financial statements for the year ended 31 March 2017

Rupees(₹) in lakhs, unless otherwise stated

4a Property, plant and equipment

Reconciliation of carrying amount

Particulars	Land	Land Development	Building	Plant And Machinery	Elect. Installations	Office Equipments	Furniture & Fixtures	Canteen & Dormitory Furniture & Utensils	Water Systems	Air Conditioners	Motor Vehicle	Computer Hardware	Total
Deemed cost													
(Gross carrying amount)													
Balance as on 01 April 2015	5.82	26.61	873.18	711.78	3.60	2.79	18.79	7.72	18.15	3.30	1.91	13.55	**1,687.20**
Additions	-	-	0.84	14.87	0.71	-	0.42	-	-	-	-	1.12	**17.96**
Deletions	-	-	-	(73.45)	-	-	-	-	-	-	-	-	**(73.45)**
Balance as on 31 March 2016	**5.82**	**26.61**	**874.02**	**653.20**	**4.31**	**2.79**	**19.21**	**7.72**	**18.15**	**3.30**	**1.91**	**14.67**	**1,631.71**
Additions			1.05	14.85	-	3.26	-	-	0.23	88.73	-	1.40	**109.52**
Deletions			-	(0.25)	-	(0.17)	-	-	-	-	-	-	**(0.42)**
Balance as on 31 March 2017	**5.82**	**26.61**	**875.07**	**667.80**	**4.31**	**5.88**	**19.21**	**7.72**	**18.38**	**92.03**	**1.91**	**16.07**	**1,740.81**

Particulars	Land	Land Development	Building	Plant And Machinery	Elect. Installations	Office Equipments	Furniture & Fixtures	Canteen & Dormitory Furniture & Utensils	Water Systems	Air Conditioners	Motor Vehicle	Computer Hardware	Total
Accumulated depreciation													
Balance as on 01 April 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	0.34	26.37	81.16	0.08	0.28	2.60	2.40	1.37	1.29	0.52	4.11	**120.52**
Accumulated depreciation on deletions	-	-	-	(69.65)	-	-	-	-	-	-	-	-	**(69.65)**
Balance as on 31 March 2016	**-**	**0.34**	**26.37**	**11.51**	**0.08**	**0.28**	**2.60**	**2.40**	**1.37**	**1.29**	**0.52**	**4.11**	**50.87**
Depreciation for the year		0.34	26.18	75.40	0.11	0.29	2.60	2.39	1.37	17.14	0.39	2.64	128.85
Accumulated depreciation on deletions	-	-	-	(0.22)	-	-	-	-	-	-	-	-	(0.22)
Balance as on 31 March 2017	**-**	**0.68**	**52.55**	**86.69**	**0.19**	**0.57**	**5.20**	**4.79**	**2.74**	**18.43**	**0.91**	**6.75**	**179.50**

Particulars	Land	Land Development	Building	Plant And Machinery	Elect. Installations	Office Equipments	Furniture & Fixtures	Canteen & Dormitory Furniture & Utensils	Water Systems	Air Conditioners	Motor Vehicle	Computer Hardware	Total
As on 01 April 2015	5.82	26.61	873.18	711.78	3.60	2.79	18.79	7.72	18.15	3.30	1.91	13.55	**1,687.20**
As on 31 March 2016	5.82	26.27	847.65	641.69	4.23	2.51	16.61	5.32	16.78	2.01	1.39	10.56	**1,580.84**
As on 31 March 2017	5.82	25.93	822.52	581.11	4.12	5.31	14.01	2.93	15.64	73.60	1.00	9.32	**1,561.31**

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4b.

Capital Work In Progress	Current Year	Previous Year
As at 31st March 17	1.15	87.95
As at 31st March 16	87.95	87.71
As at 31st March 15	87.71	52.83

5 Other intangible assets

Reconciliation of carrying amount

Particulars	Computer Software	Total
Deemed cost (Gross carrying amount)		
Balance as on 01 April 2015	22.43	22.43
Additions	-	-
Balance as on 31 March 2016	**22.43**	**22.43**
Additions	-	-
Balance as on 31 March 2017	**22.43**	**22.43**

Particulars	Computer Software	Total
Accumulated depreciation		
Balance as on 01 April 2015		-
Amortisation for the year	3.39	3.39
Balance as on 31 March 2016	**3.39**	**3.39**
Amortisation for the year	3.38	3.38
Balance as on 31 March 2017	**6.77**	**6.77**

Carrying amount, net	Computer Software	Total
As on 01 April 2015	22.43	22.43
As on 31 March 2016	19.04	19.04
As on 31 March 2017	15.66	15.66

The Accounting Software currently used by the company for accounting & book keeping was developed in house, years back and is very old and is now unable to generate IND AS financial statements from the system for the year 2014-15 and onwards. The conversion of accounts from the erstwhile Indian Generally Accepted Accounting Principles (IGAAP) to IND AS during the year was performed by the management. For the year 2014-15 and onwards the company generated trial balance from the existing system and subsequently passed manual accounting entries during 2016-17 to comply with IND AS. The Management is in the process of upgrading the software.

Notes to the financial statements for the year ended 31 March 2017

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6

Investments	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non-current			
Unquoted (measured at fair value through profit and loss)			
Cooperative societies			
Investment in shares of TELK Employees Multipurpose Co-operative Society Ltd			
450 'B' Class (PY - 450 'B' class) shares of Rs 100 each fully paid up	0.45	0.45	0.45
Investment in shares of TELK Employees Canteen Co-operative Society Ltd			
250 'B' class (PY - 250 'B' class) shares of Rs 100 each fully paid up	0.25	0.25	0.25
Total	**0.70**	**0.70**	**0.70**
Current			
Gold with Bank*	11.06	-	-
	11.06	-	-
Aggregate value of unquoted investments	**0.70**	**0.70**	**0.70**

*Earlier TELK had the practice of giving Gold Coins as Memento to employees as token of appreciation for timely achievement of production targets. The balance of those Gold Coins after distribution to eligible employees were kept in safe custody of the company. During 2016-17 company brought to the books this gold by crediting Miscellaneous Income; and the company handed over to State Bank of India 442.6 Grams of Gold in the form of 80 Gold Coins of different weights ranging from 1 Gram to 8 Grams with the intention of depositing the Gold with State Bank of India under R- GDS scheme of Reserve Bank of India. The deposit is a medium term government deposit with interest rate of 2.25% p.a. As per the RBI- Master Direction No. DBR.IBD.No.45/23.67.003/2015-16 the Gold so deposited needs to be treated as item in safe custody by the designated bank till the deposit is made effective. In our case the deposit has been made effective from 1st April 2017 by State Bank of India.

7

Loans	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non - Current - Unsecured considered good			
Security Deposits and Earnest Money Deposit	41.68	42.12	40.70
Total	**41.68**	**42.12**	**40.70**
Current - Unsecured considered good			
Earnest Money Deposit	43.69	54.99	65.90
Total	43.69	54.99	65.90

8

Other financial assets	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non-current			
Bank deposits (due to mature after 12 months from the reporting date)*	75.03	-	48.42
Total	**75.03**	**-**	**48.42**
Current			
Interest accrued on Fixed Deposits	6.49	4.09	9.04
Total	**6.49**	**4.09**	**9.04**

* Bank deposits include restricted bank balances of INR 75.03 (previous year: INR Nil). The restrictions are primarily on account of bank balances held as lien against bank guarantees.

9

Other assets	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance with government authorities	245.74	284.19	725.39
Capital Advances - Non Current	1.38	-	-
Employee advances	27.30	28.94	21.74
Advances to Suppliers and Contractors	92.51	31.16	29.62
Total	**366.93**	**344.29**	**776.75**

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10	Inventories	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Raw Materials	1,844.52	1,089.00	1,403.90
	Goods in Transit	0.15	81.23	39.45
	Work In Progress	796.42	956.44	1,276.76
	Finished Goods	20.30	268.05	1,117.25
	Tools*	20.95	14.76	15.71
	Jigs*	30.96	38.01	46.69
	Scrap	42.14	38.33	68.29
	Other Scraps	5.13	5.13	1.71
	Stock of Material with Fabricators	60.22	65.64	151.51
	Total	**2,820.79**	**2,556.59**	**4,121.27**

Note:
* Tools and Jigs have a usefule life of less than a year therefore classified as inventory.
Write down of Inventories is Nil (previous year - Nil)

11	Trade receivables	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Unsecured,			
	-Considered good	9,714.04	6,228.19	4,522.48
	-Considered doubtful	1,743.04	1,898.90	1,292.12
		11,457.08	8,127.09	5,814.60
	Less: Provision for Bad & Doubtful Debts	(1,743.04)	(1,898.90)	(1,292.12)
	Total	**9,714.04**	**6,228.19**	**4,522.48**

During the course of the mandatory implementation of the new accounting standard- IND AS, in Financial year 2016-17 company has adopted Expected Credit Loss (ECL) (Ind AS 109 - Financial Instruments) as the method of computation of Provision for Bad & Doubtful debts. Adoption of ECL method resulted in the restatement of Provision for Bad & Doubtful debts effective from 1st April 2015 onwards. The restated Provision for Bad & Doubtful debts balance as per this financial statements for 1st April 2015 is INR 1292.12 (Old figure:NIL), for 31st March 2016 is INR 1898.90 (Old figure: INR 623.25) and that of 31st March 2017 is INR 1743.04.

12.a	Cash and cash equivalents	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Balances with banks :			
	In current accounts	6.53	19.03	27.76
	In deposit accounts*	631.83	59.70	496.70
	Stamp and Stamp Paper	-	0.05	0.04
		638.36	**78.78**	**524.50**

*includes margin money deposits amounting to INR 297.87 (March 31, 2016: INR 48.42, April 1, 2015: INR 70.00) given as collateral against the bank guarantees.

The deposits with bank comprise time deposits, which can be withdrawn at any time without prior notice and without any penalty on the principal and accordingly considered as cash and cash equivalents for cash flow purposes.

12.b	Bank balances other than Cash and Cash equivalent	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Other bank balances			
	Others-Unclaimed Dividend Account	5.02	5.02	5.02
	Deposits with original maturity of more than 3 months	314.13	271.43	207.93
	Less: Bank Balances with original maturity of more than 12 months dislclosed under other non- current assets	(75.03)	-	(48.42)
		244.12	**276.45**	**164.53**

Rupees(₹) in lakhs, unless otherwise stated

13.a	Equity share capital	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
		No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
(A)	**Authorised**						
	125000000 shares of par value of Rs.10/- each (Previous year 125000000 shares of par value of Rs.10/- each)	1,250.00	12,500.00	1,250.00	12,500.00	1,250.00	12,500.00
(B)	**Issued**						
	42975400 shares of par value of Rs.10/- each (Previous year 42975400 shares of par value of Rs.10/- each)	429.75	4,297.54	429.75	4,297.54	429.75	4,297.54
(C)	**Issued, Subscribed & Paid up Capital**						
	42967350 shares of par value of Rs.10/- each (Previous year 42967350 shares of par value of Rs.10/- each)	429.67	4,296.74	429.67	4,296.74	429.67	4,296.74
(D)	**Forfeited shares**	-	0.22	-	0.22	-	0.22
	Total (C+D)	**429.67**	**4,296.96**	**429.67**	**4,296.96**	**429.67**	**4,296.96**

(i) **Reconciliation of the number of shares and amount outstanding:**

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Re. 10 each fully paid up At the beginning of the year	429.67	4,296.74	429.67	4,296.74	429.67	4,296.74
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**429.67**	**4,296.74**	**429.67**	**4,296.74**	**429.67**	**4,296.74**

(ii) **Terms and rights attached to equity shares**

The company has only one class of equity share having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The holders of the equity shares are entitled to receive dividends as declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) The Company has neither issued bonus shares nor has bought back any shares during last 5 years

(iv) **Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Equity shares of Re. 10 each fully paid up Governor of Kerala	234.44	54.56%	234.44	54.56%	234.44	54.56%
NTPC LTD	191.63	44.60%	191.63	44.60%	191.63	44.60%
Total number of shares holding more than 5%	**426.07**	**99.16%**	**426.07**	**99.16%**	**426.07**	**99.16%**
Add: Others (individually holding less than 5%)	3.60	0.84%	3.60	0.84%	3.60	0.84%
Total equity shares	**429.67**	**100%**	**429.67**	**100%**	**429.67**	**100%**

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13.b	Other Equity	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Capital Reserve	1,619.60	1,619.60	1,619.60
	General Reserve	5,085.00	5,085.00	5,085.00
	Retained Earnings	(2,974.40)	(3,463.37)	(2,506.44)
	Other reserves	(74.78)	17.17	(37.73)
	Total	**3,655.42**	**3,258.40**	**4,160.43**

	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(i)	**Capital Reserve**		
	Opening balance	1,619.60	1,619.60
	Less: Adjustment during the year	-	-
	Closing balance	1,619.60	1,619.60
(ii)	**General Reserve**		
	Opening balance	5,085.00	5,085.00
	Add: Transfer from retained earnings	-	-
	Closing balance	5,085.00	5,085.00
(iii)	**Retained earnings**		
	Opening balance	(3,463.37)	(2,506.44)
	Add: Profit/(loss) for the year as per Statement of Profit and Loss	488.97	(956.93)
	Closing balance	(2,974.40)	(3,463.37)
(iv)	**Other Reserves**		
	Opening balance	17.17	(37.73)
	Remeasurement of post-employment benefit obligation, net of tax	(91.95)	54.90
	Closing balance	(74.78)	17.17

Nature and purpose of other equity:

Capital Reserve
Capital Reserve in the company's balance sheet alludes to a fund, that is created to finance long term project or write off capital expenses.The purpose of capital reserves are to meet future capital losses, issue fully paid bonus shares subject to Articles of Association and to strengthen the financial position of the business.This is not created out of Revaluation of assets

General Reserve
Revenue profit earned by the company over the period since it's inception are the source of general reserves. This reserve can be generally utilised for any purpose and is freely available for distribution as dividend.

Retained earnings
Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Other Reserves
The cumulative balances of actuarial gain or loss arising on remeasurements of defined benefit plan is accumulated and recognised. Items included in actuarial gain or loss reserve will not be reclassified subsequently to statement of profit and loss.

14	Provisions	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Non-current			
	Provision for employee benefits:			
	Provsion for Gratuity	388.43	224.82	175.03
	Provsion for Leave Encashment	(247.75)	(131.77)	(90.81)
	Provsion for sick leave	274.81	340.86	362.70
		415.48	433.90	446.92
	Current			
	Provision for employee benefits:			
	Provsion for sick leave	123.25	81.00	87.89
	Others			
	Provision for materials to be issued	759.23	80.43	118.46
	Provsion for warranty	21.30	15.85	11.80
	Provision for Medical reimbursement	48.86	48.86	41.81
	Provision for tax	136.61	-	-
		1,089.25	226.14	259.96
	Total	**1,504.73**	**660.04**	**706.88**

15	Borrowings	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	From bank (secured)			
	Cash Credit	1,602.45	558.20	-
	Bill Discounted	552.41	752.16	-
	Total	**2,154.86**	**1,310.36**	**-**

i) Cash credit and bill discounted from banks amounting to INR 2,154.86 lakhs (31 March 2016: INR 1,310.36 lakhs, 1 April 2015: Nil) are secured by hypothecation of current assets and plant amd machinery including its machinery spares, tools and accessories and other movable plant and machinery.
ii) Cash credit and bill discounting facility carries interest rate ranging from 8% p.a. to 10% p.a. For bill discounted through bank, the repayment period ranges from 90 to 120 days and cash credit gets renewed yearly.
There are no defaults in repayment of principal or interest to lenders as at the balance sheet date.

16	Trade Payables	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Dues to Micro, Small and Medium Enterprises	92.52	82.26	163.16
	Other payables	1,458.90	327.84	1,115.87
	Total	**1,551.42**	**410.10**	**1,279.03**

17	Other Financial liabilities	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Unclaimed Dividend	5.02	5.02	5.02
	Deposits from Contractors and Others	94.09	25.96	25.23
	Deferred interest income	19.37	-	-
	Employees reimbursement	8.31	8.97	9.67
	Payable for Capital expenditure	1.10	-	12.66
	Other Payables/dues			
	-Employess dues	1,589.70	1,221.99	213.93
	-Other dues	1,160.47	1,260.07	2,066.57
	Total	**2,878.06**	**2,522.01**	**2,333.08**

18	Other Current liabilites	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Advances from Customers and Others	983.41	391.71	514.77
	Statutory Liabilities	580.94	486.26	407.81
	Total	**1,564.35**	**877.97**	**922.58**

Note: The C- Form relating to Inter- State Sales of INR 12,302,866/- is remaining uncollected as on the date. The differential tax liability (@12.5%) in the event of non-collection of those C- Forms will come to INR 1,537,858/-. Company is making continuous followup with respective parties and is confident of collecting, all pending C- Forms in due course of time. Hence Management is of the view that no provision relating to non-collection of C- Forms is required now for the year 2016-17.

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19	Revenue from operations	For the year ended 31 March 2017	For the year ended 31 March 2016
	Sale of products **(A)**	17,589.88	15,943.20
	Service charge and others **(B)**	214.05	348.65
	Other Operating Income		
	Sale of Scrap	175.63	347.40
	Freight & Insurance	202.78	134.35
	Total Other Opearting Income (C)	**378.41**	**481.75**
	Total revenue from operations (A+B+C)*	**18,182.34**	**16,773.60**
	*(inclusive of excise duty of INR 1948.17 lacs and (PY 1576.76 lacs)		

20	Other income	For the year ended 31 March 2017	For the year ended 31 March 2016
	Interest income	80.73	52.64
	Profit from sale of item of PPE	0.49	-
	Profit from Sale of item of PPE scrap	0.19	
	Duty Drawback and Duty Scrip	20.57	114.92
	Dividend income	0.11	0.72
	Miscellanious income	149.67	98.76
	Total	**251.77**	**267.05**

21	Cost of Material Consumed	For the year ended 31 March 2017	For the year ended 31 March 2016
	Opening Stock of raw material	1,274.20	1,663.15
	Add: Purchases of raw materials	9,667.43	8,970.90
	Add: Provision for materials to be issued	759.23	80.43
	Add: Stores and Spares Consumed	210.22	200.60
	Less: Material Consumed of prior years	(80.43)	(118.46)
	Less: Closing Stock	(1,947.02)	(1,274.20)
	Total	**9,883.63**	**9,522.42**

22	Changes in inventories of Finished goods and work in progress	For the year ended 31 March 2017	For the year ended 31 March 2016
	Finished Goods		
	Opening stock	268.05	1,117.25
	Closing stock	20.30	268.05
	Decrease in inventory(A)	**247.75**	**849.20**
	Work in Progress		
	Opening stock	956.44	1,276.76
	Closing stock	796.42	956.44
	Decrease in inventory(B)	**160.02**	**320.32**
	Excise Duty on Finished Goods		
	Opening stock	33.05	116.65
	Closing stock	4.94	33.05
	Decrease in Excise duty(C)	**28.11**	**83.60**
	Total(A+B-C)	**379.66**	**1,085.92**

23	Employee benefits expenses	For the year ended 31 March 2017	For the year ended 31 March 2016
	Salaries, wages and bonus	3,546.21	3,136.57
	Remuneration to MD	40.00	41.92
	Honorarium to Chairman	1.56	-
	Contribution to provident fund	300.17	293.16
	Gratuity	(82.58)	167.67
	Staff welfare expenses	691.83	734.88
	Total	**4,497.19**	**4,374.20**

Note:

The proposal for pay revision of officers of the company duly approved by the Company Board of Directors was submitted to the Government of Kerala for approval in September 2012. In the interim, Board resolved to sanction the revised pay scales & other benefits to Officers and Workers from August 2012 onwards prospectively, and the arrears to be paid only after getting approval of Government of Kerala. Company had obtained Government of Kerala approval for Pay revision in respect of workers. In respect of officers, Company received Government Order G.O (Ms) No. 86/2017/ID dated 29.08.2017 which was with deviations from the pay revision proposal approved by the Company Board. Considering the deviations in the Government Order, the company's Board at it's 312th Meeting held on 20.09.2017, decided to forward the Board approved pay revision proposal for Officers once again to Government of Kerala for reconsideration. Government of Kerala reconsidered the request of the Board. The proposal was placed before the Public Enterprises Board (PEB) Meeting chaired by the Chief Secretary on 12.03.2018 and got their approval (as per the Minutes of the meeting of PEB held on 12th March'18) . The final approval of the Government of Kerala for Officer's Pay revision is under process and Management is of the view that approval will be obtained for the same.

Rupees(₹) in lakhs, unless otherwise stated

24	**Finance Cost**	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
	Interest		
	Interest on Bank over draft	113.34	90.90
	Interest - Others	1.78	2.70
		115.12	93.60
	Other Borrowing Cost		
	Guarantee commission & Other Charges	64.92	72.22
	Total	**180.04**	**165.82**

25	**Depreciation and amortisation expense**	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
	Depreciation of property, plant and equipment (refer note 4a)	128.85	120.53
	Amortisation of intangible assets (refer note 5)	3.38	3.39
	Total	**132.23**	**123.92**

26	**Other Expenses**	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
	Factory Expenses	92.74	139.61
	Power and Fuel	320.17	279.18
	Repairs:		
	Buildings	1.09	0.16
	Plant and Machinery	14.22	10.55
	Others	161.19	154.03
	Rates and Taxes	47.95	129.21
	Travelling & conveyance	56.89	43.21
	Printing and Stationary	9.23	8.17
	Postage and Telephones	13.56	15.76
	Auditors' Remuneration	1.95	1.95
	Directors' Sitting Fee	0.06	0.13
	Legal and Professional Charges	33.41	11.73
	Miscellaneous expenses	23.86	20.68
	Property, Plant & Equipment Written off	-	0.37
	Selling exenses and Commission	42.73	91.65
	Insurance Charges	29.20	37.59
	Erection Expenses of Transformers	34.68	45.07
	Advertisement & Publicity	2.21	1.79
	Bad debtswritten off	-	4.66
	Provision for bad and doubtful debts	(142.76)	606.77
	Foreign Exchange Fluctuation a/c	-	7.11
	Impairment in value of gold with bank	0.87	-
	Total	**743.25**	**1,609.38**

Auditors' Remuneration

Particular	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
For Statutory Audit	1.30	1.30
For Taxation Matters	0.23	0.23
For Reimbursement of Expenses	0.43	0.43
Total	**1.95**	**1.95**

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27 Tax expense

A. Amounts recognised in statement of profit and loss

	Year ended 31 March 2017	Year ended 31 March 2016
Current tax (a)		
Current period	136.60	-
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	44.36	(460.84)
	44.36	(460.84)
Tax expense for the year (a) + (b)	**180.96**	**(460.84)**
(ii) Amounts recognised in other comprehensive income		
Current Income Taxes		
In respect of the current period	-	-
Deferred Taxes		
In respect of the current period	(47.34)	26.36
Total	**133.62**	**(434.47)**

B. Amounts recognised in other comprehensive income

	31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax
Remeasurements of the defined benefit plans	(139.29)	47.34	(91.95)
	(139.29)	**47.34**	**(91.95)**

	31 March 2016		
	Before tax	Tax (expense) benefit	Net of tax
Remeasurements of the defined benefit plans	81.26	(26.36)	54.90
	81.26	**(26.36)**	**54.90**

C. Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

	31 March 2017	31 March 2016
Profit before tax	**669.93**	**(1,418)**
Tax using the Company's domestic tax rate	33.99%	32.445%
	227.71	(460.00)
Effect of:		
Deferred tax	(2.98)	(434.47)
Difference in rate considered for MAT and books	(91.11)	460.00
Adjustments in MAT not considered in book profit	-	
Income tax expense	**133.62**	**(434.47)**

Rupees(₹) in lakhs, unless otherwise stated

27 Tax expense (continued)

D. Recognised Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable as follows

	Deferred tax assets 31 March 2017	Deferred tax (liabilities) 31 March 2017	Net deferred tax asset 31 March 2017
Property, plant and equipment	(218.07)	-	(218.07)
Provisions for gratuity		128.55	128.55
Provision for sick leave	-	128.78	128.78
Provision for leave encashment	(57.88)	-	(57.88)
Sales tax provisions	-	1.73	1.73
Service tax provisions	-	69.80	69.80
Excise Duty	-	0.10	0.10
40(a)(ia) payments	-	1.01	1.01
Bonus And Festival allowance	-	8.91	8.91
Loss/Depreciation carried forward as per Return	-	1,291.90	1,291.90
Provision for Interest payable on Excise Duty for Price Variations in 2015-16	-	8.07	8.07
Provision for Bad and Doubtful Debts-2015-16	-	563.12	563.12
Warranty	-	1.85	1.85
MAT Credit	-	136.61	136.61
Fair value of Investment in gold coins	-	0.30	0.30
Net deferred tax (assets) liabilities	**(275.94)**	**2,340.73**	**2,064.79**

	Deferred tax assets 31 March 2016	Deferred tax (liabilities) 31 March 2016	Net deferred tax asset 31 March 2016
Property, plant and equipment	(102.73)	-	(102.73)
Provisions for gratuity	-	72.94	72.94
Provision for sick leave	-	136.87	136.87
Provision for leave encashment	(42.75)	-	(42.75)
Sales tax provisions	-	1.73	1.73
Service tax provisions	-	69.66	69.66
Excise Duty	-	0.10	0.10
Disallowance on account of 40(a)(ia) payments	-	1.01	1.01
Bonus And Festival allowance	-	8.91	8.91
Loss/Depreciation carried forward as per Return	-	1,291.90	1,291.90
Provision for Interest payable on Excise Duty for Price Variations in 2015-16	-	8.07	8.07
Provision for Bad and Doubtful Debts-2015-16	-	616.10	616.10
Net deferred tax (assets) liabilities	**(145.49)**	**2,207.29**	**2,061.81**

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27 Tax expense (continued)

E. Movement in temporary differences

	Balance as at 1 April 2016	Recognised in profit or loss during 2016-17	Recognised in OCI during 2016-17	Balance as at 31 March 2017
Property, plant and equipment	(102.73)	(115.33)	-	(218.07)
Provisions for gratuity	72.94	8.27	47.34	128.55
Provision for sick leave	136.87	(8.09)		128.78
Provision for leave encashment	(42.75)	(15.12)	-	(57.88)
Sales tax provisions	1.73	-	-	1.73
Service tax provisions	69.66	0.13	-	69.80
Excise Duty	0.10	-	-	0.10
Disallowance on account of 40(a)(ia) payments	1.01	-	-	1.01
Bonus And Festival allowance	8.91	-	-	8.91
Loss/Depreciation carried forward as per Return	1,291.90	-	-	1,291.90
Provision for Interest payable on Excise Duty for Price Variations in 2015-16	8.07	-	-	8.07
Provision for Bad and Doubtful Debts-2015-16	616.10	(52.98)	-	563.12
Warranty	-	1.85	-	1.85
MAT Credit	-	136.61	-	136.61
Fair value of Investment in gold coins	-	0.30	-	0.30
	2,061.81	**(44.36)**	**47.34**	**2,064.79**

	Balance as at 1 April 2015	Recognised in profit or loss during 2015-16	Recognised in OCI during 2015-16	Balance as at 31 March 2016
Property, plant and equipment	(85.35)	(17.38)	-	(102.73)
Provisions for gratuity	56.79	42.52	(26.36)	72.94
Provision for sick leave	146.19	(9.32)	-	136.87
Provision for leave encashment	(29.46)	(13.29)	-	(42.75)
Sales tax provisions	1.73	-	-	1.73
Service tax provisions	40.24	29.42	-	69.66
Excise Duty	37.85	(37.75)	-	0.10
Disallowance on account of 40(a)(ia) payments	0.76	0.24	-	1.01
Bonus And Festival allowance	5.99	2.92	-	8.91
Loss/Depreciation carried forward as per Return	1,033.37	258.53	-	1,291.90
Provision for Inerest payable on Excise Duty for Price Variation in 2015-16	-	8.07	-	8.07
Provision for Bad and Doubtful Debts-2015-16	419.23	196.87	-	616.10
	1,627.33	**460.84**	**(26.36)**	**2,061.81**

Rupees(₹) in lakhs, unless otherwise stated

28a Contingent liabilities and commitments (to the extent not provided for)

Particulars	31 March 2017	31 March 2016	1 April 2015
(I) Contingent liabilities:			
(i) Claims against the Company not acknowledged as debt:			
(a) Disputed sales tax liability under appeal	20.58	139.05	139.05
(b) Disputed excise duty liability	2.27	-	19.92
(c) Disputed Service tax liability	151.76	17.11	90.78
(d) Disputed liability under Employees State Insurance Act.	3.34	-	-
(ii) Bank Guarantee*	5,199.06	5,760.98	6,840.69
(II) Commitments:		-	-
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	108.28	473.95	790.85
Total	**5,485.29**	**6,391.09**	**7,881.29**

* Bank Guarantee included in the Contingent liabilites are the counter guarantees given to bank in respect of guarantees issued by them.

28b The Company did not have any long term contracts including derivative contracts for which there were no material forseeable losses to be provided for..

29 Dues to micro and small suppliers

Particulars	31 March 2017	31 March 2016	1 April 2015
The amounts remaining unpaid to micro and small suppliers as at the end of the year	92.52	82.26	163.16
Total	**92.52**	**82.26**	**163.16**

30 Earnings per share (EPS)

Basic earning per share:

Basic earnings per share is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, excluding equity shares purchased by the Company, if any

Diluted earning per share:

Diluted earnings per share is calculated by dividing the profit for the year by the weighted average number of equity shares outstanding during the year, after adjustment for the effects of all dilutive potential equity shares.

The following reflects the profit/(loss) and share data used in computation of basic EPS:

A reconciliation of profit/(loss) for the year and weighted average number of ordinary shares used in the computation of basic and diluted earnings per share is stated below:

Particulars	As at 31 March 2017	As at 31 March 2016
Profit/(Loss) during the year attributable to the owners of the equity	488.97	(956.93)
Weighted average number of ordinary shares outstanding	429.67	429.67
Basic and diluted earnings per share	1.14	(2.23)

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31 Related party transactions

Name of the related parties and description of relationship with the Company

Key Management Personnel
Prasad Bhaskaran Nair (MD) from 09/01/2016
Deepak Trehan (MD) upto 09/01/2016
Ganapathyseshambal Venkitaraman Iyer (CFO) upto 30/04/ 2017
Joffy George, Company Secretary from 11/07/2007

Directors

Saptarshi Roy	Nominee Director
Sudhir Arya	Nominee Director
Kannamparambil Muhammed Lebba Abdul Shukkoor	Nominee Director
Parol Vijayakumari	Nominee Director
Anand Kumar Gupta	Nominee Director
Nellampurath Chellappan Nair Mohanan	Chairman & Nominee Director
Prasanth Madhavan Pillai	Nominee Director

Entities with joint control and significant influnece over the entity
NTPC Limited
Government of Kerala

Entities under the control of the same government
Kerala State Electricity Board Ltd
The Travancore Cochin Chemicals Limited

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Transactions with related parties are as follows:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(i) Entities with joint control and significant influence over the entity (NTPC LTD)		
- Sale of goods	1,080.84	1,255.56
- Sale of services	135.75	119.12
- Outstanding balances - Receivable	639.82	1,422.96
(ii) Entities under the control of the same government		
(a) Kerala State Electricity Board Ltd		
- Sale of goods	2,255.14	1,881.58
- Electricity Charges	258.56	264.49
(b) The Travancore Cochin Chemicals Limited		
- Sale of goods	201.21	5.21
- Purchase of goods	1.67	2.31
(iii) Compensation to Key Mangement Personnel		
- Short term employee benefits	64.94	54.42
- Post employment benefits	12.22	3.00
- Reimbursement of Travelling expenses	2.54	1.80
(iv) Other payments to Related Parties		
- Honararium to Chairman	1.56	-
- Sitting fees to Nominee Directors	0.06	0.02
- Reimbursement of Travelling expenses	4.34	0.70

Rupees(₹) in lakhs, unless otherwise stated

32 Employee benefit plans

(i) Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to INR 300.17 (Previous year: INR 293.16).

(ii) Defined benefit plan:

The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 (Gratuity Act). Every employee who has completed 5 years or more of service is eligible for gratuity on separation worked out at 15 days salary (last drawn salary) for each completed year of service. The obligation under the scheme is funded.

The Company has extended defined benefit plans in the form of leave salary to employees. The scheme is funded by the company.

Based on actuarial valuation the following tables set out the amount recognised in the company financial statements:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
	Gratuity	Gratuity
Expense recognised in the Statement of Profit and Loss:		
Service cost	95.17	103.13
Net interest expenses	152.28	166.86
Expected return on plan assets	122.84	138.79
Component of defined benefit costs recognised in the Statement of Profit and Loss	**124.61**	**131.20**
Remeasurement on the net defined benefit liability:		
Actuarial gain arising from change in demographic assumptions	(39.69)	-
Actuarial loss arising from changes in financial assumptions	(41.78)	-
Actuarial loss arising from changes in experience adjustments	220.76	(81.26)
Components of defined benefit costs recognised in Other Comprehensive income	**139.29**	**(81.26)**
Total	**263.90**	**49.94**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
	Gratuity	Gratuity	Gratuity
Present value of defined benefit obligation	388.43	224.82	175.03
Net liability arising defined benefit obligations recognised in the Balance Sheet	**388.43**	**224.82**	**175.03**

Reconciliation of present value of the defined benefit obligation	As at 31 March 2017	As at 31 March 2016
	Gratuity	Gratuity
Opening defined benefit obligation	1,977.66	2,166.96
Service cost	95.17	103.13
Interest cost	152.28	166.86
Benefits paid	(415.23)	(387.78)
Remeasurement loss (gain):	-	-
Actuarial loss (gain) arising from	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	(39.69)	-
Actuarial loss/(gain) arising from changes in financial assumptions	(41.78)	-
Actuarial loss/(gain) arising from changes in experience adjustments	224.77	(71.51)
Closing defined benefit obligation	**1,953.18**	**1,977.66**

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Reconciliation of changes in the fair value of plan assets	As at 31 March 2017	As at 31 March 2016
	Gratuity	Gratuity
Opening fair value of paln assets	1,752.84	1,991.93
Expected return on plan assets	122.84	138.79
Contributions from the employer	100.29	0.15
Benefits paid	(415.23)	(387.78)
Remeasurement loss (gain):		
Actuarial loss/(gain) arising from changes in financial assumptions	-	5.41
Return on Plan Assets (excluding amounts incuded in net interest expenses)	4.01	4.34
Closing fair value of plan assets	**1,564.75**	**1,752.84**

Actual return on plan assets is 126.85 lakhs (previous year 148.54 lakhs)

The principal assumptions used for the purpose of actuarial valuations are shown in the table below. The assumptions as at the balance sheet date are used to determine the present value of defined benefit obligation at that date.

Actuarial assumptions	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
	Gratuity	Gratuity	Gratuity
Financial assumption:			
Discount rate	7.1%	7.7%	7.7%
Salary escalation rate	9.00%	10.00%	10.00%
Demographic assumption:			
Withdrawal rate	5.00%	2.00%	2.00%
Mortality rate	IALM 2006-08 Ult.	IALM 2006-08 Ult.	IALM 2006-08 Ult.

Sensitivity analysis of the defined benefit obligation
The following table presents the sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at reporting date.

Sensitivity Level	31 March 2017		31 March 2016		31 March 2017		31 March 2016	
	Discounting rate				Salary			
	100 basis point		100 basis point		100 basis point		100 basis point	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	(93.36)	107.21	(116.62)	138.10	104.18	(92.64)	133.67	(115.34)

Rupees(₹) in lakhs, unless otherwise stated

33 Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Note	Carrying value		
		31 March 2017	31 March 2016	1 April 2015
Financial assets				
Measured at amortised cost				
Trade receivables	11	9,714.04	6,228.19	4,522.48
Cash and cash equivalents	12.a	638.36	78.78	524.50
Bank balances other than Cash and Cash equivalent	12.b	244.12	276.45	164.53
Loans	7	85.37	97.11	106.60
Other financial assets	8	81.52	4.09	57.46
Measured at fair value through profit and loss (FVTPL)				
Investment in Shares of Co-operative societies	6	0.70	0.70	0.70
Investment in Gold with Bank	6	11.06		
Total financial assets		**10,775.16**	**6,685.31**	**5,376.26**
Financial liabilities				
Measured at amortised cost				
Borrowings	15	2,154.86	1,310.36	-
Trade payables	16	1,551.42	410.10	1,279.03
Other financial liabilities	17	2,878.06	2,522.01	2,333.08
Total financial liabilities		**6,584.34**	**4,242.47**	**3,612.10**

33.1 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following tables present the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2017, 31 March 2016 and 1 April 2015.

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2017:

Particulars	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:				
Investment in Shares of Co-operative societies	0.70	-	-	0.70
Investment in Gold with Bank	11.06	11.06		
Total	**11.76**	**11.06**	**-**	**0.70**

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2016:

Particulars	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:				
Investment in Shares of Co-operative societies	0.70	-	-	0.70
Total	**0.70**	**-**	**-**	**0.70**

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33 Financial instruments (continued)

33.1 Fair value hierarchy (continued)

Fair value hierarchy of assets and liabilities measured at fair value as at 1 April 2015:

Particulars	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:				
Investment in Shares of Co-operative societies	0.70	-	-	0.70

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

33.2 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

33.3 Financial Risk Management Objective And Policies

The Company's principal financial liabilities comprise borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits

The Company is exposed to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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33 Financial instruments (continued)

33.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from the Company's trade receivables, loans and advances, cash & cash equivalents and deposits with banks. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months.

Particulars	31 March 2017	31 March 2016	1 April 2015
Outstanding for more than 6 months	1,418.16	1,247.12	877.95
Others	10,038.92	6,879.97	4,936.65
Total:	**11,457.08**	**8,127.09**	**5,814.60**

The Company continuously monitors receivables from customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls.
Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks having good credit rating.

33.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's finance department is responsible for managing the short term and long term liquidity requirements of the Company. Short term liquidity situation is reviewed daily by finance department. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

As of 31 March 2017, the Company had a working capital of INR 4607.54 , including cash and cash equivalents of INR 643.38.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015.

Particulars	As at 31 March 2017			
	Less than 1 year	1-2 years	2 years and above	Total
Bank Overdraft and Cash Credit	2,154.86	-	-	2,154.86
Trade payables	1,551.42	-	-	1,551.42
Other financial liabilities	2,878.06	-	-	2,878.06

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33.5 Liquidity risk (continued)

Particulars	As at 31 March 2016			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings	1,310.36	-	-	1,310.36
Trade payables	410.10	-	-	410.10
Other financial liabilities	2,522.01	-	-	2,522.01

	As at 1 April 2015			
Particulars	Less than 1 year	1-2 years	2 years and above	Total
Trade payables	1,279.03	-	-	1,279.03
Other financial liabilities	2,333.08	-	-	2,333.08

33.6 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates will affect the Company's income.The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Board of Directors is responsible for setting up of policies and procedures to manage market risks of the Company.

Currency risk

The Company is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises. The risk is that the functional currency value of cash flows will vary movements in exchange rates.

Foreign currency	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Receivable/ (Payable) Rs. in Million	Receivable/ (Payable) USD In Million	Receivable/ (Payable) Rs. in Million	Receivable/ (Payable) USD In Million	Receivable/ (Payable) Rs. in Million	Receivable/ (Payable) USD In Million
Suppliers	(25.80)	(0.40)	(0.18)	(0.00)	0.91	0.01
Customers	(0.35)	(0.01)	-	-	0.31	0.00

33.7 Interest rate risk

The Company is exposed to interest rate risk arising mainly from Short term borrowings with floating interest rates. The Company is exposed to interest rate risk because the cash flows associated with the floating rate borrowings will fluctuate with change in interest rates. The Company manages the interest rate risks by entering into different kinds of credit arrangements with varied terms.

Fixed-rate instruments	31 March 2017	31 March 2016	1April 2015
Financial assets - Margin money deposit	297.87	48.42	70.00
Total	**297.87**	**48.42**	**70.00**
Variable-rate instruments			
Financial liabilities - Borrowings from bank	1,602.45	558.20	-
Total	**1,602.45**	**558.20**	**-**

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

Effect	Profit or loss	
	100 bp increase	100 bp decrease
31 March 2017		
Variable-rate instruments	(16.03)	16.03
	(16.03)	**16.03**
31 March 2016		
Variable-rate instruments	(7.37)	7.37
	(7.37)	**7.37**

Rupees(₹) in lakhs, unless otherwise stated

33.8 Capital Management

The Company manages its capital to ensure that Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company monitors capital using gearing ratio which is net debt divided by total equity.

The Company's Gearing Ratio at end of the reporting period is as follows.

Particulars	31 March 2017	31 March 2016	01 April 2015
Debt	2,154.86	1,310.36	-
Less: Cash and cash equivalents	638.36	78.78	524.50
Less: Bank balances other than cash and cash equivalent	244.12	276.45	164.53
Less: Other non-current financial assets - Bank deposit	75.03	-	48.42
Net Debt	1,197.35	955.13	(737.45)
Total Equity	7,952.38	7,555.36	8,457.39
Gearing ratio	**0.15**	**0.13**	**-**

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34 First-time adoption of IND AS

These are the Company's first financial statements in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for Company's Ind AS Opening Balance Sheet is 1 April 2015 (the date of transition to Ind AS).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS Balance Sheet at 1 April 2015 (the Company's date of transition). According to Ind AS 101, the first Ind AS financial statements must use recognition and measurement principles that are based on standards and interpretations that are effective at 31 March 2017, the date of first-time preparation of financial statements according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS financial statements.

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of 1 April 2015 compared with those presented in the previous GAAP Balance Sheet as of 31 March 2015, were recognized in equity under retained earnings within the Ind AS Balance Sheet.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position,financial performance and cash flows is set out in the following tables and notes:

Optional exemptions availed and mandatory exceptions

In the Ind AS Opening Balance Sheet as at 1 April 2015, the carrying amounts of assets and liabilities from the previous GAAP as at 31 March 2015 are generally recognized and measured according to Ind AS in effect as on 31 March 2017. However for certain individual cases, Ind AS 101 provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS. The Company has made use of the following exemptions and exceptions in preparing its Ind AS Opening Balance Sheet:

(i) Property, plant and equipment & Intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(ii) Classification and measurement of financial assets

Ind AS 101 provides exemptions to certain classification and measurement requirements of financial assets under Ind AS 109, where these are impracticable to implement.'

Accordingly, the Company has elected the option to measure existing financial assets at fair value or amortised cost prospectively in accordance with Ind AS 109. The fair value of financial assets or financial liabilities at the date of transition to Ind AS shall be the new gross carrying amount or the new amortized cost.

(iii) De-recognition of financial assets and financial liabilities

Ind AS 101 provides mandatory exception to apply de-recognition requirements retrospectively. TELK will not apply the derecognition principles retrospectively for de-recognition of assets and liabilities prior to the transition date and will avail this exemption.

Accordingly, the Company has not applied the derecognition principles retrospectively for de-recognition of assets and liabilities prior to the transition date and will avail this exemption.

Rupees(₹) in lakhs, unless otherwise stated

34 First-time adoption of IND AS(Continued)

Reconciliation of equity

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101:

1. Equity as at 1 April 2015 and 31 March 2016
2. Total comprehensive income for the year ended 31 March 2016

		As at 31 March 2016			As at 1 April 2015		
	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Assets							
Non-current assets							
Property, plant and equipment		1,580.84	-	1,580.84	1,687.20	-	1,687.20
Capital work-in-progress		87.95	-	87.95	87.71	-	87.71
Other intangible assets		19.04	-	19.04	22.43	-	22.43
Financial assets		-	-	-	-	-	-
(i) Investments		0.70	-	0.70	0.70	-	0.70
(ii) Loans		42.12	-	42.12	40.70	-	40.70
(iii) Other financial assets		-	-	-	48.42	-	48.42
Deferred tax assets(Net)	34e	1,559.52	502.29	2,061.81	1,080.20	547.13	1,627.33
Other non-current assets		-	-	-	-	-	-
Total non-current assets		**3,290.17**	**502.29**	**3,792.46**	**2,967.36**	**547.13**	**3,514.49**
Current assets							
Inventories		2,556.59	-	2,556.59	4,121.27	-	4,121.27
Financial assets		-	-	-	-	-	-
(i) Trade receivables	34a	7,503.84	(1,275.65)	6,228.19	5,814.60	(1,292.12)	4,522.48
(ii) Cash and cash equivalents		78.78	-	78.78	524.50	-	524.50
(iii) Bank balances other than Cash and Cash equivalent		276.45	-	276.45	164.53	-	164.53
(iv) Loans		54.99	-	54.99	65.90	-	65.90
(v) Other financial assets		4.09	-	4.09	9.04	-	9.04
Other current assets		344.29	-	344.29	776.75	-	776.75
Total current assets		**10,819.03**	**(1,275.65)**	**9,543.38**	**11,476.59**	**(1,292.12)**	**10,184.47**
Total Assets		**14,109.20**	**(773.36)**	**13,335.84**	**14,443.95**	**(744.99)**	**13,698.96**
EQUITY AND LIABILITIES							
Equity							
Equity share capital		4,296.96	-	4,296.96	4,296.96	-	4,296.96
Other equity	34b	4,331.85	(1,073.45)	3,258.40	5,331.45	(1,171.02)	4,160.43
Total equity		**8,628.81**	**(1,073.45)**	**7,555.36**	**9,628.41**	**(1,171.02)**	**8,457.39**
Non-current liabilities							
Financial liabilities							
Provisions	34d	214.81	219.09	433.90	108.78	338.14	446.92
Total non-current liabilities		**214.81**	**219.09**	**433.90**	**108.78**	**338.14**	**446.92**
Current liabilities							
Financial liabilities							
(i) Borrowings		1,310.36	-	1,310.36	-	-	-
(ii) Trade payables		410.10	-	410.10	1,291.69	-	1,291.69
(iii) Other financial liabilities		2,521.16	-	2,521.16	2,319.60	-	2,319.60
Provisions	34d	145.14	81.00	226.14	172.07	87.89	259.96
Other current liabilities		878.82	-	878.82	923.40	-	923.40
Total current liabilities		**5,265.58**	**81.00**	**5,346.58**	**4,706.76**	**87.89**	**4,794.65**
Total equity and liabilities		**14,109.20**	**(773.36)**	**13,335.84**	**14,443.95**	**(744.99)**	**13,698.96**

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2017
Rupees(₹) in lakhs, unless otherwise stated

34 First-time adoption of IND AS(continued)

Statement of Profit and Loss	Note	As at 31 March 2016		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Income				
Revenue from operations		16,773.60	-	16,773.60
Other income		267.05	-	267.05
Total income		**17,040.65**	**-**	**17,040.65**
Expenses				
Cost of Material Consumed		9,522.42	-	9,522.42
Changes in inventories of Finished goods and work in progress		1,085.92	-	1,085.92
Excise duty on sales		1,576.76	-	1,576.76
Employee benefits expense	34b,c	4,418.88	(44.68)	4,374.20
Finance costs		165.82	-	165.82
Depreciation and amortization expense		123.92	-	123.92
Other expenses	34a	1,625.86	(16.48)	1,609.38
		-	-	
Total expenses		**18,519.58**	**(61.16)**	**18,458.42**
Profit/(Loss) before income tax and exceptional items		**(1,478.93)**	**61.16**	**(1,417.77)**
Exceptional items		-		
Profit/(Loss) before income tax		**(1,478.93)**	**61.16**	**(1,417.77)**
Tax expense				
Current tax		-	-	-
Deferred tax		(479.32)	18.48	(460.84)
Total tax expenses		**(479.32)**	**18.48**	**(460.84)**
Profit/(Loss) for the year		**(999.61)**	**42.68**	**(956.93)**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurements of defined benefit liability	34c	-	81.26	81.26
Income tax effect		-	(26.36)	(26.36)
Total other comprehensive income for the year, net of income tax		**-**	**54.90**	**54.90**
Total comprehensive loss for the year		**(999.61)**	**97.57**	**(902.03)**
Loss per equity share				
Basic and diluted loss per equity share (in INR)		(2.33)	-	(2.23)
Number of shares used in computing loss per equity share		429.67	-	429.67

Rupees(₹) in lakhs, unless otherwise stated

34 First-time adoption of IND AS(Continued)

(a) Trade receivables

On transition to Ind AS, the company has recoginsed impairment loss on trade receivables measured at amortised cost, based on expected credit loss model as required by Ind AS. Consequently, trade receivables have been reduced with a corresponding decrease in retained earnings on the date of transition and there is a reversal of provision for the year ended 31 March 2016.

(b) Other equity

The above changes (decreased)/increased total equity as follows

Particulars	31-Mar-16	01-Apr-15
Expected credit loss provision	(1,275.65)	(1,292.12)
Provision for gratuity	(252.44)	(206.85)
Provision for leave encashment	374.21	231.41
Provision for sick leave	(421.86)	(450.59)
Deferred tax on excess provision created in the books	502.29	547.13
Decrease in Equity	**(1,073.45)**	**(1,171.02)**

(c) Employee benefits

Under Previous GAAP, actuarial gains and losses on defined benefit obligation were recognised in the statement of profit & loss. Under Ind As, these are recognised under other comprehensive income.

(d) Provision for gratuity, leave encashment & sick leave

Under previous GAAP, TELK has reported balance for provision for gratuity amounting to INR (27.62) as at 31 March 2016 (Previous year: INR (31.82)). As per Ind AS actuarial report, the provision amount has changed to INR 224.82 as at 31 March 2016 (Previous year: INR 175.03). Hence the net effect of these changes is a decrease in equity by INR 252.44 as at 31 March 2016 (Previous year: INR 206.85).

Under previous GAAP, TELK has reported balance for provision for leave encashment (Priviledge leave) amounting to INR 242.44 as at 31 March 2016 (Previous year: INR 140.60). As per Ind AS actuarial report, the provision amount has changed to INR (131.77) ((Previous year: INR (90.81)). Hence the net effect of these changes is an increase in equity by INR 374.21as at 31 March 2016 (Previous year: INR 231.41).

Under previous GAAP, TELK has not reported any balance for provision for leave encashment (Sick leave). As per Ind AS Actuarial report, provision amounts to INR 421.86 as at 31 March 2016 (Previous year: INR 450.59) has been recognised. Hence the net effect of these changes is a decrease in equity by INR 421.86 (Previous Year: INR 450.59)

(e) Deferred tax created on provisions for gratuity, leave encashment & sick leave

Provision for doubtful debts

Under previous GAAP, provision for doubtful debt accounted in the books of Telk amounts to INR 623.25 (Previous year: Nil). However in Ind AS, Telk has adopted Lifetime Expected credit loss model as per Ind AS 109 - 'Financial Instruments' to detetmine the provision which amounts to INR 1275.65 as at 31 March 2016 (Previous year: INR 1292.12), on which deferred tax assets of INR 413.88 as at 31 March 2016 (Previous year: INR 419.23) has been created.

Under previous GAAP, TELK has not created any deferred tax on provision for gratuity. Under Ind AS, as on the transition date deferred tax assets has been created on the total amount of provision in the books which amounts to INR 72.94 as at 31 March 2016 (Previous year: INR 56.78).

Under previous GAAP, TELK has not accounted for any provision for leave encashment (Sick Leave). Under Ind AS, as on the transition date deferred tax assets has been created on the total amount of provision in the books which amounts to INR 136.87 as at 31 March 2016 (Previous year: INR 146.19).

Under previous GAAP, Telk has created deferred tax liability of INR 78.66 as at 31 March 2016 (Previous year: INR 45.62) for leave encashment (Priviledge leave) on the amount of INR (242.44) as at 31 March 2016 (Previous year: INR (140.60)) routed through statement of Profit & Loss. Under Ind AS, differential amount of INR 110.67 as at 31 March 2016 (Previous year : INR (49.79)) has been routed through statement of Profit & Loss based on the actuarial report, on which deferred tax assets of INR 35.91 as at 31 March 2016 (Previous year: INR 16.15) has been created.

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

Notes to the financial statements for the year ended 31 March 2017

Rupees(₹) in lakhs, unless otherwise stated

35 Specified Bank Notes(SBN) held and transacted:

Details of Specified Bank Notes (SBN) held and transacted during the period 8th November 2016 to 30th December 2016 are provided in the table below:-

Particulars	SBNs	Other deonomiation	Total
Closing cash in hand as on 08.11.2016*	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 31.12.2016	**Nil**	**Nil**	**Nil**

*As informed by management, the company did not have any bank notes either specified once or of other denominations. Hence, the above disclosure is nil.

Explanation : For the purpose of this disclosure the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

For and on behalf of the Board of Directors

Sd/-
(Joffy George)
Company Secretary

Sd/-
(Prasad Bhaskaran Nair)
Managing Director

Sd/-
(S. Siva Kumar)
Chief Financial Officer

Sd/-
(Adv. N. C. Mohanan)
Chairman

As per our report of even date
For George, John & Prabhu,
Chartered Accountants,
Firm Regn. No.000917S

Sd/-
Rupesh Pai.R
Partner (M. No. 221480)

GOVERNMENT OF KERALA

No.PU-D3/158/2018-Fin. FINANCE (PU-D) DEPARTMENT

COMMENTS OF THE SECRETARY (FINANCE EXPENDITURE) ON THE AUDITED ANNUAL ACCOUNTS OF TRANSFORMERS AND ELECTRICALS KERALA LIMITED FOR THE YEAR 2016-17

1. An overall increase in the turnover by 9.28% as compared to the previous year is a good indicator. Net Profit has increased by 144.01% as compared to previous year.

2. Internal Control System should be strengthened to overcome the material weakness, especially in confirmation of balances in trade receivables, physical verification of materials owned by the company, etc.

3. Increase in various expenses like Legal & Professional Fees, Salaries & Allowances is noticed.

4. Earnings Per Share (EPS) is seen increased to Rs.1.4/- from Rs.(-2.23) in the previous year.

5. Huge quantity of closing stock of raw materials. Steps for the optimum utilization of capacity and raw materials should be initiated.

6. The Debt Equity Ratio of the year under consideration is increased by 0.45% as compared to the previous year.

7. There is an accrued interest amount of Rs.6.49 lakh on the fixed deposits maintained at the banks. The balance in the deposits except the margin money can be fused into the business for paying off the extra cash credit availed. The Management should take necessary steps for the optimum utilization of such funds for production oriented fields.

Sharmila Mary Joseph

DR.SHARMILA MARY JOSEPH
SECRETARY (FINANCE EXPENDITURE)

Thiruvananthapuram
Date: 3/10/2018

Reply to the Comments of the Secretary (Finance Expenditure) on the Audited Annual Accounts of Transformers and Electricals Kerala Limited, Angamally for the year ended 31st March 2017

Sl. No:	Comments of the Secretary (Finance Expenditure), Government of Kerala	Company's Reply
1.	An overall increase in the turnover by 9.28% as compared to the previous year is a good indicator. Net Profit has increased by 144.01% as compared to previous year	Noted
2.	Internal Control System should be strengthened to overcome material weakness , especially in confirmation of balances in trade receivables, physical verification of materials owned by the company, etc.	Company is in the process of selection of new ERP systems suitable to the company's requirements. This is expected to significantly enhance the internal control system of the company. The Company has now introduced a practice of sending the balance confirmation letters through registered post. The Company is prompt in doing yearly Physical Stock Audit of the materials owned by the company and held in it's premises.
3	Increase in various expenses like Legal & Professional Fees, Salaries & Allowances is noticed.	This is because of the escalation of fees charged by various Professionals for various recurring assignments. Further the company has to incur legal expenses on adhoc basis in relation to the litigations in various courts, tribunals and other legal authorities. Salaries & Allowances increase is due to provision created for the pay revision as well as the revision of provisions with respect to various staff welfare expenses.
4	Earning Per Share (EPS) is seen increased to Rs. 1.4/- from Rs. (-2.23) in the previous year.	Noted. Because of the turnaround made by the company during the year 2016-17
5.	Huge quantity of closing stock of raw materials. Steps for the optimum utilization of capacity and raw materials should be initiated.	Noted. Appropriate actions shall be taken for compliance.
6.	The Debt Equity Ratio of the year under consideration is increased by 0.45% as compared to the previous year.	Noted
7.	There is an accrued interest amount of Rs.6.49 lakh on the fixed deposits maintained at the banks. The balance in the deposits except the margin money can be fused into the business for paying off the extra cash credit availed. The Management should take necessary steps for the optimum utilization of such funds for production oriented fields	Noted

सत्यमेव जयते

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

OFFICE OF THE ACCOUNTANT GENERAL (ECONOMIC AND REVENUE SECTOR AUDIT) KERALA, THIRUVANANTHAPURAM

31 मार्च 2017 को समाप्त वर्ष के लिए ट्रांसफॉर्मर्स एंड इलेक्ट्रिकल्स केरल लिमिटेड, अंगमाली के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के अधीन भारत के नियंत्रक –महालेखापरीक्षक की टिप्पणियाँ

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF TRANSFORMERS & ELECTRICALS KERALA LIMITED, ANGAMALI FOR THE YEAR ENDED

31 MARCH 2017

The preparation of financial statements of **Transformers & Electricals Kerala Limited , Angamali** for the year ended **31 March 2017** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated **19 July 2018.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Transformers & Electricals Kerala Limited , Angamali** for the year ended **31 March 2017** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss for the year ended 31 March 2017

1. Other Income ₹251.77 lakh

This is understated by ₹214.19 lakh due to non accounting of refund receivable by the Company from Income Tax authorities resulting in understatement of profit for the year and reserves and surplus by ₹214.19 lakh

B. COMMENTS ON FINANCIAL POSITION

Balance Sheet as on 31 March 2017

2. Other current liabilities ₹1564.35 lakh

This includes ₹73.03 lakh being the provision for sales tax arrears for the period up to 2010-11 which was settled by the Company by availing the benefit under section 31A introduced in the Finance Act 2017 by amending the Kerala Value Added Tax Act 2003. Non reversal of the provision has resulted in overstatement of other current liabilities, understatement of profit for the year and understatement of reserves and surplus by ₹73.03 lakh.

C. COMMENTS ON CASH FLOW STATEMENT

3. The cash and cash equivalents include ₹297.87 lakh in fixed deposit which cannot be readily convertible to a known amount of cash as per para 7 of Ind AS 7 (statement of cash flows) resulting in overstatement of cash and cash equivalents.

For and on behalf of the
Comptroller and Auditor General of India

को. प. आनंद
K.P ANAND
महालेखाकार (आ. एवं रा. क्षे. ले.प) केरल
ACCOUNTANT GENERAL (E&RSA), KERALA

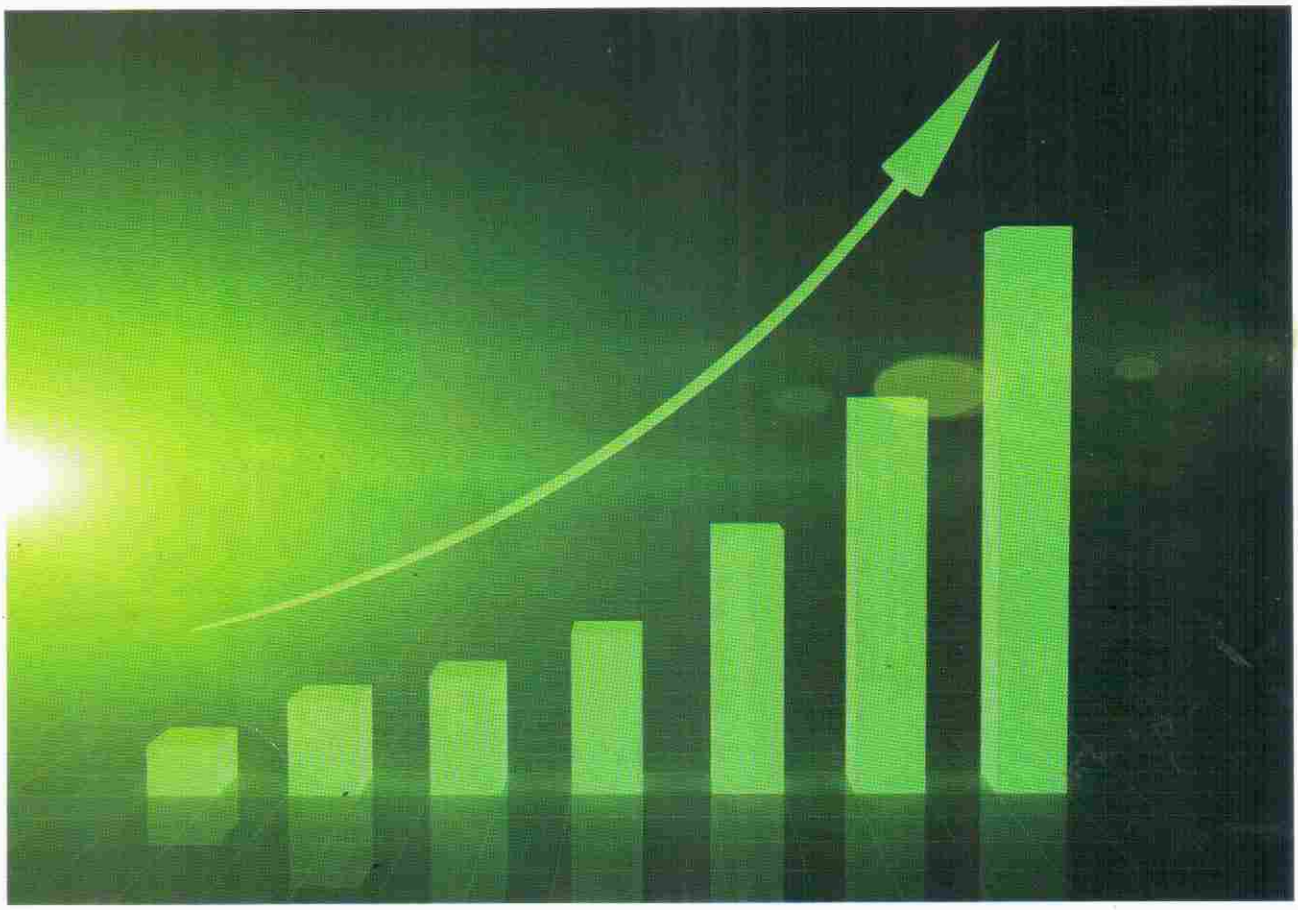
तिरुवनंतपुरम /**Thiruvananthapuram**
Dated: 27.09.2018

Reply to the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956, on the Accounts of Transformers and Electricals Kerala Limited, Angamally for the year ended 31st March 2017

Sl. No:	Comments of the Comptroller and Auditor General of India	Company's Reply
A.	**Comments on Profitability**	
	Statement of P&L for the year ended March 31 2017. Profit for the year - Rs. 488.97 lakh.	
1	**Other Income**: **Rs:251.77 lakhs** This is understated by Rs. 214.19 lakh due to non accounting of refund receivable by the Company from Income Tax Authorities resulting in understatement of profit for the year and reserves and surplus by 214.19	As per IND AS 10, Events after the Reporting Period – an event can be classified as an Adjusting Event if and only if the following two requirements are complied: 1. The condition should be existing on the date of the Balance Sheet (31st March 2017) 2. Needs to provide evidence for the condition existing on the balance sheet date. In this case, the order was communicated to the company only on 09th May 2017 (date of receipt of the revised order) and relates to a non revenue item and as such to be accounted in the year of receipt. Moreover the Income Tax payment/receipt cannot be treated as revenue items and accordingly we feel that any adjustment regarding refund has to be carried out in the year of receipt only. Based on the above , the Company is of the opinion that there is no under statement of Profit and Reserves & Surplus for the year 2016-17
B.	**Comments on Financial Position**	
	Balance Sheet as at March 31, 2017	
2.	**Other Current liabilities - Rs.1564.35 lakhs**	
	This includes Rs.73.03 lakh being the Provision for Sales tax arrears for the period upto 2010-11 which was settled by the Company by availing the benefit under section 31A introduced in the	In the Audited Accounts of the Company as at 31st March 2016, an amount of Rs. 71.09 lakhs paid to Sales Tax Dept. is shown as Balance with Govt.

Reply to the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956, on the Accounts of Transformers and Electricals Kerala Limited, Angamally for the year ended 31st March 2017

	Finance Act 2017 by amending the Kerala Value Added Tax Act 2003. Non reversal of the provision has resulted in overstatement of other current liabilities, understatement of profit for the year and understatement of reserves and surplus by Rs. 73.03 lakhs. .	Departments and classified under " Other Current Assets". The Audited Accounts also disclosed " Provision towards Sales Tax" at Rs. 71.09 lakhs. As such the Provision of Rs. 71.09 lakhs is to be reversed and credited to Balance with Govt. Departments and there will not be any effect on the Profit of the year. Based on the above , the Company is of the opinion that there is no understatement of Profit and Reserves & Surplus for the year 2016-17
C	**Comment on Cash Flow Statement**	
3.	The Cash and Cash Equivalents include Rs. 297.87 lakh in fixed deposit which cannot be readily convertible to a known amount of cash as per para 7 of Ind AS 7 (statement of cash flows) resulting in overstatement of cash and cash equivalents	The comments are noted for future guidance. However this will not have any impact on the Profit for the year 2016-17, and there will only be change in presentation.



Strong roots, Sustainable growth