Transformers and Electricals Kerala Limited

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

59th ANNUAL REPORT
Year Ended 31st March 2022

TELK

Board of Directors

Adv. P.C. Joseph : Chairman

Shri. Neeraj Mittal : Managing Director

Prof. (Dr.) C.A. Babu : Director

Shri. Ajay Dua : Director

Smt. Sangeeta Kaushik : Director

Adv. K.K. Shibu : Director

Shri. A.M. Jafar : Director

Statutory Auditors:

M/s. Babu A. Kallivayalil & Co.

Bankers

State Bank of India

South Indian Bank

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

Registered Office:
Angamally South
Ernakulam District
PIN 683 573
E-mail: edp@telk.com
Website: www.telk.com
CIN: U31102KL1963SGC002043
Factory: Angamally

Shareholders Helpdesk
Telephone: 0484 - 2510436
E-mail: cs@telk.com

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BOARD'S REPORT

Dear members,

The Board of Directors of your Company are pleased to submit the 59th Annual Report on the business and operations of the company along with the audited financial Statements for the Financial Year ended 31st March 2022.

Business Overview & Performance

Your Company incurred a Loss before Tax and exceptional items of Rs.5757.80 Lakhs during the year 2021-22. Due to severe post covid effects on global economy, your Company operations also got a set back and the operational revenue decreased from Rs.14,648.35 Lakhs to Rs.13,738.40 Lakhs in FY 2021-22 as compared to previous Financial Year.

Financial Results

(Rs. In Lakhs)

Particulars	2021-22	2020-21
Revenue from operations	**13738.40**	**14648.35**
Other Income	206.38	400.06
Total Income	**13944.78**	**15048.41**
Expenses:		
Cost of material consumed	11056.15	9809.72
Changes in inventories of finished goods and work in progress	756.91	52.22
Employee benefits Expense	4538.20	5509.26
Finance costs	750.65	578.22
Depreciation & amortization expenses	101.62	125.72
Other Expenses	2499.05	2042.11
Total Expenses	**19702.58**	**18117.25**
Profit/(Loss) before Income Tax and Exceptional Items	**(5757.80)**	**(3068.84)**
Total Tax expenses (Deferred Tax)	(2082.15)	(744.54)
Profit / (Loss) for the year	**(3675.65)**	**(2324.30)**
Total other comprehensive income / (loss) for the year, net of tax	76.89	122.13
Total comprehensive income / (loss) for the year	(3598.76)	(2202.17)

Dividend

Board of Directors do not recommend any dividend for the year under review. The Company is not required to transfer any amount to IEPF during the period.

Directors

During the FY 2021-22, the following constituted the Board of Directors of the Company:

1. Adv. N.C.Mohanan (Chairman) from 01.04.2021 to 26.05.2021
2. Adv. P.C. Joseph (Chairman) from 29.12.2021 till date
3. Shri. Prasad B. (Managing Director) from 01.04.2021 to 30.07.2021
4. Shri. Sital Kumar (Managing Director) from 30.07.2021 to 14.02.2022
5. Shri. Bipin Satya(Managing Director) from 14.02.2022 to 17.07.2023
6. Shri. Shibu A.S. from 01.04.2021 to 02.02.2023
7. Shri. K.K. Ramachandran from 01.04.2021 to 01.05.2021
8. Shri. C.V. Anand from 01.04.2021 to 30.06.2021
9. Shri. Anil Nautiyal from 01.04.2021 to 30.04.2022
10. Shri. Shiva Kumar Ram from 15.07.2021 to 31.08.2024
11. Shri. Animesh Jain from 15.07.2021 to 31.03.2023

At present the following are the Board of Directors of the Company:

1. Adv. P.C. Joseph (Chairman)
2. Shri. Neeraj Mittal (Managing Director)

3. Prof.(Dr.) C.A. Babu
4. Shri. Ajay Dua
5. Smt. Sangeeta Kaushik
6. Adv. K.K. Shibu
7. Shri. A.M. Jafar

Shri. A.M. Jafar (DIN 10466417) was appointed as Director w.e.f. 16.01.2024.

Shri. Thomas Samuel (DIN 10060302) ceased to be Director from the Board of Directors w.e.f. 18.12.2023. Shri. Shiva Kumar Ram (DIN 09325085) ceased to be Director from the Board of Directors w.e.f. 31.08.2024 on account of superannuation from the service of NTPC Limited.

Board of Directors place on record their gratitude and appreciation for the guidance and the valuable services rendered by the 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, the following were the Key Managerial Personnel of the Company during the FY 2021-22:

1) Shri. Prasad B. (Managing Director) from 01.04.2021 to 30.07.2021
2) Shri.Sital Kumar(Managing Director) from 30.07.2021 to 14.02.2022
3) Shri. Bipin Satya(Managing Director) from 14.02.2022 to 17.07.2023
4) Shri. Ajith Kumar V (Chief Financial Officer)
5) Dr. Joffy George (Company Secretary)

At present Shri. Neeraj Mittal, Managing Director is the only Key Managerial Personnel of the Company.

Shri. Josmin Jose was appointed as Company Secretary w.e.f. 02.05.2024 on a fixed term contract basis and he resigned from the Company w.e.f. 08.11.2024.

The appointment of Company Secretary and Chief Financial Officer is under process.

Directors' Responsibility Statement

The Directors confirm that:

(a) in the preparation of the annual accounts for the Financial Year ended 31st March 2022, 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

The Company has not transferred any amount to reserves in the year 2021-22.

Fixed Deposits

The Company has 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. Babu A. Kallivayalil & Co., Chartered Accountants, Kochi were appointed as Statutory Auditors of the Company for the year 2021-22. The Company has received a declaration from them that their firm is not disqualified for such an appointment under section 141 of the Companies Act, 2013.

Qualification made by the Statutory Auditors on the Annual Accounts of the Company for the year ended 31st March 2022 and Company's reply is given below:

Qualification in the Report of the Statutory Auditors

I. We draw attention to Note 14 to the financial statements showing a debit balance of Rs.214 lacs under the head provision for income tax, carried forward from earlier years, due to wrong accounting. Such balance is in the nature of an asset which is non-existent and is pending for write off. This has resulted in reduction of a similar amount in current liabilities and also increase in the loss under retained earnings in Note 13(b)(iii).

Company's reply:

The debit balance has appeared due to certain duplications and errors in posting the relevant entries for the deferred tax calculation and current tax provision related to the FY 2019-20. These errors will be rectified in next financial year.

II. The Company's land of 132.74 cents was acquired in 2006 for augmentation of Angamaly railway station platform and was handed over to Railways in 2008. During the financial year 2023-24, the Company has received Rs.791 lacs towards additional compensation for the land acquisition, by the Order of the Additional Sub Judge, North Paravoor. However, such enhanced compensation receivable as at year end has not been accounted in the books of account. This has resulted in reduction in the receivables and increase in loss for the year to the extent of Rs.791 lacs.

Company's reply:

The compensation amount which was retained from Railway was released by the Hon'ble Sessions Court on 13/02/2024. By the time accounts for FY 2021-22 were finalised and audit was already in advanced stages. Therefore, it was decided to consider this amount in the financial statements for the next year.

III. It is noted that there is an excess provision of ₹215 lacs in the books of account against the pay revision arrears of 2016 relating to officers and workmen as per workings submitted to us by the Company without any justifiable reasons (Refer Note #14).

Company's reply:

The company have made provision for arrears payable in respect of LTS/pay revision due on September 2016. The company have recalculated the provision requirement based on the Government Approvals in this regard. As per such calculation, the provision already made during the periods 01.09.2016 to 31.03.2022 was more than the estimated liability in this regard. The provision of Rs.1939.54 Lakhs is an estimate based on the information available and there is likely to be some difference at the time of finailisation. Hence it is proposed not to make any change in provisions.

IV. We are unable to comment on the compliance with the Ind AS 36- "Impairment of Assets" since the Company has no laid down procedure to determine the impairment or otherwise of the assets of the Company.

Company's reply:

Due to the current financial constraints, plans for modernization and new projects have been put on hold. We will formulate an impairment policy as per industrial practice in compliance with Ind AS once the company is able to resume its modernization plans and new projects in the future.

V. The Company has circularized confirmation letters to various trade receivables aggregating to Rs.6,174 lacs and trade payables aggregating to Rs.2,147 lacs. However, no confirmations have been received in the case of trade receivables. Similarly, in the case of trade payables, confirmations amounting to Rs.645 lakhs only have been received. In view of the above, we have resorted to alternate audit procedures only to verify these balances.

Company's reply:

The majority of TELK's customers are State electricity GENCOS (generating companies) and TRANSCOS (transmission companies), who are often hesitant to issue balance confirmations despite our repeated requests. We are regularly expediting them for payments and also take up for confirmations regarding the amounts payable to TELK. Many receivables and payments have been subsequently settled.

VI. Even though centralized orders are placed by major customers like Kerala State Electricity Board Limited (KSEB), National Thermal Power Corporation Limited (NTPC), and Nuclear Power Corporation of India Limited (NPCIL), products underlying such orders are delivered to the concerned unit and payments are also received from such units, by the Company. However, no unit-wise ledger accounts are being maintained, making it difficult to reconcile some of the confirmations received from these units and the correctness thereof, if any (Refer Note #11).

Company's reply:

The Company had plans to implement ERP to enhance its internal controls, reporting systems and accuracy of the accounting and other records. The project will be implemented when the financial position improves.

VII. There is an unreconciled variation in input tax credit between the Goods and Services Tax (GST) return and the books of account of the Company. Besides this, the Company has defaulted in filing of annual return in GSTR 9 and 9C under the GST Act, 2017 for the year under audit. In view of this, we are unable to comment on the correctness of the input tax credit receivable, liability towards GST, if any, reconciliation of turnover as per books of account and the GST annual return and the impact thereof on the loss for the year and the financial position of the Company.

Company's reply:

From 01.10.2020 onwards, ITC have been availed on the basis of GSTR 2B. Whatever is availed as per GSTR 2B is taken ITC. An invoice included in GSTR 2B of a particular month may be able to account only in subsequent months. This explains the difference. We have accounted such difference under 'Deferred input tax credit Ledger. We have engaged two consultants to assist with this matter, However they have found that reconciliation in TELK's case presents significant challenges. Nevertheless, we have analysed invoices exceeding ₹1 lakh contributing to around 96% of ITC booked and found that they have been reconciled. In the next we shall reconcile invoices valuing 0.5 Lakhs to 1 Lakhs.

VIII. The 'Deposits from contractors and others' under other financial liabilities in Note #17 of the financial statements includes Rs.22 lacs (previous year: Rs.22 lacs) pertaining to retention money received prior to March 31, 2018 for which neither the party-wise breakup nor other details are available with the Company. There is no correspondence with the parties or other evidence to establish this liability. Being so, we are unable to comment on the existence and accuracy of such liability.

Company's reply:

This will be adjusted progressively.

IX. The 'Other dues' under other financial liabilities in Note #17 of the financial statements includes Rs.108 lacs (previous year: Rs.104 lacs) pertaining to selling agency commission payable to a party abroad for the period from 2011-12 to 2015-16 against which the Company has not paid any amount till March 31, 2022. There is no correspondence with this party or other evidence to establish such liability as at year end. Being so, we are unable to comment on the existence of such liability.

Company's reply:

The said amount if not claimed by the agency till the expiry of "Time Limitation" period, shall be adjusted in company's books of accounts.

X. We have relied on the disclosures relating to Micro, Small and Medium Enterprises (MSME) in the absence of relevant details to verify the correctness and completeness. Besides this, the Company has not made any provision for the interest payable on delayed payments as required under the MSME Development, Act 2006 which is not quantified (Refer Note #16).

Company's reply:

No interest has been claimed during the period under audit.

XI. We have relied on the amount payable to NTPC Limited towards managerial remuneration of deputed employees including contribution to superannuation fund of ₹125 lacs (previous year Rs.134 lacs) in the absence of relevant details and confirmation in this regard (Refer Note #23).

Company's reply:

This amount includes amount payable to NTPC on account of deputation of their employees in TELK as per joint venture agreement. The matter is being expedited with NTPC for reconciliation and settlement.

XII. The Company has not given the reconciliation for the difference in the stock and trade receivables statement submitted to the bank with that of the books of account as required under the Division II - Ind AS Schedule III of the Act.

Company's reply:

The stock and debtors figures reported to bank and that of in accounts is not reconciled and beyond scope of reconciliation because monthly stock and debtors were provided on the basis of provisional figures to comply with the bank rules and regulations. Consequently, when the accounts are finalized, the figures may differ with the audited financial statements. From 01.04.24 onwards necessary arrangements have been made to address this issue effectively and to ensure compliance of Schedule III.

Internal Control and its Adequacy

MM/s. Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Kochi conducted Internal Audit of your Company during the financial year 2021-22. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. However, the statutory auditor and Finance Department, Govt.of Kerala have observed that the Company's internal audit system needs to be strengthened commensurate with the size and nature of its business. Measures are being expedited to review and strengthen the internal audit system to commensurate with the Company's operations

Number of meetings of the Board

The Board met four times during the financial year 2021-22 viz., 08.09.2021, 23.11.2021, 16.03.2022, 31.03.2022. The composition and category of the Directors along with their attendance at Board Meetings are given below:

Name of Director	08.09.21	23.11.21	16.03.22	31.03.22
Adv.P.C. Joseph (Non-Executive)	NA	NA	Present	Present
Shri. Sital Kumar (Managing Director)	Present	Present	NA	NA
Shri. Bipin Satya (Managing Director)	NA	NA	Present	Present
Shri. Shibu A.S. (Non-Executive)	Present	Present	Absent	Present

Shri. Anil Nautiyal (Non-Executive)	Present	Present	Present	Absent
Shri. Shiva Kumar Ram (Non- Executive)	Present	Present	Present	Present
Shri. Animesh Jain (Non- Executive)	Present	Present	Absent	Present

**Adv.P.C. Joseph was appointed as Chairman and Director in place of Adv. N.C. Mohanan w.e.f. 29.12.2021*

** Shri. Sital Kumar was appointed as Managing Director in place of Shri. Prasad B. w.e.f. 30.07.2021*

**Shri Bipin Satya was appointed as Managing Director in place of Shri Sital Kumar w.e.f. 14.02.2022*

** Shri Shiva Kumar Ram was appointed as Director in place of Shri. C.V. Anand w.e.f. 15.07.2021*

**Shri Animesh Jain was appointed as Director w.e.f. from 15.07.2021*

Committees of Board

Board has one Committee viz; Audit Committee

Audit Committee

Pursuant to Section 177 of the Companies Act, 2013, an Audit Committee of the Board of Directors of the Company had been constituted comprising of the following Directors of the Company as members:

1. Adv. P.C. Joseph, Chairman
2. Shri. Ajay Dua, Director
3. Nominee Director of Govt. of Kerala representing Finance Department

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 31.03.2022.

SS Compliance

The Company has complied with the applicable Secretarial Standards.

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

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of women at workplace in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. No complaint of sexual harassment was received by the ICC during the year 2021-22.

Human Resources Management

Your Company's capabilities are centered on its highly dedicated employees numbering 404 as on 31st March 2022.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.

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 equipment as well as awareness and training to its employees.

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 2021-22, there were four 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, 16 applications including 6 applications received in last year and 2 appeals were received. All the aforesaid applications and appeals were disposed off by the authorized authority within the stipulated time frame.

Risk Management

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

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.

Extract of Annual Return as on 31.03.2022

In accordance with MCA Notification GSR 538 (E) dt. 28.08.2020 and as per proviso to Rule 12(1) of the Companies (Management and Administration) Rules, 2014, web link of Annual Return as prescribed under Section 92 (3) of the Companies Act, 2013 is given below:

https://www.telk.com/UserFiles/telk/file/MGT%20-9%20Extract%20of%20Annual%20Return%20-%20FY%20ended%20on%2031_03_2022.pdf?linkId=178&linkLvl1Id=21

Corporate Social Responsibility

Not Applicable

Contribution to Exchequer

Your Company contributed an amount of Rs.836.32 Lakhs in the form of GST, Customs Duty, and Income Tax etc. during the year 2021-22.

Significant and Material orders

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

Cautionary statement

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

Acknowledgements

Directors wish to convey their gratitude and appreciation to all Company employees for their tremendous personal efforts as well as their collective dedication and contribution to the Company's performance. Board would also like to thank Worker's 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. P.C. Joseph)

CHAIRMAN

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 2021-22, total Electricity consumption decreased by 6.3%. However, furnace oil consumption increased by 102% due to production of large capacity transformer involving self tank drying.

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

Efforts are on for energy conservation including "Save Energy Drive", by which we have progressively replaced incandescent lights with LED lights.

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

NIL

(iii) the capital investment on energy conservation equipment

No capital investment was made by the Company on energy conservation equipment in 2021-22.

(B) Technology Absorption

(i) The efforts made towards technology absorption

- Design and Manufacturing of 50 MVA, 220/36/7.2/12 kV transformer to M/s. Nuclear Power Corporation through BGR Energy Systems Limited. This is the first five winding transformer manufactured in TELK. The design featured intricate details. The transformer was tested successfully meeting all the stringent requirements set by NPC, the end user.
- 80MVA, 400/11.5/6.9 kV three phase transformer to Maithon Power Limited-TATA Power through M/s GE T&D designed with a new winding philosophy adapted from a different make transformer repaired at TELK and tested successfully.

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

- 25MVA, 110/33kV, 3phase Power transformer for KSEB and 50MVA, 220/34.5kV, 3phase Power transformer for NTPC were successfully short circuit tested at CPRI, Bangalore. With this test report in hand, we can provide competitive quotes for transformers with similar ratings by submitting design reviews and valid short circuit test reports, without needing to conduct additional short circuit tests, resulting in cost reduction.
- 210 MVA , 420/21 kV single phase transformer, which was reporting dissolved gas issues at site, was repaired implementing design modifications and using different insulation material in the affected areas and tested successfully. With

the modified design and materials, we anticipate receiving repeat orders for the repair of the remaining transformers at the site. This product improvement can also be adapted for similar types of transformers in the future.

- 315 MVA,400/220/33kV Auto transformer was given a new provision to carry out the low voltage tests upon receipt at site before unloading from the trailer, in accordance with the customer's requirement. These tests can confirm the condition of the transformer before unloading and placing it on the foundation. This requirement may arise in the future as well and we can adopt the same arrangement to accommodate it, resulting in product improvement.

(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: Due to limitation of funds Company has not incurred any expenditure on Research and Development.

(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

	2021-22 (Rs. in lakhs)	**2020-21** (Rs. in lakhs)
Earnings	0	0
Expenditure	279.29	65.59
Net foreign exchange earnings (NFE)	-279.29	-65.59
NFE/Earnings (%)	-	-

Sd/ -

(Adv. P.C. Joseph)
Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of Transformers and Electricals Kerala Limited

Report on the Audit of Standalone Financial Statements

Qualified Opinion

1. We have audited the accompanying financial statements of the TRANSFORMERS AND ELECTRICALS KERALA LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended on that date and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the loss and total comprehensive income, its cash flows and changes in equity for the year ended on that date.

3. Basis for Qualified Opinion

i. We draw attention to Note 14 to the financial statements showing a debit balance of Rs.214 lacs under the head provision for income tax, carried forward from earlier years, due to wrong accounting. Such balance is in the nature of an asset which is non-existent and is pending for write off. This has resulted in reduction of a similar amount in current liabilities and also increase in the loss under retained earnings in Note 13(b)(iii).

ii. The Company's land of 132.74 cents was acquired in 2006 for augmentation of Angamaly railway station platform and was handed over to Railways in 2008. During the financial year 2023-24, the Company has received Rs.791 lacs towards additional compensation for the land acquisition, by the Order of the Additional Sub Judge, North Paravoor. However, such enhanced compensation receivable as at year end has not been accounted in the books of account. This has resulted in reduction in the receivables and increase in loss for the year to the extent of Rs.791 lacs.

iii. It is noted that there is an excess provision of ₹215 lacs in the books of account against the pay revision arrears of 2016 relating to officers and workmen as per workings submitted to us by the Company without any justifiable reasons (Refer Note #14).

iv. We are unable to comment on the compliance with the Ind AS 36- "Impairment of Assets" since the Company has no laid down procedure to determine the impairment or otherwise of the assets of the Company.

v. The Company has circularized confirmation letters to various trade receivables aggregating to Rs.6,174 lacs and trade payables aggregating to Rs.2,147 lacs. However, no confirmations have been received in the case of trade receivables. Similarly, in the case of trade payables, confirmations amounting to Rs.645 lakhs only have been received. In view of the above, we have resorted to alternate audit procedures only to verify these balances.

vi. Even though centralized orders are placed by major customers like Kerala State Electricity Board Limited (KSEB), National Thermal Power Corporation Limited (NTPC), and Nuclear Power Corporation of India Limited (NPCIL), products underlying such orders are delivered to the concerned unit and payments are also received from such units, by the Company. However, no unit-wise ledger accounts are being maintained, making it difficult to reconcile some of the confirmations received from these units and the correctness thereof, if any (Refer Note #11).

vii. There is an unreconciled variation in input tax credit between the Goods and Services Tax (GST) return and the books of account of the Company. Besides this, the Company has defaulted in filing of annual return in GSTR 9 and 9C under the GST Act, 2017 for the year under audit. In view of this, we are unable to comment on the correctness of the input tax credit receivable, liability towards GST, if any, reconciliation of turnover as per books of account and the GST annual return and the impact thereof on the loss for the year and the financial position of the Company.

viii. The 'Deposits from contractors and others' under other financial liabilities in Note #17 of the financial statements includes Rs.22 lacs (previous year: Rs.22 lacs) pertaining to retention money received prior to March 31, 2018 for which neither the party-wise breakup nor other details are available with the Company. There is no correspondence with the parties or other evidence to establish this liability. Being so, we are unable to comment on the existence and accuracy of such liability.

ix. The 'Other dues' under other financial liabilities in Note #17 of the financial statements includes Rs.108 lacs (previous year: Rs.104 lacs) pertaining to selling agency commission payable to a party abroad for the period from 2011-12 to 2015-16 against which the Company has not paid any amount till March 31, 2022. There is no correspondence with this party or other evidence to establish such liability as at year end. Being so, we are unable to comment on the existence of such liability.

x. We have relied on the disclosures relating to Micro, Small and Medium Enterprises (MSME) in the absence of relevant details to verify the correctness and completeness. Besides this, the Company has not made any provision for the interest payable on delayed payments as required under the MSME Development, Act 2006 which is not quantified (Refer Note #16).

xi. We have relied on the amount payable to NTPC Limited towards managerial remuneration of deputed employees including contribution to superannuation fund of ₹125 lacs (previous year Rs.134 lacs) in the absence of relevant details and confirmation in this regard (Refer Note #23).

xii. The Company has not given the reconciliation for the difference in the stock and trade receivables statement submitted to the bank with that of the books of account as required under the Division II - Ind AS Schedule III of the Act.

4. We further report that: -

a) Had the quantifiable qualifications in paragraph 3(i), (ii), (iii) above been effected, the loss for the year would have been lower by Rs.792 lacs, accumulated loss balance of Retained Earning under Other Equity would have been lower by Rs.792 lacs, Current Provisions under Current Liabilities would have been lower by Rs.0.04 lacs and Non-Current assets would have been higher by ₹792 lacs.

b) We are unable to determine the financial impact of the remaining qualifications in paragraph 3(iv) to (xii) above, in the absence of appropriate details.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

5. Emphasis of Matter

i. The Company has not transferred amount unspent on account of Corporate Social Responsibility (CSR) of ₹25 lacs to the Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the Act (Refer Note #14).

ii. We have not verified the financial figures contained in the Directors' Report as required under Standards on Auditing 720 on "The Auditors' Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements", as the same was not made available to us.

Our opinion is not modified in respect of this matter.

6. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Revenue recognition **See note 2(f)(i) and 3(g) to the financial statements**	
Revenue in respect of goods sold on Ex-factory basis is recognised when the goods are loaded onto the truck, or other delivery vehicle, at the factory site of the Company. Revenue from sale of goods and services is recognised on the transfer of control to customer and upon the satisfaction of performance obligations under the contract. Revenue is recognised using input method based on the cost approach. Revenue in respect of Free on Road (FOR) destination sale of products are recognised only after the goods are delivered at the Customer's site in accordance with Ind AS 115, Revenue from Contracts with Customers, and as detailed in note 3 (g) of the "Significant accounting policies" in the financial statements. In view of the above and given the Company and its stakeholders focus on revenue as a key performance indicator, we determined this to be a key audit matter.	1. In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: 2. We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. 3. We understood the process on revenue recognition of fixed price contracts and tested key internal controls (both design and operating effectiveness) with respect to revenue recognition of such contracts on random sample basis. 4. We carried out analytical procedures on revenue recognised during the year to identify unusual variances and discussed with designated management personnel. 5. We performed substantive testing on the statistically selected samples of revenue transactions recorded during the year by testing the underlying documents. 6. We evaluated management's estimates over contract costs by performing analytical procedures on such estimates and discussed with designated management personnel. 7. We performed a retrospective review for contracts completed during the current year by comparing the final outcome of the contracts with previous estimates made for those contracts to assess the reliability of the management's estimation process. 8. We tested provision for onerous contracts on a random sampling basis. 9. We performed tests on whether actual costs have been accrued in the correct period, by testing the underlying documents for samples selected using statistical sampling. 10. We tested the disclosures made in the financial statements.

The key audit matter	How the matter was addressed in our audit
Recoverability of trade receivables See note 3(o)(i) and 11 to the financial statements	
Trade receivables, including retention money with customers, forms a significant part of the financial statements. Customer contracts typically involve time consuming and complex conditions around closure of contracts, including technical acceptances. This generally leads to longer and significant time for realization of receivables. As a result of the above, management's assessment of recoverability of trade receivables, involves critical evaluation of all factors impacting recoverability, including impact of external environment such as capability of customers to pay. Management makes an impairment allowance for trade receivables on the basis of its assessment of recoverability of specific customers and on the basis of expected credit loss model for the remaining customers in accordance with Ind AS 109, Financial Instruments. For the purposes of impairment assessment, significant judgements and assumptions are made, including assessing credit risk, timing and amount of realization, etc. In view of above, we determined this to be a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: 1. We obtained an understanding of the processes implemented by management to estimate impairment provision against trade receivables. 2. We tested key controls (both design and operating effectiveness) over management's estimate of impairment loss on random sample basis. 3. We obtained and tested the appropriateness of ageing of trade receivables with the underlying invoices on a sample basis using random sampling. 4. We obtained, discussed and tested management assessment of impairment for specific customer balances with designated management personnel. 5. We have circulated direct confirmations on a sample basis using statistical sampling. In case of non-receipt of such confirmations, alternate test procedures such as testing subsequent receipts and underlying documents have been performed

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds

and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

   The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

    (i) planning the scope of our audit work and in evaluating the results of our work; and

    (ii) to evaluate the effect of any identified misstatements in the financial statements.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. Based on the verification of books of account of the Company and according to information and explanations given to us, we give in "Annexure B" a report on the directions/ additional sub-directions issued by the Comptroller and Auditor General of India in terms of section

143(5) of the Act.

16. The minutes book of the meeting of Board of Directors are seen loosely bounded for each Board Meeting.
17. As required by Section 143(3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
    b. Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c. The Company has no branches and hence reporting under clause (c) of Section 143 sub section 3 of the Act is not applicable.
    d. Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
    e. Except to the extent of non-compliance described in the Basis for Qualified Opinion section of our report, in our Opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
    f. The matter described in the Basis for Qualified Opinion paragraph of our report, in our opinion, may have an adverse effect on the functioning of the Company.
    g. Being a government company, the provisions of sub section (2) of Section 164 of the Companies Act, 2013 is not applicable.
    h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph of our report.
    i. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure C”.
    j. With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        a) The Company has disclosed the impact of pending litigations as at year end on its financial position in its financial statements (Refer Note #28(a) and #18(i)).
        b) 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 #28(b)).
        c) There were no amounts which were required to be transferred to the Investor

Education and Protection Fund by the Company.

d) Clause (d) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

e)

i. The management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

ii. The management has represented, that, to the best of it's knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

iii. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

f) The company has not declared any dividend during the year and hence clause (f) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

18. As per Notification No. GSR 463(E) dated June 05, 2015 by the Ministry of Corporate Affairs, Government of India, the provisions of section 197 of the Act with respect to the matters to be included in the Auditors' Report is not applicable.

For Babu A. Kallivayalil & Co.,
Chartered Accountants.
Firm Regn. No.05374S

Sd/-
CA. M.D.Thomas
Partner (M. No.018177)

Kochi,
March 22, 2024

UDIN: 24018177BKHZMV7271

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 14 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditors' Report)

(i) In respect of the Company's Property, Plant and Equipment (PPE):

a) The Company has not maintained proper records of PPE and intangible assets showing particulars including description and situation of assets. The Company's electronic fixed asset register is not reconciled with the financial statements.

b) As explained to us, Property Plant and Equipment as at March 31, 2022 are stated to be physically verified by the Management and not observed by us. Also, the physical verification was limited to assets on which depreciation is charged. However, we have been informed that no material discrepancies were noticed on such physical verification. The physical verification procedure needs to be strengthened.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties disclosed in the financial statements are held in the name of the Company.

d) According to the information and explanations given to us and based on the books of account of the Company examined by us, the Company has not revalued its PPE or intangible assets or both during the year.

e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company as at March 31, 2022, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) In respect of Company's inventories:

a) The Company has carried out physical verification of inventory other than goods in transit and inventory lying with third parties for which confirmations were obtained. In line with the accounting policy, the Company is not accounting for the materials pending for inspection. The procedures of physical verification of inventories followed by the Management need to be strengthened in relation to the size of the Company and the nature of its business. In our opinion, the frequency of such verification is reasonable. No discrepancies were stated to be noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

b) The Company has not been sanctioned with working capital limits in excess of Rs.500 lacs, in aggregate, from any bank or financial institutions during the year and hence the provision of clause (ii)(b) of paragraph 3 of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties other than to its employees during the year. Hence, clauses (iii) (a) to (f) of paragraph 3 of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, investment, guarantees and security covered under section 185 and 186 of the Companies Act, 2013. Accordingly, the provision of clause 3(iv) of the said order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public, during the year. Therefore, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the specified accounts and records made and maintained are not up to date. We have been informed that the cost audit for the year has not been completed and the cost audit report is not made available to us. However, we have not made a detailed examination of the accounts and records.

(vii) In respect of statutory dues:

a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2022 for a period of more than six months from the date they became payable.

b) According to the records made available to us and the information and explanations given by the Management, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and goods and services tax as at March 31, 2022 which have not been deposited with the appropriate authorities on account of any dispute are as follows:

Name of statute	Nature of dues	Period to which dues relate	Rupees in Lacs	Forums where dispute is pending
The Income Tax Act, 1961	Income tax	Year 2019-20	203	Commissioner of Income Tax (Appeals), National Appeal Centre, Delhi
Employee State Insurance Act, 1948	ESI dues	Year 2000-01	3	High Court of Kerala

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) a) Based on our examination of records of the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or to the Government. The Company has not issued any debentures.

b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) In our opinion and according to the information and explanations given to us, the term loans taken during the year were generally applied for the purpose for which it was raised.

d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that funds raised on short-term basis have been used for long-term purposes by the Company for PPE amounting to Rs.23 lacs.

e) According to the information and explanations given to us and on an overall examination of the records of the Company, we report that the Company did not have any subsidiary and therefore, reporting under clause (ix) (e) and (f) of the order is not applicable to the Company.

(x) a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and therefore, reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) (a) to (c) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, 'Related Party Disclosures' specified under Section 133 of the Act.

(xiv) a) The Company has an internal audit system. In our opinion, the same has to be strengthened to commensurate with the size and nature of its business.

b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year, in determining the nature, timing and extent of our audit procedures.

(xv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause (xvi) (a) to (d)of paragraph 3 of the Order is not applicable to the Company.

(xvii) The Company have incurred cash losses during the financial year covered by our audit of Rs.5,237 lacs for current financial year and Rs.3,687 lacs the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying Financial Statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has not fully spent the required amount towards Corporate Social Responsibility (CSR) and the unspent CSR amount of Rs.25 lacs for the previous years requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act has not been promptly transferred.

(xxi) According to the information and explanations provided by the management, the Company has no subsidiary, associates or joint venture and the Company is not required to prepare Consolidated Financial Statements as per the section 129 of the Companies Act. Accordingly reporting under clause 3(xxi) is not applicable to the Company.

For Babu A. Kallivayalil & Co.,
Chartered Accountants.
Firm Regn. No.05374S

Sd/-
CA. M.D.Thomas
Partner (M. No.018177)

Kochi
March 22, 2024

UDIN: 24018177BKHZMV7271

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 15 under 'Report on Other Legal and Regulatory Requirements' section of our report)

1. Whether the company has system in place to process all the accounting transactions through IT systems? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

   The Company has a computerized system in place to process accounting transactions. However, inventory is maintained in a separate software which is not integrated with the accounting software and is not regularly reconciled with the financial records.

2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender Company).

   According to the best of knowledge and belief, there were no such cases during the period under audit.

3. Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.

   According to the best of knowledge and belief, all grants and subsidies were properly accounted and utilized and there were no cases of deviations during the period under audit.

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

Manufacturing Sector

1. Whether the companies pricing policies absorbs all fixed and variable cost of production as well as the allocation of overheads?

   Pricing is being done in a competitive market scenario. However, considering the losses incurred by the Company, it may be reviewed.

2. Whether the Company has utilized the Government assistance for technology upgradation/ modernisation of its manufacturing process and timely submitted the utilization certificates?

   During the year under audit, the Company received Rs.250 lacs as loan from Government of Kerala for Vapour Phase Drying (VPD) plant project, besides Rs.10 lacs (net) received during the previous year. The Company has not utilized the amount during the year, as the Company is not able to identify a suitable vendor.

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

   The normal losses identified during the audit are adjusted to material consumed as stated in the significant accounting policy.

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

   According to the best of our knowledge, there are no bye products in the Company. Policy for valuation of finished goods is explained in Note number 3 (C) on 'Significant accounting policies'.

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

   Not applicable to the Company

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

   The Company has carried out physical verification of inventory other than goods in transit of Rs.491 lacs and inventory lying with third parties of ₹152 lacs for which confirmations were obtained. In line with the accounting policy, the Company is not accounting for the materials pending for inspection which may be reviewed considering the materiality involved. The procedures of physical verification of inventories followed by the Management need to be strengthened in relation to the size of the Company and the nature of its business. Provision was made for non-moving items at the time of closing stock valuation at year end.

7. State the extent of utilization of plant and machinery during-the year vis-a-vis installed capacity.

   During the year, as informed by the Management utilization of plant and machinery (MVA) as compared to installed capacity (4500 MVA) is 46.25% (previous year – 53.11%)

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

   No such cases were observed by us during the course of audit.

Others

1. Examine the system of effective utilization of Loans/Grant-in-Aid/ Subsidy. List the cases of diversion of funds.

   During the year under audit, the Company received Rs.250 lacs as loan from Government of Kerala for Vapour Phase Drying (VPD) plant project, besides Rs.10 lacs (net) received during the previous year. The Company has not utilized the amount during the year, as the Company is not able to identify a suitable vendor.

2. Examine the cost benefit analysis of major capital expenditure/ expansion including IRR and payback period.

   The proposed major expansion is for a VPD project. But it has not reached such a stage to make a cost benefit analysis.

3. If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the Company is in electronic format, which of the area such as accounting, sales personnel information, pay roll, inventory etc. have been computerized and the Company has evolved proper security policy for data/ software/ hardware?

   The entire accounting records are computerised through Tally software. Allied activities such as inventory is maintained in separate softwares and is not integrated with the accounting software. According to the best of our knowledge and belief, there are no proper security policies for data/software/hardware.

For Babu A. Kallivayalil & Co.,
Chartered Accountants.
Firm Regn. No.05374S

Sd/-
CA. M.D.Thomas
Partner (M. No.018177)

Kochi
March 22, 2024

UDIN: 24018177BKHZMV7271

ANNEXURE C TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 16(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)

REPORT ON THE INTERNAL FINANCIAL CONTROLS

Under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **TRANSFORMERS AND ELECTRICALS KERALA LIMITED** ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that;

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2022:

i. Inadequate design of the Information Technology in general and the application controls that prevent the information system from providing complete and accurate information consistent with the financial reporting objective and current needs. Besides this, absence of Enterprise Resource Planning (ERP) software leading to lack of internal control and to ensure accuracy of books of account, considering the size of the Company and the nature of its business.

ii. Inadequate documentation of the components of the internal control.

iii. Inadequate design of the information technology in general and the application controls that prevent the information system from providing complete and accurate information consistent with the financial reporting objective and current needs.

iv. Absence of appropriate physical verification procedures for inventories, property, plant and equipment.

v. Absence of cost audit though required to be done.

vi. Non-reconciliation of balance confirmation received from trade receivables and trade payables with books of account and non-receipt of balance confirmation for major balances outstanding as at year-end.

vii. Lack of follow-up of variance in tax deducted at source (TDS) receivable from customers and TDS deducted by payees not getting reflected in the Annual Statement of Taxes in Form 26AS of the Company.

viii. Under/over-provisioning of liabilities and non-provisioning of expenses.

ix. Non-reconciliation of GST liability in the books of account with the GST returns and default in timely deduction and payment of taxes.

x. Non-maintenance of proper fixed assets register and non-availability of original title deeds of freehold land.

xi. Non-compliance with Ind AS 36 on 'Impairment of assets', Ind AS 10 on 'Events after reporting date'.

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 effects/ 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, generally adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating reasonably effective as of March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 March 31, 2022 financial statements of the Company and these material weaknesses may affect our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

For Babu A. Kallivayalil & Co.,
Chartered Accountants.
Firm Regn. No.05374S

Sd/-
CA. M.D.Thomas
Partner (M. No.018177)

Kochi
March 22, 2024

UDIN: 24018177BKHZMV7271

Transformers and Electricals Kerala Limited
Angamally South PO, Ernakulam District, Kerala.
Balance Sheet as at 31st March 2022.

Rupees(₹) in lakhs, unless otherwise stated

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
(1) Non-current assets			
a. Property, plant and equipment	4a	1,142.78	1,219.65
b. Capital work-in-progress	4b	5.97	5.97
c. Intangible assets	5	2.77	5.56
d. Financial assets			
(i) Investments	6	0.70	0.70
(ii) Others	8	209.14	164.42
e.Deferred tax assets(Net)	27	4,136.94	2,084.43
Total non-current assets		**5,498.30**	**3,480.73**
(2) Current assets			
a. Inventories	10	6,045.58	5,985.54
b. Financial assets			
(i) Investments	6	-	-
(ii) Trade receivables	11	7,627.43	7,825.74
(iii) Cash and cash equivalents	12.a	1.25	0.98
(iv) Bank balances other than Cash and Cash equivalent	12.b	1,043.62	705.81
(v) Others	8	33.40	77.45
c.Other current assets	9	583.57	794.12
Total current assets		15,334.86	15,389.64
Total Assets		**20,833.16**	**18,870.37**
EQUITY AND LIABILITIES			
Equity			
a. Equity share capital	13a	4,296.96	4,296.96
b. Other equity	13b	(947.13)	2,651.63
Total Equity		**3,349.83**	**6,948.59**
Liabilities			
(1) Non-current liabilities			
a. Financial liabilities			
(i) Borrowings	15	749.78	828.61
b. Provisions	14	1,664.54	1,648.11
Total non-current liabilities		**2,414.32**	**2,476.72**
(2) Current liabilities			
a. Financial liabilities			
(i) Borrowings	15	5,772.13	2,621.97

(ii) Trade payables	16		
(a) Total Outstanding due of Micro and Small Enterprises		973.23	297.21
(b) Total Outstanding due of other than Micro and Small Enterprises		2,548.87	1,639.39
(iii) Other financial liabilities	17	2,686.20	1,215.60
b. Other current liabilities	18	497.06	1,276.44
c. Provisions	14	2,591.52	2,394.45
Total current liabilities		**15,069.01**	**9,445.06**
Total liabilities		**17,483.33**	**11,921.78**
Total equity and liabilities		**20,833.16**	**18,870.37**

* Refer Note 39

Significant Accounting policies and the accompanying notes are integral part of the financial statements

As per our report of even date
For Babu A. Kallivayalil & Co.,
Chartered Accountants.
Firm Regn. No.05374S

For and on behalf of the Board of Directors
of Transformers and Electricals Kerala Limited

Sd/-
P.C. Joseph
Chairman
DIN : 05225941

Sd/-
CA. M.D.Thomas
Partner (M. No.018177)

Sd/-
Neeraj Mittal
Managing Director
DIN : 10269729

Sd/-
Jomon K A
Officer in Charge cum
HOD(F&A)

Place: Angamaly
Date : 22/03/2024

Transformers and Electricals Kerala Limited
Angamally South PO, Ernakulam District, Kerala.
Statement of Profit and Loss for the year ended on 31st March 2022.

Rupees(₹) in lakhs, unless otherwise stated

Particulars	Note	For the period ended 31 March 2022	31 March 2021 (Restated)*
I. Revenue from operations	19	13,738.40	14,648.35
II. Other income	20	206.38	400.06
III.Total income (I+II)		**13,944.78**	**15,048.41**
IV. Expenses			
Cost of Material Consumed	21	11,056.15	9,809.72
Changes in inventories of finished goods and work in progress	22	756.91	52.22
Employee benefits expense	23	4,538.20	5,509.26
Finance costs	24	750.65	578.22
Depreciation and amortization expense	25	101.62	125.72
Other expenses	26	2,499.05	2,042.11
Total expenses (IV)		**19,702.58**	**18,117.25**
V. Profit/(Loss) before income tax and exceptional items (III -IV)		**(5,757.80)**	**(3,068.84)**
VI.Exceptional items		-	-
VII.Profit/(Loss) before income tax (V-VI)		**(5,757.80)**	**(3,068.84)**
VIII. Tax expense			
(1).Current tax	27	-	-
(2).Deferred tax	27	(2,082.15)	(744.54)
Total tax expenses (VIII)		**(2,082.15)**	**(744.54)**
IX. Profit/(Loss) for the year (VII-VIII)		**(3,675.65)**	**(2,324.30)**
X.Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit liability	32	103.57	163.27
Re-measurements of Financial Assets at Fair value		2.95	5.93
Income tax relating to items that will not be reclassified to profit or loss			
Re-measurements of defined benefit obligations	27	(28.81)	(45.42)
Re-measurements of Financial Assets at Fair value		(0.82)	(1.65)
Other comprehensive income/(loss) for the year, net of tax (X)		**76.89**	**122.13**
XI.Total comprehensive income/(loss) for the year (IX + X)		**(3,598.76)**	**(2,202.17)**
XII. Earnings per Equity share ((in INR)	30		
(1).Basic		(8.55)	(5.41)
(2).Diluted		(8.55)	(5.41)

* Refer Note 39
Significant Accounting policies and the accompanying notes are integral part of the financial statements

As per our report of even date
For Babu A. Kallivayalil & Co., Chartered Accountants.
Firm Regn. No.05374S

Sd/-
CA. M.D.Thomas
Partner (M. No.018177)

Place: Angamaly
Date : 22/03/2024

For and on behalf of the Board of Directors
of Transformers and Electricals Kerala Limited

Sd/-
P.C. Joseph
Chairman
DIN : 05225941

Sd/-
Neeraj Mittal
Managing Director
DIN : 10269729

Sd/-
Jomon K A
Officer in Charge cum HOD(F&A)

Transformers and Electricals Kerala Limited
Angamally South PO, Ernakulam District, Kerala.
Statement of Cash Flow for the year ended on 31st March 2022.

Rupees(₹) in lakhs, unless otherwise stated

Particulars	As at 31 March 2022	As at 31 March 2021 (Restated)*
Cash flows from operating activities		
Profit / (Loss) before tax for the year	(5,757.80)	(3,068.84)
Net Profit before tax		
Adjustments for:		
Depreciation and amortisation	101.62	125.72
Provision for doubtful trade receivables	395.41	(739.72)
Provision for liquidated damages	284.00	1,610.83
Provision for materials to be issued	654.24	3.59
Provision for warranty	(31.69)	-
Provision for CSR	-	10.33
Provision for Doubtful EMD	21.65	-
Profit on sale of Fixed Assets	(1.99)	(12.57)
Loss/(Gain) arising from Exchange rate fluctuations	2.53	(4.26)
Finance cost	750.65	578.22
Interest income	(62.42)	(91.18)
Dividend income	(0.30)	-
Operating profit before working capital changes	**(3,644.10)**	**(1,587.88)**
Changes in working capital		
(Increase)/decrease in trade receivables, loans and advances and other assets	(289.93)	(1,595.83)
(Increase)/decrease in inventories	(60.04)	353.66
Increase/(decrease) in trade payables, other payables and provisions	1,968.72	1,885.05
(Increase)/decrease in bank balances other than cash & cash equivalents	2,812.35	601.90
Net change in working capital	**4,431.10**	**1,244.78**
Cash generated by operations	**787.00**	**(343.10)**
Direct taxes (paid)/Refund		
Net cash generated by operating activities	**787.00**	**(343.10)**
Cash flows from investing activities		
Purchase of PPE and Capital WIP	(22.76)	(14.07)
Interest received	62.42	91.18
Dividend Income	0.30	-
Sale of Fixed Asset	2.79	15.50
Net cash generated by investing activities	**42.75**	**92.61**
Cash flows from financing activities		
Proceeds/(repayment) from borrowings (net)	(78.83)	828.61
Interest Paid	(750.65)	(578.22)
Net cash generated from financing activities	**(829.48)**	**250.39**
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)	**0.27**	**(0.10)**
Cash and cash equivalents at the beginning of the year	**0.98**	**1.08**
Cash and cash equivalents at the end of the year Note No.12.a*	**1.25**	**0.98**

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

* Refer Note 39
Significant Accounting policies and the accompanying notes are integral part of the financial statements

As per our report of even date
For Babu A. Kallivayalil & Co., Chartered Accountants.
Firm Regn. No.05374S

Sd/-
CA. M.D.Thomas
Partner (M. No.018177)

Place: Angamaly
Date : 22/03/2024

For and on behalf of the Board of Directors
of Transformers and Electricals Kerala Limited

Sd/-
P.C. Joseph
Chairman
DIN : 05225941

Sd/-
Neeraj Mittal
Managing Director
DIN : 10269729

Sd/-
Jomon K A
Officer in Charge cum HOD(F&A)

Transformers and Electricals Kerala Limited
Angamally South PO, Ernakulam District, Kerala.
Statement of Changes in Equity for the year ended on 31st March 2022.

Rupees(₹) in lakhs, unless otherwise stated

(A) Equity share capital	For the Period ended 31st March 2022		For the Period ended 31st March 2021 (Restated)*	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	429.67	4,296.74	429.67	4,296.74
Forfeited Shares	-	0.22	-	0.22
Total at the beginning of the year	429.67	4,296.96	429.67	4,296.96
Changes due to prior year errors				
Restated balance at the begnning of the year	429.67	4,296.96	429.67	4,296.96
Changes in Equity Share Capital during the year	-	-	-	-
Balance at the end of the reporting year	429.67	4,296.96	429.67	4,296.96

(B) Other equity

Particulars	Reserves and surplus			Total
	Capital Reserve	General Reserve	Retained Earnings	
Balance at 01-04-2020	1,619.60	5,085.00	(1,835.60)	4,869.00
Changes due to prior year errors or change in accounting policy	-	-	(15.20)	(15.20)
Restated balance at the begnning of the year	1,619.60	5,085.00	(1,850.80)	4,853.80
Profit/(Loss) for the year	-	-	(2,324.30)	(2,324.30)
Remeasurement of Defined Benefit Plans (net of tax)	-	-	122.13	122.13
Balance at 31-03-2021	1,619.60	5,085.00	(4,052.97)	2,651.63
Changes due to prior year errors or change in accounting policy				-
Restated balance at the begnning of the year	1,619.60	5,085.00	(4,052.97)	2,651.63
Profit/(Loss) for the year	-	-	(3,675.65)	(3,675.65)
Re measurement of Defined Benefits Plan (net of tax) and Remeasurement of financial Assets at Fair Value (net of tax)	-	-	76.89	76.89
Balance as at 31 March 2022	1,619.60	5,085.00	(7,651.73)	(947.13)

* Refer Note 39

Significant Accounting policies and the accompanying notes are integral part of the financial statements

As per our report of even date
For Babu A. Kallivayalil & Co.,
Chartered Accountants.
Firm Regn. No.05374S

For and on behalf of the Board of Directors
of Transformers and Electricals Kerala Limited

Sd/-
P.C. Joseph
Chairman
DIN : 05225941

Sd/-
CA. M.D.Thomas
Partner (M. No.018177)

Sd/-
Neeraj Mittal
Managing Director
DIN : 10269729

Sd/-
Jomon K A
Officer in Charge cum
HOD(F&A)

Place: Angamaly
Date : 22/03/2024

TRANSFORMERS & ELECTRICALS KERALA LIMITED

Angamally South PO, Ernakulam District, Kerala

Company Information and Significant Accounting Policies

1. Company Overview

Transformers 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 Angamally 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 its first Ind AS compliant stand-alone financial statements in the year (2016-17) in accordance with Ind AS 101.

(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) are recognised 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 (up to 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 recognised or intended to be sold or consumed in normal operating cycle;

- Held primarily for the purpose of trading;
- Expected to recognised 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 recognized in accordance with the provisions of IND AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, IND AS 10 - Events after the Reporting Period & IND AS 37 - Provisions, Contingent Liabilities and Contingent Assets.

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 recognises in the stand-alone financial statements is as under:

i) Revenues

The Company from year 2017-18 onwards is recognising 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 recognised 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.

Revenue from Sale of goods and services is recognised on the transfer of control to the customer and upon the satisfaction of performance obligations under the contract. Revenue is recognised using input method based on the Cost approach.

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, use full lives and residual values of Company's assets are estimated by management at the time the assets are 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 assessment. 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 realisation 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 realisable, 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 recognised 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 recognized 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 recognised 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 recognized 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 capitalised 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 recognised 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 the Company and its cost can be measured reliably. The carrying amount of the replaced part is recognised. 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. If the assets have useful life in the financial year and written down value more than its residual value depreciation is charged for the year by applying following formula.

$$\left\{ \frac{\text{(Cost)- (Accumulated Depreciation)-(Residual Value)}}{\text{Balance life in days from the beginning of the year}} \right\} \text{X Life in days in the year X shift factor}$$

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 INR 10000/- 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. Extra shift depreciation is charged for those assets which are used in second and third shifts, 50 % of normal depreciation is provided additionally for each extra shift. 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 Equipment's	05 Years
General Furniture & Fixtures	10 Years
Canteen & Dormitory Furniture's	08 Years
Motor Vehicle	08 Years
Air conditioner	05 Years
Water System	15 Years
Computer Hardware and Servers	3-6 Years
Computer Software	10 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 derecognised 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 recognised 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 realisable 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. Costs of purchased inventories 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 and financial overheads or the net realizable value, whichever is lower.

Non-moving items included in the stock of raw materials is valued (i) at 90% in case of those materials which have no movement in the last year, (ii) at 75% in case of those materials which have no movement in the last two year and (iii) at 50% in case of those materials which have no movement in the last three year or longer periods Such reduction in the value of raw materials of Rs. 89.95 Lakhs is not separately disclosed in Profit or Loss Statement rather included in raw material Consumed.

Since, the difference identified during the Physical verification of inventory of raw materials between the physical stock and the book stock is immaterial when compared to total stock movements, separate disclosure is not made in this regard but included in the raw material consumed.

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 such Goods which were under transit as on 31st March 2022 from the Company factory gate till the Customer's destination point were recognised as Goods in Transit and classified along with Finished Goods as Finished Goods in transit under inventory and valued as Cost / NRV whichever is lower as per IND AS 2.

(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 recognised in the stand-alone financial statements based on the information available in the company. During the year, the company have provided specific provision of Rs.1961.92 Lakhs and Rs.220.14 Lakhs for liquidated damages and doubtful debts respectively which were not written off and included in trade receivables since 01.04.2012 as per records available in the company. Provision for Bad and Doubtful Debts under ECL method comes to Rs.270.10 Lakhs for the year for Bad and Doubtful Debts.

The Company recognizes provisions in accordance with applicable accounting standards to prudently account for potential future expenses. As a manufacturer of power generating products customized to meet client specifications, the Company places a strong emphasis on product quality and reliability. Regular inspection procedures are implemented at various stages of production, and a final inspection before product dispatch to ensure adherence to quality standards. Instances of product damage have been minimal over the past three years. Additionally, certain components of the products are sourced from external parties, and any damages to these components are typically addressed through repairs or replacements facilitated by the respective suppliers. Furthermore, severe damages occurring post-delivery are covered under the Company's insurance policies. Despite the infrequent occurrence of damages, the Company has incurred expenses for isolated incidents over the past three years, for which provisions have been made to account for potential warranty obligations. These provisions are in accordance with Indian accounting standards on assessment of historical data and are periodically reviewed to ensure adequacy and accuracy in financial reporting, thereby maintaining transparency and reliability for stakeholders.

Provision for warranty is determined by calculating a percentage derived from an average of the expenses incurred relative to sales over the past three financial years. This ensures that the Company adequately reflects its potential obligations for warranties while maintaining consistency and reliability in financial reporting. The provision for warranty is reviewed regularly to reflect changes in business operations and market conditions, ensuring accuracy in financial statements and transparency to stakeholders.

Other provisions are 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. 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 recognised as a finance cost. Provisions for Gratuity and Leave Encashment are computed on the basis of Actuarial Reports

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 recognised in profit or loss in the year in which it arises.

(g) Revenue

Revenue is recognised from Sale of goods and services on the transfer of control to the customer and upon the satisfaction of performance obligations under the contract

i) Revenue from sale of goods

(i) The Company from year 2017-18 onwards is recognising 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 case of goods sold on Ex- Factory basis, the revenue is recognised 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)Revenue is recognised using input method based on the Cost approach.

ii) Rendering of Services.

Revenue is recognised as and when services are rendered.

iii) Other Income.

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established. Interest Income is recognised 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 recognised trust. The Company's contribution to Provident fund is covered under defined contribution plan and is recognised 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 recognised 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 recognised in other comprehensive income, net of income tax. Other expenses related to defined benefit plans are recognised 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 recognised 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, and the expected cost of bonus is recognised in the period in which the employee renders the related service.

(i) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous

Years. Current income taxes are recognised 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 difference 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 realised 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 Company recognizes provisions related to impairment of assets in accordance with applicable accounting standards to ensure the accuracy and reliability of financial reporting. The carrying amounts of the Company's non-financial assets primarily include property, plant and equipment, inventories and deferred tax assets. Most PPE assets are valued at residual value as their useful life has already lapsed. To assess the carrying value of non-financial assets, those charged with governance maintains a committee tasked with evaluating their condition and potential impairment. During the reporting period, comprehensive assessments were conducted by the committee, resulting in the determination that there were no indicators of impairment present for any of the assets. As a result, no impairment losses were recognized during the reporting period. The company conducts assessments of asset impairment in adherence to accounting standards, thereby ensuring transparency and reliability in financial reporting practices.

(k) Segment reporting

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

(l) Government Grants

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

The accounting policy adopted by the company for government grants under Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) and National Apprentice ship promotion schemes of Government of India is to recognise it as a grant related to Income. The Company adopted 2nd

Method as prescribed in IND AS 20 - i.e., deducting from the related expenses for recording in the books.

Nature of the grant:

PMRPY scheme was started by the Central Government from 1st April 2016 onwards and ended on 31st March 2019. Through this scheme the pension portion of PF contribution shall be met by the Central Government instead of the employer (the company) for the any newly appointed employee (the employee should be in his first 3 years of his employment).

National Apprenticeship promotion Scheme (NAPS) was launched in 19th August 2016 to support establishments who engage apprentices under the apprentices. Under this scheme Government of India reimburses a portion of prescribed stipend to establishments who engages apprentices under the apprentices Act.

(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 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 recognised in the other comprehensive income (OCI). However, the company recognises 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 recognised 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 recognised 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 recognised 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 pass through' 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 recognised in statement of profit and loss.

Financial liabilities measured at amortized cost

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

Derecognition

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

(p) Corporate Social Responsibility

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

In compliance with the Companies Act, the company already constituted a Corporate Social Responsibility Committee of the Board. In this regards company have made an ad hoc provision of 15 Lakhs in the year 2019-2020 for the first time, Rs. 10.33 in the year 2020-21. During the period the company has not made any provision for CSR.

These may be spent by the company for CSR purpose in the future based on the recommendations of the CSR Committee.

(q) Purchases

Purchases are recognised in the books only when goods are inspected and accepted by the Company for inclusion in the Inventory. Goods which reached company premises or are in transit but not inspected and accepted by the company are excluded from the Inventory. Hence purchases are not recognised in respect of such goods in the Books. In case of Goods despatched to the site of Job worker from the supplier, purchases are recognised and the same is included in the inventory once the Job worker accepts the goods from the supplier and acknowledges the receipt of the same.

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

Notes to Financial Statements for the year ended on 31st March 2022.

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
Cost as at 1st April 2021	5.82	26.61	875.08	785.65	6.74	17.27	22.78	7.72	19.99	93.12	1.91	41.23	1,903.92
Additions				1.67	1.75	3.21					7.85	8.28	22.76
Deletions				(0.32)							(0.38)	(0.10)	(0.80)
Cost as on 31st March 2022	5.82	26.61	875.08	787.00	8.49	20.48	22.78	7.72	19.99	93.12	9.38	49.41	1,925.88
Accumulated depreciation													
Balance as at 1st April 2021	-	2.03	155.87	371.71	0.91	6.38	14.46	6.13	8.32	86.26	0.91	31.29	684.27
Depreciation for the year		0.33	25.81	61.96	0.38	1.33	1.20	-	1.38	0.44	0.39	5.61	98.83
Balance as on 31st March 2022	-	2.36	181.68	433.67	1.29	7.71	15.66	6.13	9.70	86.70	1.30	36.90	783.10
Carrying amount, net													
As on 31st March 2022	5.82	24.25	693.40	353.33	7.20	12.77	7.12	1.59	10.29	6.42	8.08	12.51	1,142.78
As on 31st March 2021	5.82	24.58	719.21	413.94	5.83	10.89	8.32	1.59	11.67	6.86	1.00	9.94	1,219.65

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
Cost as at 1st April 2020	5.82	26.61	875.08	782.55	6.74	14.73	19.90	7.72	19.99	93.12	1.91	38.84	1,893.01
Additions				6.03		2.54	2.88					2.39	13.84
Deletions				(2.93)									(2.93)
Cost as on 31st March 2021	5.82	26.61	875.08	785.65	6.74	17.27	22.78	7.72	19.99	93.12	1.91	41.23	1,903.92
Accumulated depreciation													
Balance as at 1st April 2020	-	1.69	130.06	303.68	0.57	5.21	12.48	6.13	6.94	69.20	0.91	25.23	562.10
Depreciation for the year		0.34	25.81	68.03	0.34	1.17	1.98	-	1.38	17.06		6.06	122.17
Balance as on 31st March 2021	-	2.03	155.87	371.71	0.91	6.38	14.46	6.13	8.32	86.26	0.91	31.29	684.27
Carrying amount, net													
As on 31st March 2021	5.82	24.58	719.21	413.94	5.83	10.89	8.32	1.59	11.67	6.86	1.00	9.94	1,219.65
As on 31st March 2020	5.82	24.92	745.02	478.87	6.17	9.52	7.42	1.59	13.05	23.92	1.01	13.61	1,330.92

(i) 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.

(ii) Ind As 101 permits a first - time adopter to elect to continue with the carrying value for all of its property, plant and equipment and intagible assets are recognised in the financial statements as at the date of transition to Ind As, measured as per the previous GAAP and use that as its deemed cost at the date of transition after making necessary adjustments for decommissioning liability. Accordingly, the company has elected to measure all of its property, plant and equipment and intagible assets at their previous GAAP carrying value.

Transformers and Electricals Kerala Limited
Angamally South PO, Ernakulam District, Kerala.
Notes to Financial Statements for the year ended on 31st March 2022.
Rupees(₹) in lakhs, unless otherwise stated

4b.

Capital Work In Progress (Tangible Assets)	Current Year	Previous Year
As at 31st March 2021	5.97	1.15
As at 31st March 2022	5.97	5.97

Refer Note 36 for additional disclosures as per Schedule III

5. Intangible assets
Reconciliation of carrying amount

Particulars	Computer Software	Total
Cost as on 1st April 2021	26.22	26.22
Additions	-	-
Cost as on 31st March 2022	**26.22**	**26.22**
Amortisation for the year	2.79	2.79
accumulated amortisation as on 1st April 2021	20.66	20.66
accumulated amortisation as on 31st March 2022	**23.45**	**23.45**
Carrying amount, net		
As at 31st March 2022	**2.77**	**2.77**

Particulars	Computer Software	Total
Cost as on 1st April 2020	**25.99**	**25.99**
Additions	0.23	0.23
Cost as on 31st March 2021	**26.22**	**26.22**
Amortisation for the year	3.55	3.55
accumulated amortisation as on 1st April 2020	17.11	17.11
accumulated amortisation as on 31st March 2021	**20.66**	**20.66**
Carrying amount, net		
As at 31st March 2021	**5.56**	**5.56**

Please refer Note No. 3 (b) regarding accounting policy on Intangible Assets.
Please refer disclosure (ii) to Note 4a

Transformers and Electricals Kerala Limited
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Notes to Financial Statements for the year ended on 31st March 2022.

Rupees(₹) in lakhs, unless otherwise stated

6.

Investments	As at 31st March 2022	As at 31 March 2021
Non-current - Other Investments		
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
Aggregate value of unquoted investments	**0.70**	**0.70**

8.

Financial assets - Others	As at 31 March 2022	As at 31 March 2021
Non-current		
Bank deposits (due to mature after 12 months from the reporting date)**	184.31	116.72
KSEB - Security Deposit	24.83	24.83
Security Deposit/EMD with Customers due after 12 months from reporting date	-	5.00
2.25% Long Term Government Gold Deposit with SBI*	-	17.87
Total	**209.14**	**164.42**
Current		
2.25% Long Term Government Gold Deposit with SBI*	20.82	-
Interest accrued on Gold Deposits with SBI	0.27	0.54
Interest accrued on Margin Money Deposits	7.26	7.70
Security Deposit/EMD with Customers	25.39	69.21
Less Provision Created for Doubtful Security Deposit/EMD	(20.34)	
Total	**33.40**	**77.45**

*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.11.94 Lakhs and the consequential gain (due to reversal of impairment loss accounted last year) was disclosed under Note No.26 during 2017-18. From 01/04/2017 onwards the company has classified this asset under Non- Current category - "Other Financial Assets" and disclosed under Note 8. As the same has been redeemed on 07-04-2022 for a value of Rs.21.12 Lakhs, it has been classified as Non Current investments and valued at fair value

**Bank deposits include restricted bank balances having unelapsed tenure of more than 12 months of INR 184.31 Lakhs (previous year: INR 116.72 Lakhs). The restrictions are primarily on account of bank balances held as lien against bank guarantees.

9.

Other Curren Assets	As at 31 March 2022	As at 31 March 2021
Advances other than Capital Advances		
Employee advances	19.97	37.57
Advances to Suppliers and Contractors	101.93	110.45
Other advances & Prepaid Expenses	360.94	380.04
Balance with government authorities	105.31	269.33
Less Provision Created for Doubtful Security Deposit with KVAT and ED Department	(4.58)	(3.27)
Total	**583.57**	**794.12**

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10.

Inventories	As at 31 March 2022	As at 31 March 2021
Raw Materials	2,682.02	2,107.64
Work In Progress	2,671.44	2,784.11
Finished Goods	-	31.70
Finished Goods in Transit	377.58	990.12
Scrap	49.03	49.00
Stock of Materials with Fabricators	152.39	22.97
Materials in Transit	113.12	-
Total	**6,045.58**	**5,985.54**

(1) Non moving items included in the stock of raw materials is valued (i) at 90% in case of those materials which have no movement in the last year, (ii) at 75% in case of those materials which have no movement in the last two year and (iii) at 50% in case of those materials which have no movement in the last three year or longer periods. Such reduction in the value of raw materials of Rs. 89.95 Lakhs (FY 2020-21 - Rs.92.76 Lakhs) is not separately disclosed in Profit or Loss Statement rather included in raw material Consumed.

(2) 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 such Goods which were under transit as on 31st March 2022 from the Company factory gate till the Customer's destination point were recognised as Goods in Transit and classified along with Finished Goods as Finished Goods in transit under inventory and valued as Cost and NRV which ever is lower as per IND AS 2.

(3) During the current reporting period, the Company has made a decision regarding the treatment of scrap inventory, as advised by the auditor's comments on the valuation of scrap from the previous year. The Company previously carried forward a scrap inventory valued at 14 lakhs, which had been maintained for a period of 10 years without adjustment.Upon careful consideration of the auditor's recommendation, the Company has determined not to include the aforementioned scrap items in the financial statements.In line with this recommendation, the Company has excluded the scrap inventory from the financial statements for the current reporting period. This decision was made to ensure compliance with Indian accounting standards and to present the financial statements in accordance with prudent accounting practices.

11.

Trade receivables	As at 31 March 2022	As at 31 March 2021
Trade Recievables considered good - Unsecured	7,897.53	7,920.57
Trade recievables which have significant increase in Credit risk.	2,182.06	1,677.92
	10,079.59	9,598.49
Allowance for Bad and Doubtful trade Recievables		
Provision for Bad & Doubtful Debts	(490.24)	(94.83)
Provision for LD	(1,961.92)	(1,677.92)
Total	**7,627.43**	**7,825.74**

Allowance for Bad & Doubtful trade Recievables

Particulars	As at 31.03.2022	As at 31.03.2021
Provision at the Beginning of the Year	1,772.75	901.64
Provision released during the year		-
Provision made during the year	679.41	871.11
Provision at the end of the Year	2,452.16	1,772.75

((i) Trade receivables outstanding as on 31st March 2022 also consists of Debtors who are supposed to give LC as per their Purchase Order and hence are at minimal risk regarding it's collectivity. In respect of those debts of Rs.2012.38 Lakhs the company has not made provision for Bad Debts under ECL computation.

(ii) Provision for Bad and Doubtful Debts under ECL method comes to Rs.270.10 Lakhs for the year. Rs.220.14 Lakhs were provided for specificaly identified Baddebts and Rs.1961.92 Lakhs were provided for Liquidated Damages

(iii) Out of the total 'Trade recievables' of Rs.10079.58 Lakhs, Rs .2465.81 Lakhs were outstanding for more than 6 months.

(iv) Refer Note 35 for additional disclosures as per Schedule III.

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12a.

Cash and cash equivalents	As at 31 March 2022	As at 31 March 2021
Balances with banks :		
In current accounts	1.25	0.98
	1.25	**0.98**

12b.

Bank balances other than Cash and Cash equivalent	As at 31 March 2022	As at 31 March 2021
Deposits with Original maturity of less than 3 months		
Margin Money Deposits*	25.76	24.69
Deposits with Original maturity of more than 3 months		
Margin Money Deposits*	937.56	783.22
Other Deposits - KIRFB**	4.61	4.62
Treasury PSTSB Account for VPD Loan**	260.00	10.00
Less: Bank Balances with original maturity of more than 12 months disclosed under other non- current assets	(184.31)	(116.72)
	1,043.62	705.81

* Margin money deposits amounting to INR 963.32 Lakhs (March 31, 2021: INR 807.91 Lakhs) given as collateral against the bank guarantees or LCs are not readily convertible as Cash so long as Bank Guaratees or LCs 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.

* 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.4.61Lakhs.

** Refer Note No.(ii) provided to Note 15, Borrowings to Balance Sheet

13a.

	Equity share capital	As at 31 March 2022		As at 31 March 2021	
		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 & Fully 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**

* 187th Board Meeting of the Company held on 26/03/1991 vide minute B/187/12 forfeited 8050 shares issued to the public and authorised to re issue the above mentioned shares at the face value of the shares to the Hon.Governor of Kerala, as and when required on reciept of the unpaid portion of such shares after adjusting the forfeited share account amounting to Rs 0.22 Lakhs.However, due to the non reciept of required amount, these shares were not re issued to Hon. Governor of Kerala till 31.03.2022.

Rupees(₹) in lakhs, unless otherwise stated

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	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
Changes due to prior period errors				
Restated balance at the begnning of the year	429.67	4,296.74	429.67	4,296.74
Changes 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 2022		As at 31 March 2021	
	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%	**426.07**	**99.16%**	**426.07**	**99.16%**
Add: Others (Non- Controlling Interest &individually holding less than 5%)	3.60	0.84%	3.60	0.84%
Total equity shares	**429.67**	**100%**	**429.67**	**100%**

13b.

Other Equity	As at 31 March 2022	As at 31 March 2021
Capital Reserve	1,619.60	1,619.60
General Reserve	5,085.00	5,085.00
Retained Earnings	(7,651.73)	(4,052.97)
Total	**(947.13)**	**2,651.63**

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	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(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	(4,052.97)	(1,850.80)
	Add: Profit/(loss) for the year as per Statement of Profit and Loss	(3,675.65)	(2,324.30)
	Re measurement of Defined Benefits Plan (net of tax) and Remeasurement of financial Assets at Fair Value (net of tax)	76.89	122.13
	Closing balance	**(7,651.73)**	**(4,052.97)**

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

Rupees(₹) in lakhs, unless otherwise stated

14.

Provisions	As at 31 March 2022	As at 31 March 2021
Non-current		
Provision for employee benefits:		
Provsion for Gratuity	823.18	749.38
Provsion for Leave Encashment	841.36	898.73
	1,664.54	1,648.11
Current		
Provision for materials to be issued	838.08	183.84
Provision for warranty	2.54	34.23
Provision for Income tax	(213.97)	(213.97)
Provision for Wage Revision Arrears	1,939.54	2,365.02
Provision for CSR	25.33	25.33
	2,591.52	2,394.45
Total	**4,256.06**	**4,042.56**

(i) Contribution made by the Company to the Gratuity Fund during the year is Rs.20.05 Lakhs (FY 2020-21 - Rs.194.69 Lakhs)

(ii) Contribution made by the Company to the Leave Encashment Fund during the year is Rs.5.63 Lakhs (FY 2020-21- Rs.1.86 Lakhs)

(iii) Provision for CSR includes Rs.15 Lakhs made during FY 2019-20 and Rs.10.33 Lakhs made during FY 2020-21. Due to the Financial Constrains as a result of lossess during FY 2020-21 and FY 2021-22 on account of Covid 19 pandemic, the compnay has not spent any amount against these provisions so far.

Movement of Provision for Warranty	As at 31 March 2022	As at 31 March 2021
Opening Balance	34.23	34.23
Add: Additions	2.54	
Less: Usage/Write off		
Less: Withdrawal /adjustments	34.23	-
Closing Balance	2.54	34.23
Movement of Provision for Income Tax	**As at March 2022**	**As at March 2021**
Opening Balance	(213.98)	(156.55)
Add: Additions		
Less: Usage/Write off	-	(57.43)
Less: Withdrawal /adjustments		
Closing Balance	(213.98)	(213.98)
Movement of Provision for Wage Revision Arrears	**As at March 2022**	**As at March 2021**
Opening Balance	2,365.03	2,022.85
Add: Additions	-	469.47
Less: Usage/Write off	(425.48)	(127.29)
Less: Withdrawal /adjustments		-
Closing Balance	1,939.55	2,365.03

(i) The Company have paid DA arrears amounting to Rs.425.48 Lakhs during the year for which provision had been made during FY 2020-21.

(ii) In respect of 2016-2021 pay revision arrears, the Company have provided a provision of Rs.2066.85 Lakhs upto 31.03.2021. During the year the company didn't make any provison for salary arrears and retained the original provision at Rs.2066.85 Lakhs. The total amount required for meeting arrears in respect of 2016-21 pay revision is estimated at Rs.1784.27 Lakhs.However, Rs.2066.85 lakhs may be retained as the original provision till the determination of final pay out amount for settlement of salary arrears. The Company have paid Rs.127.30 Lakhs from these arrears during FY 2020-21.

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15.

Borrowings	As at 31 March 2022	As at 31 March 2021
Borrowings - Current		
Secured Loans From Banks		
Cash Credit	2,042.33	1,475.05
Other short - term Working capital Loans	3,395.68	931.18
Current Maturities of Working Capital Term Loan	334.12	215.74
	5,772.13	**2,621.97**
Borrowings - Non Current		
Secured Loans From Banks		
Working Capital Term Loans	489.78	818.61
Unsecured Loans from Others		
Loan from Government of Kerala for VPD Project	**260.00**	**10.00**
	749.78	**828.61**
Total	**6,521.91**	**3,450.58**

i) Cash Credit and Short term Working Capital Loans and working Capital Term Loans under Covid 19 Emergemcy Credit Line and Guaranteed Emergency Credit Line from Banks amounting to INR 6261.91 Lakhs (31st March 2021: INR 3440.58 Lakhs) are secured by hypothecation of stock and debtors as primary security and plant and machinery including its machinery spares, tools and accessories and other movable plant and machinery as collateral security. ii) Cash Credit and Shorterm working capital facility carries interest rate ranging from 8% p.a to 10% p.a.Cash credit and other shorterm working capital facility get renewed yearly.Working Capital Term Loan of Rs.120 Lakhs under Covid 19 Emergency Credit line is repayable in 18 monthly instalments wef 15.01.2021. Working Capital Term Loan of Rs.928 Lakhs under Guaranteed Emergency Credit is payable in 35 instalments wef 30.11.2021. The instalments due after one year from the end of Financial year is classified as Non Current Borrowings.

ii) Loan from Government of Kerala - 1000 Lakhs. Vide Go (Rt)No. 1137/2017/1D dated 07/08/2017 Government accorded administrative sanction to Transformers and Electricals Kerala Limited for Establishment of Vapour Phase Drying Plant (VPD) at TELK for an outlay of Rs 1100 Lakhs. The State government has alloted 1000 Lakhs. Vide GO (Rt). No 383/2020/ID dated 18/05/2020. Government has furnised a proposal for revalidation of administrative sanction for an Amount of Rs. 500 Lakhs. Out of the 500 Lakhs revalidated only Rs. 300 Lakhs has been released as on 08/10/2020 Vide GO (Rt). No 860/2020/ID. Due to the non-initiation of the project, the government has resumed Rs. 290 Lakhs in the year 2020-21. Further the Vide GO (Rt). No. 650/2021/ID dated 27/06/2021, Rs. 250 Lakhs has been released during the year. Repayment of loan commmences on the completion of one year of drawal of loan. Period of loan was 5 year with interest at the rate of 9.5%, In case of default penal interest 2.5% will be charged. No amount has been utilised from this Loan facility and no interest was accrued on this loan as on 31.03.2022.

16.

Trade Payables	As at 31 March 2022	As at 31 March 2021
Dues to Micro, Small and Medium Enterprises	973.23	297.21
	973.23	**297.21**
Dues to Other than Micro, Small and Medium Enterprises		
Dues to Medium Enterprises	289.87	155.28
Other payables	2,259.00	1,484.11
	2,548.87	**1,639.39**
Total	**3,522.10**	**1,936.60**

Refer Note No. 34 for additional disclosures as per Schedule III

17.

Other Financial liabilities	As at 31 March 2022	As at 31 March 2021
Others		
Deposits from Contractors and Others	211.68	221.20
Other Payables/dues		
-Employess dues	544.73	546.52
-Other dues*	1,929.79	447.88
Total	**2,686.20**	**1,215.60**

* Other dues includes Rs.107.58 Lakhs payable in Foeign Currency. However, Foreign Exchange Loss or gain has not been recognised after FY 2015-16. During this year the amount is reinstated to the present value from its carrying value of Rs.94.85 Lakhs. Necessary prior period adjustments are also made.(Refer Note.39)

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18.

Other Current liabilites	As at 31 March 2022	As at 31 March 2021
Other advances		
Advances from Customers and Others	37.08	215.88
Others		
Statutory Liabilities	459.98	1,060.56
Total	**497.06**	**1,276.44**

19.

Revenue from operations*	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of Products (A)	12,695.23	13,703.45
Sales of Services (B)	540.95	269.68
Other Operating Revenue		
Sale of Scrap	128.62	394.17
Freight & Insurance	373.60	281.05
Total Other Operating Income (C)	**502.22**	**675.22**
Total revenue from operations (A+B+C)	**13,738.40**	**14,648.35**

19a **Disclosure - Revenue from Contract with customers- Ind As 115**

(a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point of time as given below.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from Sale of Products	12,695.23	13,703.45
Revenue from Sale of Services	914.55	550.73
Revenue from Sale of Scrap	128.62	394.17
	13,738.40	**14,648.35**

The revenue is further disaggrerated into revenue from domestic as well as export market as given below

Particulars	Within India	Outside India
2021-22		
Revenue from contracts with Customers		
Timing of Revenue Recognition		
(a) At a point in time (Product/Sales)	13,738.40	-
(b) Over time	-	-
2020-21		
Revenue from contracts with Customers		
Timing of Revenue Recognition		
(a) At a point in time (Product/Sales)	14,648.35	-
(b) Over time	-	-

(b) Performance obligations

(i) Sale of Transformers

The Performance obligation is satisfied upon delivery of the equipment and payment is generally due within 1 to 3 months.

(ii) Service Income

The Performance obligation is satisfied at the point in time and payment is generally due upon completion of installation or repair and acceptance of the customer

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20.

Other income	As at 31 March 2022	As at 31 March 2021
(i) Interest income	62.42	91.18
(ii) Dividend income	0.30	
(iii) other non operating Income		
Reversal of estimated expenses /indirect taxes provisions	34.23	174.27
Profit from exchange fluctuations		4.26
Profit on sale of Fixed Assets	1.99	12.57
Miscellaneous income	107.44	117.78
Total	**206.38**	**400.06**

21.

Cost of Material Consumed	As at 31 March 2022	As at 31 March 2021
Opening Stock of raw material	2,179.61	2,481.06
Add: Purchases of raw materials	10,949.03	9,159.88
Add: Provision for materials to be issued	838.08	183.84
Add: Stores and Spares Consumed	85.99	164.55
Less: Closing Stock*	(2,996.56)	(2,179.61)
Total	**11,056.15**	**9,809.72**

* Refer disclosures (1) under Note 10 and Note 3(C) on Significant Accounting Policies

22.

Changes in inventories of Finished goods and work in progress	As at 31 March 2022	As at 31 March 2021
Finished Goods*		
Opening stock	31.70	513.54
In - Transit *	990.12	1,682.85
Closing stock	-	31.70
In - Transit	377.58	990.12
Change in inventory(A)	644.24	1,174.57
Work in Progress*		
Opening stock	2,784.11	1,661.76
Closing stock*	2,671.44	2,784.11
Change in inventory(B)	112.67	(1,122.35)
Total(A+B-C)	**756.91**	**52.22**

* Refer disclosures (3) under Note 10 and Note 3(C) on Significant Accounting Policies

23.

Employee benefits expenses	As at 31 March 2022	As at 31 March 2021
Salaries, wages and bonus	3,428.36	4,001.03
Remuneration to MD	52.25	66.51
Contribution to provident fund	320.59	279.91
Contribution to other funds	8.51	10.99
Gratuity	197.43	653.95
Staff welfare expenses	531.06	496.87
Total	**4,538.20**	**5,509.26**

i) Remuneration to MD is booked as per information given by NTPC Ltd from time to time.

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24.

Finance Cost	As at 31 March 2022	As at 31 March 2021
Interest		
On Cash Credit	300.53	179.24
On Others	240.24	161.80
	540.77	341.04
Other Borrowing Cost		
Guarantee commission & Other Charges	209.88	237.18
Total	**750.65**	**578.22**

25.

Depreciation and amortisation expense	As at 31 March 2022	As at 31 March 2021
Depreciation of property, plant and equipment	98.83	122.17
Amortisation of intangible assets	2.79	3.55
Total	**101.62**	**125.72**

26.

Other Expenses	As at 31 March 2022	As at 31 March 2021
Factory Expenses	710.97	321.66
Power and Fuel	321.89	273.18
Freight Outwards & Weightment Charges	318.37	269.66
Repairs & Maintenance:		
Buildings		
Plant and Machinery	3.83	9.08
Others	75.59	77.80
Loss form Foreign Exchange Fluctuations	2.53	-
Rates and Taxes	131.62	5.54
Travelling & conveyance	42.95	21.14
Printing and Stationary	20.54	6.97
Auditors' Remuneration	3.88	3.88
Legal and Professional Charges*	17.77	18.57
Miscellaneous expenses	30.72	19.67
Selling expenses and Commission	33.89	85.05
Liquidated Damages on Sales	284.00	1610.83
Insurance Charges	22.46	15.98
Erection Expenses of Transformers	60.98	32.49
Provision for bad and doubtful debts	395.41	(739.72)
Provision for Doubtful EMD/SD	21.65	
Provision for CSR	-	10.33
Total	**2,499.05**	**2042.11**

* Professional Charges includes Cost Audit Fees & Internal Audit Fees

Auditors' Remuneration

Particular	As at 31 March 2022	As at 31 March 2021
For Statutory Audit	2.40	2.00
For Taxation Matters	0.48	0.40
For Reimbursement of Expenses	1.00	1.00
Total	**3.88**	**3.40**

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27. Tax expense

A. Amounts recognised in statement of profit and loss

	Year ended 31 March 2022	Year ended 31 March 2021
Current tax (a)		
Current period	-	-
Less: Tax Refund (Set off made to the extent of excess provision available in the books)*	-	-
Deferred tax (b)	**-**	**-**
Attributable to -		
Origination and reversal of temporary differences	(2,082.16)	(744.54)
	(2,082.16)	(744.54)
Tax expenses / Income for the year (a) + (b)	**(2,082.16)**	**(744.54)**
(ii) Amounts recognised in other comprehensive income		
Current Income Taxes		
In respect of the current period	-	-
Deferred Taxes		
In respect of the current period	29.63	47.07
Total	**(2,052.54)**	**(697.47)**

B. Amounts recognised in other comprehensive income

	31 March 2022		
	Before tax	Tax (expense) benefit	Net of tax
Remeasurements of the defined benefit plans	103.57	(28.81)	74.76
Remeasurements of Financial Assets at Fair Value	2.95	(0.82)	2.13
	106.52	**(29.63)**	**76.89**

	31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax
Remeasurements of the defined benefit plans	163.27	(45.42)	117.85
Remeasurements of Financial Assets at Fair Value	5.93	(1.65)	4.28
	169.20	**(47.07)**	**122.13**

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 2022	31 March 2021
Profit before tax	**(5,757.80)**	**(3,068.84)**
Tax using the Company's domestic tax rate	27.82%	27.82%
	-	-
Effect of:		
Deferred tax	(2,052.51)	(697.45)
Difference in rate considered for MAT and books	-	-
Impact of adjustments from book profit to taxable Income		
Less: Utilization of excess provision / Tax Refund	-	-
Income tax expense	**(2,052.52)**	**(697.46)**

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 2022	31 March 2022	31 March 2022
Property, plant and equipment	(119.04)	-	(119.04)
Provisions for gratuity	-	229.01	229.01
Provision for leave encashment	-	247.86	247.86
PF Payable	-	0.00	0.00
Sales tax provisions	-	-	-
Disallowance on account of 40(a)(ia) payments	-	5.32	5.32
Bonus And Festival allowance	-	31.39	31.39
Loss/Depreciation carried forward as per Return	-	2,876.69	2,876.69
Provision for Doubtful Security Deposit/EMD	-	6.02	6.02
Provision for Bad and Doubtful Debts	-	682.19	682.19
Provision for Warranty	-	0.71	0.71
Re Measurement of Gold Deposit		(2.47)	(2.47)
MAT Credit	-	179.26	179.26
Net deferred tax (assets) liabilities	**(119.04)**	**4,255.98**	**4,136.95**

	Deferred tax assets	Deferred tax (liabilities)	Net deferred tax asset (liabilities)
	31 March 2021	31 March 2021	31 March 2021
Property, plant and equipment	(683.35)	-	(683.35)
Provisions for gratuity	-	334.64	334.64
Provision for sick leave	-	13.79	13.79
Provision for leave encashment	-	272.46	272.46
PF Payable		7.09	7.09
Sales tax provisions	-	5.76	5.76
Service tax provisions	-	-	-
Disallowance on account of 40(a)(ia) payments	-	1.01	1.01
Bonus And Festival allowance	-	34.30	34.30
Loss/Depreciation carried forward as per Return	-	997.76	997.76
Provision for Bad and Doubtful Debts	-	878.27	878.27
Warranty	-	6.14	6.14
Re Measurement of Gold Deposit		(1.65)	(1.65)
MAT Credit	-	218.21	218.21
Net deferred tax (assets) liabilities	**(683.35)**	**2,767.77**	**2,084.43**

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27. Tax expense (continued)

E. Movement in temporary differences

	Balance as at 1 April 2021	Recognised in profit or loss during 2021-22	Recognised in OCI during 2021-22	Balance as at 31 March 2022
P Property, Plant and Equipment	(683.35)	564.31	-	(119.04)
Provisions for Gratuity	334.64	(76.82)	(28.81)	229.01
Provision for Leave Encashment	286.25	(38.39)	-	247.86
PF Payable	7.09	(7.09)	-	0.00
Sales tax provisions	5.76	(5.76)	-	-
Service tax provisions	-	-	-	-
Disallowance on account of 40(a)(ia) payments	1.01	4.31		5.32
Bonus And Festival allowance	34.30	(2.91)	-	31.39
Brought Forward Loss/ Unabsorbed Depreciation	997.76	1,878.93	-	2,876.69
Provision for Doubtful Security Deposit/EMD		6.02	-	6.02
Provision for Bad and Doubtful Debts	878.27	(196.08)	-	682.19
Provision for Warranty	6.14	(5.43)	-	0.71
Re Measurement of Gold Deposits	(1.65)		(0.82)	(2.47)
MAT Credit	218.21	(38.94)	-	179.26
	2,084.43	**2,082.15**	**(29.63)**	**4,136.94**

Notes forming part of the financial statements

E. Movement in temporary differences (Contd.,) (Previous Year)

	Balance as at 1 April 2020	Recognised in profit or loss during 2020-21	Recognised in OCI during 2020-21	Balance as at 31 March 2021
Property, plant and equipment	(574.80)	(108.55)	-	(683.35)
Provisions for gratuity	252.30	127.77	(45.42)	334.64
Provision for sick leave	101.35	(87.56)	-	13.79
Provision for leave encashment	61.32	211.14	-	272.46
PF Payable	15.83	(8.74)	-	7.09
Sales tax provisions	5.76	-	-	5.76
Service tax provisions	-	-	-	-
Disallowance on account of 40(a)(ia) payments	1.01	-	-	1.01
Bonus And Festival allowance	35.54	(1.24)	-	34.30
Loss/Depreciation carried forward	647.05	350.71	-	997.76
Provision for Bad and Doubtful Debts	617.26	261.01	-	878.27
Warranty	6.14	-	-	6.14
Re Measurement of Gold Deposit			(1.65)	(1.65)
MAT Credit	218.21	-	-	218.21
	1,386.97	**744.54**	**(47.07)**	**2,084.43**

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

Particulars	31 March 2022	31 March 2021
(I) Contingent liabilities:		
(i) Claims against the Company not acknowledged as debt:		
(a) Disputed liability under Employees State Insurance Act.	3.34	3.34
(e) Disputed Income Tax Liability for AY 2018-19	203.33	203.33
(II) Commitments:		
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	-	
Total	**206.67**	**206.67**

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..

29. Details of dues to Micro, Small and Medium Enterprises

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Sl No.	Particulars - MSME Dues	As at 31.03.2022	As at 31.03.2021
1	Principal Amount remaining unpaid.to MSMES	1,263.10	452.49
2	Interest Due thereon.		-
3	Interest Paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.		-
4	Interest due and payable for the period of delay making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act 2006.		-
5	Interest Accrued and remaining unpaid.		-
6	Further Interest remaining due and payable even if in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act 2006.		-

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

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Diluted earning per share:

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

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

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

Particulars	As at 31 March 2022	As at 31 March 2021
Profit/(Loss) After Tax attributable to the owners of the equity	(3,675.65)	(2,324.30)
Weighted average number of ordinary shares outstanding	429.67	429.67
Basic and diluted earnings per share in Rupees (INR)	(8.55)	(5.41)

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 upto 30.07.2021
Sital Kumar (MD) from 30.07.2021 upto 14.02.2022
Bipin Satya (MD) from 14.02.2022
Joffy George (Company Secretary)
Ajithkumar V (CFO)

Directors

Nellampurath Chellappan Nair Mohanan (Resigned on 26.05.2021)	Chairman & Nominee Director
P C Joseph (from 29.12.2021)	Chairman & Nominee Director
Shiva Kumar Ram	Nominee Director
Animesh Jain	Nominee Director
Sital Kumar	Nominee Director
Anil Nautiyal	Nominee Director
Shibhu A S	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
Kerala Minerals and Metals Limited
KELTRON (Kerala State Electrnocs Development Corporation Limited)
Kerala Books and Publication Society

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

Rupees(₹) in lakhs, unless otherwise stated

Transactions with related parties are as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Entities with joint control and significant influence over the entity (NTPC LTD)		
- Sale of goods	555.47	1,583.53
- Sale of services	52.47	708.22
(ii) Entities under the control of the same government		
(a) Kerala State Electricity Board Ltd		
- Sale of goods and services	4,965.08	5,054.37
- Electricity Charges	252.55	296.73
(b) The Travancore Cochin Chemicals Limited		
- Purchase of goods	1.16	0.23
- Sale of goods and services	0.40	
(c) Kerala Minerals and Metals Limited		
- Sales of goods and services	1.18	
-Out standing Balances recievable		
(d)Kerala State Electronics Development Corporation Limited		
-Purchase of Goods	5.80	6.28
(e) Kerala Books and Publication Society		
-Purchase of Goods	0.99	
(iii) Compensation to Key Mangement Personnel		
- Short term employee benefits	104.65	92.21
- Post employment benefits*	7.72	16.07
- Reimbursement of Travelling expenses	0.25	0.12
(iv) Other payments to Related Parties		
- Honorarium to Chairman	0.99	2.40
- Sitting fees to Nominee Directors		0.02
- Reimbursement of Travelling expenses	0.03	0.08

* Grauity is not considered as the expenses could not be segregated on individual employee basis from the expenses recognised towards gratuity as per actuarial report

Outstanding Receivable & Payable with related parties are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Entities with joint control and significant influence over the entity (NTPC LTD)		
Outstanding balances - Receivable	516.48	1,036.69
(ii) Entities under the control of the same government		
(a) Kerala State Electricity Board Ltd		
Outstanding balances - Receivable	2,393.37	2,478.52
(b)Kerala State Electronics Development Corporation Limited		
Outstanding balances - Payables	0.95	1.37
(c) Kerala Books and Publication Society		
Outstanding balances - Payables	0.56	-

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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 320.59 Lakhs (Previous year: INR 279.91Lakhs)

(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 liability for gratuity as above is recognised on the basis of Actuarial Valuation. The obligation under the scheme is funded.

The Company makes contribution to Life insurance Corporation of India (LIC) for Gratuity benefits according to the Payment of Gratuity Act, 1972. The Company recognises the laiblity towards gratuity at each Balance Sheet date.

The Company has extended defined benefit plans in the form of leave encashment to employees. The liability for leave encashment as above is recognised on the basis of Actuarial Valuation. The obligation under the scheme is funded.The Company makes contribution to Life insurance Corporation of India (LIC) for Leave Encashment benefits

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
	Gratuity	Gratuity
Expense recognised in the Statement of Profit and Loss:		
Service cost	141.15	624.63
Net interest expenses	146.58	123.49
Expected return on plan assets	90.30	94.17
Component of defined benefit costs recognised in the Statement of Profit and Loss	197.43	653.95
Remeasurement on the net defined benefit liability:		
Actuarial loss arising from changes in financial assumptions	(128.36)	18.70
Actuarial loss arising from changes in experience adjustments	24.79	(181.97)
Components of defined benefit costs recognised in Other Comprehensive income	(103.57)	(163.27)
Total	**93.86**	**490.68**

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.

Rupees(₹) in lakhs, unless otherwise stated

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
	Gratuity	Gratuity
Present value of defined benefit obligation	2,221.96	2,326.68
Fair Value of Plan Assets	1,398.77	1,577.30
Net liability arising defined benefit obligations recognised in the Balance Sheet	**823.19**	**749.38**
Reconciliation of net defined benefit Liability		
Net Opening Provision in Books of Accounts	749.38	453.39
Employee Benefit Expenses	197.43	653.95
Amount recognised in other Comprehensive Income	(103.57)	(163.27)
	843.24	944.07
Contribution to Plan Assets	(20.05)	(194.69)
Closing Provision in Financial Satatements	**823.19**	**749.38**
Bifurcation of Net Liability as per Schedule III		
Current Liability	-	-
Non - Current Liability	823.19	749.38
	823.19	**749.38**

Reconciliation of present value of the defined benefit obligation	For the year ended 31 March 2022	For the year ended 31 March 2021
	Gratuity	Gratuity
Opening defined benefit obligation	2,326.68	1,929.51
Service cost	141.15	624.63
Interest cost	**146.58**	**123.49**
Benefits paid	(300.02)	(196.08)
Remeasurement loss (gain):	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising from changes in financial assumptions	(128.36)	18.70
Actuarial loss/(gain) arising from changes in experience adjustments	35.93	(173.57)
Closing defined benefit obligation	**2,221.96**	**2,326.68**

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Reconciliation of changes in the fair value of plan assets	For the year ended 31 March 2022	For the year ended 31 March 2021
	Gratuity	Gratuity
Opening fair value of plan assets	1,577.30	1,476.12
Expected return on plan assets	90.30	94.17
Contributions from the employer	20.05	194.69
Benefits paid	(300.02)	(196.08)
Remeasurement loss (gain):		
Actuarial loss/(gain) arising from changes in financial assumptions	-	-
Return on Plan Assets (excluding amounts incuded in net interest expenses)	11.14	8.40
Closing fair value of plan assets	**1,398.77**	**1,577.30**

Composition of Plan Assets

Investments fund with Insurance Company (LIC)	100%	100%
of which Unit Linked	0%	0%
of which Traditional/Non Unit Linked	100%	100%

Actual return on plan assets is 101.44 lakhs (previous year 102.57 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	For the year ended 31 March 2022	For the year ended 31 March 2021
	Gratuity	Gratuity
Financial assumption:		
Discount rate	7.00%	6.40%
Salary escalation rate	9.00%	9.00%
Demographic assumption:		
Withdrawal rate	5.00%	5.00%
Mortality rate	IALM 2012-14 Ult.	IALM 2012-14 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 2022		31 March 2021	
	100 basis point		100 basis point	
Impact on defined benefit obligation	Increase	Decrease	Increase	Decrease
Discounting rate	(157.21)	181.19	(167.71)	194.61
Salary Growth rate	(175.89)	155.85	(187.57)	165.26
Withdrawal rate	(20.12)	22.52	(28.93)	32.56

Rupees(₹) in lakhs, unless otherwise stated

33. Financial instruments

Particulars	Note	Carrying value	
		31 March 2022	31 March 2021
Financial assets			
Measured at amortised cost			
Trade receivables	11	7,627.43	7,825.74
Cash and cash equivalents	12.a	1.25	0.98
Bank balances other than Cash and Cash equivalent	12.b	1,043.62	705.81
Loans	7	-	-
Other financial assets	8	242.55	241.87
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	-	-
Total financial assets		8,915.55	8,775.10
Financial liabilities Measured at amortised cost			
Borrowings	15	6,521.91	3,450.58
Trade payables	16	3,522.10	1,936.60
Other financial liabilities	17	2,686.20	1,215.60
Total financial liabilities		**12,730.20**	**6,602.78**

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 2022, 31 March 2021.

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2022:

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

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Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2021:

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**

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 frame work. The Company,s board of Directors oversees how management monitors compliance with 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 adhoc reviews of risk management controls and proceedures, the result 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.

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	3/31/2022	3/31/2021
Outstanding for more than 6 months	633.78	1,132.68
Others	7,263.75	6,787.89
Total:	**7,897.53**	**7,920.57**

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 2022, the Company had a working capital of INR 441.96 Lakhs, including cash and cash equivalents of INR 1.25 Lakhs.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2022 and 31 March 2021.

	As at 31 March 2022			
Particulars	**Less than 1 year**	**1-2 years**	**2 years and above**	**Total**
Borrowings	5,772.13	309.33	440.44	6,521.90
Trade payables	3,522.10	-	-	3,522.10
Other financial liabilities	2,686.20	-	-	2,686.20

	As at 31 March 2021			
Particulars	**Less than 1 year**	**1-2 years**	**2 years and above**	**Total**
Borrowings	2,621.97	328.83	499.78	3,450.58
Trade payables	1,936.60	-	-	1,936.60
Other financial liabilities	1,215.60	-	-	1,215.60

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.

	As at 31 March 2022		As at 31 March 2021	
Particulars	**Receivable/ (Payable)**	**Receivable/ (Payable)**	**Receivable/ (Payable)**	**Receivable/ (Payable)**
	Rs. in Million	**USD In Million**	**Rs. in Million**	**USD In Million**
Suppliers	(10.34)	(0.14)	(0.46)	(0.006)
Others	(10.76)	(0.14)	(10.44)	(0.14)
Customers	(2.97)	(0.04)	(2.97)	(0.04)

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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	31-03-2022	31-03-2021
Financial assets		
-Margin money deposit	**963.32**	**807.91**
Total	**963.32**	**807.91**
Variable-rate instruments		
Financial liabilities		
-Borrowings from bank	6,261.91	3,440.58
Total	**6,261.91**	**3,440.58**

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 2021.

	Profit or loss Effect	
	100 bp increase	100 bp decrease
31-Mar-22		
Variable-rate instruments	(27.19)	27.19
	(27.19)	**27.19**
31-Mar-21		
Variable-rate instruments	(12.93)	12.93
	(12.93)	**12.93**

33.8 Capital Management

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

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

Particulars	31 March 2022	31 March 2021
Debt	6,521.91	3,450.58
Less: Cash and cash equivalents	1.25	0.98
Less: Bank balances other than cash and cash equivalent	1,043.62	705.81
Less: Other non-current financial assets - Bank deposit	184.31	116.72
Net Debt	5,292.73	2,627.07
Total Equity	3,349.83	6,948.59
Gearing ratio	**1.58**	**0.38**

Ageing Schedule of Trade Payables as on 31-03-2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 years	2-3 Years	More than 3 years	Total
(i) MSME	1240.19	8.57	1.46	12.87	1263.09
(ii) Others	2213.43	5.50	0.12	50.78	2269.83
(iii) Disputed MSME					
(iii) Disputed dues - Others					
	3453.62	**14.07**	**1.58**	**63.65**	**3532.92**

Transformers and Electricals Kerala Limited

Angamally South PO, Ernakulam District, Kerala.

Notes to the financial statements for the year ended 31st March 2022

Rupees(₹) in lakhs, unless otherwise stated

35. **Ageing Schedule of Trade Payables as on 31-03-2021**

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 years	2-3 Years	More than 3 years	Total
(i) MSME	432.30	4.21	4.09	11.89	452.49
(ii) Others	1,320.12	34.28	84.35	45.34	1,484.11
(iii) Disputed MSME					
(iii) Disputed dues - Others					
Total	**1,752.42**	**38.49**	**88.44**	**57.23**	**1,936.60**

Ageing Schedule of Trade Recievables as on 31-03-2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 Years	More than 3 year	Total
(i) Undisputed Trade recievables - Considered Good	7263.75	306.54	269.46	26.42	31.36	7897.53
(ii) Undisputed Trade recievables - Which have significant increase in Credit risk	350.03	23.80	162.61	559.25	1086.37	2182.06
(iii) Undisputed Trade recievables - Credit Impaired						
(iv)Disputed Trade recievables - Considered Good						
(v) Disputed Trade recievables - Which have significant increase in Credit risk						
(vi) Disputed Trade recievables - Credit Impaired						
Expected Credit Loss Allowance						-2452.16
Total	7613.78	330.34	432.07	585.67	1117.73	7627.42

Ageing Schedule of Trade Recievables as on 31-03-2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade recievables - Considered Good	6787.89	57.83	214.83	408.42	451.6	7920.57
(ii) Undisputed Trade recievables - Which have significant increase in Credit risk	79.71	74.36	319.96	348.32	855.57	1677.92
(iii) Undisputed Trade recievables - Credit Impaired						
(iv)Disputed Trade recievables - Considered Good						
(v) Disputed Trade recievables - Which have significant increase in Credit risk						
(vi) Disputed Trade recievables - Credit Impaired						
Less: Expected Credit Loss Allowance						-1772.75
Total						7825.74

Transformers and Electricals Kerala Limited

Angamally South PO, Ernakulam District, Kerala.

Notes to the financial statements for the year ended 31st March 2022

Rupees(₹) in lakhs, unless otherwise stated

36. Ageing Schedule of CWIP as on 31-03-2022

Particulars	CWIP for a period of				
	Less than 1 Year	1-2 years	2-3 Years	More than 3 years	Total
Projects in Progress					
Projects temporarily suspended		4.82		1.15	5.97
Total					

Ageing Schedule of CWIP as on 31-03-2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 years	2-3 Years	More than 3 years	Total
Projects in Progress					
Projects temporarily suspended	4.82		1.15		5.97
Total					

37. Accounting ratios

Particulars	Numerator	Denominator	For the year ended 31-03-2022	For the year ended 31-03-2021	Variance	Reasons for Variance
Current Ratio	Current Asset	Current Liabilities	1.02	1.63	-38%	Increase in Shorterm Borrowings
Debt Equity Ratio	Total Borrow-ings	Total Equity	1.95	0.50	292%	Increase in Shorterm Bor-rowings and reduction in networth due to losses
Debt Service Coverage Ratio	EBITD	Finance Cost	-2.96	-2.71	9%	NA
Return on Equity Ratio (%)	PAT	Average Share Holders Equity	-71%	-29%	147%	Due to increase losses
Inventory Turnover Ratio	Revenue from Operations	Average Inventory	2.28	2.38	-4%	NA
Trade Recievables Turnover Ratio	Revenue from Operations	AverageTrade Recievable	1.78	1.91	-7%	NA
Trade Payables Turnover Ratio	Purchases	AverageTrade Payables	4.01	5.63	-29%	Extended Credit periods due to working capital shortage
Net Capital Turnover Ratio	Revenue from Operations	Working Capital	51.68	2.46	1997%	Increase in Shorterm Borrowings
Net Profit Ratio (%)	PAT	Net Sales	-26.75%	-15.87%	69%	Decrease in PAT
Return on Capital Employed (%)	EBIT	Capital Employed	-122.14%	-32.02%	281%	Due to increase losses
Return on Investment (%)	Dividend recieved	Investments	42.86%	0.00%		No dividend was received during last year

38. Other Disclosures

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against The Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company have not traded or invested in Crypto currency or Virtual Currency during the year.

(iv) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(v) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that The Company shall:(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Company do not have any such transaction which is not recorded in the books of accounts and that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(viii) The company holds all the title deeds of immovable property in its name.

(ix) The company is not declared as willful defaulter by any bank or financial Institution or other lender.

(x) The Company have satisfaction of charges which are yet to be registered with ROC beyond the statutory period.

Notes to Financial Statements for the year ended on 31st March 2022.

39. Prior Period Items

The Company identified errors in the financial statements for the reporting periods largely due to omissions . Upon identifying these certain errors, ncessary corrections were carried out in the current reporting period to rectify the misstatements/errors. The changes made during the year are only respective to errors or omissions identified during the year.The treatment of the major prior period items is disclosed as follows:

(a) the nature of the prior period error;

During the Current reporting period, It was determined that certain employee expenses were not accurately accounted, This resulted in an understatement of expenses and an overstatement of profit for the relevant period. Secondly, Selling commission payable for certain previous years were not accounted leading to under statement of Expenses in the previous years and lastly foreign currency fluctuation losses where not identified for certain expenses payable abroad during the previous year understating the expenses.

(b). Omission of recognised Expenses:

(i) Provision for Production Incentive for employees

During the current reporting period, the Company identified an omission in the previous year's financial statements related to the provision for production incentive for employees expenses of amount 15.04 lakhs. The omitted amount has been appropriately recognized in the financial statements for the year ended 31st March 2021 as a prior period item.

(ii) Foreign Exchange Gain/Loss

The company has omitted in restating the closing balance of payable in foreign currency pertaining to period preceding the march 2020. During the current reporting period, the Company identified an omission in the previous year's financial statements related to the recognition of foreign exchange gain of amount 2.53 lakhs and the company has also restated the opening the balances for errors pertaining to march 2020. The omitted amount has been appropriately recognized in the financial statements for the year ended 31st March 2020 as a prior period item.

(iii) Selling Commission

The company has omitted in providing provision for selling commission payable for previous periods amounting to 44.15 lakhs for which payment was made during the current year. Due to impracticability of determining the period specific effects of errors, the company has restated the opening balances of the earliest period.

(iv) Remeasurement of Financial Assets

The company has omitted in re-measuring its financial assets for the previous periods amounting to 5.93 lakhs. Due to impracticability of determining the period specific effects of errors, the company has restated the opening balances of the earliest period. As per Ind AS 109 Financial Instruments, a financial asset shall be measured at fair value through other comprehensive income held for collecting contractual cash flows.

(v) Accrued Interest on Margin Money Deposits

During the reporting period, the company has identified the omission of recognizing accrued interest receivable of 7.69 lakhs as on margin money deposits as on 31st march, 2021. The omitted amount has been appropriately recognized in the financial statements for the year ended 2021 as prior period item.

(c). Treatment of Prior Period Items:

In accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors , the Company has corrected the errors by retrospectively adjusting the comparative financial information presented for the prior periods affected. The total amount of the omitted provision for [foreign exchange expenses], has been added to the comparative financial statements for the previous year.

Due to the impracticability of determining the period-specific effects of the errors on the comparative financial statements, the Company has restated the opening balances of the earliest period presented, which is 1st april 2020. The restatement reflects the cumulative impact of the errors identified on the opening balances of the comparative financial statements.

(d). Impact on Financial Statements:

(i) Provision for Production Incentive for employees

During the current reporting period, the company has identified the certain employee benefit expenses for pertaining to previous year for which provision was not made in the previous year. The company has included the identified expenses and grouped under respective heading. Such treatment has lead to increase in previous year employee benefit expenses.

(ii) Foreign Exchange Gain/Loss

The Company has failed to identify the Gain or loss arising from Foreign exchange fluctuations for the comparative years. In the current reporting period, Company has identified a gain from forex fluctuation for which the opening balances were restated of the earliest period presented and the loss arised from forex fluctuations during the previous years were included in the previous years profit and loss statements. Such treatments lead to Increase in expenses and adjustment of opening balances of respective groups for fair presentation of financial statements.

(iii) Selling Commission

The company has identified Selling commission payable for the comparative years for which provision was not made in the prior periods. Due to impracticability of determining the period specific effects of the errors, the opening balances of the earliest period were restated for fair disclosure of financial statements. Such treatment has lead to adjustment of opening balance of respective groups and opening balance of profit and loss reserve account.

(iv) Remeasurement of Financial Assets

During the current reposting period, the company has identified the the omission for remeasurement of financial assets for the comparative periods. Due to impracticability of determining the period specific effects of the errors, the opening balances of the earliest period were restated for fair disclosure of financial statements. The value of the assets has been valued at the fair market value with available sources and such treatment has given rise to asset value and changed under other comprehensive income and the tax relating to such other comprehensive income.

(v) Accrued Interest on Margin Money Deposits

The Company identified the omission of recognition of accrued interest receivable on deposits for the year ended 31st march 2021. The change made during the year has affected the profit and loss account of such amount as the item under other income and the other financial assets.

As per our report of even date
For Babu A. Kallivayalil & Co.,
Chartered Accountants.
Firm Regn. No.05374S

For and on behalf of the Board of Directors
of Transformers and Electricals Kerala Limited

Sd/-
P.C. Joseph
Chairman
DIN : 05225941

Sd/-
CA. M.D.Thomas
Partner (M. No.018177)

Sd/-
Neeraj Mittal
Managing Director
DIN : 10269729

Sd/-
Jomon K A
Officer in Charge cum
HOD(F&A)

Place: Angamaly
Date : 22/03/2024

COMMENTS OF JOINT SECRETARY & OFFICER ON SPECIAL DUTY (FINANCE-RESOURCES) ON THE AUDITED ACCOUNTS OF TRANSFORMERS AND ELECTRICALS LTD (TELK) FOR THE FINANCIAL YEAR 2021-22

1. The Company's revenue decreased from Rs.146 crore during 2020-21 to Rs.137.38 crore during 2021-22. The loss of the Company increased from Rs.23.24 crore during 2020-21 to Rs.36.75 crore during 2021-22. The Company should take appropriate long term measures to increase revenue and reduce expenditure for progressively reducing the loss.

2. The Company is not maintaining proper records of receivables and payables, which resulted in understatement of financial liabilities. There are no proper records of property, plant & equipment and intangible assets either. The Company should ensure that various records are maintained properly.

3. The Company's internal audit system needs to be strengthened commensurate with the size and nature of its business.

4. Considering the losses incurred by the Company, the pricing policy shall be reviewed.

5. The Company shall formulate the plan projects only after carefully analysing its feasibility to avoid idle parking of Govt funds.

6. The Company shall streamline its production in consonance with the present financial status of the company and market demand.

7. The Company shall make earnest efforts to realize the trade receivables taking into account of the Company's poor financial status.

8. The board of directors should discuss in detail all the other observations and opinions contained in the Independent Auditor's Report and take appropriate corrective measures.

A S Kumar

AJAYAKUMAR.K.S
Additional Secretary
For Joint Secretary &
Officer on Special Duty (Finance-Resources)

Thiruvananthapuram
23.11.2024

Comments of joint Secretary & Officer on Special Duty (Finance Resources), Government of Kerala on the Audited Annual Financial Statements of Transformers and Electricals Kerala Limited for the financial year 2021-22 and Company's Reply

	Comments of joint Secretary & Officer on Special Duty (Finance Resources), Government of Kerala.	Company's Reply
1	The Company's revenue decreased from Rs.146 Crores during 2020-21 to Rs.137.38 Crores during 2021-22. The loss of the company increased from Rs. 23.24 Crores during 2020-21 to Rs. 36.75 Crores during 2021-22. The company should take appropriate long term measures to increase revenue and reduce expenditure for progressively reducing the loss.	Revenue and profit/loss have been closely monitored, resulting in a reduction of losses by Rs.10 Crores* (27.22 % reduction) in FY 2022-23 as compared to FY 2021-22. In FY 2023-24, the Company achieved operating profit of Rs.13.15 Crores*. In the first half of FY 2024-25, the company has recorded a turnover of ₹83.98 Crores* and an operating profit of ₹ 6.72 Crores* *Provisional figures subject to audit
2	The company is not maintaining proper records of receivables and payables, which resulted in understatement of financial liabilities. There are no proper records of property, plant & equipment and intangible assets either .The company should ensure that various records are maintained properly.	The Company is considering implementation of ERP software in future for proper up keeping of all financial transactions and records. In the meantime, the Company is taking proactive steps for proper record-keeping using the available resources.
3	The company's internal audit system needs to be strengthened commensurate with the size and nature of its business.	Measures will be expedited to review and strengthen the internal audit system to commensurate with the Company operations.
4	Considering the losses incurred by the company , the pricing policy shall be reviewed	Noted.
5	The company shall formulate the plan projects only after carefully analysing its feasibility to avoid idle parking of Govt funds.	The Company had planned installation of Vapour Phase Drying (VPD) plant in the year 2020-21 for improving the productivity. It has been delayed due to the non-availability of suitable vendors, impact of the COVID-19 pandemic and escalation in project cost necessitating a new administrative sanction. To prevent Government funds from remaining idle, it was requested that the allocated funds may be converted into a working capital loan. GoK vide letter No.H1/217/2024-IND dt.25.11.2024, has informed that VPD plant project is not included under the projects prioritized for implementation during 2024-25 due to the current financial constraints of Government.
6	The company shall streamline its production in consonance with the present financial status of the company and market demand.	Noted.
7	The company shall make earnest efforts to realize the trade receivables taking into account of the company's poor financial status.	Status of trade receivables is being reviewed regularly and followed up with the customers for outstanding payments.
8	The board of directors should discuss in detail all the other observations and opinions contained in the independent Auditor's Report and take appropriate corrective measures.	Noted

सत्यमेव जयते

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT II) 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 AND ELECTRICALS KERALA LIMITED, ANGAMALY FOR THE YEAR ENDED 31 MARCH 2022

The preparation of financial statements of **Transformers and Electricals Kerala Limited, Angamaly** for the year ended **31 March 2022** 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 Auditor 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 **22 March 2024.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Transformers and Electricals Kerala Limited, Angamaly** for the year ended **31 March 2022** 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.

1

A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss for the year ended on 31st March 2022

(i) Loss for the year – ₹3675.65 lakh

The above is understated by ₹1114.52 lakh due to the following.

1. Inclusion of price variation amounting to ₹1027.12 lakh for valuation of work in progress though the primary condition for the acceptance of price variation was not fulfilled at the end of the financial year.
2. Non-reversal of price variation claims amounting to ₹87.40 lakh rejected by the customers as required under Ind AS 10 - '*Events after the Reporting Period*'.

This has resulted in corresponding overstatement of 'Current assets' by ₹1114.52 lakh.

(ii) Revenue from operations - ₹13738.40 lakh

The above is overstated by ₹838.08 lakh due to recognition of revenue and corresponding expenses without fulfilling the performance obligations required for its recognition in the financial statements contravening the provisions of Ind AS 115 – *Revenue from contracts with customers*.

As a result, 'Raw materials consumed', 'Current assets' and 'Current liabilities' are overstated by ₹838.08 lakh.

B. COMMENTS ON CASH FLOW

Statement of Cash Flows for the year ended on 31st March 2022

(iii) Cash and cash equivalents at the end of the year - ₹1.25 lakh

The Company included ₹3031.78 lakh being the cash credit and short-term working capital loans which were repayable on demand under 'Cash flows from operating activities' instead of including the same as cash and cash equivalent as required under Ind AS 7 – '*Statement of Cash Flows*'.

As a result, the 'Cash and cash equivalent at the end of the year' is understated by ₹3031.78 lakh with corresponding overstatement of 'Cash flows from operating activities.'

2

(iv) Net cash generated from investing activities - ₹42.75 lakh

The above does not include ₹963.32 lakh being the margin money deposits given as collateral and that are not readily convertible as cash. Instead, the same is included under cash flows from operating activities.

Due to the above, 'Net cash generated from investing activities' is understated by ₹963.32 lakh with corresponding overstatement of 'Net cash generated from operating activities.'

C. COMMENTS ON AUDITORS REPORT

(v) In view of the impact of the foregoing comments, the reported Loss for the year amounting to ₹3675.65 lakh has the potential for further increasing the loss, hence the 'true and fair view' given by the Statutory Auditors is not sustainable.

(vi) Annexure A to the Independent Auditors Report - Report under Companies (Auditor's Report) Order, 2020

The Independent Auditor reported that clause (ii)(b) of paragraph 3 of The Companies (Auditor's Report) Order, 2020 is not applicable since the company has not been sanctioned with working capital limits in excess of ₹500 lakh from any bank or financial institution during the year. This is factually incorrect as the company availed short term borrowings of ₹6261.92 lakh as on 31 March 2022 which were secured by hypothecation of stock and debtors as primary security.

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

Thiruvananthapuram
Dated:29-07-2024

S. SUNIL RAJ
PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II)
KERALA

Company's replies to the Comments of C&AG u/s 143 of the Companies Act 2013 on the Annual Accounts of the Company for the year 2021-22.

A.COMMENTS ON PROFITABILITY

I. Loss for the year-3,675.65 lakh

The above is understated by 1,114.52 lakh due to the following.

I.1. Inclusion of price variation amounting to 1,027.12 lakh for valuation of work in progress though the primary condition for the acceptance of price variation was not fulfilled at the end of the financial year.

Reply:

In transformer manufacturing, material costs account for 80-90% of the total cost. When manufacturing spans a long period, price variation (PV) is crucial for accurately matching costs. In some cases, the gross invoice value exceeds 1.5 times the purchase order (PO) amount due to PV.

According to IND AS 2, inventories must be measured at the lower of cost and net realizable value (NRV). Paragraph 30 of IND AS 2 states that NRV estimates are based on the most reliable evidence available at the time, considering price or cost fluctuations related to events after the period's end that confirm conditions existing at the period's end.

PV is included in the NRV calculation since these variations were approved by customers before the financial statements' approval in most of the cases. This inclusion complies with IND AS 2 and reflects the NRV of transformers in inventory, adhering to the matching concept. This practice has been consistently followed by the Company and accepted by the C&AG in previous years.

I.2. Non-reversal of price variation claims amounting to 87.40 lakh rejected by the customers as required under Ind AS 10- 'Events after the Reporting Period'.

Reply:

The price variation (PV) of ₹87.40 lakhs includes ₹57.24 lakhs from Techno Electric and Engineering Company Limited and ₹29.14 lakhs from Mega Engineering and Infrastructures Limited, recognized as revenue during FY 2020-21 and 2021-22, respectively. Customer disagreements were received in March 2023 and December 2022. The Company is taking up with these customers for payment of balance PV amounts. Therefore, there is no non-compliance with Ind AS 10 as the subsequent events do not confirm non-recoverability, and the amount is immaterial against the total revenue of ₹140 crores (0.62%). However, the audit comment is noted for future guidance.

II. Revenue from operations -13,738.40 lakh

The above is overstated by 838.08 lakh due to recognition of revenue and its corresponding expenses without fulfilling the performance obligations required for its recognition in the financial statements contravening the provisions of Ind AS 115 - Revenue from contracts with customers.

As a result, 'Raw materials consumed', 'Current assets ' and Current liabilities' are overstated by 838.08 lakh.

Reply:

Spares and consumables, such as oil for commissioning transformers, are susceptible to loss or deterioration at remote sites due to improper storage. Therefore, the Company usually dispatches these items just before erection and commissioning, unless requested otherwise by the client. This deferment protects against damage, loss, or theft in unsupervised locations.

This practice, conducted with the customer's consent, does not affect the contract's performance obligations.

The Company has also created provisions for materials at year-end where revenue has been recognized, ensuring compliance with the matching concept and preventing understatement of losses, thereby complying with Ind AS 115. This policy has been consistently followed for many years, without reservations from the C&AG or statutory auditors.

B.COMMENTS ON CASH FLOW

Statement of Cash Flows for the year ended on 31 March 2022

III. Cash and cash equivalents at the end of the year -1.25 lakh

The Company included 3,031.78 lakh being the cash credit and short-term working capital loans which were repayable on demand under 'Cash flows *from operating activities' instead of including the same as cash and cash equivalent as required under Ind AS 7-'Statement of Cash Flows:*

As a result, the Cash and cash equivalent at the end of the year' is understated by 3,031.78 lakh with corresponding overstatement of 'Cash flows from operating activities.'

Reply:

Sl. No.	Borrowing	Net borrowings (₹ In lakhs)
1	Cash credit	567.28
2	Other short - term working capital loar	2,464.50
	Total	3,031.78

We draw your kind attention to paragraph 8 of Ind AS 7 - 'Statement of Cash Flows', which states:

"Bank borrowings are generally considered to be financing activities. However, where bank overdrafts, which are repayable on demand, form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn."

From the above, it should be noted that to classify bank overdrafts (OD) as part of 'Cash and cash equivalents,' the balance must frequently fluctuate between deposit and overdraft. In this instance, the OD account remained overdrawn throughout the year and never once turned to a deposit. Accordingly, the OD balance cannot be included under 'Cash and cash equivalents.' Furthermore, the Company is following the indirect method for the preparation of the cash flow statement, as per Ind AS 7. However, the audit comment is noted for future guidance.

IV. Net cash generated from investing activities -42.75 lakh

The above does not include 963.32 lakh being the margin money deposits given as collateral and that are not readily convertible as cash. Instead, the same is included under cash flows from operating activities.

Due to the above, 'Net cash generated from investing activities' is understated by 7,963.32 lakh with corresponding overstatement of 'Net cash generated from operating activities.

Reply:

Paragraph 6 of Ind AS 7, "Statement of Cash Flows," defines investing activities as the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Only investments in fixed deposits with a short-term maturity of three months or less from the date of deposit are classified as cash and cash equivalents. Paragraph 16 of Ind AS 7 provides eight specific examples of investing activities.

The fixed deposits are created from our working capital borrowings as a mandatory margin for Letters of Credit (LCs) and Bank Guarantees essential for the company's operations. Since these earmarked deposits are marked under lien and are intended solely for operational purposes, it is more appropriate treatment to classify them as operating activities. Besides this, these deposits are not kept as investments out of surplus funds with an intention to earn interest.

According to paragraph 11 of Ind AS 7, an entity presents its cash flows from operating, investing, and financing activities in a manner most appropriate to its business. Fixed deposits created from working capital borrowings as mandatory margins for LCs and BGs are essential for operations. These deposits, marked under lien for raw material purchases, are a core operating activity. Therefore, the related cash flows are classified under operating activities, as these deposits are not surplus funds intended for earning interest.