Transformers and Electricals Kerala Limited

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

58th ANNUAL REPORT
Year Ended 31st March 2021

TELK

Board of Directors

Adv. P.C. Joseph	: Chairman
Shri. Neeraj Mittal	: Managing Director
Prof. (Dr.) C.A. Babu	: Director
Shri. Shiva Kumar Ram	: Director
Shri. Ajay Dua	: Director
Shri. Thomas Samuel	: Director
Adv. K.K. Shibu	: Director
Smt. Sangeeta Kaushik	: Director

Statutory Auditors:

M/s. Babu A. Kallivayalil & Co.

Bankers

State Bank of India

South Indian Bank

ICICI Bank

HDFC 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 - 2510251
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 58th Annual Report on the business and operations of the company along with the audited financial Statements for the Financial Year ended 31st March 2021.

Business Overview & Performance

Your Company made a Loss Before Tax and exceptional items of Rs. 3020.66 Lakhs during the year 2020-21 as against Profit Before Tax of Rs. 632.11 Lakhs during the FY 2019-20. The operational revenue also decreased from Rs.20,313 Lakhs to Rs. 14648.35 Lakhs in FY 2020-21 as compared to previous Financial Year primarily due to adverse effects of Covid in Company Operations.

Financial Results

(Rs. In Lakhs)

Particulars	2020-21	2019-20
Revenue from operations	**14648.35**	**20313.34**
Other Income	389.01	356.04
Total Income	**15037.36**	**20669.38**
Expenses:		
Cost of material consumed	9809.72	11420.39
Changes in inventories of finished goods and work in progress	52.21	1391.21
Employee benefits Expense	5494.22	5074.51
Finance costs	578.22	559.19
Depreciation & amortization expenses	125.69	130.5
Other Expenses	1997.96	1461.44
Total Expenses	**18058.02**	**20037.28**
Profit or Loss before Income Tax and Exceptional Items	**(3020.66)**	**632.11**
Total Tax expenses	(744.54)	(1.73)
Profit / (Loss) for the year	**(2276.12)**	**633.83**
Total other comprehensive income / (loss) for the year	208.69	(109.38)
Total comprehensive income / (loss) for the year	(2067.43)	524.45

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 2020-21, the following constituted the Board of Directors of the Company:

1. Adv. N.C. Mohanan (Chairman)
2. Shri. Prasad B. (Managing Director)
3. Shri. Shibu A.S.
4. Shri. K.K. Ramachandran
5. Shri. Sital Kumar
6. Shri. C.V. Anand
7. Shri. Anil Nautiyal

At present the following are the Board of Directors:

1. Adv. P.C. Joseph (Chairman)
2. Shri. Neeraj Mittal (Managing Director)
3. Shri. Shiva Kumar Ram
4. Prof.(Dr.) C.A. Babu
5. Shri. Ajay Dua
6. Shri. Thomas Samuel
7. Smt. Sangeeta Kaushik
8. Adv. K.K. Shibu

Adv. P.C. Joseph (DIN 05225941) was appointed as Chairman and Director of the Company w.e.f. 29.12.2021. Shri. Neeraj Mittal (DIN 10269729) was appointed as the Managing Director of the Company w.e.f. 07.08.2023. Shri. Ajay Dua (DIN 08084037) was appointed as Director w.e.f. 09.05.2022, Prof.(Dr.) C.A. Babu (DIN 09772484) was appointed as Director w.e.f. 11.10.2022, Smt. Sangeeta Kaushik (DIN 09157948) was appointed as Director w.e.f.

31.03.2023 and Shri. Thomas Samuel (DIN 10060302) was appointed as Director w.e.f. 02.02.2023. Adv. K.K. Shibu (DIN 10373322) was appointed as Director w.e.f. 27.10.2023.

Shri. Shibu A.S. (DIN 07766769) resigned from the Board of Directors w.e.f. 02.02.2023. Shri. Anil Nautiyal (DIN 08612798) ceased to be Director w.e.f. 30.04.2022 on account of superannuation from the service of NTPC Limited. Shri Sital Kumar (DIN 08615850) ceased to be the Director of the Company w.e.f. 14.02.2022(F/N). Shri. Bipin Satya (DIN 09012667) was appointed on 14.02.2022(A/N) & stepped down from the office of Managing Director on 17.07.2023. Dr. Joffy George, Company Secretary resigned from the Company w.e.f. 20.09.2022. Shri Ajith Kumar V, Senior Manager (Finance & Accounts) relieve from the post of Chief Financial Officer (CFO) w.e.f. 11.10.2022

Board of Directors place on record their gratitude and appreciation for the guidance and the valuable services rendered by the Managing Director and 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 Comapany during the FY 2020-21:

1) Shri. Prasad B. (Managing Director)
2) Shri Ajith Kumar V (Chief Financial Officer)
3) Dr. Joffy George(Company Secretary)

At present, Shri Neeraj Mittal, Managing Director is one the Key Managerial Personnel of the Company w.e.f. 07.08.2023. Regarding other two Key Managerial Personnel i.e., Company Secretary and Chief Financial Officer, these positions are lying vacant since 20.09.2022 and 11.10.2022. The matter regarding appointment of these two regular Key Managerial Personnel has been taken up with Government of Kerala, the major shareholder and is being expedited.

Directors' Responsibility Statement

The Directors confirm that:

(a) in the preparation of the annual accounts for the Financial Year ended 31st March 2021, 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 2020-21.

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 2020-21. 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 2021 and Company's reply is given below:

Qualification in the Report of the Statutory Auditors

The Company received an order dated November 09, 2021 from the State Goods and Services Tax (GST) department demanding ₹56.29 lacs towards excise duty and ₹58.54 lacs towards interest for the period from July 2017 to October 2021 aggregating to ₹114.83 lacs on account of availing of excess input tax credit. However, as at year end, the Company has created a liability provision of ₹76.04 lacs only leaving a balance of ₹38.78 lacs un-provided without any rationale (Refer Note #18)

Company's Reply

This issue is relating to the excess CENVAT credit availed during 01-04-2017 to 30-06-2017 through RG23 register and TRAN 1 facility. As far as TRAN 1 is concerned, there are many ambiguities/bottlenecks exist which are still pending as unresolved. Such credit availed had been utilized over a period of one year from 01.04.2018 onwards. However, GST Department had calculated the interest from the date of availing credit; which is not payable as per the company. Further as far as the tax (GST) portion is concerned; the company had already reversed it in FY 2021-22.

b. The Company determined a liability of ₹94.87 lacs towards GST, upon completion of the audit under the GST law, for the financial year 2017-18 and the said liability was paid during the financial year 2021-22. However, the Company has created a liability provision of ₹82.90 lacs only leaving a balance of ₹11.98 lacs un-provided without any rationale. Besides this, no provision has been made against the interest payable on the tax, which is not quantified.

Company's Reply

The Issue is relating to the Excess GST ITC (Input Tax Credit) availed during the period

01.07.2017 to 31.03.2018. Such excess utilization was discovered and liability was provided in the books during the finalization of FY 2017-18. However, the GST audit of FY 2017-18 had been completed and GSTR 9 & GSTR 9C was filed in FY 2021-22. So the extra amount payable (in excess of provision already made in 2017-18) as per audit which was discovered in FY 2021-22 but related to FY 2017-18 was charged as expenses during the FY 2021-22.

The stock audit conducted by an external agency as at March 31, 2021 has reported a net shortage of ₹26.76 lacs. However, the Company has made adjustments in the stock for ₹2.28 lacs only leaving a balance of ₹24.48 lacs unadjusted, for no justifiable reasons (Refer Note #10)

Company's Reply

As the stores ledger for the year has been already processed, necessary adjustments in this regard was made in subsequent year.

a. Inventory inter alia includes an item of scrap since March 2007, valued at ₹14.20 lacs. The Company was not able to realise the scrap value till date even after 15 years. The Company has not been able to provide any evidence to establish the realisable value of the scrap. In view of the above, the scrap should have been valued at nil (Refer Note #10).

Company's Reply

The item is related to bushing. With some modifications it is being now used for testing purpose in the company. It will be re classified as Fixed Assets during FY 2022-23.

The Company has carried out physical verification of inventory of ₹2,107.64 lacs, during the year. This is out of the total inventory of ₹5,985.54 lacs which includes inventory lying with third parties of ₹22.97 lacs. In the absence of physical verification of remaining inventory (other than raw materials) of ₹3,877.90 lacs, we have relied on the inventory as per book records and the physical verification of inventory as at year end conducted by the Management, not observed by us (Refer Note #10)

Company's Reply

The physical verification is conducted to verify the stock of raw materials held in the store as per records. The stock of finished goods and WIP shall be in limited numbers and may not be considered during the physical verification. However, the Peer industrial practices for carrying out the physical verification of WIP and Finished goods will be introduced in future.

The Company has not made any provision for the liability as at year end towards selling agency commission of ₹17.87 lacs and commission on auction sale of scrap of ₹8.73 lacs which were paid during the financial year 2021-22 (Refer Note# 26).

Company's Reply

As per the practice of the company, provision has not been provided for selling agency as the eligibility of commission depends upon the timely collection and other after sale follow up works which may carry out in subsequent years. Necessary disclosures in this regard will be made in significant accounting policies in future. The matter of commission on auction sale of scrap will be considered in future.

It is noted that the Company has not written off the freight expenses of ₹10.28 lacs wrongly booked in the party's account as receivable which is outstanding for more than three years (Refer Note #9)

Company's Reply

This amount is carry forwarded from 01.04.2018 onwards. It may be because of non booking of expenses during the periods prior to 01.04.2018. It will be examined and cleared by making necessary entries in the books.

It is noted that there is an excess provision of ₹214.76 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 had made provision for arrears payable in respect of LTS/pay revision due on September 2016. The company had 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 in excess of 214.76 lacs than the estimated liability in this regard.

The Company has not fully complied with the Ind AS 109 'Financial Instruments' on the term loans availed during the year which requires that loan amount shall be recognized after netting off the processing charges and interest on loan shall be recomputed on effective interest rate method. Had the Company accounted the same in compliance with Ind AS 109, the unamortized transaction cost and term loan outstanding would have been lower by ₹2.66 lacs (Refer Note #15 and #24).

Company's Reply

The above matter is noted for consideration in future.

The Company has no accounting policy for provision for warranty against the transformers sold which needs to be serviced free of cost as per the terms and conditions of the warranty. There are varied warranty periods spanning beyond 10 years, depending upon the terms agreed at the time of sale. The cost of replacement of products under warranty only are covered under insurance. The expenses incurred under warranty is being charged off to revenue in the year of expenditure. However, the Company has made provision against liability towards warranty of ₹34.23 lakhs for the period up to March 31, 2018 and no provision is being made there after. In view of the above, we are unable to comment on the adequacy of such provision in the absence of relevant details and justifiable basis thereof (Refer Note #14).

Company's Reply

The company have insurance policy to cover the cost needs to be incurred to replace the products failed during the warranty periods. However, the expenses incurred by the company to attend customer complaints during the warranty period is not covered under the above policy as such complaints may not lead to product failure. For eg. Travelling expenses, consumables or spares etc..... Such services were offered by the company on payment basis also. It is difficult to identify and segregate whether such expenses incurred for service of product under guarantee or on payment basis. So such expenses were charged to revenue in the year of expenditure. Necessary disclosures in this regard will be made in significant policies from FY 2021-22 onwards.

a. Aging of the trade receivables in the financial statements of the Company is based on the aging report of the Marketing and Customer Services Division (MCSD) of the Company based on the memorandum records. However, trade receivables as at year end as per the MCSD is higher by ₹319.35 lacs as compared to the books of account, which the Company is not able to identify and reconcile, stated to be ‘because of the limitation of the software used and the abundance of the data to be reconciled’. The said difference is taken to trade receivables outstanding for more than one year in the financial statements and the books of account without any rationale.

Company’s Reply

The MCSD reports is based on invoices issued during FY 2020-21. It does not exclude invoices reversed in the books of accounts because of non delivery of Goods at customer site. The amount so reversed in the books for FY 2020-21 is Rs.1039.12 Lakhs. When this reversal is considered the Debtors balance as per MCSD is lower by Rs.719.77 Lakhs. The Difference is on account of differential treatment of adjustments to be made with respect to deductions like TDS, retention amounts, LD, etc,. Regarding Software suitable action is being taken for updating the existing software/buying new software.

b. The Company has circularized confirmation letters to various trade receivables aggregating to ₹8,025 lakhs. Confirmations have been received for balances amounting to ₹388 lakhs only and the balance confirmed is lower by ₹63 lakhs as compared to the book balances. The Company is not able to reconcile the differences based on the confirmations and no provision has been made for the unreconciled difference.

Company’s Reply

Often customers do not provide adequate information regarding deductions which they have made from the invoices. Due to this difference is arising. Clients are being expedited to provide the details of deductions.

In view of the above, we are not in a position to ascertain the adequacy of the provision for doubtful debts, accuracy of the aging of trade receivables based on the balance as per MCSD and the correctness of the trade receivables as at year end (Refer Note #11).

Company’s Reply

Explained above

There is an unreconciled variation in input tax credit between the 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 (Refer Note #9 and #19).

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'. The reconciliation work is entrusted to R Krishna Iyer & Co., our GST consultant as a part of GST audit and this will be completed along with GST Audit.

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

The above matter is noted and shall be followed as per industrial practice.

a. The 'Deposits from contractors and others' under other financial liabilities in Note #17 of the financial statements includes ₹128.97 lacs (previous year: ₹155.08 lacs) pertaining to earnest money/ security deposit/ 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

As per the earlier practice followed by TELK for accounting of EMD received from Contractors and others and retention money, only single ledger is maintained for recording EMD received from Contractors or others and retention money. No party wise ledger is maintained for EMD/retention transactions. As a result, party wise breakup for EMD/ retention money outstanding as per, EMD-Contractors and 'retention money' ledgers on 31.03.2021 could not be fetched from Books of Accounts. However to overcome this limitation, EMD received /amount retained from 01.04.2019 onwards were posted to party wise EMD/retention money ledgers. Outstanding Balance in the EMD-Contractors/ Retention Money Ledger denotes EMD received up to 31.03.2018 and not refunded till date. This will be adjusted progressively.

b. The 'Other dues' under other financial liabilities in Note #17 of the financial statements includes ₹92.58 lacs (previous year: ₹92.58 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 the 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 as per Law.

a. The Company has not disclosed the repairs to buildings in the financial statement as required under the Act and the amount has not been quantified (Refer Note #26).

Company's Reply

The above matter is noted. Necessary re allocation is been done from FY 2021-22 onwards.

a. 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 claimed by any MSME supplier during the period under consideration.

a. We have relied on the amount payable to NTPC Limited towards managerial remuneration of deputed employees including contribution to superannuation fund of ₹133.75 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. Amount will be reconciled with NTPC as per Terms and Conditions of JV agreement

a. Property Plant and Equipment as at March 31, 2021 are stated to be physically verified by the Management and not observed by us (Refer Note # 4.a).

Company's Reply

Noted.

It is noted that while computing the operating cash flow, the following non-cash and non-operating items have not been considered in the Cash Flow Statement. See Annexure 1

The net cash flow of ₹760.45 lacs pertaining to loans repayable on demand (Refer Note # 15) has been classified under financing activities instead of under operating activities forming part of cash and cash equivalents as required under Ind AS 7- "Statement of Cash Flows".

Particulars	Rupees in lacs (addition+/ deduction-)
Provision for liquidated damages	+1,610.83(Note # 11 and 26)
Provision for corporate social responsibility	+10.33 (Note # 26)
Reversal of provision for estimated expenses	- 174.27 (Note # 17 and 20)
Profit on sale of fixed assets (Should have been under investing activities)	-12.57 (Note # 20)

Company's Reply

The above matter is noted for consideration in future.

Internal Control and its Adequacy

M/s. Elias George & Co., Chartered Accountants, Kochi conducted Internal Audit of your Company during the financial year 2020-21. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations.

Number of meetings of the Board

The Board met four times during the financial year 2020-21 viz., 01.07.2020, 24.08.2020, 23.12.2020, 25.03.2021. The composition and category of the Directors along with their attendance at Board Meetings are given below:

Name of Director	01.07.20	24.08.20	23.12.20	25.03.21
Adv. N.C. Mohanan (Non-Executive)	Present	Present	Present	Present
Shri. Prasad B (Managing Director)	Present	Present	Present	Present
Shri. Shibu A.S. (Non-Executive)	Present	Present	Present	Absent
Shri. K.K.Ramachandran (Non-Executive)	Present	Present	Present	Absent
Smt. P. Vijayakumari (Non-Executive)	Absent	Absent	Absent	Absent
Shri. Sital Kumar (Non- Executive)	Present	Present	Present	Present
Shri. C.V. Anand (Non- Executive)	Present	Present	Absent	Present
Shri. Anil Nautiyal (Non- Executive)	Present	Present	Present	Present

**Shri. C.V. Anand was appointed as director in place of Dr. P.P. Kulkarni w.e.f. 05.02.2020*

Committees of Board

Board has two Committees:

Audit Committee and Corporate Social Responsibility 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. Shiva Kumar Ram, Director
3. Nominee Director of Govt. of Kerala representing Finance Department

Corporate Social Responsibility Committee

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

1. Managing Director
2. Nominee Director of Govt. of Kerala representing Finance Department

Cost Audit

The Company with the approval of Central Government had appointed M/s. Rajendran, Mani & Varier, Cost Accountants, Kochi to audit the cost accounts related to the company's products for the year ending on 31.03.2021.

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 2020-21.

Human Resources Management

Your Company's capabilities are centered on its highly dedicated employees numbering 424 as on 31st March 2021. 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 2020-21, 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, 24 applications were received. All the aforesaid applications 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 31.03.2021

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%209%2%20Extract%20of%20Annual%20Return%20%20FY%20ended%20on%2031_03_2021.pdf?linkId=178&linkLvl1Id=21

Corporate Social Responsibility

Your Company considers 'Corporate Social Responsibility' as one of its main purpose. TELK, as a corporate citizen has done all the acts in order to stand guard for the well-being of all stakeholders as well as the general community through preservation of environment, strengthening of backward sections of the society, promotion of communities and provided fund for installation of ANPR camera inorder to ensure safety and security of the locality.

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

The Audit of the Company for FY 2019-20 was completed on 25.03.2021, and the C&AG report is dated 13.09.2021. Since the audited figures were not available during the period under review, the Company could not ascertain the CSR liability to be incurred.

Contribution to Exchequer

Your Company contributed an amount of Rs.985.09 Lakhs in the form of GST, Customs Duty, Income Tax etc. during the year 2020-21.

Significant and Material orders

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

Cautionary statement

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

Acknowledgements

Directors wish to convey their gratitude and appreciation to all Company employees for their tremendous personal efforts as well as their collective dedication and contribution to the Company's performance. Board would also like to thank Workers' Recognized Trade Unions, Officers, 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 2020-21, there was 35% decline in the production MVA compared to the previous year. Total consumption of Electric Power and Furnace Oil decreased by 16.5% and 54.6%, respectively.

(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 2020-21.

(B) Technology Absorption

(i) The efforts made towards technology absorption

- 25MVA, 21/6.9kV, 3phase Power transformer for NTPC was successfully short circuit tested at CPRI, Bangalore.
- 60% reduction in stray loss of 25 MVA, 21/6.9kV, 3phase transformer compared to earlier transformers of similar Design, could be achieved by adopting an effective method in conductor transposition.
- Development/Updation of 3D modelling in the Design workflow using Creo Parametric software (Creo 3) for the preparation of the drawings. TELK was able to submit complete customer drawings of NPC 50 MVA transformer as 3D isometric drawings for the first time. Manufacturing drawings of Tank & Outer Parts including Bill of Materials were prepared in Creo for three transformers and Creo was introduced into internal assembly drawings also.

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

- With the above test reports, TELK can give competitive quotes for transformers of similar ratings. Orders can be bagged for similar type of transformer by submitting design reviews/valid short circuit test report, without conducting short circuit test.
- Achieved Cost reduction and Market competitiveness with the improved Design. Also we could offer low loss transformers of this type as per customer requirement. Same

philosophy could be applied for transformers of other ratings/type.

- Resulted in product improvement and submission of drawings to an elevated level of customer satisfaction. Other tools such as simulations and mechanical analysis are also available which is required for confirming the adequacy of the design/parameters considered and Design Validation. This will effectively be helpful in the cost reduction of the transformer.

(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

	2020-21 (Rs. in lakhs)	2019-2020 (Rs. in lakhs)
Earnings	0	74.24
Expenditure	65.59	98.6
Net foreign exchange earnings (NFE)	-65.59	-24.36
NFE/Earnings (%)	-	-32.81

Sd/-

(Adv. P.C. Joseph)
Chairman

Annexure II

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief Outline of TELK's CSR policy

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

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

i) Preamble
ii) Commitment for CSR
iii) Guiding Principles
iv) Scope & Coverage
v) Mechanism & Process
   1. Structure
   2. Programme
   3. Fund Allocation & Expenditure
   4. Planning & Implementation
   5. Monitoring, Evaluation & Reporting

CSR Policy is placed on Company's Website:

http:www.telk.com/UserFiles/telk/file/TELK Policy for CSR.pdf

2. Composition of CSR Committee

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

1. Managing Director, TELK; and

2. Nominee Director of Govt. of Kerala representing Finance Department

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

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

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

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

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

3. Average net profit for previous three financial years

FY	PBT (Rs. in lakhs)
2017-18	744
2018-19	505
2019-20	632
Average Net Profit / (Loss)	627

4. Prescribed amount to be spend for CSR

Rs.12.54 lakhs being 2% of the average net profits.

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

The Audit of the Company was completed on 25.03.2021 and the C& AG report is dated 13.09.2021. Since the audited figures were not available during the period under review, the Company could not ascertain the CSR liability to be incurred.

6. Responsibility Statement, of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company duly signed by the Managing Director and Director (Members of CSR Committee)

The Audit of the Company was completed on 25.03.2021, and the C&AG report is dated 13.09.2021. Since the audited figures were not available during the period under review, the Company could not ascertain the CSR liability to be incurred.

Sd/-
(Shri Neeraj Mittal)
Managing Director

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, 2021, 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, 2021, the loss and total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Qualified Opinion

3(i) Short provision of tax liability

a. The Company received an order dated November 09, 2021 from the State Goods and Services Tax (GST) department demanding ₹56.29 lacs towards excise duty and ₹58.54 lacs towards interest for the period from July 2017 to October 2021 aggregating to ₹114.83 lacs on account of availing of excess input tax credit. However, as at year end, the Company has created a liability provision of ₹76.04 lacs only leaving a balance of ₹38.78 lacs unprovided without any rationale (Refer Note #18).

b. The Company determined a liability of ₹94.87 lacs towards GST, upon completion of the audit under the GST law, for the financial year 2017-18 and the said liability was paid during the financial year 2021-22. However, the Company has created a liability provision of ₹82.90 lacs only leaving a balance of ₹11.98 lacs unprovided without any rationale. Besides this, no provision has been made against the interest payable on the tax, which is not quantified (Refer Note #18).

3(ii) Physical verification of inventory and overstatement

a. The stock audit conducted by an external agency as at March 31, 2021 has reported a net shortage of ₹26.76 lacs. However, the Company has made adjustments in the stock for ₹2.28 lacs only leaving a balance of ₹24.48 lacs unadjusted, for no justifiable reasons (Refer Note # 10).

b. Inventory inter alia includes an item of scrap since March 2007, valued at ₹14.20 lacs. The Company was not able to realise the scrap value till date even after 15 years. The Company has not been able to provide any evidence to establish the realisable value of the scrap. In view of the above, the scrap should have been valued at nil (Refer Note # 10).

c. The Company has carried out physical verification of inventory of ₹2,107.64 lacs, during the year. This is out of the total inventory of ₹5,985.54 lacs which includes inventory lying with third parties of ₹22.97 lacs. In the absence of physical verification of remaining inventory (other than raw materials) of ₹3,877.90 lacs, we have relied on the inventory as per book records and the physical verification of inventory as at year end conducted by the Management, not observed by us (Refer Note # 10).

3(iii) Non provision of commission of ₹26.60 lacs

The Company has not made any provision for the liability as at year end towards selling agency commission of ₹17.87 lacs and commission on auction sale of scrap of ₹8.73 lacs which were paid during the financial year 2021-22 (Refer Note# 26).

iv. Non-write off of expenses of ₹10.28 lacs

It is noted that the Company has not written off the freight expenses of ₹10.28 lacs wrongly booked in the party's account as receivable which is outstanding for more than three years (Refer Note # 9).

v. Excess provision for salary arrears of ₹214.76 lacs

It is noted that there is an excess provision of ₹214.76 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).

vi. Non-compliance of Ind AS 109 on 'Financial Instruments'

The Company has not fully complied with the Ind AS 109 'Financial Instruments' on the term loans availed during the year which requires that loan amount shall be recognised after netting off the processing charges and interest on loan shall be recomputed on effective interest rate method. Had the Company accounted the same in compliance with Ind AS 109, the unamortised transaction cost and term loan outstanding would have been lower by ₹2.66 lacs (Refer Note #15 and #24).

vii. No accounting policy for provision for warranty

The Company has no accounting policy for provision for warranty against the transformers sold which needs to be serviced free of cost as per the terms and conditions of the warranty. There are varied warranty periods spanning beyond 10 years, depending upon the terms agreed at the time of sale. The cost of replacement of products under warranty only are covered under insurance. The expenses incurred under warranty is being charged off to revenue in the year of expenditure. However, the Company has made provision against liability towards warranty of ₹34.23 lakhs for the period up to March 31, 2018 and no provision is being made there after. In view of the above, we are unable to comment on the adequacy of such provision in the absence of relevant details and justifiable basis thereof (Refer Note #14).

viii. Trade receivables aging, provisioning and confirmation

a. Aging of the trade receivables in the financial statements of the Company is based on the aging report of the Marketing and Customer Services Division (MCSD) of the Company based on the memorandum records. However, trade receivables as at year end as per the MCSD is higher by ₹319.35 lacs as compared to the books of account, which the Company is not able to identify and reconcile stated to be 'because of the limitation of the software used and the abundance of the data to be reconciled'. The said difference is taken to trade receivables outstanding for more than one year in the financial statements and the books of account without any rationale.

b. The Company has circularized confirmation letters to various trade receivables aggregating to ₹8,025 lakhs. Confirmations have been received for balances amounting to ₹388 lakhs only and the balance confirmed is lower by ₹63 lakhs as compared to the book balances. The Company is not able to reconcile the differences based on the confirmations and no provision has been made for the unreconciled difference.

In view of the above, we are not in a position to ascertain the adequacy of the provision for doubtful debts, accuracy of the aging of trade receivables based on the balance as per MCSD and the correctness of the trade receivables as at year end (Refer Note #11).

ix. Non reconciliation of GST input tax credit and non-filing of GST annual return

There is an unreconciled variation in input tax credit between the 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 (Refer Note #9 and #19).

x. Impairment of assets

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.

xi. Absence of party wise breakup for earnest money deposit

The Company do not have the party wise breakup for earnest money deposit paid of ₹59.16 lacs (previous year: ₹59.72 lacs) as at the beginning and end of the year. In the absence of any break-up or confirmation of the outstanding balances from the parties concerned or refund of these deposits till year end, we are unable to comment on the accuracy and recoverability of these balances (Refer Note #7).

xii. Overstatement of other financial liabilities

a. The 'Deposits from contractors and others' under other financial liabilities in Note #17 of the financial statements includes ₹128.97 lacs (previous year:₹155.08 lacs) pertaining to earnest money/ security deposit/ 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.

b. The 'Other dues' under other financial liabilities in Note #17 of the financial statements includes ₹92.58 lacs (previous year: ₹92.58 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 the 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.

xiii. Miscellaneous Qualifications

a. The Company has not disclosed the repairs to buildings in the financial statement as required under the Act and the amount has not been quantified (Refer Note #26).

b. 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).

c. We have relied on the amount payable to NTPC Limited towards managerial remuneration of deputed employees including contribution to superannuation fund of ₹133.75 lacs in the absence of relevant details and confirmation in this regard (Refer Note #23).

d. Property Plant and Equipment as at March 31, 2021 are stated to be physically verified by the Management and not observed by us (Refer Note # 4.a).

xiv. Cash Flow Statement

a. It is noted that while computing the operating cash flow, the following non- cash and non-operating items have not been considered in the Cash Flow Statement.

Particulars	Rupees in lacs (addition+ / deduction -)
Provision for liquidated damages	+1,610.83(Note # 11 and 26)
Provision for corporate social responsibility	+10.33 (Note # 26)
Reversal of provision for estimated expenses	- 174.27 (Note # 17 and 20)
Profit on sale of fixed assets (Should have been under investing activities)	-12.57 (Note # 20)

The net cash flow of ₹760.45 lacs pertaining to loans repayable on demand (Refer Note # 15) has been classified under financing activities instead of under operating activities forming part of cash and cash equivalents as required under Ind AS 7- "Statement of Cash Flows".

4. We further report that:-

a) Had the quantifiable qualifications in paragraph 3(i) to (vi) above been effected, the loss for the year would have been lower by ₹91.10 lacs, balance of Retained Earning under Other Equity would have been higher by ₹91.10 lacs, current liabilities would have been lower by ₹137.40 lacs, non-current liabilities would have been lower by ₹2.66 lacs and current assets would have been lower by ₹48.96 lacs.

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

c) Had the quantifiable qualifications in paragraph 3(xiv) above been effected in the Cash Flow Statement, the cash flow from operating profit before working capital changes would have been higher by ₹1,434.32 lacs, net changes in working capital would have been lower by ₹686.44 lacs and the net cash generated by operating activities would have been higher by ₹747.88 lacs. Similarly, net cash flow from investing activities would have been higher by ₹12.57 lacs and financing activities would have been lower by ₹760.45 lacs.

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 there under 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.

Key Audit Matters

5. 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 Revenue recognition See note 2f(i) and 3g 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.	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 assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. 2.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. 3.We carried out analytical procedures on revenue recognised during the year to identify unusual variances and discussed with designated management personnel. 4.We performed substantive testing on the statistically selected samples of revenue transactions recorded during the year by testing the underlying documents. 5.We evaluated management's estimates over contract costs by performing analytical procedures on such estimates and discussed with designated management personnel. 6.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. 7. We tested provision for onerous contracts on a random sampling basis. 8.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. 9.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), 3(e) 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

Emphasis of Matter

6(i) The Company has not transferred amount unspent on account of Corporate Social Responsibility (CSR) amount of ₹25.33 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).

6(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.

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, cashflows 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, 2016 ("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. **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 except for the matters described in the Basis of Qualified Opinion paragraph.
    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 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.
    d. Except to the extent of non-compliance described in paragraphs 3 (vii) and 3 (xi) of 'Basis for Qualified opinion', 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.
    e. Being a government company, the provisions of sub section (2) of Section 164 of the Companies Act, 2013 is not applicable.
    f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure C".
    g. The matter described in the 'Basis of Qualified Opinion' paragraph above in our Opinion, may not have an adverse effect on the functioning of the Company.
    h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Basis of Qualified Opinion' paragraph above.
    i. 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:
        i. 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)).

ii. 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)).

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

17. 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.

UDIN: 22026973BFAUBE8275

Kochi
November 30, 2022

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 showing particulars including description and situation of assets.

b) As explained to us, all PPE have been stated to be physically verified by the Management during the year and are not observed by us. In the absence of proper fixed assets register, the discrepancies, if any, between the quantity as per physical verification and the records is not ascertainable. However, we have been informed that no material discrepancies were noticed on such physical verification. The physical verification procedure needs to be strengthened.

c) The title deeds of the immovable properties of the Company have not been produced for our verification and being so, we are unable to comment whether the title deeds are held in the name of the Company.

(ii) In respect of Company's inventories:

a) The Company has carried out physical verification of inventory of ₹2,107.64 lacs. This is out of the total inventory of ₹5,985.54 lacs including inventory lying with third parties of ₹22.97 lacs. In the absence of physical verification of remaining inventory of ₹3,877.90 lacs, we have relied on the inventory as per book records. Being so, we are unable to comment on the discrepancies, if any and its adjustment in the books of account. 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.

(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 covered in the Register maintained under Section 189 of the Act and hence clauses (iii) (a), (b) and (c) 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, 2021 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, 2021 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	203.33	Commissioner of Income Tax (Appeals), National Appeal Centre, Delhi
Employee State Insurance Act, 1948	ESI dues	Year 2000-01	3.33	High Court of Kerala

(viii) 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.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). 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.

(x) 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.

(xi) As per notification number GSR 463(E) dated June 05, 2015 by the Ministry of Corporate Affairs, Government of India, section 197 of the Act is not applicable to government companies. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(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) 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) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(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) 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) of paragraph 3 of the Order is not applicable to the Company.

UDIN: 22026973BFAUBE8275

Kochi

November 30, 2022

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

AUDIT REPORT ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021 AS PER DIRECTIONS OF COMPTROLLER AND AUDIT GENERAL OF INDIA UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

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 and aging of receivables are 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.

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

   The Company has received ₹3 crores as loan in government treasury savings bank account for Vapour Phase Drying (VPD) plant project during the period under audit. However, during the year, ₹2.90 crores were taken back by the Government. Balance ₹10 lacs is lying in the bank account.

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 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 of ₹2,107.64 lacs out of the total inventory of ₹5,985.54 lacs including inventory lying with third parties of ₹22.97 lacs. The shortage identified during the audit was adjusted to material consumed as stated in the significant accounting policy. 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, utilization of plant and machinery (2390 MVA) as compared to installed capacity (4500 MVA) is 53.11% (previous year – 82.30%)

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.

<u>Other</u>

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

   During the year, ₹3 crores was provided by Government of Kerala as loan for VPD project. Out of which, ₹2.90 crores were taken back by the Government. Balance ₹10 lakhs is lying in treasury savings bank account.

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 and aging of receivables are 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.

UDIN: 22026973BFAUBE8275

Kochi

November 30, 2022

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, 2021 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, 2021:

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. Absence of proper ageing of trade receivables.

viii. 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.

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

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

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

xii. Non-compliance with Ind AS 109 on 'Financial Instruments', Ind AS 36 on 'Impairment of assets' and Ind AS 7 on 'Statement of cash flows'.

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, 2021, 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, 2021 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.

Kochi

November 30, 2022

UDIN: 22026973BFAUBE8275

Transformers and Electricals Kerala Limited
Angamally South PO, Ernakulam District, Kerala.
Balance Sheet
Rupees(₹) in lakhs, unless otherwise stated

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4a	1,219.70	1,330.93
Capital work-in-progress	4b	5.97	1.15
Other intangible assets	5	5.56	8.88
Financial assets			
(i) Investments	6	0.70	0.70
(ii) Loans	7	99.04	99.55
(iii) Other financial assets	8	128.65	106.40
Other non-current assets	9	-	-
Deferred tax assets(Net)	27	2,176.92	1,386.96
Other non-current assets		-	-
Total non-current assets		**3,636.54**	**2,934.58**
Current assets			
Inventories	10	5,985.54	6,339.20
Financial assets			
(i) Investments	6	-	-
(i) Trade receivables	11	7,825.73	7,541.77
(ii) Cash and cash equivalents	12.a	25.67	24.80
(iii) Bank balances other than Cash and Cash equivalent	12.b	681.12	547.26
(v) Loans	7	-	-
(iv) Other financial assets	8	0.54	0.81
Other current assets	9	797.40	389.12
Total current assets		**15,316.00**	**14,842.96**
Total assets		**18,952.54**	**17,777.52**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13a	4,296.96	4,296.96
Other equity	13b	2,801.56	4,869.01
Total equity		**7,098.52**	**9,165.97**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	15	828.61	-
(ii) Other financial liabilities	16	-	-
Provisions	14	1,648.10	879.77

Other non-current liabilities	18	-	-
Total non-current liabilities		**2,476.72**	**879.77**
Current liabilities			
Financial liabilities			
(i) Borrowings	15	2,621.97	1,861.52
(ii) Trade payables	16	2,000.08	1,314.93
(iii) Other financial liabilities	17	1,081.09	1,402.78
Other current liabilities	18	1,276.44	1,025.40
Provisions	14	2,397.72	2,127.18
Total current liabilities		**9,377.30**	**7,731.81**
Total liabilities		**11,854.02**	**8,611.58**
Total equity and liabilities		**18,952.54**	**17,777.52**

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

For and on behalf of the Board of Directors

(Bipin Satya)
Managing Director

(Joffy George)
Company Secretary

(P.C. Joseph)
Chairman

(Ajith Kumar. V)
Chief Financial Officer

As per our report of even date

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

CA Babu A Kallivayalil B.com FCA
Partner (M. No.026973)

Place: Angamally
Date : 20/07/2022

Transformers and Electricals Kerala Limited
Angamally South PO, Ernakulam District, Kerala.
Statement of Profit & Loss
Rupees(₹) in lakhs, unless otherwise stated

Particulars	Note	For the period ended 31 March 2021	31 March 2020
Revenue			
Revenue from operations	19	14,648.35	20,313.34
Other income	20	389.01	356.04
Total income		**15,037.36**	**20,669.38**
Expenses			
Cost of Material Consumed	21	9,809.72	11,420.39
Changes in inventories of finished goods and work in progress	22	52.21	1,391.21
Employee benefits expense	23	5,494.22	5,074.51
Finance costs	24	578.22	559.19
Depreciation and amortization expense	25	125.69	130.50
Other expenses	26	1,997.96	1,461.44
Total expenses		**18,058.02**	**20,037.28**
Profit/(Loss) before income tax and exceptional items		**(3,020.66)**	**632.11**
Exceptional items		**-**	**-**
Profit/(Loss) before income tax		**(3,020.66)**	**632.11**
Tax expense			
Current tax	27	-	(174.00)
Deferred tax	27	(744.54)	172.27
Total tax expenses		**(744.54)**	**(1.73)**
Profit/(Loss) for the year		**(2,276.12)**	**633.83**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurements of defined benefit liability	32	163.27	(151.54)
Income tax effect	27	45.42	42.16
Total other comprehensive income/(loss) for the year, net of income tax		**208.69**	**(109.38)**
Total comprehensive income/(loss) for the year		**(2,067.43)**	**524.45**
Earnings per share			
Basic and diluted earnings per equity share (in INR)	30	(5.30)	1.48

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

For and on behalf of the Board of Directors

(Bipin Satya)
Managing Director

(P.C. Joseph)
Chairman

(Joffy George)
Company Secretary

(Ajith Kumar. V)
Chief Financial Officer

Place: Angamally
Date : 20/07/2022

As per our report of even date

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

CA Babu A Kallivayalil B.com FCA
Partner (M. No.026973)

Transformers and Electricals Kerala Limited
Angamally South PO, Ernakulam District, Kerala.
Cash flows statement
Rupees(₹) in lakhs, unless otherwise stated

Particulars	As at 31 March 2021	As at 31 March 2020
Cash flows from operating activities		
Profit / (Loss) before tax for the year	(3,020.66)	632.11
Profit from discontinuing operations		
Net Profit before tax		
Adjustments for:		
Depreciation and amortisation	125.69	130.50
Intangible/Fixed assets written off		-
Bad trade receivables written off		
Bad loans and advances written off		-
Provision for doubtful trade receivables	(739.72)	(76.51)
Bad debts recovered		-
Provision for diminution in investment/(written back)		-
Diminution in investment in subsidiaries / (written back)		-
Investment written off		-
Share issue expenses		-
Loss on sale of assets (net)		-
Finance cost	341.04	390.84
Dividend income		(0.11)
Interest income	(83.48)	(93.18)
Profit on sale of investment		-
Dividend income	-	(0.11)
(Profit)/Loss on Sale of Asset(net)		-
Gold brought to books by crediting miscellaneous income		-
Impairment value of gold with bank		-
Operating profit before working capital changes	**(3,377.13)**	**983.65**
Changes in working capital		
(Increase)/decrease in trade receivables, loans and advances and other assets	26.02	(159.19)
(Increase)/decrease in inventories	353.65	1,660.61
Increase/(decrease) in trade payables, other payables and provisions	1,862.08	(2,047.48)
(Increase)/decrease in bank balances other than cash & cash Equivalents	(133.86)	(72.66)
Net change in working capital	**2,107.88**	**(618.73)**
Cash generated by operations	**(1,269.25)**	**364.92**
Direct taxes (paid)/Refund	(45.42)	131.84
Net cash generated by operating activities	**(1,314.67)**	**496.75**

Cash flows from investing activities			
Purchase of PPE and Capital WIP		(15.96)	(44.46)
Interest received		83.48	93.18
Net gain / (losses) on financial instruments measured at fair value through profit or loss		-	-
Dividend Income		-	0.11
Sale of Fixed Asset			-
Net cash generated by investing activities		**67.52**	**48.83**
Cash flows from financing activities			
Proceeds/(repayment) from borrowings (net)	1,589.05		(177.20)
Interest Paid	(341.04)		(390.84)
Dividend paid			
Dividend distribution tax paid			
Net cash generated from financing activities	**1,248.01**		**(568.04)**
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)	**0.87**		**(22.46)**
Cash and cash equivalents at the beginning of the year	24.80		47.26
Included on amalgamation			
Cash and cash equivalents at the end of the year Note No.12.a*	**25.67**		**24.80**

* Excludes Margin Money retained by bank against Bank Guarantees & other specific purpose bank balances
The accompanying notes from 1 to 33 are an integral part of these financial statements

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

(Bipin Satya)
Managing Director

(P.C. Joseph)
Chairman

(Joffy George)
Company Secretary

(Ajith Kumar. V)
Chief Financial Officer

Place: Angamally
Date : 20/07/2022

As per our report of even date

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

CA Babu A Kallivayalil B.com FCA
Partner (M. No.026973)

Transformers and Electricals Kerala Limited
Angamally South PO, Ernakulam District, Kerala.
Statement of Changes in Equity
Rupees(₹) in lakhs, unless otherwise stated

(A) Equity share capital	For the Period ended 31 March 2021		For the Period ended 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the period	429.67	4,296.74	429.67	4,296.74
Forfeited Shares	-	0.22	-	0.22
Total at the beginning of the period	429.67	4,296.96	429.67	4,296.96
Changes in Equity Share Capital during the period	-	-	-	-
Balance at the end of the reporting period	**429.67**	**4,296.96**	**429.67**	**4,296.96**

(B) Other equity

Particulars	Reserves and surplus			Items of other comprehensive income	Total
	Capital Reserve	General Reserve	Retained Earnings	Remeasure-ments of the net defined benefit plans, net of tax	
Balance at as 31 March 2020	**1,619.60**	**5,085.00**	**(1,691.44)**	**(144.16)**	**4,868.99**
Profit/(Loss) for the year	-	-	(2,276.12)	-	**(2,276.12)**
Other comprehensive income/(loss) for the year	-	-	-	208.69	**208.69**
Total comprehensive income/(loss) for the year	**-**	**-**	**(2,276.12)**	**208.69**	**(2,067.43)**
Contributions by and distributions to owners					
Dividend	-	-	-	-	-
Dividend distribution Tax	-	-	-	-	-
Total contributions from and distributions to owners	-	-	-	-	-
Balance as at 31 March 2021	**1,619.60**	**5,085.00**	**(3,967.56)**	**64.53**	**2,801.56**

For and on behalf of the Board of Directors

(Bipin Satya)
Managing Director

(P.C. Joseph)
Chairman

(Joffy George)
Company Secretary

(Ajith Kumar. V)
Chief Financial Officer

Place: Angamally
Date : 20/07/2022

As per our report of even date

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

CA Babu A Kallivayalil B.com FCA
Partner (M. No.026973)

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.

These stand-alone financial statements were authorised for issue by the Board of Directors on 20/07/2022.

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non -current

(f) Use of estimates and management judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in 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 recognised 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 and accumulated impairment losses.

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

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

When parts of an item of property, plant and equipment have different useful lives, they are 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 recognised net within 'other income' in the statement of profit or loss.

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

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are 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 recognised 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 derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

The Company follows the method of charging depreciation as per the Companies Act, 2013. Depreciation is charged as per the useful life and the residual value prescribed under Schedule II of the Companies Act, 2013 as amended by Notification No. GSR 627 (E) dated 29th August 2014 and all subsequent Notifications / Amendments. 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

Changes in the method of Depreciation in year 2020-21:

Till the last year the practice of the company for providing extra shift depreciation was to charge 50% of Normal depreciation additionally if the assets were used in more than one shift irrespective of number of extra shifts. But in this year it seems more appropriate to charge 50% of normal depreciation additionally for each extra shift. It has resulted an increase in depreciation by Rs.1.34 Lakhs and decrease in profit by Rs. 1.34/-Lakhs.

(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. 92.76 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 2021 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 which ever is lower as per IND AS 2.

Changes in the method of Valuation of Inventories in year 2020-21:

Till last year the practice of the Company for estimating the net realizable value (NRV) for valuation of Work In Progress was to adjust the estimated selling price in proportion to the percentage of work completion. But in this year, for better compliance of IND AS 2 - it seems more appropriate, to take the estimated selling price less estimated cost of completion and estimated cost necessary to make the sale as Net Realizable Value. It has resulted a decrease of Inventory value by Rs.66.55 Lakhs and profit by Rs. 66.55/-Lakhs

Impact of Change in method of valuation of Inventories in the Profit & Loss Statement:

Description	Work In Progress (Rs: In Lakhs)	Finished Goods (Rs: In Lakhs)	Finished Goods in Transit (Rs: In Lakhs)	Materials In Shop (Rs: In Lakhs)	Total (Rs: In Lakhs)
Following new method of Work In Progress valuation (Net Realisable value)is the estimate selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale)	2654.16	0	0	0	2654.16
Following old Method (Method Till Last Year) (Net realisable value as selling price adjusted in proportion to the percentage of work completion)	2720.71	0	0	0	2720.71
Difference (Reduction in profit)	66.55	0.00	0.00	0.00	66.55

(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. C& AG auditors in their final comment certificate for the financial year 2020-21 stated that the company has not made provision for Liquidated Damages and directed to frame a policy for treatment of Liquidated Damages in the books of accounts. In response to their comment in this regard, during the year, the company have provided specific provision of Rs.1677.92 for liquidated damages 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.1772.75 Lakhs for the year. Out of which Rs.1677.92 were specifically provided for Liquidated Damages and balance is retained in Provision for Bad and Doubtful Debts.

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

(ii) 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.

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

The Company's corporate assets do not generate separate cash inflows. If there is an indication that corporate asset may be impaired, then the recoverable amount is determined for the

CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

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

(k) Segment reporting

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

(l) Government Grants

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

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 - ie, 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 adhoc provision of 15 Lakhs in the year 2019-2020 for the first time. During the period the company has made a provision of Rs.10.33 Lakhs for CSR activities.

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

(q) Covid 19 Impact

As Covid 19 pandemic have a significant impact on almost all entities in the world and in consonance with Guidance Note issued in this regards by the Institute of Chartered Accountants of India (ICAI), the related risk has been assessed.

These Financial statements are prepared on the assumption that the Company is a going concern and will continue its operation for the foreseeable future. Management of the company is in the process of assessing the impact of COVID-19 and has no doubts in the company's ability to continue as a going concern. Further the Company has no intention to either liquidate or to cease operations in the foreseeable future.

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Property, plant and equipment
Reconciliation of carrying amount

4a.

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
Balance as on 31 March 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	13.85
Deletions				(2.93)									(2.93)
Balance as on 31 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**	**1,903.93**
Particulars	**Land**	**Land Development**	**Building**	**Plant And Machinery**	**Elect. Installations**	**Office Equipments**	**Furniture & Fixtures**	**Canteen & Dormitory Furniture & Utensils**	**Water Systems**	**Air Conditioners**	**Motor Vehicle**	**Computer Hardware**	**Total**
Accumulated depreciation **Balance as on 31 March 2020**	**-**	**1.69**	**130.06**	**303.68**	**0.57**	**5.21**	**12.48**	**6.13**	**6.94**	**69.20**	**0.91**	**25.23**	**562.07**
Depreciation for the year		0.34	25.81	68.03	0.34	1.17	1.98	-	1.38	17.06	-	6.06	122.14
Accumulated depreciation on deletions													-
Balance as on 31 March 2021	**-**	**2.03**	**155.87**	**371.71**	**0.91**	**6.38**	**14.46**	**6.13**	**8.32**	**86.26**	**0.91**	**31.29**	**684.21**
Carrying amount, net	**Land**	**Land Development**	**Building**	**Plant And Machinery**	**Elect. Installations**	**Office Equipments**	**Furniture & Fixtures**	**Canteen & Dormitory Furniture & Utensils**	**Water Systems**	**Air Conditioners**	**Motor Vehicle**	**Computer Hardware**	**Total**
As on 31 March 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	**1,330.93**
As on 31 March 2021	5.82	24.58	719.21	413.95	5.83	10.89	8.33	1.59	11.67	6.86	1.01	9.95	**1,219.70**

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

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4b.

Capital Work In Progress	Current Year	Previous Year
As at 31st March 20	1.15	1.15
As at 31st March 21	5.97	1.15

5. **Intangible assets**
Reconciliation of carrying amount

Particulars	Computer Software	Total
Balance as on 31 March 2020	**25.99**	**25.99**
Additions	0.23	0.23
Balance as on 31 March 2021	**26.22**	**26.22**

Particulars	Computer Software	Total
Amortisation for the year	3.39	3.39
Balance as on 31 March 2020	**17.11**	**17.11**
Amortisation for the year	3.55	3.55
Balance as on 31 March 2021	**20.66**	**20.66**

Carrying amount, net	Computer Software	Total
As on 31 March 2020	8.88	8.88
As on 31 March 2021	5.56	5.56

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

6.

Investments	As at 31 March 2021	As at 31 March 2020
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**

*Telk Employees Multipurpose Co-operative Society Ltd is a controlled special purpose entity in whom investment have been made for 450 "B" Class shares of Rs.100 each for total value of Rs.45000/-. All Shares are fully paidup.

**Telk Employees Canteen Co-operative Society Ltd is a controlled special purpose entity in whom investment have been made for 250 "B" Class shares of Rs.100 each for total value of Rs.25000/-. All Shares are fully paidup.

7.

Loans	As at 31 March 2021	As at 31 March 2020
Non - Current - Unsecured considered good		
Security Deposits and Earnest Money Deposit	99.04	99.55
Total	**99.04**	**99.55**
Current - Unsecured considered good		
Short term Loans & Advances		
Earnest Money Deposit		
Total	-	-

8.

Other financial assets	As at 31 March 2021	As at 31 March 2020
Non-current		
Bank deposits (due to mature after 12 months from the reporting date)**	116.72	94.46
2.25% Long Term Government Gold Deposit with SBI*	11.94	11.94
Total	**128.65**	**106.40**
Current		
Interest accrued on Gold Deposits with SBI	0.54	0.81
Total	**0.54**	**0.81**

*Earlier TELK had the practice of giving Gold Coins as Memento to employees as token of appreciation for timely achievement of production targets. The balance of those Gold Coins after distribution to eligible employees were kept in safe custody of the company. During 2016-17 company brought to the books this gold by crediting Miscellaneous Income; and the company handed over to State Bank of India 442.6 Grams of Gold in the form of 80 Gold Coins of different weights ranging from 1 Gram to 8 Grams with the intention of depositing the Gold with State Bank of India under R- GDS scheme of Reserve Bank of India. The deposit is a medium term government deposit with interest rate of 2.25% p.a. As per the RBI- Master Direction No. DBR.IBD.No.45/23.67.003/2015-16 the Gold so deposited needs to be treated as item in safe custody by the designated bank till the deposit is made effective. The deposit has been made effective from 1st April 2017 by State Bank of India for Rs.1193506/- and the consequential gain (due to reversal of impairment loss accounted last year) 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.

**Bank deposits include restricted bank balances having unelapsed tenure of more than 12 months of INR 116.72 Lakhs (previous year: INR 94.46 Lakhs). The restrictions are primarily on account of bank balances held as lien against bank guarantees.

9.

Other assets	As at 31 March 2021	As at 31 March 2020
Current		
Advances other than Capital Advances		
Employee advances	37.57	29.39
Advances to Suppliers and Contractors	110.45	40.86
Other advances & Prepaid Expenses	380.04	50.09
Balance with government authorities	269.33	268.78
Total	**797.40**	**389.12**

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10.

Inventories	As at 31 March 2021	As at 31 March 2020
Raw Materials	2,107.64	2,335.87
Work In Progress	2,784.11	1,661.76
Finished Goods	31.70	513.54
Finished Goods in Transit	990.12	1,682.85
Scrap	49.00	34.80
Stock of Materials with Fabricators	22.97	110.39
Total	**5,985.54**	**6,339.20**

(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. 92.76 Lakhs is not separately disclosed in Profit or Loss Statement rather included in raw material Consumed.

(2) During the Physical verification of inventory of raw materials, difference is identified between the physical stock and the book stock. The physical stock is less than the book stock by Rs.2.28 Lakhs. Since the amount is immaterial when compared to total stock movements, separate disclosure is not made in this regard but included in the raw material consumed.

(3) 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 2021 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 which ever is lower as per IND AS 2.

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

(5) Changes in the method of valuation of inventories in year 2020-21

Till last year the practice of the Company for estimating the net realizable value (NRV) for valuation of Work In Progress was to adjust the estimated selling price in proportion to the percentage of work completion. But in this year, for better compliance of IND AS 2 - it seems more appropriate, to take the estimated selling price less estimated cost of completion and estimated cost necessary to make the sale as Net Realizable Value. It has resulted a decrease of Inventory value by Rs.66.55 Lakhs and profit by Rs. 66.55/-Lakhs (Refer Note 3(C) on Significant accouting policies)

11.

Trade receivables	As at 31 March 2021	As at 31 March 2020
Unsecured,		
-Considered good	7,825.74	7,541.77
-Considered doubtful	1,772.75	901.64
	9,598.49	8,443.41
Less: Provision for Bad & Doubtful Debts	(94.83)	(834.55)
Less : Provision for LD	(1,677.92)	(67.09)
Total	**7,825.73**	**7,541.77**

Allowance for Doubtful trade Recievables

Particulars	As at 31 March 2021	As at 31 March 2020
Provision at the Beginning of the Year	901.64	978.15
Provision released during the year		76.51
Provision made durig the year	871.11	
Provision at the end of the Year	1,772.75	901.64

(i) Trade receivables outstanding as on 31st March 2021 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. Out of those Debtors covered by LC, some debtors need to be categorised as covered under LC as per the terms of Purchase Order but not opened as on 31st March 2021. As per the terms of the Purchase Order issued by the customers, the last installment payment against invoices are payable only at the time of completion of the erection, testing & commissioning which normally will be at a later stage of the project & will takes several months for completion. However there is minimal risk in any of those installments as this is agreed by the customers by signing the purchase order that LCs will be opened as and when the installments will become due for payment after completion of the erection, testing and commissioning.Hence in respect of those debts of Rs.2888.76 Lakhs the company has not made provision for Bad Debts under ECL computation.

(ii) C& AG auditors in their final comment certificate for the financial year 2020-21 stated that the company has not made provision for Liquidated Damages and directed to frame a policy for treatment of Liquidated Damages in the books of accounts. In response to their comment in this regard, during the year, the company have provided specific provision of Rs.1677.92 for liquidated damages which were not written off and included in trade recievables since 01.04.2012 as per records available in the company.Provision for Bad and Doubtful Debts under ECL method comes to Rs.1772.75 Lakhs for the year.Out of which Rs.1677.92 were specificaly provided for Liquidated Damages and balance is retained in Provision for Bad and Doubtful Debts. As result provision for Bad and Doubtful debts is decreased by Rs.739.72 Lakhs and additional provision Rs.1610.83 Lakhs were made for Liquidated Damages during the period.

(iii) Out of the total 'Trade recievables' of Rs.9598.49 Lakhs, Rs.2730.88 lakhs were outstanding for more than 6 months.

		As at 31 March 2021	As at 31 March 2020
12a.	**Balances with banks :**		
	In current accounts	0.98	1.08
	In deposit accounts	24.69	23.72
		25.67	**24.80**

*The deposits with bank comprise time deposits, which can be withdrawn at any time without prior notice and without any penalty on the principal and accordingly considered as cash and cash equivalents for cash flow purposes. Since margin money deposits amounting to INR 783.22 Lakhs (March 31, 2020: INR 637.11 Lakhs) given as collateral against the bank guarantees are not readily convertible as Cash so long as Bank Guaratees are live, they are excluded from Cash and Cash equivalents and included in Bank balances other than Cash and Cash equivalents under Note 12.b.

	Bank balances other than Cash and Cash equivalent	As at 31 March 2021	As at 31 March 2020
12b.	**Deposits with original maturity of more than 3 months**		
	Margin Money Deposits	783.22	637.11
	Other Deposits - KIRFB*	4.62	4.62
	Treasury PSTSB Account for VPD Loan**	10.00	
	Less: Bank Balances with original maturity of more than 12 months dislclosed under other non- current assets	(116.72)	(94.46)
		681.12	**547.26**

* 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.4.62 Lakhs.

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

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	Equity share capital	As at 31 March 2021		As at 31 March 2020	
13a.		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**

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	429.67	4,296.74	429.67	4,296.74
Issued during the year	-	-	-	-
Outstanding at the end of the year	**429.67**	**4,296.74**	**429.67**	**4,296.74**

(ii) Terms and rights attached to equity shares

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

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

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of Re. 10 each fully paid up				
Honourable Governor of Kerala	234.44	54.56%	234.44	54.56%
NTPC LTD	191.63	44.60%	191.63	44.60%
Total number of shares holding more than 5%	**426.08**	**99.16%**	**426.08**	**99.16%**
Add: Others (Non- Controlling Interest &individually holding less than 5%)	3.59	0.84%	3.59	0.84%
Total equity shares	**429.67**	**100%**	**429.67**	**100%**

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13b.

Other Equity	As at 31 March 2021	As at 31 March 2020
Capital Reserve	1,619.60	1,619.60
General Reserve	5,085.00	5,085.00
Retained Earnings	(3,967.56)	(1,691.43)
Other reserves (Other Comprehensive Income)	64.53	(144.16)
Total	**2,801.57**	**4,869.01**

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(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	(1,691.45)	(2,325.26)
	Add: Profit/(loss) for the year as per Statement of Profit and Loss	(2,276.12)	633.83
	Closing balance	(3,967.56)	(1,691.43)
(iv)	**Other Reserves**		
	Opening balance	(144.16)	(34.78)
	Remeasurement of post-employment benefit obligation, net of tax	208.69	(109.38)
	Closing balance	**64.53**	**(144.16)**

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

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

Other Reserves

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

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14.

Provisions	As at 31 March 2021	As at 31 March 2020
Non-current		
Provision for employee benefits:		
Provsion for Gratuity	749.38	453.39
Provsion for Leave Encashment	898.73	139.76
Provsion for sick leave		286.62
	1,648.10	879.77
Current		
Provision for employee benefits:		
Provision for employee benefits:		
Provision for sick leave		28.12
Others		
Provision for materials to be issued	183.84	180.25
Provision for warranty	34.23	34.23
Provision for Central Excise Deposit	3.27	3.27
Provision for Income tax	(213.97)	(156.54)
Provision for Wage Revision	2,365.02	2,022.85
Provision for CSR	25.33	15.00
	2,397.72	**2,127.18**
Total	**4,045.83**	**3,006.95**

Movement of Provision for Warranty	As at 31.03.2021	As at 31.03.2020
Opening Balance	34.23	34.23
Add: Additions		
Less: Usage/Write off		
Less: Withdrawal /adjustments		-
Closing Balance	34.23	34.23
Movement of Provision for Income Tax	**As at 31.03.2021**	**As at 31.03.2020**
Opening Balance	(156.55)	191.45
Add: Additions		
Less: Usage/Write off	(57.43)	(174.00)
Less: Withdrawal /adjustments		(174.00)
Closing Balance	(213.97)	(156.55)
Movement of Provision for Wage & DA Revision	**As at 31.03.2021**	**As at 31.03.2020**
Opening Balance	2,022.85	1,464.65
Add: Additions	469.47	558.20
Less: Usage/Write off	(127.29)	-
Less: Withdrawal /adjustments		-
Closing Balance	2,365.02	2,022.85

The company have provided a provision of Rs.2022.85Lakhs upto 31.03.2020. During the year the company provided Rs.44 lakhs 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. During the year the company have disbursed Rs.127.29 Lakhs towards salary arrears in respect of 2016-21 long term settlement agreement with workers.During the period the company have provided Rs.425.48 lakhs for DA Arrears payable for the period from 01.01.2019 to 31.03.2021

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15.

Borrowings	As at 31 March 2021	As at 31 March 2020
Loans repayable on demand		
From bank (secured)		
Cash Credit	1,475.05	1,539.44
Bill Discounted	931.18	322.08
Other Working Capital Loans	2,621.97	1,861.52
Non Current Borrowings		
Loan from Government for VPD Project	10.00	
Other Working Capital Loans	818.61	
	828.61	
Total	**3,450.58**	**1,861.52**

i) Cash Credit and Clean Bill discounted and working Capital Term Loans under Covid 19 Emergemcy Credit Line and Guaranteed Emergency Credit Line from Banks amounting to INR 3450.58 Lakhs (31st March 2020: INR 1861.52Lakhs) 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 clean bill discounting facility carries interest rate ranging from 8% p.a to 10% p.a. For bill discounting through bank, the repayment period ranges from 90 days to 120 days and cash credit gets 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) During the year the company have received Rs.300 Lakhs in PSTSB A/c with Sub Treasury Angamally from the State Government as a Loan for proposed VPD Plant project. Out of which Rs.290 Lakhs were taken back by the State Government on 31.03.2021. The balance of Rs. 10 Lakhs is lying in the PSTSB A/C

iii) There are no defaults in repayment of principal or interest to lenders as at the balance sheet date.

iv) Major factors for increase in Borrowings are:

a) The manpower shortages and the delay in supply of materials due to Covid 19 pandemic has resulted in lengthy production cycle. As a result of lengthy production cycle, significant amount of working capital was blocked in the 'work in progress'

b) During the first three quarters of FY- 2020-21, TELK had recorded low production and sales. As a result, revenue from operations reduced significantly during that period. However, TELK was in need of working capital to meet its fixed expenses.

c) As far as the material procurement is concerned, advance payment or LC were required for supply of high value items. But as far as the sales is concerned, there was a significant time gap between the date of invoice and date of receipt of sale proceeds in case of non LC invoices. Advance payments (ranging from 5-10% of the transformer value) were received only in few cases. A portion of the invoice amount was often retained by customer either on account of LD or other reasons. Besides, steep increase in raw material prices is a major cause for increase in borrowings.

16.

Trade Payables	As at 31 March 2021	As at 31 March 2020
Dues to Micro, Small and Medium Enterprises	1,280.33	151.07
Other payables	719.75	1,163.86
Total	**2,000.08**	**1,314.93**

17.

Other Financial liabilities	As at 31 March 2021	As at 31 March 2020
Others		
Deposits from Contractors and Others	221.20	194.32
Other Payables/dues		
-Employess dues *	531.47	706.92
-Other dues **	328.41	501.54
Total	**1,081.09**	**1,402.78**

* Provision made for Salary arrears for 2011-16 agreement with workers and pay revision of officers is found to be in exess by Rs. 7922876/-. Out of which Rs.4038272 have been written off in the last year. The Balance (Rs.3884604/-) was written off during the period.

** 50% of Old balance (Carry Forwarded from FY 2016-17) in Accounts Payable ledger, Rs.12570583/- was wriiten off during the period. The balance was already written off in the last year.

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18.

Other Current liabilites	As at 31 March 2021	As at 31 March 2020
Other advances		
Advances from Customers and Others	215.88	117.35
Others		
Statutory Liabilities	1,060.56	908.05
Total	**1,276.44**	**1,025.40**

(i) Statutory Liabilities includes liability in respect of unreconciled CENVAT Credit to the extend of Rs.76.04 Lakhs. An assessment was already initiated by the assessing authority on the basis of the findings of verification conducted by central excise inspectors regarding cenvat credit availed through RG23A and Tran 1. The unreconciled CENVAT Credit will be regularised on the basis of the conclusions of this Assessment.

19.

Revenue from operations*	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of Products (A)	13,703.45	19,484.36
Sales of Services (B)	269.68	243.90
Other Operating Income		
Sale of Scrap	394.17	238.60
Freight & Insurance**	281.05	346.49
Total Other Operating Income (C)	**675.23**	**585.08**
Total revenue from operations (A+B+C)	**14,648.35**	**20,313.34**

* Refer additional disclosures related to IND AS 115 in Page 27

** Freight income & expenses shown separately after the implementation of GST.

20.

Other income	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income	83.48	93.18
Dividend income	-	0.11
Reversal of estimated expenses /indirect taxes provisions*	174.27	195.09
Profit / (Loss) from exchange fluctuations	0.91	10.40
Profit on sale of Fixed Assets	12.57	-
Miscellaneous income**	117.78	57.25
Total	**389.01**	**356.04**

* Refer disclosures under Note 17

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

21.

Cost of Material Consumed	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening Stock of raw material	2,481.06	2,750.47
Add: Purchases of raw materials	9,159.88	10,794.58
Add: Provision for materials to be issued	183.84	180.25
Add: Stores and Spares Consumed	164.55	176.16
Less: Closing Stock*	(2,179.61)	(2,481.06)
Total	**9,809.72**	**11,420.39**

* Refer disclosures (1) and (2) under Note 10 and Note 3(C) on Significant Accounting Policies

Total Material Cost ('Material consumed' and 'the changes in the stock of WIP and FG' together) was decreased by 23%, when there was 27% decrease in the revenue from operations. The price of the materials has increased during the period. 'The escalation claims against the price increase of components' relating to certain transformers invoiced in the current year is not able to invoice in the current year itself. So, the revenue may be booked in subsequent years only. The price of other materials which were not qualified for 'the price escalation claims' also increased. These may be the reason for not decreasing the total material cost in parity with decrease in the revenue from operations.

22.

Changes in inventories of Finished goods and work in progress	For the year ended 31 March 2021	For the year ended 31 March 2020
Finished Goods*		
Opening stock	513.54	500.93
In - Transit *	1,682.85	2,850.59
Closing stock	31.70	513.54
In - Transit	990.12	1,682.85
Change in inventory(A)	**1,174.57**	**1,155.13**
Work in Progress*		
Opening stock	1,661.76	1,897.83
Closing stock*	2,784.11	1,661.76
Change in inventory(B)	**(1,122.35)**	**236.07**
Total(A+B-C)	**52.21**	**1,391.21**

* Refer disclosures (5) under Note 10 and Note 3(C) on Significant Accounting Policies

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23.

Employee benefits expenses	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	3,985.98	4,022.89
Remuneration to MD	66.51	63.42
Contribution to provident fund	279.91	274.41
Contribution to other funds	10.99	12.71
Gratuity	653.95	145.33
Staff welfare expenses	496.87	555.75
Total	**5,494.22**	**5,074.51**

i) The agreement with Workers & proposal for officers pay revision for 2016- 21 (duly approved by the Board of Directors) got approval From Government of Kerala. - GO 69/2020/ID dated 23.07.2020 and GO 54/2021/ID dated 20.02.2021.The company have provided a provision of Rs.2022.85Lakhs upto 31.03.2020. During the year the company provided Rs.44 lakhs 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. During the year the company have disbursed Rs.127.29 Lakhs towards salary arrears in respect of 2016-21 long term settlement agreement with workers. iii) During the period the company have provided Rs.425.48 lakhs for DA Arrears payable for the period from 01.01.2019 to 31.03.2021.iv)Remuneration to MD is booked as per information given by NTPC Ltd from time to time.

Disclosure - Revenue from contracts with customers - Ind AS - 115

Ministry of Corporate affairs(MCA) has notified new Ind AS - Revenue from contract with customers from 1st April, 2018. The new Ind AS replaces existing revenue recognition standard Ind AS -11 (Construction Contracts) and Ind AS 18 (Revenue).

Disaggregation of revenue from contracts with customers

Particulars	Within India	Outside India
2020-21		
Revenue From m Customers		
Timing of Revenue Recognition		
(a) At a point in time (Product/Sales)	14648.35	0.00
(b) Over time	0	0
2019-20		
Revenue From m Customers		
Timing of Revenue Recognition		
(a) At a point in time (Product/Sales)	20313.34	74.24
(b) Over time	0	0
Particulars	**2020-21**	**2019-20**
KSEB Ltd	4306.69	3672.65
GE T&D Limited	2073.34	3685.57
Megha Engineering and Infrastructures Limited	2901.97	7151.14
Techno Eelctric and Engineering Co Ltd	1201.00	0.00
Siemens Ltd	1100.00	2590.00
Others	3065.35	3288.22

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24.

Finance Cost	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Interest		
On Cash Credit	179.24	229.20
On Bill Discounted & Others	161.80	161.64
	341.04	390.84
Other Borrowing Cost		
Guarantee commission & Other Charges	237.18	168.35
Total	**578.22**	**559.19**

The finance cost for the year has marked an increase of 3.5% when compared to the previous year. When compared to the significant increase in the borrowings in the year, finance cost was not increased proportionately. This could be on account of relatively low cost of funds.

25.

Depreciation and amortisation expense	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Depreciation of property, plant and equipment	122.14	127.02
Amortisation of intangible assets	3.55	3.48
Total	125.69	130.50

26.

Other Expenses	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Factory Expenses	112.95	183.34
Power and Fuel	273.18	341.01
Freight Outwards & Weightment Charges*	269.66	375.23
Repairs & Maintenance:		
Buildings	-	-
Plant and Machinery	9.08	9.40
Others**	224.19	248.32
Rates and Taxes	5.54	32.22
Travelling & conveyance	21.14	47.41
Printing and Stationary	6.97	6.57
Postage and Telephones	7.14	10.28
Auditors' Remuneration	3.88	3.40
Directors' Sitting Fee	0.018	0.05
Honararium to Chairman	2.40	2.40
Legal and Professional Charges***	80.89	103.29
Miscellaneous expenses	9.47	15.08
Selling expenses and Commission	40.90	47.20
Liquidated Damages on Sales****	1,610.83	-
Insurance Charges	15.98	16.06
Erection Expenses of Transformers	32.49	75.51
Advertisement & Publicity	0.65	6.23
Provision for bad and doubtful debts****	(739.72)	(76.51)
Provision for CSR	10.33	15.00
Total	**1,997.96**	**1461.47**

* Please refer disclosures under Note 19

** Includes payment towards labour outsourced

*** Professional Charges includes Cost Audit Fees & Internal Audit Fees

**** Please refer disclosures under Note 11

Auditors' Remuneration

Particular	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
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**

Rupees(₹) in lakhs, unless otherwise stated

27. Tax expense

A. Amounts recognised in statement of profit and loss

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax (a)		
Current period	-	(174.00)
Less: Tax Refund (Set off made to the extent of excess provision available in the books)*	-	-
	-	**(174.00)**
Deferred tax (b)		
Attributable to -		
Origination and reversal of temporary differences	(744.54)	172.27
	(744.54)	172.27
Tax expense for the year (a) + (b)	**(744.54)**	**(1.73)**
(ii) Amounts recognised in other comprehensive income		
Current Income Taxes		
In respect of the current period	-	-
Deferred Taxes		
In respect of the current period	(45.42)	(42.16)
Total	**(789.97)**	**(43.89)**

B. Amounts recognised in other comprehensive income

	31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax
Remeasurements of the defined benefit plans	163.27	45.42	208.69
	163.27	**45.42**	**208.69**

	31 March 2020		
	Before tax	Tax (expense) benefit	Net of tax
Remeasurements of the defined benefit plans	(151.54)	42.16	(109.38)
	(151.54)	**42.16**	**(109.38)**

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 2021	31 March 2020
Profit before tax	**(3,020.66)**	**632.11**
Tax using the Company's domestic tax rate	27.82%	27.82%
	-	175.85
Effect of:		
Deferred tax	(789.96)	130.12
Difference in rate considered for MAT and books	-	(70.34)
Impact of adjustments from book profit to taxable Income		
Adjustments in MAT not considered in book profit	-	(279.51)
(To Match with available credit as per ITR AY 2020-21)	-	-
Less: Utilization of excess provision / Tax Refund	-	-
Income tax expense	**(789.97)**	**(43.89)**

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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 2021	31 March 2021	31 March 2021
Property, plant and equipment	(683.35)	-	(683.35)
Provisions for gratuity	-	425.49	425.49
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	-	-	-
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 Interest payable on Excise Duty for Price Variations in 2015-16	-	0.00	0.00
Provision for Bad and Doubtful Debts-2015-16	-	878.27	878.27
Warranty	-	6.14	6.14
MAT Credit	-	218.21	218.21
Net deferred tax (assets) liabilities	(683.35)	2,860.27	2,176.92

	Deferred tax assets	Deferred tax (liabilities)	Net deferred tax asset (liabilities)
	31 March 2021	31 March 2021	31 March 2021
PProperty, plant and equipment	(574.80)	-	(574.80)
Provisions for gratuity	-	252.30	252.30
Provision for sick leave	-	101.35	101.35
Provision for leave encashment	-	61.32	61.32
PF Payable		15.83	15.83
Sales tax provisions	-	5.76	5.76
Service tax provisions	-	-	-
Excise Duty	-	-	-
Disallowance on account of 40(a)(ia) payments	-	1.01	1.01
Bonus And Festival allowance	-	35.54	35.54
Loss/Depreciation carried forward as per Return	-	647.05	647.05
Provision for Interest payable on Excise Duty for Price Variations in 2015-16	-	0.00	0.00
Provision for Bad and Doubtful Debts-2015-16	-	617.26	617.26
Warranty	-	6.14	6.14
MAT Credit	-	218.21	218.21
Fair value of Investment in gold coins	-	-	-
Net deferred tax (assets) liabilities	**(574.80)**	**1,961.76**	**1,386.96**

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27. Tax expense (continued)

E. Movement in temporary differences

	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	425.49
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 Interest payable on Excise Duty for Price Variations in 2015-16	0.00	-	-	0.00
Provision for Bad and Doubtful Debts	617.26	261.01	-	878.27
Warranty	6.14	-	-	6.14
MAT Credit	218.21	-	-	218.21
	1,386.96	**744.54**	**45.42**	**2,176.92**

Notes forming part of the financial statements **(Rupees in 000s)**

	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	(463.49)	(111.31)	-	(574.80)
Provisions for gratuity	189.73	20.41	42.16	252.30
Provision for sick leave	96.77	4.58		101.35
Provision for leave encashment	14.86	46.46	-	61.32
PF Payable	4.47	11.36	-	15.83
Sales tax provisions	10.41	(4.65)	-	5.76
Service tax provisions	9.07	(9.07)	-	-
Excise Duty	-	-	-	-
Disallowance on account of 40(a)(ia) payments	1.01	-	-	1.01
Bonus And Festival allowance	35.82	(0.28)	-	35.54
Loss/Depreciation carried forward as per Return	573.46	73.59	-	647.05
Provision for Interest payable on Excise Duty for Price Variation in 2015-16	8.07	(8.07)	-	0.00
Provision for Bad and Doubtful Debts-2015-16	638.55	(21.29)	-	617.26
Warranty	6.14	-	-	6.14
MAT Credit	392.20	(174.00)	-	218.21
	1,517.08	**(172.27)**	**42.16**	**1,386.96**

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

Particulars	31 March 2021	31 March 2020
(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) Bank Guarantee	7,427.32	6,523.39
(iii) Corporate Guarantee	1,865.97	2,244.87
(II) Commitments:		
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	-	
Total	**9,499.96**	**8,974.93**

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

29. Dues to micro and small suppliers

Particulars	31 March 2021	31 March 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year	1,280.33	151.07
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Total	**1,280.33**	**151.07**

Sl No.	Particulars - MSME Dues	As at 31.03.2021	As at 31.03.2020
1	Principal Amount remaining unpaid.to MSMES	1,280.33	151.07
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.	-	-

Rupees(₹) in lakhs, unless otherwise stated

30. Earnings per share (EPS)

Basic earning per share:

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

Diluted earning per share:

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

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

Particulars	As at 31 March 2021	As at 31 March 2020
Profit/(Loss) After Tax attributable to the owners of the equity	(2,276.12)	633.83
Weighted average number of ordinary shares outstanding	429.67	429.67
Basic and diluted earnings per share	(5.30)	1.48

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31. **Related party transactions**

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

Key Management Personnel

Prasad Bhaskaran Nair (MD) from 09/01/2016 Upto 31/07/2021
Joffy George, Company Secretary from 11/07/2007
Ajith Kumar V(CFO) from 24/08/2020

Directors

Nellampurath Chellappan Nair Mohanan (Resigned on 26/05/2021)	Chairman & Nominee Director
Ramachandran Karaingadan Kumaran (Resigned on 01/05/2021)	Nominee Director
Shibu Subaidabeevi Abdul Rasheed	Nominee Director
Sital Kumar	Nominee Director
Anil Nautiyal	Nominee Director
C.V.Anand	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
Malabar Cements Limited
Kerala Minerals and Metals Limited
KELTRON (Kerala State Electrnocs Development Corporation Limited)
Kerala Books & Publication Society

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

Transactions with related parties are as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(i) Entities with joint control and significant influence over the entity (NTPC LTD)		
- Sale of goods	1,583.53	34.62
- Sale of services	708.22	18.54
- Outstanding balances - Receivable	1,036.69	317.75
(ii) Entities under the control of the same government		
(a) Kerala State Electricity Board Ltd		
- Sale of goods and services	5,054.37	4,274.65
- Electricity Charges	296.73	302.78
(b) The Travancore Cochin Chemicals Limited		
- Purchase of goods	0.23	1.74
(c) Malabar Cements Ltd		
- Sales of goods and services		0.71
(d) Kerala Minerals and Metals Limited		
- Sales of goods and services		0.34
-Out standing Balances recievable		0.68
(e)Kerala State Electrnocs Development Corporation Limited		
-Purchase of Goods	6.28	11.07
(f) Kerala Books and Publication Society		
-Purchase of Goods		0.55
(iii) Compensation to Key Mangement Personnel		
- Short term employee benefits	92.21	114.97
- Post employment benefits	16.07	22.40
- Reimbursement of Travelling expenses	0.12	0.35
(iv) Other payments to Related Parties		
- Honararium to Chairman	2.40	2.40
- Sitting fees to Nominee Directors	0.02	0.05
- Reimbursement of Travelling expenses	0.08	0.15

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 279.91 Lakhs (Previous year: INR 274.41 Lakhs)

(ii) Defined benefit plan:

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

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

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	Gratuity	**Gratuity**
Expense recognised in the Statement of Profit and Loss:		
Service cost	624.63	112.57
Net interest expenses	123.49	127.54
Expected return on plan asset	94.17	94.78
Component of defined benefit costs recognised in the Statement of Profit and Loss	**653.95**	**145.33**
Remeasurement on the net defined benefit liability:		
Actuarial gain arising from change in demographic assumptions	-	-
Actuarial loss arising from changes in financial assumptions	18.70	117.86
Actuarial loss arising from changes in experience adjustments	(181.97)	33.68
Components of defined benefit costs recognised in Other Comprehensive income	**(163.27)**	**151.54**
Total	**490.68**	**296.87**

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

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

Particulars	As at 31 March 2021	As at 31 March 2020
	Gratuity	**Gratuity**
Present value of defined benefit obligation	**749.38**	**453.39**
Net liability arising defined benefit obligations recognised in the Balance Sheet	**749.38**	**453.39**

Reconciliation of present value of the defined benefit obligation	As at 31 March 2021	As at 31 March 2020
	Gratuity	**Gratuity**
Opening defined benefit obligation	1,929.51	1,771.37
Service cost	624.63	112.57
Interest cost	123.49	127.54
Benefits paid	(196.08)	(222.40)
Remeasurement loss (gain):	-	-
Actuarial loss (gain) arising from	-	-
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising from changes in financial assumptions	18.70	117.86
Actuarial loss/(gain) arising from changes in experience adjustments	(173.57)	22.57
Closing defined benefit obligation	**2,326.68**	**1,929.51**

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Reconciliation of changes in the fair value of plan assets	As at 31 March 2021	As at 31 March 2020
	Gratuity	Gratuity
Opening fair value of plan assets	1,476.12	1,239.81
Expected return on plan assets	94.17	94.78
Contributions from the employer	194.69	375.04
Benefits paid	(196.08)	(222.40)
Remeasurement loss (gain):		
Return on Plan Assets (excluding amounts incuded in net interest expenses)	8.40	(11.11)
Closing fair value of plan assets	**1,577.30**	**1,476.12**

Actual return on plan assets is 102.57 lakhs (previous year 83.67 lakhs)

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

Actuarial assumptions	As at 31 March 2021	As at 31 March 2020
	Gratuity	Gratuity
Financial assumption:		
Discount rate	6.40%	7.20%
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 2021		31 March 2020	
	Discounting rate			
	100 basis point		100 basis point	
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	(167.71)	194.61	(136.75)	157.04

Rupees(₹) in lakhs, unless otherwise stated

33. Financial instruments

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

Particulars	Note	Carrying value	
		31 March 2021	31 March 2020
Financial assets			
Measured at amortised cost			
Trade receivables	11	7,825.73	7,541.77
Cash and cash equivalents	12.a	25.67	24.80
Bank balances other than Cash and Cash equivalent	12.b	681.12	547.26
Loans	7	99.04	99.55
Other financial assets	8	129.19	107.21
Measured at fair value through profit and loss (FVTPL)			
Investment in Shares of Co-operative societies	**6**	**0.70**	**0.70**
Total financial assets		**8,761.45**	**8,321.29**
Financial liabilities			
Measured at amortised cost			
Borrowings	15	3,450.58	1,861.52
Trade payables	16	2,000.08	1,314.93
Other financial liabilities	17	1,081.09	1,402.78
Total financial liabilities		**6,531.75**	**4,579.23**

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 2021, 31 March 2020

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**

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2020:

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

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

Transformers and Electricals Kerala Limited

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Notes to the financial statements for the year ended 31 March 2021

Rupees(₹) in lakhs, unless otherwise stated

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.

- 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 Financial instruments (continued)

Credit risk

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

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

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

Particulars	31-03-21	31-03-20
Outstanding for more than 6 months	4,007.17	2,981.39
Others	5,591.32	5,462.03
Total:	**9,598.49**	**8,443.42**

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 2021, the Company had a working capital of INR 5938.69Lakhs, including cash and cash equivalents of INR 25.67 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020.

Particulars	As at 31 March 2021			
	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	2,000.08	-	-	2,000.08
Other financial liabilities	1,081.09	-	-	1,081.09

33.5 Liquidity risk (continued)

Particulars	As at 31 March 2020			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings	1,861.52	-	-	1,861.52
Trade payables	1,314.93	-	-	1,314.93
Other financial liabilities	1,402.77	-	-	1,402.77

During the year (FY 2020-21) TELK have availed two working capital term loans under Covid 19 Emergency credit guarantee schemes'. These loans are repayable in instalments over a period of 2-4 years. The amount required for meeting the instalments which were due in each year were disclosed in the appropriate fields. There were no such loans in the previous year (FY 2019-20) which were repayable in instalments.

33.6 Market Risk

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

Currency risk

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

Foreign Currency	As at 31 March 2021		As at 31 March 2020	
	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)
	Rs. in Million	USD In Million	Rs. in Million	USD In Million
Suppliers	(0.46)	(0.006)	(0.30)	(0.004)
Customers	(2.97)	(0.04)	(2.98)	(0.04)

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.

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Notes to the financial statements for the year ended 31 March 2021
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Fixed-rate instruments	31-03-21	31-03-20
Financial assets		
-Margin money deposit	783.22	637.11
Total	**783.22**	**637.11**
Variable-rate instruments		
Financial liabilities		
-Borrowings from bank	3,450.58	1,861.52
Total	**3,450.58**	**1,861.52**

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-21		
Variable-rate instruments	(12.93)	12.93
	(12.93)	**12.93**
31-Mar-20		
Variable-rate instruments	(14.80)	14.80
	(14.80)	**14.80**

Capital Management

33.8 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 2021	31 March 2020
Debt	3,450.58	1,861.52
Less: Cash and cash equivalents	25.67	24.80
Less: Bank balances other than cash and cash equivalent	681.12	547.26
Less: Other non-current financial assets - Bank deposit	128.65	106.40
Net Debt	2,615.15	1,183.06
Total Equity	7,098.52	9,165.97
Gearing ratio	**0.37**	**0.13**

For and on behalf of the Board of Directors

(Bipin Satya)
Managing Director

(Joffy George)
Company Secretary

(P.C. Joseph)
Chairman

(Ajith Kumar. V)
Chief Financial Officer

As per our report of even date

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

CA Babu A Kallivayalil B.com FCA
Partner (M. No.026973)

Place: Angamally
Date : 20/07/2022

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, ANGAMALI FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of **Transformers and Electricals Kerala Limited, Angamali** for the year ended **31 March 2021** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated **30 November 2022.**

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, Angamali** for the year ended **31 March 2021** under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

A. COMMENTS ON FINANCIAL POSITION

Balance sheet as at 31 March 2021
Equity and Liabilities
Liabilities
Current liabilities
Provisions ₹2397.72 lakh (Note 14)

This is understated by ₹55.96 lakh due to non creation of provision for customs duty and interest payable due to non fulfillment of export obligation arose on account of import of Capacitive Impulse Voltage Divider in April 2011. This has resulted in corresponding understatement of loss for the year.

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

DR. BIJU JACOB
PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II), KERALA

Thiruvananthapuram
Dated: 14.02.2023

Reply to the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956, on the Accounts of Transformers and Electricals Kerala Limited, Angamally for the year ended 31st March 2021

	Comments of C&AG	Company's Reply
A.	**Comments on Profitability**	
	Statement of P&L	
	Revenue from operations	
	Freight & Insurance – Rs.346.49 lakh	
1	This is understated by Rs. 55.96 lakh due to non-creation of provision for customs duty and interest payable due to non-fulfilment of export obligation arose on account of import of Capacitive Impulse Voltage Divider in April 2011. This has resulted in corresponding understatement of loss for the year.	The company had already made payment of the duty with interest in FY 21-22 .