TRANSFORMERS AND ELECTRICALS KERALA LIMITED

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

55th ANNUAL REPORT

Year ended 31st March 2018

Transformers and Electricals Kerala Limited

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

55th ANNUAL REPORT
Year Ended 31st March 2018

TELK

Board of Directors

Adv. N.C. Mohanan	: Chairman
Shri. P.P. Kulkarni	: Director
Shri. Sital Kumar	: Director
Shri. Anil Nautiyal	: Director
Shri. Shibu A.S.	: Director
Shri. K.K. Ramachandran	: Director
Shri. Prasad B.	: Managing Director

Statutory Auditors:

M/s. George, John & Prabhu

Bankers

State Bank of India

South Indian Bank Limited

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

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

CONTENTS

BOARD'S REPORT

Dear members,

The Board of Directors of your Company are pleased to submit the 55th Annual Report on the business and operations of the company along with the audited financial Statements for the Financial Year ended 31st March 2018.

Market continued to be a difficult one during the year owing to intense increased competition. Another concern was the lack of standardisation of specifications in the high voltage and ultra high voltage segments. However, Company could avail some benefits out of better discipline in selecting orders, controlling expenses and implementing cost cutting measures.Hence your Company's growth during the Financial Year 2017-18 is positive.

Economic & Business Overview

World economic growth, which started gaining strength since mid-2016, stood at 3.8% in 2017 as per International Monetary Fund (IMF). The upswing is attributable to a rebound in investment, manufacturing activity and trade. In the near future, rising commodity prices, particularly crude, poses a threat to the growth momentum in emerging economies, though helping commodity exporter countries. Increased protectionist tendencies and trade retaliation moves also pose serious challenges for global economic integration and a cooperative global economic order. In FY 2017-18, India's GDP, which grew at 6.7%, showed continuous increase every quarter. However, GDP and Index of Industrial production (IIP) showed a minor dip vis-à-vis 2016-17. The dip in IIP is attributed to deceleration in mining and electricity sectors whereas manufacturing sector recorded growth over the previous year. In addition, there was acceleration in construction sector, which significantly contributed in maintaining country's economic growth momentum. Along with structural changes in the economy, Government of India continued with its investment impetus directed towards infrastructure like roads, railways, ports etc.

As the indicators of industrial production, investment demand and exports are showing recovery, India's growth outlook remains promising. Accelerating consumer demand and revival of private investment are likely to remain important contributors in maintaining India's growth momentum in short to medium term.

Performance of Business

During the year, your Company had earned an operational profit of Rs. 7.44 Crore as against Rs. 6.70 Crore in 2016-17. This achievement in the PBT is despite the fact that Company changed its Accounting Policy of Revenue Recognition during 2017-18. Company has started recognizing revenue in line with the contractual terms and conditions of each order. This shift in Revenue Recognition resulted in a dip of Turnover almost to the tune of Rs.29 Crore. In other words, Company's Total Income for the FY 2017-18 would have been Rs.191 Crore instead of the reported Rs.162 Crore, had we continued the accounting policy without change.

Your Company achieved a production of 3567 MVA in 2017-18 against 3354 MVA in 2016-17. The Company has a net worth of Rs. 82.45 Crore as on March 31, 2018.

Financial Results

(Rs. in lakhs)

Particulars	2017-18	2016-17
Revenue from operations	15616 (3567 MVA)	18182 (3354 MVA)
Other Income	597	252
Total Income	**16213**	**18434**
Expenses		
Cost of material consumed	14496	9884
Changes in inventories of finished goods and work in progress	(5843)	380
Excise duty on Sales expenses	237	1948
Employee benefits Expense	5498	4496
Finance costs	581	180
Depreciation & amortization expenses	131	132
Other Expenses	369	744
Total Expenses	**15469**	**17764**
Profit or Loss before Income Tax and Exceptional Items	**744**	**670**
Total Tax expenses	480	181
Profit / (Loss) for the year	264	489
Total other comprehensive income / (loss) for the year	29	(92)
Total comprehensive income / (loss) for the year	293	397

Dividend

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

Directors

The following inductions and retirements took place in the Board of Directors: Shri. K.K. Ramachandran (DIN: 08016619) was appointed as director on the Board of Directors in June 2017. Smt. P.Vijayakumari (DIN: 07247504)and Shri. Prasanth M. (DIN:07825129) 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 J.(DIN:08255812) was appointed as director in August 2018. Shri. D.K. Dubey (DIN:08137163) and Shri. Shibu A.S. (DIN:07766769) were appointed as directors in December 2018. Shri. Sital Kumar(DIN:08615850) was appointed as director in August 2019. Shri. P.P. Kulkarni (DIN:08615185) and Shri. Anil Nautiyal (DIN:08612798) were appointed as directors in November 2019.

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. Shri. S. Muraleedharan (DIN-07601580) ceased to be director of the Company with effect from 03.07.2017. Shri. S. Roy and Shri. Sudhir Arya ceased to be directors with effect from 21.06.2018 and 10.08.2018 respectively. Shri. A.K. Gupta and Shri. Prasanth M. ceased to be directors with effect from 20.12.2018 and 05.12.2018 respectively. Shri. P.K. Mohapatra ceased to be director with effect from 01.08.2019. Shri D. K. Dubey and Shri. Mammen J ceased to be directors with effect from 04.11.2019.

Board of Directors place on record their gratitude and appreciation for the guidance and the valuable services rendered by Shri. K. S. Rajagopal, Shri. K.M.A. Shukoor, Shri. S. Muraleedharan, Shri. S. Roy, Shri. Sudhir Arya, Shri. A.K. Gupta, Shri. Prasanth M., Shri. P.K. Mohapatra, Shri D. K. Dubey and Shri. Mammen J as 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 2018, 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 2017-18.

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 2017-18. 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 2018 and Company's reply is given below:

Qualification in the Report of the Statutory Auditors

Basis for Qualified Opinion

1(a) Trade receivables (Note no. 11) amounting to Rs. 4,492.73 Lakhs, Loans (Non-Current Assets) (Note no. 7) amounting to Rs. 41.68 Lakhs, Loans (Current) (Note no. 7) amounting to Rs. 54.26 Lakhs, Balance with Govt. Authorities (Note no. 9) amounting to Rs. 315.73 Lakhs, Advances to Suppliers & Contractors (Note no. 9) amounting to Rs. 105.96 Lakhs are subject to confirmation.

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

1(b)(i) The Company has availed excess CENVAT Credit of Rs. 76.04 lakhs. The Company is yet to reconcile the CENVAT Credit availed with the records [Refer note no. 18(iii)]

(ii) The Company has availed excess IGST Credit of Rs. 70.67 lakhs and excess SGST credit of Rs. 6.16 lakhs. The Company is yet to reconcile the IGST account and the SGST account with the records [Refer note no. 18(iii)]

(iii) Since the Company has not reconciled the accounts referred to in “(i) and (ii)” above, the impact of the same on the Financial Statements cannot be quantified at this stage.

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 2018, and its profit (financial performance including other comprehensive 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

1(a). <u>Figures in the financial statements subject to confirmation</u>

1. **<u>Trade receivables (Note no. 11) amount to Rs. 4,492.73 Lakhs:</u>**

   As part of the finalisation & audit procedure we already sent the confirmation letters to selected major customers. Except a few, we are yet to receive any reply from them. Also the balance against these customers are all good and subsequently we received payments against these receivables with immaterial default level related to their collection.

2. **<u>Loans (Non-Current Assets) (Note no. 7) amounting to Rs. 41.68 Lakhs</u>**

   Out of the total Rs.41.68 Lakhs, 23.41 Lakhs related to deposit with Kerala State Electricity Board (KSEB), 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. 54.26 Lakhs**

These are TELK's Earnest Money deposits with various Central & State PSUs like NHPC, PSEB, TANTRANSCO, PGCIL, APGENCO, etc.

4. **Balance with Govt. Authorities (Note no. 9) amounting to Rs. 315.73 Lakhs**

Balance with Government Authorities of Rs. 315.73 Lakhs are in the nature of advance payments as part of appeal procedures as well as obtaining stay against any revenue recovery, TDS receivables, Deposit with Board of Apprenticeship training, Deposit with Commissioner of Customs, Interest receivable along with Income Tax Refund.

5. **Advances to Suppliers & Contractors (Note no. 9) amounting to Rs. 105.96 Lakhs:**

Advances to Suppliers & Contractors mainly consists of those advances as on 31st March 2018 to Copper suppliers and other limited suppliers who needs to receive the money in advance against the proforma invoice. Company received almost all the supplies against those advances and the default level in supply against those advances is not material.

1 **(b)(i), (ii) & (iii) Availment of excess CENVAT Credit of Rs. 76.04 Lakhs and excess IGST Credit of Rs. 70.67 Lakhs and excess SGST credit of Rs. 6.16 lakhs (Note no. 18 (iii))**

Company is in the process of reconciliation of the same and will be finalised upon conclusion of the GST Audit 2017-18.

Qualification in the Report of the Statutory Auditors

Report on Internal Financial Controls with reference to Standalone Ind AS financial statements under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013("the Act").

Qualified Opinion:

According to the information and explanations given to us and based on our audit, following material weaknesses have been identified as at 31st March 2018.

1. The Company has not obtained confirmation of balances in respect of Trade receivables, Advances to Suppliers and Contractors, Balance with Government Authorities and Loans as on 31st March 2018.

2. a. The Company has obtained a statement from the third party indicating the details of materials held by them. Except for this, there are no other records relating to materials lying with third parties.

b. Physical verification of material (owned by the Company) lying with fabricators as on 31st March 2018 has not been done.

3. Authentication of vouchers and approval thereon(except for bank vouchers) by the superior officer is not available in almost all cases.

4. Details regarding breakup of Earnest Money Deposit and Security Deposit received from Contractors, and Retention Money due to Contractors are not available.

5. In some of the Fixed Assets, Code Nos. are not seen affixed on those assets.

6. It is observed that the booking of Income Tax deduction at source(TDS) liability has not been passed through the respective ledger accounts resulting in a higher debit balance in TDS payable account and higher credit balance in parties account.

7. GST Input Tax Credit account, GST payable account and CENVAT credit accounts are not reconciled with the records of the company. Refer Note No. 18(iii) of the Financial Statements.

Company's reply on the Qualification in the Report of Statutory Auditors (Report on Internal Financial Controls)

1a. As part of the finalisation & audit procedure, we already sent confirmation letters to selected major customers. Except a few, we are yet to receive any reply from them. Also the balance against these customers are all good and subsequently we received payments against these receivables with immaterial default level related to their collection.

1b. 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 almost all the supplies against those advances and the default level in supply against those advances is not material.

1c. Balance with Government Authorities of Rs. 315.73 Lakhs are in the nature of advance payments as part of appeal procedures as well as obtaining stay against any revenue recovery, TDS receivables, Deposit with Board of Apprenticeship training, Deposit with Commissioner of Customs, Interest receivable along with Income Tax Refund.

1d. Out of the total Rs. 41.68 Lakhs in Loans (non-current), Rs. 23.41 Lakhs related to deposit with Kerala State Electricity Board (KSEB), 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.

Loans (current) are TELK's Earnest Money deposits with various Central & State PSUs like NHPC, HPSEB,TANTRANSCO, PGCIL, APGENCO, etc

2. Company have good control over the goods going to the third party as the goods supplying to the third party / fabricators are against the advance given to the copper suppliers (Eg: Hindalco, Hindustan Copper). Based on the advance receipt and based on the quantity ordered by TELK, the copper supplier company will deliver goods to the third party / fabricators. So any time the goods available with the third party / fabricators will be opening stock till date plus goods supplied by the copper supplier based on TELK's order less the goods supplied to TELK by the third party / fabricators after their work.
3. Shall be taken care of by the company in the future.
4. Current system have such shortcomings. Company is in the process of improving the system output and expecting to resolve this issue in the near future.
5. Company will take care of this matter in future.
6. Company will take care of this matter in future.
7. Company is in the process of reconciliation of the same and will be finalised upon conclusion of the GST Audit 2017-18.

Internal Control and its Adequacy

M/s. Krishnamoorthy and Krishnamoorthy, Chartered Accountants, Kochi conducted Internal Audit of your Company during the financial year 2017-18. The Company's internal control systems 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.

Number of meetings of the Board

The Board met five times during the financial year 2017-18 viz., 28.04.2017, 09.08.2017, 20.09.2017, 04.01.2018 & 21.03.2018. 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				
	28th April 2017	09th August 2017	20th September 2017	04th January 2018	21st March 2018
Adv. N. C. Mohanan (Non-Executive)	Present	Present	Present	Present	Present
Shri. Prasad B (Managing Director)	Present	Present	Present	Present	Present
Shri. S. Muraleedharan (Non-Executive)	Present	NA*	NA*	NA*	NA*
Shri. A.K. Gupta (Non-Executive)	Absent	Present	Absent	Absent	Absent
Shri. Sudhir Arya (Non-Executive)	Absent	Present	Absent	Absent	Absent
Shri. K.S. Rajagopal (Non-Executive)	Absent	NA**	NA**	NA**	NA**
Shri. S. Roy (Non-Executive)	Absent	Present	Absent	Absent	Absent
Shri. K.K.Ramachandran (Non-Executive)	NA***	Present	Present	Present	Present
Smt. P. Vijayakumari (Non-Executive)	NA**	Present	Absent	Present	Absent
Shri. Prasanth M (Non-Executive)	NA*	Absent	Present	Present	Present

* Shri. Prasanth M. appointed as Director w.e.f. 03.07.2017 in place of Shri. S. Muraleedharan.

** Smt. P. Vijayakumari appointed as Director w.e.f. 20.07.2017 in place of Shri. K.S. Rajagopal.

*** Shri. K.K Ramachandran appointed as Director w.e.f 20.06.2017 in place of Shri. K M A Shukoor.

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 meetings could not be convened during the year 2017-18 due to the reason that the vacancies of Independent Directors have not been filled by Government of Kerala.

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 (2017-18):

Nominee Director of Government of Kerala
Nominee Director of NTPC Limited
Independent Director
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 (2017-18):

Non-Executive Chairman
Nominee Director of Government of Kerala
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. Non-Executive Chairman
2. Managing Director
3. 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.

Cost Audit

The Company with the approval of Central Government had appointed M/s. N.P. Gopalakrishnan & Co., Cost Accountants, Kochi to audit the cost accounts related to the company's products for the year ending on 31.03.2018.

SS Compliance

The Company has complied with the applicable Secretarial Standards.

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'.

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 2017-18.

Human Resources Management

Your Company's capabilities are centered on its highly dedicated employees numbering 473 as on 31st March 2018. 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, TASC 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, and Directors. Except the Managing Director, all other Directors are non-executive Directors. During the Financial Year 2017-18, there were five Board 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 23 applications and 12 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 business 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.

Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of the Companies Act, 2013, the Company has transferred the unclaimed final dividend for the financial years 2009-10 and 2010-11 before due dates to the Investor Education and Protection Fund (IEPF) established by the Central Government. Unclaimed final dividend for the financial year 2011-12 was transferred to the Investor Education and Protection Fund in October, 2019. In line with the provisions of Section 124(6) and rules made thereunder, upto the date of signing of the report, 1,30,335 shares of 882 shareholders were transferred to the DEMAT Account of the IEPF Authority opened with NSDL.

Extract of Annual Return as on 31.03.2018

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.

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.

Contribution to Exchequer

Your Company contributed an amount of Rs. 459.65 lakhs in the form of Excise Duty, Customs Duty, Sales Tax, Service Tax, GST, Income Tax, etc during the year 2017-18.

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.

Business Environment & Opportunities

Business opportunities in transmission and distribution sector are expected to improve with Government of India's plan to add substation capacity of 2,92,000 MVA during 2017-2022. High capacity corridors for bulk transmission of power over long distances are being planned and executed on Tariff Based

Competitive Bidding (TBCB) in tandem with Government schemes for strengthening of power distribution sector to meet the "Power for All" objective of Government of India. Massive renewable energy capacity addition targeted by 2022 will provide opportunities for evacuation of power, along with energy storage system integration at grid level. Gas Insulated Substation projects will continue to grow on account of effective land utilisation.

The Future

India is the fastest growing major economy in the world. It is envisaged to become a US$5 trillion economy by 2025 and US$10 trillion by 2030 from present US$2.6 trillion supported by demographic dividend, technology developments, and economic reforms. This catapults to humongous demand and opportunities in energy and infrastructure sector. Government of India is targeting to move from 100% village electrification to 100% households' electrification by end of the year. This improvement in accessibility and availability of electricity is one of the most significant changes underway in India's power sector, where your company is one of the participants.

In addition to above, railways, ports, urban infrastructure, environmental solutions, and basic materials like cement, coal, steel, petrochemicals are slated for massive investment in coming years to fuel India's growth aspirations. This makes it a very exciting time. It is bringing many more opportunities for your company.

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, 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
09.01.2020

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 2017-18, there was 9.47% increase in the production MVA compared to the previous year. Total consumption of Electric Power and Furnace Oil increased by 12.43% and 43.13%, respectively. Total cost of Furnace Oil and Electricity increased by 11.05%. Average Electricity consumption per MVA increased by 2.71%. Due to revised power tariff, there was a hike of Rs. 10.88 lakhs. 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 utilizing 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 2017-18.

(B) Technology Absorption

(i) The efforts made towards technology absorption

- Repair of one no. 250 MVA, 420/22kV Single Phase Generator Transformer of SHANDONG POWER EQUIPMENT COMPANY, China make which was failed during service at Adani Power, was carried out. The Design Philosophy was different from that of TELK. It was studied, analysed and new Design was done in line with TELK Design meeting all the technical parameters and successfully tested.
- Considerable reduction in stray loss for 315 MVA, 400/220/33kV, 3 Phase Autotransformer compared to earlier transformers of similar Design could be achieved by optimizing the Design with selection of thin strands of CTC conductor.
- Supplied Transformers of different capacity to Telengana for the Kaleeshwaram Multipurpose Lift irrigation Project which is the world’s largest scheme of that purpose. Among the transformers, 160 MVA, 400kV transformers for two stations were for use with heavy duty pumping motors and installed in underground tunnels. After various visits of site and careful study of the changing requirements, the Design of these Transformers was made suitable for the technical / site requirements and specifications.

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

- By executing this repair work and delivering the Transformer within a short period to the entire satisfaction of M/s. Adani Power, we have proved our capability to adapt a different Design. Lot of Chinese transformers are there at various sites in India. With this, there is possibility to get orders for repair jobs of different make transformers. Moreover, we could adapt certain new Design points/manufacturing methods form the above work.
- Achieved Cost reduction and Market competitiveness with the improved Design. Also, we could offer low loss Transformers of this type as per customer requirement. Same philosophy could be applied for Transformers of other ratings/type.
- Supply of these Transformers for this huge project is a milestone in the history of the Company and is a standing testimony of TELK's project execution capability and strong commitment to quality and customer service. Orders can be bagged in future on the basis of this experience and the reputation built.

(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

	2017-18 (Rs. in lakhs)	**2016-17** (Rs. in lakhs)
Earnings	31.11	59.88
Expenditure	716.67	439.05
Net foreign exchange earnings(NFE)	-685.56	-379.17
NFE/Earnings (%)	-2203.66%	-633.22%

Sd/-

(Adv. N.C. Mohanan)

CHAIRMAN

Trivandrum
09.01.2020

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, 2018 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
09.01.2020

FORM NO. MGT. 9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2018
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%

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-2017]				No. of Shares held at the beginning of the year [As on 31-March-2018]				% 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	39,000	2,48,660	2,87,660	0.67	45,450	2,51,260	2,96,710	0.69	
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	-				-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	100	-	100	-	100	-	100	-	-
Foreign Bodies-D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	91,800	2,68,010	3,59,810	0.84	98,150	2,61,660	3,59,810	0.84	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	91,800	2,68,010	3,59,810	0.84	98,150	2,61,660	3,59,810	0.84	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	4,26,99,340	2,68,010	4,29,67,350	100	4,27,05,690	2,61,660	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 share holding 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 Increase / Decrease during the year At the end of the year	 17,500 - 17,500	 0.0407 - 0.0407	 17,500 - 17,500	 0.0407 - 0.0407
3	**Shri. Arvind Kumar Parasramka** At the beginning of the year Increase / Decrease during the year At the end of the year	 17,500 - 17,500	 0.0407 - 0.0407	 17,500 - 17,500	 0.0407 - 0.0407
4	**M/s. The Western India Plywoods** At the beginning of the year Increase / Decrease during the year At the end of the year	 10,000 - 10,000	 0.0232 - 0.0232	 10,000 - 10,000	 0.0232 - 0.0232
5	**Shri. P. P. Zibi Jose** At the beginning of the year Increase / Decrease during the year At the end of the year	 9,000 - 9,000	 0.0209 - 0.0209	 9,000 - 9,000	 0.0209 - 0.0209
6	**Smt. Jayashree Venkatesh** At the beginning of the year Increase / Decrease during the year At the end of the year	 5,000 - 5,000	 0.0116 - 0.0116	 5,000 - 5,000	 0.0116 - 0.0116
7	**Arch Diocese Of Verapoly** At the beginning of the year Increase / Decrease during the year At the end of the year	 5,000 - 5,000	 0.0116 - 0.0116	 5,000 - 5,000	 0.0116 - 0.0116
8	**Smt. Sudha Soman** At the beginning of the year Increase / Decrease during the year At the end of the year	 4,000 - 4,000	 0.0093 - 0.0093	 4,000 - 4,000	 0.0093 - 0.0093
9	**Shri. M.M. Karunakara Menon** At the beginning of the year Increase / Decrease during the year At the end of the year	 3,000 - 3,000	 0.0069 - 0.0069	 3,000 - 3,000	 0.0069 - 0.0069
10	**Shri. K. Sankaranarayanan** At the beginning of the year Increase / Decrease during the year At the end of the year	 3,000 - 3,000	 0.0069 - 0.0069	 3,000 - 3,000	 0.0069 - 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
1	**S.V. Ganapathi Iyer# – CFO** At the beginning of the year Increase / Decrease during the year At the end of the year	 100 - 100	 0.0002 - 0.0002	 100 - 100	 0.0002 - 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 – 2017-18:

A. K. Gupta - Non – Executive Director

S. Roy – Non - Executive Director

S. Muraleedharan – Non - Executive Director*

K. K. Ramachandran – Non – Executive Director*

N. C. Mohanan – Non-Executive Chairman

Prasanth M – Non – Executive Director*

Sudhir Arya – Non – Executive Director

P. Vijayakumari – Non - Executive Director*

Prasad B. – Managing Director (KMP)

Joffy George – Company Secretary (KMP)

KamalaKanta Nayak** – CFO (KMP)

* Directorship held for part of the Financial Year – 2017-18
** CFO for part of the Financial Year – 2017-18

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	3,223,656	3,223,656
	(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)	3,223,656	3,223,656
	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									Total Amount (Rs.)
1	Non-Executive Directors	Prasanth M	P. Vijayakumari	N.C. Mohanan	Sudhir Arya	A.K. Gupta	K.K. Ramachandran	S. Roy	S. Muraleedharan	
	Fee for attending board / Committee meetings	450	300	750	150	150	600	150	150	-
	Commission	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	-
	Total	450	300	750	150	150	600	150	150	2,700
	Total Managerial Remuneration									2,700
	Overall Ceiling as per the Act									

* Except for Adv. N.C. Mohanan and Shri. K K Ramachandran 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
		Joffy George	S V Ganapathi Iyer#	Kamala Kanta Nayak*	
1	Gross salary	15,01,154	1,56,630	62,039	17,19,823
	(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	15,01,154	1,56,630	62,039	17,19,823

Superannuated from the service of the Company on 30.04.2017.

* was on deputation from NTPC Limited for part of the financial year.

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.

Annexure IV

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)
2014-15	(3316)
2015-16	(1479)
2016-17	670
Average Net Profit / (Loss)	(1375) 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. 1375 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
09.01.2020

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 2018, 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 Section 134(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 Section 133 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 Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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

1(a) Trade receivables (Note no. 11) amounting to Rs. 4,492.73 Lakhs, Loans (Non-Current Assets) (Note no. 7) amounting to Rs. 41.68 Lakhs, Loans (Current) (Note no. 7) amounting to Rs. 54.26 Lakhs, Balance with Govt. Authorities (Note no. 9) amounting to Rs. 315.73 Lakhs, Advances to Suppliers & Contractors (Note no. 9) amounting to Rs. 105.96 Lakhs are subject to confirmation.

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

1(b) (i) The Company has availed excess CENVAT Credit of Rs. 76.04 lakhs. The Company is yet to reconcile the CENVAT Credit availed with the records [Refer note no. 18(iii)].

(ii) The Company has availed excess IGST Credit of Rs. 70.67 lakhs and excess SGST Credit of Rs. 6.16 lakhs. The Company is yet to reconcile the IGST account and the SGST account with the records. [Refer note no. 18(iii)].

(iii) Since, the Company has not reconciled the accounts referred to in "(i) and (ii)" above the impact of the same on the Financial Statements cannot be quantified at this stage.

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 matters 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 2018 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

We draw attention to the following matters in the notes to the Standalone Ind AS financial statements:

a) Note No. 4b regarding taking expenditure of Rs. 11.50 lakhs to Capital Work-in-Progress.

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

c) Note no. 6 and 8 regarding the gold deposited in safe custody with State Bank of India.

d) Note No. 11 and 26 regarding Provision for Bad and Doubtful Debts.

e) Note no. 14 and 23 regarding making of ad-hoc provision towards anticipated wage revision for both Workers and Staff from 2016 onwards.

f) Note no. 14 regarding the Income Tax Refund received.

Our opinion is not modified in respect of the above.

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 Flow 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 Section 133 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 with reference to standalone Ind AS Financial Statements 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. 28(a) to the standalone Ind AS 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. 28(b) to the standalone Ind AS financial statements.
3. As per the information and explanations given to us no amount is required to be paid to the Investor Education and Protection Fund by the Company. Refer Note no. 28(c) to standalone Ind AS financial statements.

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

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

Place: Ernakulam
Date: 25-07-2019

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Transformers and Electricals Kerala Limited on the standalone Ind AS financial statements for the year ended 31st March 2018

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) has not been done during the year 2017-18.

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 31st March 2018 was Rs. 318.52 Lakhs). 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 Section 189 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.

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. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub section 1 of section 148 of the Act read with Companies (Cost Records and Audit) Rules 2014 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and 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 and goods and service 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; except for excess CENVAT Credit availed of Rs. 76.04 lakhs, excess IGST credit availed of Rs. 70.67 lakhs and excess SGST credit availed of Rs. 6.16 lakhs. Since, the Company has not reconciled the above accounts with the records; exact amounts cannot be quantified at this stage [Please refer to Note No. 18(iii)].

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.)	Period to which the amount relates	Forum where the dispute is pending
1	Service Tax under the Finance Act 1994	Service Tax	4094509	2007	CESTAT
			4849025	2008	CESTAT
			4477232	2009	CESTAT
			5530155	2012	The Commissioner (Appeals)
			1539628	2013	The Commissioner (Appeals)
			19240	2014	The Commissioner (Appeals)
			2445027	2015	The Commissioner (Appeals)
			1016785	2016	The Commissioner (Appeals)
			4114424	2017	The Commissioner (Appeals)
		TOTAL	**2,80,86,025**		
2	Central Excise Act, 1944	Excise Duty	203852	2005	CESTAT
			93047	2006	CESTAT
			428520	2007	CESTAT
			78589	2008	The Commissioner (Appeals)
			49758	2009	The Commissioner (Appeals)
			54137	2011	The Commissioner (Appeals)
			84237	2012	The Commissioner (Appeals)
			848314	2013	The Commissioner (Appeals)
			126722	2014	The Commissioner (Appeals)
			521123	2015	The Commissioner (Appeals)
		TOTAL	**24,88,299**		
3	Central Sales Tax Act 1956	CST	1190687	2011-12	Deputy Commissioner (Appeals)
			447043	2012-13	Deputy Commissioner (Appeals)
			5652889	2014-15	Deputy Commissioner (Appeals)
			1274756	2015-16	Deputy Commissioner (Appeals)
		TOTAL	**85,65,375**		
4	Employee State Insurance Act 1948	ESI Dues	3,33,918	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. The Company has not taken any loan from the government during the year.

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 provision of clause 3(xii) of the Order is not applicable to the Company.

XIII. The Company has complied with the provisions of Section 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 standalone Ind AS 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 Section 192 of the Act.

XVI. According to information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934. Accordingly, provision 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: Ernakulam
Date: 25-07-2019

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT

M/s Transformers & Electricals Kerala Limited

FY 2017-18

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.

   According to the information and explanations given to us, 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 2017-18 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.

   The Company has obtained a statement from the third party indicating the details of materials held by them. Except for this there are no other records relating to materials lying with third parties.

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

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
			5530155	2012
			1539628	2013
			19240	2014
			2445027	2015

			1016785	2016
			4114424	2017
		TOTAL	**2,80,86,025**	
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	**24,88,299**	
3	Central Sales Tax Act 1956	CST	1190687	2011-12
			447043	2012-13
			5652889	2014-15
			1274756	2015-16
		TOTAL	**85,65,375**	
4	Employee State Insurance Act 1948	ESI Dues	3,33,918	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.

   During 2017-18 no such funds were received and hence this clause is not applicable for the year.

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 from the above policy during the year 2017-18.

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

   Yes

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 also refer to 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 2017-18 utilisation was at 80% 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.

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. Please refer to our Independent Auditor's Report and Note Nos. 14 {On Income Tax Refund} and 18(iii) {Regarding excess availment of CENVAT Credit; IGST Input and SGST Input} to the Financial Statements.

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: Ernakulam
Date: 25-07-2019

ANNEXURE "III" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Transformers and Electricals Kerala Limited on the standalone Ind AS financial statements for the year ended 31st March 2018

Report on the Internal Financial Controls with reference to standalone Ind AS financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Transformers & Electricals Kerala Limited ('the Company") as of 31st March 2018 in conjunction with our audit of the standalone 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 with reference to Standalone Financial Statements based on the internal controls 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 with reference to standalone Ind AS financial statements 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") 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 with reference to standalone Ind AS financial statements 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 with reference to standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial control with reference to Standalone financial statements, 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 Standalone 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 with reference to standalone Ind AS financial statements.

Meaning of Internal Financial Controls with reference to Standalone financial statements:

A company's internal financial control with reference to Standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of the 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 Standalone 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 standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone Ind AS financial statements

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, 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 with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone Ind AS financial statements 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 explanations given to us, and based on our audit, following material weaknesses have been identified as at 31st March 2018.

1. The Company has not obtained confirmation of balances in respect of Trade receivables, Advances to Suppliers and Contractors, Balance with Government Authorities and Loans as on 31st March 2018.

2. a. The Company has obtained a statement from the third party indicating the details of materials held by them. Except for this, there are no other records relating to materials lying with third parties.

   b. Physical verification of material (owned by the Company) lying with fabricators as on 31st March 2018 has not been done.

3. Authentication of vouchers and approval thereon (except for bank vouchers) by the superior officer is not available in almost all cases.

4. Details regarding breakup of Earnest Money Deposit and Security Deposit received from Contractors; and Retention Money due to Contractors are not available.

5. In some of the Fixed Assets, Code Nos. are not seen affixed on those assets.

6. It is observed that the booking of Income Tax deduction at source (TDS) liability has not been passed through the respective ledger accounts resulting in a higher debit balance in TDS payable account and higher credit balance in parties account.

7. GST Input Tax Credit account, GST payable account and CENVAT credit accounts are not reconciled with the records of the Company. Refer Note No. 18(iii) of the Financial Statements.

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 2018, 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 2018 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: Ernakulam
Date: 25-07-2019

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 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4a	1,502.14	1,561.31
Capital work-in-progress	4b	12.65	1.15
Other intangible assets	5	12.92	15.66
Financial assets			
(i) Investments	6	0.70	0.70
(ii) Loans	7	41.68	41.68
(iii) Other financial assets	8	11.94	75.03
Other non-current assets	9	-	1.38
Deferred tax assets(Net)	27	1,570.62	2,064.79
Other non-current assets		-	-
Total non-current assets		3,152.65	3,761.70
Current assets			
Inventories	10	10,132.51	2,820.79
Financial assets			
(i) Investments	6	-	11.06
(ii) Trade receivables	11	4,492.73	9,714.04
(iii) Cash and cash equivalents	12.a	1.15	335.88
(iv) Bank balances other than Cash and Cash equivalent	12.b	537.40	546.60
(v) Loans	7	54.26	43.69
(vi) Other financial assets	8	0.27	6.49
Other current assets	9	536.98	365.55
Total current assets		15,755.30	13,844.10
Total assets		18,907.94	17,605.80
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13a	4,296.96	4,296.96
Other equity	13b	3,948.00	3,655.42
Total equity		8,244.96	7,952.38
Liabilities			
Non-current liabilities			
Provisions	14	983.64	415.48
Total non-current liabilities		983.64	415.48
Current liabilities			
Financial liabilities			
(i) Borrowings	15	2,781.36	2,154.86
(ii) Trade payables	16	2,116.46	1,551.42
(iii) Other financial liabilities	17	2,051.38	2,478.07
Provisions	14	1,845.38	1,489.25
Other current liabilities	18	884.77	1,564.35
Total current liabilities		9,679.34	9,237.94
Total liabilities		10,662.98	9,653.42
Total equity and liabilities		18,907.94	17,605.80

Company Overview, Basis of Preparation & Significant accounting policies 1, 2, 3
The accompanying notes from 1 to 33 are an integral part of these financial statements

For and on behalf of the Board of Directors

Sd/-
(Prasad Bhaskaran Nair)
Managing Director

Sd/-
(Shibu A. S)
Director

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/-
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 31 March 2018	31 March 2017
Revenue			
Revenue from operations	19	15,615.81	18,182.34
Other income	20	596.92	251.77
Total income		16,212.73	18,434.11
Expenses			
Cost of Material Consumed	21	14,495.62	9,883.63
Changes in inventories of finished goods and work in progress	22	(5,843.11)	379.66
Excise duty on sales	19	237.36	1,948.17
Employee benefits expense	23	5,498.03	4,495.62
Finance costs	24	581.32	180.04
Depreciation and amortization expense	25	131.33	132.23
Other expenses	26	368.54	744.82
Total expenses		15,469.07	17,764.17
Profit/(Loss) before income tax and exceptional items		**743.66**	**669.93**
Exceptional items		-	-
Profit/(Loss) before income tax		**743.66**	**669.93**
Tax expense			
Current tax (After setting off with Income tax refund)	27	-	136.60
Deferred tax	27	479.52	44.36
Total tax expenses		479.52	180.96
Profit/(Loss) for the year		**264.14**	**488.97**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurements of defined benefit liability	32	43.09	(139.29)
Income tax effect	27	(14.65)	47.34
Total other comprehensive income/(loss) for the year, net of income tax		**28.44**	**(91.95)**
Total comprehensive income/(loss) for the year		**292.58**	**397.01**
Profit/(Loss) per equity share			
Basic and diluted earnings per equity share (in INR)	30	0.61	1.14

Company Overview, Basis of Preparation &
Significant accounting policies 1, 2, 3

The accompanying notes from 1 to 33 are an integral part of these financial statements

For and on behalf of the Board of Directors

Sd/- (Prasad Bhaskaran Nair) Managing Director	Sd/- (Shibu A. S) Director	As per our report of even date For George, John & Prabhu, Chartered Accountants, Firm Regn. No.000917S
Sd/- (Joffy George) Company Secretary	Sd/- (S. Siva Kumar) Chief Financial Officer	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 2018	As at 31 March 2017
Cash flows from operating activities			
Profit / (Loss) before tax for the year		743.66	669.93
Adjustments for:			
Depreciation and amortisation		131.33	132.23
Provision for doubtful trade receivables		(1,359.30)	(142.76)
Bad debts recovered		-	(13.10)
Finance cost		427.54	115.12
Interest income		(409.42)	(80.73)
Dividend income		(0.11)	(0.11)
(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)	0.87
Operating profit before working capital changes		**(467.19)**	**669.00**
Changes in working capital			
(Increase)/decrease in trade receivables, loans and advances and other assets		6,481.24	(3,377.55)
(Increase)/decrease in inventories		(7,311.72)	(264.20)
Increase/(decrease) in trade payables, other payables and provisions		411.50	2,799.94
(Increase)/decrease in bank balances other than cash & cash Equivalents		9.20	(345.17)
Net change in working capital		(409.78)	(1,186.97)
Cash generated by operations		(876.97)	(517.98)
Direct taxes (paid)/Refund		14.66	(10.67)
Net cash generated by operating activities	A	(862.31)	(528.65)
Cash flows from investing activities			
Purchase of PPE and Capital WIP		(80.92)	(22.72)
Interest received		409.42	78.33
Dividend Income		0.11	0.11
Sale of Fixed Asset			0.65
Net cash generated by investing activities	B	328.62	56.37
Cash flows from financing activities			
Proceeds/(repayment) from short term borrowings (net)		626.49	844.49
Interest Paid		(427.54)	(115.12)
Net cash generated from financing activities	**C**	**198.96**	**729.37**
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)		(334.74)	257.10
Cash and cash equivalents at the beginning of the year		335.88	78.78
Cash and cash equivalents at the end of the year Note No.12.a*		**1.15**	**335.88**

* Excludes Margin Money retained by bank against Bank Guarantees & other specific purpose bank balances

The accompanying notes from 1 to 33 are an integral part of these financial statements

For and on behalf of the Board of Directors

Sd/-
(Prasad Bhaskaran Nair)
Managing Director

Sd/-
(Shibu A. S)
Director

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

Sd/-
(Joffy George)
Company Secretary

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

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 2018		As at 31 March 2017	
	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 31 March 2017	1,619.60	5,085.00	(2,974.40)	(74.78)	3,655.42
Profit/(Loss) for the year	-	-	264.14	-	264.14
Other comprehensive income/(loss) for the year	-	-	-	28.44	28.44
Total comprehensive income/(loss) for the year	**-**	**-**	**264.14**	**28.44**	**292.58**
Contributions by and distributions to owners					
Dividend	-	-	-	-	-
Dividend distribution Tax	-	-	-	-	-
Total contributions from and distributions to owners	-	-	-	-	-
Balance as at 31 March 2018	1,619.60	5,085.00	(2,710.26)	(46.34)	3,948.00

For and on behalf of the Board of Directors

Sd/-
(Prasad Bhaskaran Nair)
Managing Director

Sd/-
(Shibu A. S)
Director

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

Sd/-
(Joffy George)
Company Secretary

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

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

TRANSFORMERS & 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 incorporated in 1963 and domiciled in India and limited by shares. The address of the Company's registered office is Angamaly South P.O., Ernakulam, 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 stand-alone financial statements are prepared on going concern basis following accrual basis of accounting 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). The Company issued it's first Ind AS compliant stand-alone financial statements last year (2016-17) in accordance with Ind AS 101.

These stand-alone financial statements were authorized for issue by the Board of Directors on 25/07/2019.

(b) Basis of measurement

These stand-alone 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 stand-alone 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 stand-alone 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/non-current 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 stand-alone 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 stand-alone 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 stand-alone financial statements is as under:

i) Revenues

The Company from this year (2017-18) is recognizing revenue in respect of FOR destination sale(the price of the goods are inclusive of freight and insurance) of products only after the goods were delivered at the Customer's site in order to comply with IND AS requirements. In case of goods sold on Ex- Factory basis, the revenue is recognized when the goods are loaded onto the truck, or other delivery vehicle, at the factory site of the Company. 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 asset 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 is ascertained by best judgement by the 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 assessment 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 stand-alone financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the stand-alone 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 follows the method of charging depreciation as per the Companies Act, 2013. Depreciation is charged as per the useful life and the residual value prescribed under Schedule II of the Companies Act, 2013 as amended by Notification No. GSR 627 (E) dated 29th August 2014 and all subsequent Notifications / Amendments, for the full year. 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 Rs. 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 – RCC frame structure) 60 Years

Plant & Machinery 15 Years

Electrical Installations and Equipment 10 Years

Office Equipments 05 Years

General Furniture & Fixtures 10 Years

Canteen & Dormitory Furnitures 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 comparing 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 stand-alone 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

(ii) The Company from this year (2017-18) is recognizing revenue in respect of FOR destination sale(the price of the goods are inclusive of freight and insurance) of products only after the goods were delivered at the Customer's site in order to comply with IND AS requirements, In case of goods sold on Ex- Factory basis, the revenue is recognized when the goods are loaded onto the truck, or other delivery vehicle, at the factory site of the Company. 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.

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 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 not separately funded and managed by the Company itself.

iv) Short-term benefits

All employee benefits falling 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.

Company have a practice of passing on it's employees a specified share of Profit earned on a particular financial year on the basis of the prescribed percentage of Profit Before Tax (PBT) popularly known as PPBIS scheme. For the financial year 2017-18 company provided an adhoc amount of Rs.40 Lakhs for the said purpose.

(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 equipments. 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. 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 while 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 percent 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 losses incurred in 2 out of 3 previous years, 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 2017-18.

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

Notes to the financial statements for the year ended 31 March 2018
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 31 March 2017	5.82	26.61	875.08	667.81	4.32	5.87	19.21	7.72	18.37	92.03	1.91	16.08	1,740.83
Additions				47.01		7.80			1.62			12.34	68.78
Deletions			(0.00001)	(0.77)	(0.01)								(0.78)
Balance as on 31 March 2018	5.82	26.61	875.08	714.05	4.31	13.68	19.21	7.72	19.99	92.03	1.91	28.42	1,808.83

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 31 March 2017	-	0.67	52.55	86.70	0.19	0.57	5.20	4.79	2.75	18.43	0.91	6.74	179.51
Depreciation for the year		0.34	25.81	73.48	0.11	2.78	2.60	1.16	1.43	17.01		3.19	127.91
Accumulated depreciation on deletions				(0.73)		-							(0.73)
Balance as on 31 March 2018	-	1.01	78.37	159.45	0.30	3.35	7.80	5.96	4.18	35.44	0.91	9.93	306.69

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 31 March 2017	5.82	25.94	822.52	581.11	4.13	5.31	14.01	2.92	15.62	73.61	1.01	9.33	1,561.32
As on 31 March 2018	5.82	25.60	796.71	554.61	4.01	10.33	11.41	1.76	15.81	56.59	1.01	18.49	1,502.14

Note: Plant and machinery including its machinery spares, tools and accessories and other movable plant and machinery are hypothecated as Security against funded and non-funded facilities provided by the Banks.

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

Notes to the financial statements for the year ended 31 March 2018

Rupees(₹) in lakhs, unless otherwise stated

4b.

Capital Work In Progress	Current Year	Previous Year
As at 31st March 18	12.65	1.15
As at 31st March 17	1.15	87.95

In order to achieve higher production target, company needs to focus more on manufacturing transformers with higher MVA (100MVA & above). But processing of coils before & after coil assembly in CI shop becomes a bottle neck due to non-availability of drying chambers. Along with the new AC winding shop 2 dyring chambers were planned and one got commissioned in 2015. Mean while Drying Chamber (EC/A/04) located in “A”shop have only rare usage and thus planned to relocate infront of new AC winding shop of CI and also to refurbish the same by modifications and replacements. After this modifications & refurbishments the life of the chamber is as good as a new chamber. Current year this is categoried under Work In progress with a value of Rs.11.50 lakhs with an intention of extensive usage for it’s intended purpose from 2018-19 onwards. Company is of the view that it can be used for another 15 years without any major shutdown other than for routine maintenances. Balance of Rs.1.15 Lakhs in the Work in progress is related to the consultancy fee incurred with respect to the implementation of VPD plant.

5. Other intangible assets

Reconciliation of carrying amount

Particulars	Computer **Software**	Total
Balance as on 31 March 2017	22.43	22.43
Additions	0.69	0.69
Balance as on 31 March 2018	23.11	23.11

Particulars	Computer **Software**	Total
Balance as on 31 March 2017	6.77	6.77
Amortisation for the year	3.42	3.42
Balance as on 31 March 2018	10.19	10.19

Carrying amount, net	Computer **Software**	Total
As on 31 March 2017	15.65	15.65
As on 31 March 2018	12.92	12.92

Pending implementation of the new ERP system, in 2017-18 the company migrated from it’s old, in-house developed software to a new Software for the limited purpose of accounting & book keeping of Financial transactions excluding Payroll and Material accounting. But the company continues with the old software for performing it’s other activities. The Management is in the process of upgrading the softwares / full fledged ERP implementation. Please refer Note No. 3(b) regarding accounting policy on Intangiable Assets.

Notes to the financial statements for the year ended 31 March 2018
Rupees(₹) in lakhs, unless otherwise stated

6.

Investments	As at 31 March 2018	As at 31 March 2017
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
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
Total	0.70	0.70
Current		
Gold with Bank*	-	11.06
	-	11.06
Aggregate value of unquoted investments	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. The deposit has been made effective from 1st April 2017 by State Bank of India for Rs.1193506/- and the consequential gain (due to reversal of impairment loss accounted last year) has been disclosed under Note No.26. From 01/04/2017 onwards the company has classified this asset under Non- Current category - "Other Financial Assets" and disclosed under Note 8.

7.

Loans	As at 31 March 2018	As at 31 March 2017
Non - Current - Unsecured considered good		
Security Deposits and Earnest Money Deposit	41.68	41.68
Total	41.68	41.68
Current - Unsecured considered good		
*Short term Loans & Advances		
Earnest Money Deposit	54.26	43.69
Total	54.26	43.69

***Loan to related parties Nil (Nil in 2016-17).**

8.

Other financial assets	**As at** 31 March 2018	**As at** 31 March 2017
Non-current		
Bank deposits (due to mature after 12 months from the reporting date)*	-	75.03
2.25% Long Term Government Gold Deposit with SBI	11.94	-
Total	11.94	75.03
Current		
Interest accrued on Gold Deposits with SBI	0.27	-
Interest accrued on Fixed Deposits	-	6.49
Total	0.27	6.49

* Bank deposits include restricted bank balances having unelapsed tenure of more than 12 months of INR Nil (previous year: INR 75.03 Lakhs). The restrictions are primarily on account of bank balances held as lien against bank guarantees. For details regarding Gold deposits with SBI, please refer to Note.6.

9.

Other assets	As at 31 March 2018	As at 31 March 2017
Non-current		
Capital Advances	-	1.38
		1.38
Current		
Advances other than Capital Advances		
Other Advances		
Employee advances	29.47	16.06
Advances to Suppliers and Contractors	105.96	92.51
Prepaid Expenses	85.82	68.77
Balance with government authorities	315.73	188.21
Total	536.98	365.55

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2018
Rupees(₹) in lakhs, unless otherwise stated

10.

Inventories*	**As at** 31 March 2018	**As at** 31 March 2017
Raw Materials	3,119.16	1,844.52
Raw materials In -transit	-	0.15
Work In Progress	3,640.72	796.42
Finished Goods	320.57	20.30
Finished Goods in Transit**	2,698.55	
Tools***	-	20.95
Jigs***	-	30.96
Scrap	34.99	42.14
Other Scraps	-	5.13
Stores & Spares****	-	-
Stock of Material with Fabricators	318.52	60.22
Total	10,132.51	2,820.79

* Write down of Inventories is Nil (previous year - Nil)

**In respect of FOR destination Sales, the company from 2017-18 onwards started recognising Revenue only after the goods reached the Customers destination point. So all the Goods which were under transit as on 31st March 2018 from the Company factory gate till the Customer's destination point were recognised as Goods in Transit and classified along with Finished Goods under inventory and valued as Cost / NRV which ever is lower as per IND AS 2.

*** Tools and Jigs have a usefule life of less than a year therefore classified as inventory.

**** Company follows a practise of issuance of Stores & Spares to the intended department immediately after the same is received in the Stores.

11.

Trade receivables	As at 31 March 2018	As at 31 March 2017
Unsecured,		
-Considered good	4,492.73	9,714.04
-Considered doubtful	383.74	1,743.04
	4,876.46	11,457.08
Less: Provision for Bad & Doubtful Debts	(383.74)	(1,743.04)
Total	4,492.73	9,714.04

Trade receivables outstanding as on 31st March 2018 also consists of Debtors who are supposed to give LC as per their Purchase Order and hence are risk free regarding it's collectivity. Out of those Debtors covered by LC, some debtors needs to be categorised as covered under LC as per the terms of the Purchase Order but not opened as on 31st March 2018. As per the terms of the Purchase Order issued by the customers, the last installment payment against invoices are payable only at the time of completion of the erection, testing & commissioning which normally will be at a later stage of the project & will takes several months for completion. However there is Nil risk in any of those installments as this is agreed by the customers by signing the purchase order that LCs will be opened as and when the installments will become due for payment after completion of the erection, testing and commissioning.Hence in respect of those debts the company has not made provision for Bad Debts under ECL computation and excess provision for the previous year has been reversed during the year. Please refer to the Note. 26.

12 a.

Cash and cash equivalents	As at 31 March 2018	As at 31 March 2017
Balances with banks :		
In current accounts	1.15	1.90
In deposit accounts*	0.00	333.98
	1.15	335.88

*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. Since margin money deposits amounting to INR 527.85 (March 31, 2017: INR 297.87) given as collateral against the bank guarantees are not readily convertible as Cash so long as Bank Guaratees are live, they are excluded from Cash and Cash equivalents and included in Bank balances other than Cash and Cash equivalents under Note 12.b.

12.b

Bank balances other than Cash and Cash equivalent	As at 31 March 2018	As at 31 March 2017
Other bank balances		
Others-Unclaimed Dividend Account	4.93	5.02
Deposits with original maturity of more than 3 months	-	314.13
Margin Money Deposits	527.85	297.87
Other Deposits - KIRFB*	4.63	4.63
Less: Bank Balances with original maturity of more than 12 months dislclosed under other non- current assets	-	(75.03)
	537.40	546.60

*M/s Telk Social Safety Net Programme (SSNP-2004) was introduced at M/s Telk with a view to achieving substantial reduction in the cost of establishment of the company and hence the vacancies arising consequent on the implementation of the scheme shall be abolished. Kerala Industrial Revitalisation Fund Board (KIRFB) was given the responsibility to manage the welfare fund. The balance in the fund as on date is Rs. 4.63 Lakhs.

Notes to the financial statements for the year ended 31 March 2018
Rupees(₹) in lakhs, unless otherwise stated

13.a

	Equity share capital	As at 31 March 2018		As at 31 March 2017	
		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
(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
(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
(D)	**Forfeited shares**	-	0.22	-	0.22
	Total (C+D)	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 2018		As at 31 March 2017	
	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
Issued during the year	-	-	-	-
Outstanding at the end of the year	**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 2018		As at 31 March 2017	
	No. of Shares	**% holding**	**No. of** Shares	**% holding**
Equity shares of Re. 10 each fully paid up Honourable Governor of Kerala	234.44	54.56%	234.44	54.56%
NTPC LTD	191.63	44.60%	191.63	44.60%
Total number of shares holding more than 5%	**426.08**	**99.16%**	**426.08**	**99.16%**
Add: Others (Non- Controlling Interest &individually holding less than 5%)	3.59	0.84%	3.59	0.84%
Total equity shares	**429.67**	**100%**	**429.67**	**100%**

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2018
Rupees(₹) in lakhs, unless otherwise stated

13.b

Other Equity	As at 31 March 2018	As at 31 March 2017
Capital Reserve	1,619.60	1,619.60
General Reserve	5,085.00	5,085.00
Retained Earnings	(2,710.26)	(2,974.40)
Other reserves (Other Comprehensive Income)	(46.34)	(74.78)
Total	3,948.00	3,655.42

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(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	(2,974.40)	(3,463.37)
	Add: Profit/(loss) for the year as per Statement of Profit and Loss	264.14	488.97
	Closing balance	(2,710.26)	(2,974.40)
(iv)	Other Reserves		
	Opening balance	(74.78)	17.17
	Remeasurement of post-employment benefit obligation, net of tax	28.44	(91.95)
	Closing balance	(46.34)	(74.78)

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.

Notes to the financial statements for the year ended 31 March 2018

Rupees(₹) in lakhs, unless otherwise stated

14.

Provisions	As at 31 March 2018	As at 31 March 2017
Non-current		
Provision for employee benefits:		
Provsion for Gratuity	795.77	388.43
Provsion for Leave Encashment	(30.62)	(247.75)
Provsion for sick leave	218.49	274.81
	983.64	415.48
Current		
Provision for employee benefits:		
Provision for sick leave	98.45	123.25
Others		
Provision for materials to be issued	424.82	759.23
Provsion for warranty	34.23	21.30
Provision for Liquidated Damages	29.75	-
Provision for Medical reimbursement*	-	48.86
Provision for Central Excise Deposit	3.27	-
Provision for Income tax**	321.25	136.61
Provision for Wage Revision (Refer note.23)	933.61	400.00
	1,845.38	1,489.25
Total	2,829.01	1,904.73

*Medical reimbursement is on "pay upon employee bills submission" basis and hence company is of the view that no provision is required for the same.

**Company has received Income Tax refund of Rs. 228.04 Lakhs including interest of Rs. 43.39 Lakhs.The interest portion has been credited to Other Income account. The current years provision for Income tax has been fully set off against the refund amount (Refer page 2) and the balance amount of refund has been retained in provision for Income tax.

15.

Borrowings	As at 31 March 2018	As at 31 March 2017
Loans repayable on demand From bank (secured)		
Cash Credit	2,073.53	1,602.45
Bill Discounted	707.83	552.41
Total	2,781.36	2,154.85

i) Cash credit and bill discounted from banks amounting to INR 2,781.36 lakhs (31 March 2017: INR 2,154.85 lakhs) are secured by hypothecation of current assets and plant and 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 11% p.a. For bill discounted through bank, the repayment period ranges from 90 to 120 days and cash credit gets renewed yearly.

iii)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 2018	As at 31 March 2017
Dues to Micro, Small and Medium Enterprises*	178.68	92.52
Other payables	1,937.78	1,458.90
Total	2,116.46	1,551.42

* There is no delay in payments made to MSME during the financial year

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2018
Rupees(₹) in lakhs, unless otherwise stated

17.

Other Financial liabilities	As at 31 March 2018	As at 31 March 2017
Unclaimed Dividend	4.94	5.02
Others		
Deposits from Contractors and Others	183.71	94.09
Deferred interest income	-	19.37
Employees reimbursement		8.31
Payable for Capital expenditure	10.99	1.10
Other Payables/dues		
-Employess dues	1,007.87	1,189.70
-Other dues	843.87	1,160.47
Total	2,051.38	2,478.07

18.

Other Current liabilities	As at 31 March 2018	As at 31 March 2017
Other advances		
Advances from Customers and Others	193.43	983.42
Others		
Statutory Liabilities*	691.35	580.94
Total	884.77	1,564.36

*(i) Statutory Liabilities includes Rs. 37,64,391/- being the differential tax liability provided due to non-collection of C- Forms & Form 48 as on the date of preparation of these financial statements.(ii) Statutory Liabilities also includes KVAT liabilities of Rs. 119.16 Lakhs (inclusive of interest and other charges) as per the notice received by the company from Department of SGST, Govt. of Kerala under Amnesty scheme and the expenditure for the same has been charged under Note 26 - Rates & Taxes. (iii) Company is in the process of review and reconciliation of the excess credit availed off as Cenvat Credit as per books of accounts during the financial year 2017-18. As an adhoc measure Company is going to add the excess credit availed off to the tune of Rs. 76,04,255/- with the Output Tax payable (CGST) and shall be paid accordingly on the next payment due date for GST. In addition to that the interest shall be worked out and paid for the delayed period. Also the company is in the process of reconciliation of the excess GST Input Credits availed (IGST Input - Rs. 70,67,310.33 & SGST Input - Rs. 6,16,179.79) and targeted to complete the process during the course of GST Audit 2017-18.

19.

Revenue from operations	For the year ended 31 March 2018	For the year ended 31 March 2017
Sale of products* (A)	14,615.28	17,589.88
Service charge and others (B)	282.11	214.05
Other Operating Income		
Sale of Scrap	42.51	175.63
Freight & Insurance**	675.90	202.78
Total Other Operating Income (C)	718.41	378.41
Total revenue from operations (A+B+C)*	**15,615.81**	**18,182.34**

*(inclusive of excise duty of INR 237.36 lacs and (PY 1948.17 lacs)
** Freight income & expenses shown separately after the implementation of GST.

20.

Other income	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income	409.42	80.73
Dividend income	0.11	0.11
Other Non- Operating Income		
Profit from sale of item of PPE	-	0.49
Profit from Sale of item of PPE scrap	-	0.19
Profit/(Loss) from Exchange Fluctuations	2.69	
Duty Drawback and Duty Scrip	-	20.57
Miscellanious income*	184.69	149.67
Total	596.92	251.78

* Miscellaneous Income mainly includes Discount received and Liquidated Damages on purchases.

21.

Cost of Material Consumed	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening Stock of raw material	1,947.04	1,274.20
Miscellaneous materials	57.04	
Add: Purchases of raw materials	15,396.07	9,667.43
Add: Provision for materials to be issued	424.82	759.23
Add: Stores and Spares Consumed	143.32	210.22
Less: Material Consumed of prior years	-	(80.43)
Less: Closing Stock	(3,472.67)	(1,947.02)
Total	14,495.62	9,883.63

22.

Changes in inventories of Finished goods and work in progress	For the year ended 31 March 2018	For the year ended 31 March 2017
Finished Goods		
Opening stock	20.30	268.05
Closing stock	320.57	20.30
In - Transit	2,698.55	
Change in inventory(A)	(2,998.81)	247.74
Work in Progress		
Opening stock	796.42	956.44
Closing stock	3,640.72	796.42
Change in inventory(B)	(2,844.30)	160.03
Excise Duty on Finished Goods		
Opening stock	4.94	33.05
Closing stock		4.94
Less: Transferred to Rates & Taxes	4.94	
Change in Excise duty(C)	(0.00)	28.11
Total(A+B-C)	(5,843.11)	379.66

23.

Employee benefits expenses	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	4,089.82	3,546.21
Remuneration to MD*	47.29	40.00
Contribution to provident fund	286.79	300.17
Contribution to other funds	29.68	14.63
Gratuity	450.43	(82.58)
Staff welfare expenses	594.02	677.20
Total	5,498.03	4,495.63

Note:

i) The proposal for pay revision of officers for 2011-16 of the company (duly approved by the Company Board of Directors) got approval from Government of Kerala - GO No: (Ms) No: 56/2018/ID dated 27.07.2018. ii)The agreement with Workers for 2016- 21 is pending for approval of Government of Kerala. The Company has provided an adhoc provision of Rs.533.61 Lakhs towards anticipated wage revision for both workers and staff. iii) Payment to MD is inclusive of all benefits.

24.

Finance Cost	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest		
On Cash Credit	259.00	113.34
On Bill Discounted	168.54	1.78
	427.54	115.12
Other Borrowing Cost		
Guarantee commission & Other Charges	153.78	64.92
Total	581.32	180.04

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2018
Rupees(₹) in lakhs, unless otherwise stated

25.

Depreciation and amortisation expense	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 4a)	127.91	128.85
Amortisation of intangible assets (refer note 5)	3.42	3.38
Total	131.33	132.23

26.

Other Expenses	For the year ended 31 March 2018	For the year ended 31 March 2017
Factory Expenses	139.83	92.74
Power and Fuel	359.24	320.17
Freight Outwards & Weightment Charges*	422.30	-
Repairs & Maintenance:		
Buildings	1.38	1.09
Plant and Machinery	10.70	14.22
Others**	221.10	161.20
Rates and Taxes***	189.47	47.95
Travelling & conveyance	56.25	56.89
Printing and Stationary	14.23	9.23
Postage and Telephones	12.49	13.56
Auditors' Remuneration	3.42	1.95
Directors' Sitting Fee	0.03	0.06
Honararium to Chairman	2.37	1.56
Legal and Professional Charges****	30.97	33.41
Contribution - Chief Minister's Relief Fund	20.00	-
Miscellaneous expenses	43.38	23.86
Selling expenses and Commission	44.87	42.73
Liquidated Damages on Sales	29.75	-
Insurance Charges	28.38	29.20
Erection Expenses of Transformers	92.32	34.68
Advertisement & Publicity	6.22	2.21
Provision for bad and doubtful debts reversal*****	(1,359.30)	(142.76)
Loss on Sale of Fixed Assets	0.03	-
Impairment in value of gold with bank	(0.87)	0.87
Total	368.54	744.82

* Please refer Note 19
** Includes payment towards labour outsourced
*** Please refer Note 18
**** Professional Charges includes Cost Audit Fees & Internal Audit Fees
***** Please refer Note 11

Auditors' Remuneration

Particular	For the year ended 31 March 2018	For the year ended 31 March 2017
For Statutory Audit	2.00	1.30
For Taxation Matters	0.40	0.23
For Reimbursement of Expenses	1.02	0.43
Total	3.42	1.95

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2018
Rupees(₹) in lakhs, unless otherwise stated

27. Tax expense

A. Amounts recognised in statement of profit and loss

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax (a)		
Current period	151.63	136.60
Less: Tax Refund (Set off made to the extent of the current period tax liability)	(151.63)	
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	479.52	44.37
	479.52	44.37
Tax expense for the year (a) + (b)	**479.52**	**180.97**
(ii) Amounts recognised in other comprehensive income		
Current Income Taxes		
In respect of the current period	-	-
Deferred Taxes		
In respect of the current period	14.65	(47.34)
Total	494.16	133.62

B. Amounts recognised in other comprehensive income

	31 March 2018		
	Before tax	**Tax (expense) benefit**	**Net of tax**
Remeasurements of the defined benefit plans	43.09	(14.65)	28.44
	43.09	(14.65)	28.44

	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)

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 2018	31 March 2017
Profit before tax	**743.66**	**669.93**
Tax using the Company's domestic tax rate	33.06%	33.990%
	245.85	227.71
Effect of:		
Deferred tax	494.16	(2.97)
Difference in rate considered for MAT and books	(94.22)	(91.11)
Adjustments in MAT not considered in book profit		-
Less: Income Tax Refund	(184.65)	-
Income tax expense	461.15	133.62

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2018
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	**Deferred tax** (liabilities)	**Net deferred tax asset** (liabilities)
	31 March 2018	31 March 2018	31 March 2018
Property, plant and equipment	(339.85)	-	(339.85)
Provisions for gratuity	-	263.23	263.23
Provision for sick leave	-	101.96	101.96
Provision for leave encashment	-	13.91	13.91
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	-	43.45	43.45
Loss/Depreciation carried forward as per Return	-	999.10	999.10
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	-	113.69	113.69
Warranty	-	6.18	6.18
MAT Credit	-	288.23	288.23
Fair value of Investment in gold coins	(0.00)	-	(0.00)
Net deferred tax (assets) liabilities	**(339.85)**	**1,910.47**	**1,570.62**

	Deferred tax assets	**Deferred tax** (liabilities)	**Net deferred tax asset** (liabilities)
	31 March 2017	31 March 2017	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
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	-	563.12	563.12
Warranty	-	1.85	1.85
MAT Credit	-	136.60	136.60
Fair value of Investment in gold coins	-	0.3041	0.30
Net deferred tax (assets) liabilities	**(275.94)**	**2,340.72**	**2,064.78**

Notes to the financial statements for the year ended 31 March 2018
Rupees(₹) in lakhs, unless otherwise stated

27. Tax expense (continued)

E. Movement in temporary differences

	Balance as at **1 April 2017**	Recognised in **profit or loss** during 2017-18	Recognised in **OCI during** 2017-18	Balance as at **31 March 2018**
Property, plant and equipment	(218.07)	(121.79)	-	(339.85)
Provisions for gratuity	128.55	149.33	(14.65)	263.23
Provision for sick leave	128.78	(26.82)	-	101.96
Provision for leave encashment	(57.88)	71.79	-	13.91
Sales tax provisions	1.73	-	-	1.73
Service tax provisions	69.80	-	-	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	34.54	-	43.45
Loss/Depreciation carried forward as per Return	1,291.90	(292.80)	-	999.10
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	(449.42)	-	113.69
Warranty	1.85	4.33	-	6.18
MAT Credit	136.60	151.63	-	288.23
Fair value in Investment on gold coins & audit adjustment	0.30	(0.30)		(0.00)
	2,064.78	(479.52)	(14.65)	1,570.62

	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 Inerest payable on Excise Duty for Price Variation 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	-	136.60	-	136.60
Fair value of Investment in gold coins	-	0.30	-	0.30
	2,061.81	(44.37)	47.34	2,064.78

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

Notes to the financial statements for the year ended 31 March 2018

Rupees(₹) in lakhs, unless otherwise stated

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

Particulars	31 March 2018	31 March 2017
(I) Contingent liabilities:		
(i) Claims against the Company not acknowledged as debt:		
(a) Disputed sales tax liability under appeal	-	20.58
(b) Disputed excise duty liability	-	2.27
(c) Disputed Service tax liability	65.76	151.76
(d) Disputed liability under Employees State Insurance Act.	3.34	3.34
(ii) Bank Guarantee*	6,285.28	5,199.06
(II) Commitments:		-
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	14.35	108.28
Total	6,368.73	5,485.29

28b. The Company did not have any long term contracts (more than 1 year) including derivative contracts for which there were no material forseeable losses to be provided for.

28c. No amount is required to be transferred to the Investor Education & Protection Fund during the financial year 2017-18

29. Dues to micro and small suppliers

Particulars	31 March 2018	31 March 2017
The amounts remaining unpaid to micro and small suppliers as at the end of the year	178.68	92.52
Total	178.68	92.52

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	31 March 2018	31 March 2017
Profit/(Loss) during the year attributable to the owners of the equity	264.14	488.97
Weighted average number of ordinary shares outstanding	429.67	429.67
Basic and diluted earnings per share	0.61	1.14

Rupees(₹) in lakhs, unless otherwise stated

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

Ganapathyseshambal Venkitaraman Iyer (CFO) upto 30/04/ 2017

Kamala Kanta Nayak (CFO) from 20.03.2018 upto 10.07.2018

Joffy George, Company Secretary from 11/07/2007

Directors

Saptarshi Roy	Nominee Director
Sudhir Arya	Nominee Director
K K Ramachandran	Nominee Director
Parol Vijayakumari	Nominee Director
Anand Kumar Gupta	Nominee Director
Nellampurath Chellappan Nair Mohanan	Chairman & Nominee Director
Prasanth Madhavan Pillai	Nominee Director
S Muraleedharan	Nominee Director
K S Rajagopal	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 2018	For the year ended 31 March 2017
(i) Entities with joint control and significant influence over the entity (NTPC LTD)		
- Sale of goods	80.73	1,080.84
- Sale of services	85.06	135.75
- Outstanding balances - Receivable	91.10	639.82
(ii) Entities under the control of the same government		
(a) Kerala State Electricity Board Ltd		
- Sale of goods	3,372.67	2,255.14
- Electricity Charges	302.48	258.56
(b) The Travancore Cochin Chemicals Limited		
- Sale of goods	0.85	201.21
- Purchase of goods		1.67
(iii) Compensation to Key Mangement Personnel		
- Short term employee benefits	54.30	64.94
- Post employment benefits	11.01	12.22
- Reimbursement of Travelling expenses	2.07	2.54
(iv) Other payments to Related Parties		
- Honorarium to Chairman	2.40	1.56
- Sitting fees to Nominee Directors	0.03	0.06
- Reimbursement of Travelling expenses	0.26	4.34

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2018
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 in compliance with Employees' Provident Funds & Miscellaneous Provisions Act, 1952, which is a defined contribution plans, which is managed by a separate Trust. 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 286.79 (Previous year: INR 300.17)

(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. In respect of Previlage leave 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 2018	For the year ended 31 March 2017
	Gratuity	Gratuity
Expense recognised in the Statement of Profit and Loss:		
Service cost	417.77	95.17
Net interest expenses	138.68	152.28
Expected return on plan assets	96.58	122.84
Component of defined benefit costs recognised in the Statement of Profit and Loss	459.87	124.61
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	(24.91)	(41.78)
Actuarial loss arising from changes in experience adjustments	(18.18)	220.76
Components of defined benefit costs recognised in Other Comprehensive income	(43.09)	139.29
Total	416.78	263.90

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 2018	As at 31 March 2017
	Gratuity	Gratuity
Present value of defined benefit obligation	795.77	388.43
Net liability arising defined benefit obligations recognised in the Balance Sheet	795.77	388.43

Reconciliation of present value of the defined benefit obligation	**As at** 31 March 2018	**As at** 31 March 2017
	Gratuity	Gratuity
Opening defined benefit obligation	1,953.18	1,977.66
Service cost	417.77	95.17
Interest cost	138.68	152.28
Benefits paid	(412.13)	(415.23)
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	(24.91)	(41.78)
Actuarial loss/(gain) arising from changes in experience adjustments	(15.26)	224.77
Closing defined benefit obligation	2,057.33	1,953.18

Reconciliation of changes in the fair value of plan assets	**As at** 31 March 2018 Gratuity	**As at** 31 March 2017 Gratuity
Opening fair value of plan assets	1,564.75	1,752.84
Expected return on plan assets	96.58	122.84
Contributions from the employer	9.44	100.29
Benefits paid	(412.13)	(415.23)
Remeasurement loss (gain):		
Actuarial loss/(gain) arising from changes in financial assumptions	8.16	-
Return on Plan Assets (excluding amounts incuded in net interest expenses)	(5.24)	4.01
Closing fair value of plan assets	1,261.56	1,564.75

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 2018 Gratuity	As at 31 March 2017 Gratuity
Financial assumption:		
Discount rate	7.3%	7.1%
Salary escalation rate	9.00%	9.00%
Demographic assumption:		
Withdrawal rate	5.00%	5.00%
Mortality rate	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 2018		31 March 2017	
	Discounting rate			
	100 basis point		100 basis point	
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	(109.44)	125.72	(93.36)	107.21

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2018
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 2018	31 March 2017
Financial assets			
Measured at amortised cost			
Trade receivables	11	4,492.73	9,714.04
Cash and cash equivalents	12.a	1.15	335.86
Bank balances other than Cash and Cash equivalent	12.b	537.40	546.60
Loans	7	95.94	85.36
Other financial assets	8	12.20	81.52
Measured at fair value through profit and loss (FVTPL)			
Investment in Shares of Co-operative societies	6	0.70	0.70
Investment in Gold with Bank	6	-	11.06
Total financial assets		**5,140.12**	**10,775.14**
Financial liabilities			
Measured at amortised cost			
Borrowings	15	2,781.36	2,154.87
Trade payables	16	2,116.46	1,551.42
Other financial liabilities	17	2,051.38	2,478.06
Total financial liabilities		**6,949.19**	**6,184.35**

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 2018, 31 March 2017.

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2018:

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

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

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.

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	31-03-2018	31-03-2017
Outstanding for more than 6 months	1,515.01	1,418.16
Others	3,645.76	10,038.92
Total:	**5,160.77**	**11,457.08**

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 2018, the Company had a working capital of INR 6075.96 Lakhs , including cash and cash equivalents of INR 1.15 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018 & 31 March 2017

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
Angamally South PO, Ernakulam District, Kerala.
Notes to the financial statements for the year ended 31 March 2018
Rupees(₹) in lakhs, unless otherwise stated

Particulars	As at 31 March 2018			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings	2,781.36	-	-	2,781.36
Trade payables	2,116.46	-	-	2,116.46
Other financial liabilities	2,051.38	-	-	2,051.38

33.5. Liquidity risk (continued)

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

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 2018		As at 31 March 2017	
	Receivable/ (Payable) Rs. in Million	Receivable/ (Payable) USD in Million	Receivable/ (Payable) Rs. in Million	Receivable/ (Payable) USD in Million
Suppliers	7.38	0.11	(25.80)	(0.40)
Customers	1.95	0.03	(0.35)	(0.01)

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	31-03-2018	31-03-2017
Financial assets		
-Margin money deposit	527.85	297.87
Total	527.85	297.87
Variable-rate instruments		
Financial liabilities		
-Borrowings from bank	2,073.53	1,602.45
Total	2,073.53	1,602.45

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 2017.

Effect	**Profit or loss**	
	100 bp increase	100 bp decrease
31-Mar-18		
Variable-rate instruments	(21.04)	21.04
	(21.04)	21.04
31-Mar-17		
Variable-rate instruments	(16.03)	16.03
	(16.03)	16.03

Rupees(₹) in lakhs, unless otherwise stated

34.5. 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 2018	31 March 2017
Debt	2,781.36	2,154.85
Less: Cash and cash equivalents	1.15	335.88
Less: Bank balances other than cash and cash equivalent	537.40	546.62
Less: Other non-current financial assets - Bank deposit	11.94	75.03
Net Debt	2,230.87	1,197.32
Total Equity	8,244.96	7,952.38
Gearing ratio	0.27	0.15

For and on behalf of the Board of Directors

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

Sd/-
(Prasad Bhaskaran Nair)
Managing Director

Sd/-
(Shibu A. S)
Director

Sd/-
(Joffy George)
Company Secretary

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

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

सत्यमेव जयते

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

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 2018

The preparation of financial statements of **Transformers & Electricals Kerala Limited , Angamali** for the year ended **31 March 2018** 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 **25 July 2019.**

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 2018** 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 FINANCIAL POSITION

NIL

B. COMMENTS ON PROFITABILITY

Statement of Profit and Loss Account for the year ended on March 31, 2018
Profit for the year ₹264.14 lakh

Profit for the year is understated with a net amount of ₹11.36 lakh on account of the following

(i) Net understatement of profit by ₹33.02 lakh due to non-accounting of (i) refund of excess income tax paid (₹21.78 lakh), (ii) interest on refund (₹19.92 lakh) and (iii) interest payable (₹8.68 lakh). The Company has shown this net amount as provision for taxation. This has resulted in understatement of profit for the year by ₹33.02 lakh and overstatement of provision for taxation by the same amount.

(ii) Understatement of profit by ₹42.96 lakh due to excess provision of KVAT and CST tax liability. As against the demand of ₹119.16 lakh in respect of KVAT and CST for the period 2011-12 to 2017-18, the Company has provided for ₹162.12 lakh.

(iii) Overstatement of profit due to recognition of revenue from FOR destination sales with resultant profit of ₹18.87 lakh during the year though the subject goods were delivered at the customers site after 31 March 2018 in violation of the stated policy of recognition of revenue from FOR destination sales after delivery of goods to customer premises.

(iv) Overstatement of profit due to recognition of revenue ₹45.75 lakh towards supervision/service charges on the goods delivered after 31 March 2018 under FOR destination sales and treated as sales during the year in violation of the declared policy. To this extent 'Trade Receivables' is also overstated.

C. COMMENT ON CASH FLOW STATEMENT

Cash flow from Investing Activities
Interest received ₹409.42 lakh

(v) This is overstated by ₹43.39 lakh due to inclusion of interest amount not realised by the Company. In Cash flow statement, the amount of interest received only was to be taken as cash flow under investing activities. However, the company accounted the entire amount of interest income to the cash flow statement as 'Interest received' though the same included unrealised interest of ₹43.39 lakh on income tax refund. Due to this, the 'net cash generated by Investing Activities' was overstated by ₹43.39 lakh and 'Net cash generated by Operating activities' was understated to the same extent.

D. COMMENTS ON DISCLOSURE

Company Information and Significant Accounting Policies

(vi) From the year 2017-18 the Company changed its accounting policy with regard to recognition of revenue of FOR destination sales. However, the company did not disclose in the financial statements, the amount of adjustment for each financial statement line item affected and for basic and diluted earnings per share, *etc* as against the disclosure requirement under Ind AS 8 - Accounting Policies, Changes in Accounting, Estimates and Errors.

Note 28a: Contingent liabilities and commitments to the extent not provided for- ₹6368.73 lakh

(vii) This does not include contingent liability of ₹1467 lakh towards the Corporate Guarantee issued by the Company.

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

K.P ANAND

Thiruvananthapuram
Dated: 10 .12.2019

ACCOUNTANT GENERAL (E&RSA), KERALA

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 2018

Sl. No:	Commentsof the Comptroller and Auditor General of India	Company's Reply
A.	**COMMENTS ON FINANCIAL POSITION**	
	NIL	
B.	**COMMENTS ON PROFITABILITY**	
	Statement of P&L for the year ended March 31, 2018. Profit for the year - Rs. 264.14 lakh.	
	Profit for the year is understated with a net amount of Rs.11.36 lakh on account of the following: (i) Net understatement of profit by Rs.33.02 lakh due to non-accounting of (i) refund of excess income tax paid (Rs. 21.78 lakh) (ii) interest on refund (Rs. 19.92 lakh) and (iii) interest payable (Rs. 8.68 lakh). The Company has shown this net amount as provision for taxation. This has resulted in understatement of profit for the year by Rs. 33.02 lakh and overstatement of provision for taxation by the same amount.	(i) For accounting purpose, we have segregated only interest accrued from the refundable date – i.e., from April 2014 onwards as interest income and the remaining amount was taken as Tax. We have adopted this method because the refundable amount of Rs. 1,84,64,723 was arrived at on April 2014 after setting off Rs. 69,13,670 already refunded on April 2014. Accordingly, we have accounted Rs. 2,28,03,940 received as refund from Income tax department as under. (1) Set off against current year's Provision for Income tax Rs. 1,51,63,188 (2) Transfer to Provision for Taxation Rs. 33,01,535. (3) Interest on Refund Rs. 43,39,217 as income. In this context, it may please be noted thatas Income Tax provisions and refund are not revenue items and provided on taxable income and any refund is to be adjusted against the tax/provision only. In view of this, it may please be noted that there is no understatement of profit as we have taken interest on refund Rs. 43,39,217 as income.
	(ii) Understatement of profit by Rs. 42.96 lakh due to excess provision of KVAT and CST tax liability. As against the demand of Rs. 119.16 lakh in respect of KVAT and CST for the period 2011-12 to 2017-18. The Company has provided for Rs. 162.12 lakh	(ii) The comments are noted and shall pass appropriate entries based on the outcome of the amnesty proceedings / appeals filed by the company.

	(iii) Overstatement of Profit due to recognition of revenue from FOR destination sales with resultant profit of Rs.18.87 lakhs during the year though the subject goods were delivered at the customer's site after 31 March 2018 in violation of the stated policy of recognition of revenue from FOR destination sales after delivery of goods to customer premises.	(iii) This happened due to overlooking of one invoice (No IOK1718GM039) as there was another identical invoice against same customer for the same value with same delivery date. The value of the Invoice is Rs. 260.42 lakhs.
	(iv) Overstatement of profit due to recognition of revenue Rs.45.75 lakh towards supervision / service charges on the goods delivered after 31 March 2018 under FOR destination sales and treated as sales during the year in violation of the declared policy. To this extent ' Trade receivables ' is also overstated.	(iv) The invoice against the contracts are raised including the Supervision/Service charges. But by oversight only sale amounts were reversed. We have noted your advice for future guidance and will be followed.
C.	**COMMENT ON CASH FLOW STATEMENT**	
	Cash flow from Investing Activities	
	Interest received Rs. 409.42 lakh (v) This is overstated by Rs.43.39 lakh due to inclusion of interest amount not realized by the Company. In Cash flow statement, the amount of interest received only was to be taken as Cash flow under investing activities. However, the company accounted the entire amount of interest income to the cash flow statement as 'Interest received' though the same included unrealized interest of Rs. 43.39 lakh on income tax refund. Due to this, the 'net cash generated by Investing Activities' was overstated by Rs. 43.39 lakh and 'Net cash generated by Operating activities' was understated to the same extent.	The comments are noted for future guidance. However, this will not have any impact on the profit for the year.
D.	**COMMENTS ON DISCLOSURE**	
	Company Information and Significant Accounting Policies (vi)From the year 2017-18 the Company changed its accounting policy with regard to recognition of revenueof FOR destination sales. However, the company did not disclose in the financial statements, the amount of adjustment for each financial statement line item affected and for basic and diluted earnings per share, etcasagainst the disclosure requirement under Ind AS 8 - Accounting Policies, Changes in Accounting, Estimates and Errors.	We have made detailed disclosure in Company Information and Significant Accounting Policies under the – "Basis of Preparation" note to the financial statements under the areas related to "Revenue"[2(f)(1) & 3(g)]. Further Note no. 10 related to Inventories gave detailed disclosures related to this. The comments are noted for future guidance. However, this will not have any impact on the profit for the year.

E.	Note 28a:	
	Contingent liabilities and commitments to the extent not provided for - Rs. 6368.73 lakh (vii) This does not include contingent liability of Rs. 1467 lakh towards the Corporate Guarantee issued by the Company.	No liability actual or disputed has arisen on Corporate Guarantees issued and we feel that there is no items having the nature of Contingent Liabilities for disclosure in this respect. However, we will review the disclosure in terms of your comments in future.

Strong roots, Sustainable growth

Printed at KBPS, Kakkanad, Kochi-30