Transformers and Electricals Kerala Limited

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

56th ANNUAL REPORT
Year Ended 31st March 2019

TELK

Board of Directors

Shri. Sital Kumar : Director

Shri. Anil Nautiyal : Director

Shri. Shibu A.S. : Director

Shri. Prasad B. : Managing Director

Statutory Auditors:

M/s. George, John & Prabhu

Bankers

State Bank of India

South Indian Bank Limited

Company Secretary

Dr. Joffy George

Chief Financial Officer

Shri. Ajith Kumar V

Registered Office:

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

Registrar & Share Transfer Agent

Integrated Registry Management
Services Private Limited
Kences Towers, T Nagar
Chennai – 600 017
Ph. 044 28140801
E-mail: kalyan@integratedindia.in

Shareholders' Helpdesk
Telephone: 0484 - 2510251
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 56th Annual Report on the business and operations of the company along with the audited financial Statements for the Financial Year ended 31st March 2019.

Business Overview & Performance

Indian Transformer Industry has been facing the various challenges of availability of adequate quantity of raw material, testing facilities and skilled manpower. Issues like high input cost due to exchange rate, crude price, and working capital management for MSME sector continue to be the hurdles in the sector.

Important event has been the issuance of Tariff Regulations 2019, effective from 1st April 2019 for a five-year period by Hon'ble Central Electricity Regulatory Commission (CERC). Government has also launched a scheme; Security Constrained Economic Dispatch (SCED) on pilot basis with the objective of reducing cost of power. These are forward looking regulations and capture the need of the sector through various provisions. These regulations coupled with the pilot rollout of SCED scheme will lead to more efficiency and optimal use of resources.

Company made a Profit Before Tax of Rs.505 Lakhs during the year 2018-19 as against Rs. 744 Lakhs during the FY 2017-18. Operational revenue increased from Rs.15,616 Lakhs of 2017-18 to Rs.20,447 Lakhs in 2018-19. Despite these improvement in Total Income, the PBT got decreased mainly due to significant increase in total expenses from Rs.15,469 Lakhs to Rs.20,587 lakhs.

Financial Results

(Rs. In Lakhs)

Particulars	2018-19	2017-18
Revenue from operations	20447	15616
Other Income	645	597
Total Income	**21092**	**16213**
Expenses:		
Cost of material consumed	11469	14496
Changes in inventories of finished goods and work in progress	1411	(5843)
Excise duty on Sales expenses	-	237
Employee benefits Expense	4922	5498
Finance costs	634	581
Depreciation & amortization expenses	132	131
Other Expenses	2019	369
Total Expenses	**20587**	**15469**
Profit or Loss before Income Tax and Exceptional Items	**505**	**744**
Total Tax expenses	120	480
Profit / (Loss) for the year	**385**	**264**
Total other comprehensive income / (loss) for the year	12	28
Total comprehensive income / (loss) for the year	**397**	**292**

Dividend

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

Directors

The following inductions and retirements took place in the Board of Directors:

Shri.C.V. Anand, RED (WR-1) & RED (South), NTPC was appointed as a Director on the Board of Directors on 05.02.2020 in place of Dr. P.P. Kulkarni, RED (South) who ceased to be Director w.e.f. 31.01.2020 on account of superannuation from the service of NTPC Limited.

Board of Directors place on record their gratitude and appreciation for the guidance and the valuable services rendered by Dr. P.P. Kulkarni.

Key Managerial Personnel

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

Directors' Responsibility Statement

The Directors confirm that:

(a) in the preparation of the annual accounts for the Financial Year ended 31st March 2019, the Indian Accounting Standards (Ind AS) have been followed along with proper explanation relating to material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;

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

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

Transfer to Reserves

Company has not transferred any amount to reserves in the year 2018-19.

Fixed Deposits

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Particulars of loans, guarantees or investments

During the year under review there were no loans, guarantees or investments falling under the purview of section 186 of the Companies Act, 2013.

Events occurring after the Balance sheet date

There were no material changes and commitments affecting the financial position of the company between the end of the financial year of the company to which the financial statements relate and the date of the report.

Auditors and Auditors' Report

M/s. George, John & Prabhu, Chartered Accountants, Ernakulam were appointed as Statutory Auditors of the Company for the year 2018-19. The Company has received a Certificate from them that their appointment, is within the limits and that they are not disqualified for such an appointment under the Companies Act, 2013.

Qualification made by the Statutory Auditors on the Annual Accounts of the Company for the year ended 31st March 2019 and Company's reply is given below:

Qualification in the Report of the Statutory Auditors

Qualified Opinion

2. As per Para 8 of Ind AS7 "Cash flow statement", notified under section 133 of the Companies Act "Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents." The Company has disclosed the bank overdraft under Note 15 "Borrowings" and not under Cash and Cash Equivalents.

3. Company has not provided for interest payable to MSME's for delay in payment, as envisaged under the MSMED Act, 2006. As the details regarding delay in each case are not readily available, the interest amount cannot be quantified at this stage.

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

4. (i) During the year 2017-18, Company had availed excess CENVAT Credit of Rs.76.04 lakhs. The Company is yet to reconcile the CENVAT Credit availed with the records [Refer note no. 18].

(ii) During the year 2017-18, Company had availed excess IGST Credit of Rs.70.67 lakhs and excess SGST Credit of Rs.6.16 lakhs. The Company is yet to reconcile the IGST account and the SGST account with the records. [Refer note no. 18].

(iii) The Company has not yet reconciled the GST accounts relating to 2017-18 and GST Audit relating to 2017-18 is yet to be conducted.

Hence, the impact of "(i) and (ii)" in the Financial Statements as on 31/03/2019 cannot be quantified at this stage.

5. Inventories *inter alia* includes an item of scrap valued at Rs.14.20 lakhs since March 2007. We are of the opinion that since the material is scrap and is very old, it should not be valued.

Considering the point 4 above, we are of the opinion that Profit before tax is overstated by Rs.14.20 lakhs and the inventories are overstated by Rs.14.20 lakhs.

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

2. Para 8 of the Ind AS 7 explains that Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents.

However, it further explains that a characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.

But based on the understanding by the company both the banks from where the company availed the CC limits shall not permit to fluctuate the bank balance from positive to overdrawn status without any restriction.

So company may be of the opinion that the current treatment is fair enough to comply the IND AS 7 requirements.

3.This may take special attention from 2019-20 financials onwards.

4.During 2017-18, due to some technical reasons it become inevitable to change the software used to maintain Books of Accounts of the company from the outdated FoxPro based software to advanced and user friendly software on an urgent basis. On such situation Tally ERP 9 is the best choice as it is very familiar to staff and more user friendly. In the Old System, it was not possible to book Input Tax Credit availed on Purchases and other input Services at time When Purchases or Expenses were recorded in books. Therefore, total amount (inclusive of tax) of a purchase or input service bill was debited to purchase Account or respective expense accounts in case of input services. The total Input tax paid on Purchases or any other input services during a period were arrived on the basis of physical copies of invoices made available for this purpose. Later Whatever Input Tax is claimed in Periodic Statutory Returns is incorporated in the books of accounts by Debiting Input Tax Ledgers and Crediting Purchase Accounts or Expenses Ledgers as the case may be. But from 2017-18, When Tally is used to record transactions, Purchases and expenses were booked net of input tax. The Input Tax availed in respect of Central Excise and Service Tax was debited to Cenvat Credit account. From 1st July 2017 onwards with introduction of GST, Input Tax availed in respect of IGST, CGST and SGST were recorded in respective ITC ledgers. However, the input tax figures for return purpose were arrived on the basis of physical invoice made available for this purpose as done in earlier years. Due to some technical reasons and certain circumstances existing at that time, periodical reconciliation of Input Tax Figures as per accounts and arrived on the basis of physical invoice for Submitting Periodic Statutory Returns as explained earlier could not be done.

At the time of Finalization and Audit it was found that the ITC available as per Input Tax Ledgers and ITC availed in returns on the basis of copies of physical invoices have some reconciliation issues. The Figures in returns were quite higher than Balances in certain input ledgers such as CENVAT Credit, IGST on Inward Supply & SGST on Inward Supply. However, it was necessary to incorporate ITC utilized in returns against tax liability by Crediting respective Input Tax Ledgers and Debiting respective Output tax ledgers. While doing it, since the debit balance in the Input ledgers such as CENVAT Credit, IGST on Inward Supply and SGST on Inward Supply were lower than what is utilized in returns, the balance in these accounts turns to be credit. Such Credit balance simply denotes excess utilization of Input Tax Credit. It was illustrated below:

(Figures in Lakhs)

Ledgers	Debit Balance as per Ledger before passing ITC utilisation Entries	Total amount to be Credited (ITC utilised in returns)	Balance (Cr.)
CENVAT Credit	634.50	710.54	76.04
IGST on Inward Supply	2089.66	2160.33	70.67
SGST on Inward Supply	101.55	107.71	6.16

During the statutory audit it was decided that such differences to be reconciled and to be treated in accordance with the respective statues in the light of opinion of GST Auditor. The GST Audit of 2017-18 is going on and may be concluded by the end of this month. From April 2018 onwards Input Tax credit figures for return purpose were arrived on the basis of balances in the respective Input Tax Ledgers in Books of Accounts and therefore such issue may not arise in future.

5. Need to obtain technical advise about the usage as well as future marketability of these scrapped items and may write down if necessary.

Qualification in the Report of the Statutory Auditors

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

Qualified Opinion

1. The Company has not obtained confirmation of balances in respect of Trade receivables,Advances to Suppliers and Contractors, Balance with Government Authorities and Loans as on 31st March 2019.
2. The Company has obtained a statement from the third party indicating the details of materials held by them. Except for this, there are no other records relating to materials lying with third parties.
3. a. Physical verification of materials (owned by the Company) lying with fabricators as on 31st March 2019 has not been done.

   b. Physical verification of fixed assets has not been done during 2018-19.

   c. Physical verification of the Finished Goods, Work in Progress and Scrap as on 31st March 2019 has not been done.
4. Authentication of vouchers and approval thereon (except for bank vouchers) by the superior officer is not available in almost all cases.
5. The break up details regarding Earnest Money Deposit from Contractors, Security Deposit from Contractors, Retention Money and Accounts payable are not available.
6. In several of the Fixed Assets, Code Nos. are not seen affixed on those assets. The Asset Codes are also not incorporated in the Fixed Asset register. Hence the fixed assets cannot be linked to the respective details in the Fixed Assets register.
7. GST Input Tax Credit account, GST payable account and CENVAT credit

accounts as on 31/03/2018 are still not yet reconciled with the records of the Company. Refer Note No. 18 of the Financial Statements.

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

1. We have on materiality basis submitted to Customers, Suppliers, Contractors, etc to provide the confirmation in year 2018-19 also. From next year onwards we may adopt more comprehensive approach to obtain the same.
2. The statement was provided by the third party management to the company's C&M Department. Company will check with the third party about the availability of additional documents/ details / records that can be furnished to confirm the material lying with them.
3. These matters will be taken up with the relevant departments to find out the ways to resolve this issue in future.
4. Our bill processing is handled by a separate bills section having an officer in charge and further got verified through the internal audit section. The company may explore for additional internal control system to address this matter in future.
5. This matter may be looked into and resolved for future years.
6. This matter will be highlighted to the concerned departments to take necessary action.
7. Refer for qualificatory remarks No: 4 of the independent auditors report above.

Internal Control and its Adequacy

M/s. Elias George & Co. Chartered Accountants, Kochi conducted Internal Audit of your Company during the financial year 2018-19. The Company's internal control systems commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and provide reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensure compliance of corporate policies.

Number of meetings of the Board

The Board met four times during the financial year 2018-19 viz., 19.07.2018, 16.11.2018, 08.02.2019, 28.03.2019. The maximum interval between two meetings did not exceed 120 days as prescribed in the Companies Act, 2013.The composition and category of the Directors along with their attendance at Board Meetings are given below:

Name of Director	19.07.18	16.11.18	08.02.19	28.03.19
Adv. N. C. Mohanan (Non-Executive)	Present	Present	Present	Present
Shri. Prasad B (Managing Director)	Present	Present	Present	Present
Shri. A.K. Gupta (Non-Executive)	Absent	Absent	NA*	NA*
Shri.Mammen J (Non-Executive)	NA**	Present	Present	Present
Shri. K.K.Ramachandran (Non-Executive)	Present	Present	Present	Absent
Smt. P. Vijayakumari (Non-Executive)	Present	Absent	Present	Absent
Shri. Prasanth M (Non-Executive))	Absent	Absent	NA*	NA*
Shri. P.K. Mohapatra (Non- Executive)	Present	Absent	Absent	Absent
Shri. Sudhir Arya (Non- Executive)	Present	NA*	NA*	NA*
Shri. Shibu A.S. (Non- Executive)	NA*	NA*	Present	Absent
Shri. D.K. Dubey (Non- Executive)	NA*	NA*	Present	Absent

**Shri. Shibu AS was appointed as Director in place of Shri. Prasanth M w.e.f. 05.12.2018.*
**Shri. Mammen. J was appointed as Director in place of Shri. Sudhir Arya w.e.f. 10.08.2018*
**Shri. D.K Dubey was appointed as Director in place of Shri. A.K. Gupta w.e.f 20.12.2018*

Committees of Board

Board has two Committees:

Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

Stakeholders Relationship Committee

Stakeholders Relationship Committee of the Board oversees redressal of shareholder and investor grievances, and, *inter alia*, approves sub-division / consolidation / issue of duplicate share certificates, transmission of shares and transfer of shares.

Composition of the Committee (2018-19):

Non-Executive Chairman
Nominee Director of Government of Kerala
Managing Director

Corporate Social Responsibility Committee

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

1. Non-Executive Chairman
2. Managing Director
3. Independent Director

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

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

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

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

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

Cost Audit

The Company with the approval of Central Government had appointed M/s. Rajendran, Mani & Varier, Cost Accountants, Kochi to audit the cost accounts related to the company's products for the year ending on 31.03.2019.

SS Compliance

The Company has complied with the applicable Secretarial Standards.

Particulars of Employees

There were no employees who were in receipt of remuneration within the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence, the particulars as required to be disclosed under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are 'NIL'.

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

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of women at workplace in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment.No complaint of sexual harassment was received by the ICC during the year 2018-19.

Human Resources Management

Your Company's capabilities are centered on its highly dedicated employees numbering 458 as on 31st March 2019.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.A committed Safety Committee is functioning in the Company and it deals with all matters concerning Health, Safety and Environment and arrives at practical solutions to problems encountered.

NABL Accreditation

At TELK, quality checks are mandatory at each phase of production. TELK's Testing Department is equipped with a multitude of sophisticated testing equipments apart from NABL accreditation for Company's Transformer Testing Lab. Every product of TELK goes through stringent quality tests before reaching the customer. Being one of the first Indo-Japanese ventures in the Country, TELK has imbibed 'Total Quality' concepts in its culture.

Corporate Governance

Your company follows the best corporate governance practices founded on the principle of transparency, in the interest of all stakeholders. The Board of Directors of the company is at the core of our corporate governance practice. The Board of Directors of the Company comprises of Chairman, Managing Director, and Directors. Except the Managing Director, all other Directors are non-executive Directors. During the Financial Year 2018-19, 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, 25 applications were received. All the aforesaid applications and appeals were disposed off by the authorized authority within the stipulated time frame.

Risk Management

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

Related Party Transactions

All Related Party Transactions entered during the year were in the Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134 (3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under section 134 (3) (m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 is appended as Annexure I to Board's Report.

Certification

A Certificate duly signed by Shri. Prasad B., Managing Director and Shri. Ajith Kumar V., CFO is given as Annexure-II to this Report.

Investor Education and Protection Fund (IEPF)

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

Extract of Annual Return as on 31.03.2019

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:

http://www.telk.com/UserFiles/telk/file/MGT9-31-03-2019.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 so on.

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

Contribution to Exchequer

Your Company contributed an amount of Rs. 848 lakhs in the form of GST, Customs Duty, Income Tax etc.during the year 2018-19.

Significant and Material orders

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

Business Environment & Opportunities

Business opportunities in transmission and distribution sector are expected to improve with Government of India's plan to add substation capacity of 2,92,000 MVA during 2017-2022. High capacity corridors for bulk transmission of power over long distances are being planned and executed on Tariff Based Competitive Bidding (TBCB) in tandem with Government schemes for strengthening of power distribution sector to meet the "Power for All" objective of Government of India.

Cautionary statement

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

Acknowledgements

Directors wish to convey their gratitude and appreciation to all Company employees for their tremendous personal efforts as well as their collective dedication and contribution to the Company's performance. Board would also like to thank Workers' Recognized Trade Unions, Officers, shareholders, customers, dealers, suppliers, bankers, Central and State Governments and all other business associates for their continued support extended to the Company and the Management. Directors also thank the Comptroller & Auditor

General of India and all well-wishers for their encouragement and support.

Board gratefully acknowledges the valuable and timely advices, guidance and support received from time to time from the Government of Kerala and NTPC Limited. Directors also acknowledge the services of Statutory Auditors, Cost Auditors and Internal Auditors. Directors express their gratitude to various Institutions and Agencies for their continued support.

For and on behalf of
the Board of Directors
of TELK

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

Trivandrum
Dated: 25.03.2021

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 2018-19, there was 28.83% increase in the production MVA compared to the previous year. Total consumption of Electric Power and Furnace Oil decreased by 0.88% and 9.17%, respectively. Total cost of Furnace Oil and Electricity decreased by 1.3%. Average Electricity consumption per MVA decreased by 23.07%. Expenses on power & fuel in terms of quantity (MVA) of production was less than that of the previous year. This brought a savings of Rs.113 lakhs.

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

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

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

We are exploring possibilities of using solar energy wherever possible.

(iii) the capital investment on energy conservation equipments

No capital investment was made by the Company on energy conservation equipments in 2018-19.

(B) Technology Absorption

(i) The efforts made towards technology absorption

- New design for KPCL 250MVA Generator transformer was done for replacing the existing transformers of two different makes (ie single transformer suitable to TELK make and CGL make), with a new one, having much more stringent specifications and within the constraint of space availability as that of the existing transformers. Design was optimized to use the same tank of existing TELK make transformer.
- Improved design methods was adopted in the design/drawing of Imperial 12.5 and CIAL 40 MVA transformers to reduce the partial discharge level of Delta connected winding transformers. This improvement could be achieved after careful study by simulating different conditions in the ‘VIT’ software. The transformers were found partial discharge free during testing.
- New vendor (CTR) was developed for supply of On Load Tap Changer and this OLTC was used for 315MVA,400kV Auto transformer for APTRANSCO. New vendor (Easun MR) has been developed for supply of Nitrogen Injection Fire Prevention and Extinguition system for transformer and it was used in120MVA and 25MVA,400kV transformer supplied to TSTRANSCO.
- Various transformers suitable for different type of line termination (oil-oil,oil-SF6,oil-air) were designed/developed with minor modifications between them for supply to TRANSGRID project at variuos substations of KSEB. TRANSGRID is KSEB’s prestigious

project that will strengthen the transmission and distribution system of electricity and bring down transmission losses in the State

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

- Resulted in reduction of Engineering drawing cycle time. Same philosophy could be applied for transformers of other ratings/type.
- Resulted in product improvement and same design philosophy can be adapted for transformer of similar nature, in future without adding cost on this improvement.
- Effected in tough competition in the market thereby reducing the price. OLTC and NIFPS being high value items, reduction in price plays an important role in the overall price of the transformer.
- Same design philosophy can be adapted for transformer of similar nature, for future projects, suiting any type of termination.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): NIL

(a) the details of technology imported: NA

(b) the year of import: NA

(c) whether the technology been fully absorbed: NA

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

(iv) The expenditure incurred on Research and Development: NIL

(C) Foreign Exchange Earnings and Outgo

Company has established a separate wing in the Marketing Department to address the needs of Exports. TELK's marketing officers closely monitor opportunities in Export Markets through constant interactions with customers abroad. Steps are also taken to explore new foreign markets in addition to the present export markets.

Activity in Foreign Currency

	2018-19 (Rs. in lakhs)	**2017-18 (Rs. in lakhs)**
Earnings	123.54	31.11
Expenditure	213.12	716.67
Net foreign exchange earnings(NFE)	-89.59	-685.56
NFE/Earnings (%)	-72.52	-2203.66

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

Trivandrum
Dated: 25.03.2021

Annexure II

CERTIFICATION

To
The Board of Directors
Transformers and Electricals Kerala Limited

We, Shri. Prasad B., Managing Director and Shri. Ajith Kumar V., Chief Financial Officer of Transformers and Electricals Kerala Limited, to the best of our knowledge and belief, certify that:

(a) We have reviewed the financial statements and the cash flow statement for the Financial Year ended 31st March, 2019 and based on our knowledge and belief, we state that:

i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading with respect to the period covered by this report.

ii. these statements and other financial information included in this Report, present a true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards, applicable laws and regulations.

(b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent or illegal.

(c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have disclosed, based on our most recent evaluation of Company's internal control over financial reporting during the year, to the Auditors and Audit Committee:

i. significant changes, if any, in the internal control over financial reporting during the year;
ii. significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
iii. any instances of significant fraud of which we are aware, that involve the management or other employees who have a significant role in the Company's internal control system.

Prasad B.
Managing Director

Ajith Kumar V.
Chief Financial Officer

Angamally
20.11.2020

Annexure III

ANNUAL REPORT ON CSR ACTIVITIES

1.Brief Outline of TELK's CSR policy

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

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

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

CSR Policy is placed on Company's Website:

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

2.Composition of CSR Committee

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

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

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

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

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

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

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

3. Average net profit for previous three financial years

FY	PBT (Rs. in lakhs)
2015-16	(1479)
2016-17	670
2017-18	744
Average Net Profit / (Loss)	(21.67) Net Loss

4. Prescribed amount to be spend for CSR

NIL

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

Not Applicable since the Average Net Profit for the preceding 3 Financial Years is (Rs.21.67 lakhs – Net Loss).

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

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

Sd/-

(Shri. Prasad B)

Managing Director

Sd/-

(Adv. N. C. Mohanan)

Chairman

Angamally

Dated: 25/03/2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Transformers and Electricals Kerala Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of Transformers and Electricals Kerala ("the Company"), which comprise the Balance Sheet as at March 31st, 2019, the Statement of Profit and Loss (Including other comprehensive income), the Cash Flow statement and the Statement of Changes in Equity for the year then ended on that date, and the notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements 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 31st, 2019, the profit and total comprehensive income, its cash flows and changes in equity for the year ended on that date.

2. As per Para 8 of Ind AS 7 "Cash flow statement", notified under section 133 of the Companies Act "Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents." The Company has disclosed the bank overdraft under Note 15 "Borrowings"and not under Cash and Cash Equivalents.

3. Company has not provided for interest payable to MSME's for delay in payment, as envisaged under the MSMED Act, 2006. As the details regarding delay in each case are not readily available, the interest amount cannot be quantified at this stage.

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

4. (i) During the year 2017-18, Company had availed excess CENVAT Credit of Rs. 76.04 lakhs. The Company is yet to reconcile the CENVAT Credit availed with the records [Refer note no. 18].

(ii) During the year 2017-18, Company had availed excess IGST Credit of Rs. 70.67 lakhs and excess SGST Credit of Rs. 6.16 lakhs. The Company is yet to reconcile the IGST account and the SGST account with the records. [Refer note no. 18].

(iii) The Company has not yet reconciled the GST accounts relating to 2017-18 and GST Audit relating to 2017-18 is yet to be conducted.

Hence, the impact of "(i) and (ii)" in the Financial Statements as on 31/03/2019 cannot be quantified at this stage.

5. Inventories inter alia includes an item of scrap valued at Rs. 14.20 lakhs since March 2007. We are of the opinion that since the material is scrap and is very old, it should not be valued.

Considering the point 5 above, we are of the opinion that Profit before tax is overstated by Rs. 14.20 lakhs and the inventories are overstated by Rs. 14.20 lakhs.

We conducted our audit of the standalone 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 Auditor's Responsibilities for the Audit of the Standalone 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 Standalone 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 standalone financial statements.

Emphasis of Matter

We draw attention to the following matters in the Notes to the Financial Statements.

1. Note no. 5 regarding the accounting software presently used by the company.
2. Note No. 11 and 26 regarding Provision for Bad and Doubtful Debts.
3. Note no. 14 and 23 regarding making of ad-hoc provision towards anticipated wage revision for both Workers and Officers.
4. Note no. 14 regarding Provision towards Liquidated damages recovered by the customers.
5. Note no. 3(q) regarding COVID 19 impact on going concern.
6. Note no 14 and 27 regarding Provision for Income Tax

Our opinion is not modified in respect of these matters.

Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Management 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.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 standalone financial statements.

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

a. Identify and assess the risks of material misstatement of the standalone 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.

b. 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.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. 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 auditor's report to the related disclosures in the standalone 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

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.

Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the Annexure 'I' a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. Based on the verification of books of accounts of the Company and according to the information and explanation given to us, we give in the "Annexure II" a report on the directions and sub directions issued by the Comptroller and Auditor General of India in terms of Section 143(5) of the Act.

3. 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 our audit.

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

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

d) In our opinion, the aforesaid standalone 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 pursuant to the notification no. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India.

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

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

1. The Company has disclosed the impact of pending litigations on its Financial Positions in its standalone financial statements. Refer Note no. 28(a)and 18(ii) to the standalone financial statements.

2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses to be provided for. Refer Note no. 28(b) to the standalone financial statements.

3. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note no.28(c) to standalone financial statements.

h) Being a Government Company, the provisions of section 197 of the Act with respect to the matters to be included in the Auditor's Report is not applicable.

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

CA Rupesh Pai. R

Partner
(M No.-221480)
UDIN:20221480AAAABD3380

Place: Ernakulam
Date:24/08/2020

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Transformers and Electricals Kerala Limited on the standalonefinancial statements for the year ended 31st March 2019

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

b)-As per the information and explanations given to us, physical verification of fixed assets (Property, Plant & Equipment) has not been done during the year 2018-19.

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

II. We are informed that physical verification of inventory has been conducted at reasonable intervals except for the stock of materials lying with fabricators (Stock of materials lying with fabricators as on 31st March 2019 was Rs. 53.73 Lakhs). The discrepancies noticed on physical verification were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.

III. The company has not granted any loans, secured or unsecured to any Companies, firms, Limited liability partnership or other parties covered in the register maintained under Section 189 of the Act.

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

IV. According to the information and explanations given to us and on the basis of our examination of books of account, during the year the company has not granted any loans or provided any guarantee or security in respect of any loans to any party covered under Section 185 and 186 of the Act. During the year the company has not made any investment.

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

VI. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub section 1 of section 148 of the Act read with Companies (Cost Records and Audit) Rules 2014 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.

VII. **a)**- According to the records of the Company, undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, customs duty, excise duty, cess, value added tax and goods and service tax to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us there were no statutory dues as on the last day of the financial year outstanding for a period of more than six months from the date they become payable;except for excess CENVAT Credit availed (during 2017-18)of Rs. 76.04 lakhs, excess IGST credit availed(during 2017-18) of Rs. 70.67 lakhs and excess SGST credit availed (during 2017-18) of Rs. 6.16 lakhs. Since, the Company has not yet reconciled the above accounts with the records as on date; exact amounts cannot be quantified at this stage[Please refer to Note No. 18]

b)- (i) The Company has availed the benefit available under Sabka Vishwas Scheme of the Government of India in respect of the dues relating to Service tax and Excise Duty.Consequently, substantial number of cases has been disposed of during 2019-20. Considering the provisions of Ind AS 37, Ind AS 8 and Ind AS 10 the disputes settled during 2019-20 have been considered while preparing the financial statements; as the accounts for the year 2018-19 are yet to be approved by the Board of Directors. Hence there are no disputed dues on account of Service Tax and Excise Duty.

(ii) The Company has availed the benefit available under Amnesty scheme of the Government of Kerala in respect of the dues relating to KGST/KVAT/CST.Consequently, substantial number of cases has been disposed of during 2019-20. Considering the provisions of Ind AS 37, Ind AS 8 and Ind AS 10 the disputes settled during 2019-20 have been considered while preparing the financial statements; as the accounts for the year 2018-19 are yet to be approved by the Board of Directors. Hence there is only one remaining disputed due, which is shown below.

Sl No.	Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
1	Kerala Value Added Tax Act 2003	VAT	Rs.20,68,776	2014-15	Deputy Commissioner (Appeals)
2	Employee State Insurance Act 1948	ESI Dues	Rs. 3,33,918	2000-01	High Court of Kerala

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

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

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

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

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

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

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

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

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

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

CA Rupesh Pai. R
Partner
(M No.-221480)
UDIN:20221480AAAABD3380

Place: Ernakulam
Date:24/08/2020

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT

M/s Transformers & Electricals Kerala Limited

FY 2018-19

Directions under Section143(5) of the Companies Act 2013 (as applicable from the financial year 2018-19 and onwards)

1. Whether the Company has system in place to process all the accounting transactions through IT system? 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.

   According to the information and explanations given to us and based on the examination of the records of the Company, all the accounting transactions of the Company are processed through IT system.As explained to us, there is no accounting transaction being processed outside the IT system. However, during 2017-18, the Company migrated from its old in house developed software to a new software for the limited purpose of accounting and book keeping of financial transactions excluding payroll and material accounting. Please refer to Note no. 5.

2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ loan/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.

   According to the information and explanations given to us, during the year, there was no restructuring of existing loans of the company 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.

3. Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilised as per its term and conditions? List the cases of deviation.

   According to the information and explanations given to us, during the year, the Company has not received any funds, receivable for specific schemes of Central/ State agencies.

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

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

   Yes

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

   During 2018-19 no such funds were received and hence this clause is not applicable for the year.

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

   Yes

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

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

   No case of deviation from the above policy during the year 2018-19.

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

   Yes

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

   Company has a system for physical verification of raw materials, stores and spares lying inside the factory premises. However, the stock of materials lying with fabricators have not been verified. (Please also refer to Annexure I to the Independent Auditor's Report)

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

   During financial year 2018-19 utilisation was at 103.56% of installed capacity.

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

   During the course of audit, no such deviations were observed.

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

CA Rupesh Pai. R
Partner
(M No.-221480)
UDIN:20221480AAAABD3380

Place: Ernakulam

Date:24/08/2020

ANNEXURE "III" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Transformers and Electricals Kerala Limited on the standalonefinancial statements for the year ended 31st March 2019

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

We have audited the internal financial controls with reference to standalone financial statements of Transformers & Electricals Kerala Limited("the Company") as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls.

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

Auditors' Responsibility

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

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

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

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

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

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

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

Qualified Opinion

According to the information and explanations given to us, and based on our audit, following material weaknesses have been identified as at 31st March 2019.

1. The Company has not obtained confirmation of balances in respect of Trade receivables, Advances to Suppliers and Contractors, Balance with Government Authorities and Loans as on 31st March 2019.
2. The Company has obtained a statement from the third party indicating the details of materials held by them. Except for this, there are no other records relating to materials lying with third parties.

3. a. Physical verification of materials (owned by the Company) lying with fabricators as on 31st March 2019 has not been done.

   b. Physical verification of fixed assets has not been done during 2018-19.

   c. Physical verification of the Finished Goods, Work in Progress and Scrap as on 31st March 2019 has not been done.

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

5. The breakup details regarding Earnest Money Deposit from Contractors, Security Deposit from Contractors,Retention Money and Accounts payable are not available.

6. In several of the Fixed Assets, Code Nos. are not seen affixed on those assets. The Asset Codes are also not incorporated in the Fixed Asset register.Hence the fixed assets cannot be linked to the respective details in the Fixed Assets register.

7. GST Input Tax Credit account, GST payable account and CENVAT credit accounts as on 31/03/2018 are still not yet reconciled with the records of the Company. Refer Note No. 18 of the Financial Statements.

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

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March 2019 standalone financial statements of the Company and these material weaknesses does not affect our opinion on the standalone financial statements of the Company.

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

CA Rupesh Pai. R
Partner
(M No.- 221480)
UDIN:20221480AAAABD3380

Place: Ernakulam
Date:24/08/2020

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

Particulars	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4a	1,416.37	1,502.14
Capital work-in-progress	4b	1.15	12.65
Other intangible assets	5	9.48	12.92
Financial assets			
(i) Investments	6	0.70	0.70
(ii) Loans	7	83.99	41.68
(iii) Other financial assets	8	129.47	11.94
Deferred tax assets(Net)	27	1,517.07	1,570.62
Total non-current assets		**3,158.23**	**3,152.65**
Current assets			
Inventories	10	7,999.81	10,132.51
Financial assets			
(i) Trade receivables	11	7,399.57	4,492.73
(ii) Cash and cash equivalents	12.a	47.26	1.15
(iii) Bank balances other than Cash and Cash equivalent	12.b	474.60	537.40
(v) Loans	7	0.56	54.26
(iv) Other financial assets	8	0.54	0.27
Other current assets	9	354.90	536.98
Total current assets		**16,277.24**	**15,755.30**
Total assets		**19,435.47**	**18,907.94**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13a	4,296.96	4,296.96
Other equity	13b	4,344.55	3,948.00
Total equity		**8,641.51**	**8,244.96**
Liabilities			
Non-current liabilities			
Provisions	14	769.94	983.64
Total non-current liabilities		**769.94**	**983.64**
Current liabilities			
Financial liabilities			

(i) Borrowings	15	2,038.72	2,781.36
(ii) Trade payables	16	2,249.43	2,116.46
(iii) Other financial liabilities	17	1,746.36	2,051.38
Other current liabilities	18	2,098.10	884.77
Provisions	14	1,891.41	1,845.38
Total current liabilities		**10,024.02**	**9,679.34**
Total liabilities		**10,793.96**	**10,662.98**
Total equity and liabilities		**19,435.47**	**18,907.94**

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		As per our report of even date
		For George, John & Prabhu,
(Prasad Bhaskaran Nair)	(N.C. Mohanan)	Chartered Accountants,
Managing Director	Chairman	Firm Regn. No.000917S
(Joffy George)	(Ajith Kumar. V)	Rupesh Pai.R
Company Secretary	Chief Financial Officer	Partner (M. No. 221480)

Place: Angamally

Date: 24.08.2020

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

Particulars	Note	For the period ended 31 March 2019	31 March 2018
Revenue			
Revenue from operations	19	20,447.29	15,615.81
Other income	20	644.41	596.92
Total income		**21,091.70**	**16,212.73**
Expenses			
Cost of Material Consumed	21	11,469.40	14,495.62
Changes in inventories of finished goods and work in progress	22	1,410.49	(5,843.11)
Excise duty on sales	19	-	237.36
Employee benefits expense	23	4,922.04	5,498.03
Finance costs	24	634.10	581.32
Depreciation and amortization expense	25	131.81	131.33
Other expenses	26	2,018.82	368.54
Total expenses		**20,586.67**	**15,469.07**
Profit/(Loss) before income tax and exceptional items		**505.03**	**743.66**
Exceptional items		-	-
Profit/(Loss) before income tax		**505.03**	**743.66**
Tax expense			
Current tax	27	70.95	-
Deferred tax	27	49.09	479.52
Total tax expenses		**120.04**	**479.52**
Profit/(Loss) for the year		**384.99**	**264.14**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurements of defined benefit liability	32	16.01	43.09
Income tax effect	27	(4.45)	(14.65)
Total other comprehensive income/(loss) for the year, net of income tax		**11.56**	**28.44**
Total comprehensive income/(loss) for the year		**396.54**	**292.58**
Earnings per share			
Basic and diluted earnings per equity share (in INR)	30	0.90	0.61

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

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

(Prasad Bhaskaran Nair)
Managing Director

(N.C. Mohanan)
Chairman

(Joffy George)
Company Secretary

(Ajith Kumar. V)
Chief Financial Officer

Rupesh Pai . R
Partner (M. No. 221480)

Place : Angamally
Date: 24.08.2020

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

Cash flows statement		**As at 31 March 2019**	**As at 31 March 2018**
Cash flows from operating activities			
Profit / (Loss) before tax for the year		505.03	743.66
Adjustments for:			
Depreciation and amortisation		131.81	131.33
Provision for doubtful trade receivables		527.32	(1,359.30)
Finance cost		439.86	427.54
Interest income		(250.37)	(409.42)
Dividend income		(0.11)	(0.11)
Impairment value of gold with bank		-	(0.87)
Operating profit before working capital changes		**1,353.54**	**(467.19)**
Changes in working capital			
(Increase)/decrease in trade receivables, loans and advances and other assets		**(3,358.50)**	**6,481.24**
(Increase)/decrease in inventories		**2,132.71**	**(7,311.72)**
Increase/(decrease) in trade payables, other payables and provisions		**885.18**	**411.50**
(Increase)/decrease in bank balances other than cash & cash Equivalents		**62.80**	**9.20**
Net change in working capital		**(277.81)**	**(409.78)**
Cash generated by operations		**1,075.73**	**(876.97)**
Direct taxes (paid)/Refund		(66.50)	14.66
Net cash generated by operating activities	**A**	**1,009.22**	**(862.31)**
Cash flows from investing activities			
Purchase of PPE and Capital WIP		(31.09)	(80.92)
Interest received		250.37	409.42
Dividend Income		0.11	0.11
Net cash generated by investing activities	**B**	**219.39**	**328.62**
Cash flows from financing activities			
Proceeds/(repayment) from short term borrowings (net)		(742.64)	626.49
Interest Paid		(439.86)	(427.54)
Net cash generated from financing activities	**C**	**(1,182.50)**	**198.96**
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)	**a***	**46.11**	**(334.74)**
Cash and cash equivalents at the beginning of the year		1.15	335.88
Cash and cash equivalents at the end of the year Note No.12.a*		**47.26**	**1.15**

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

For and on behalf of the Board of Directors

(Prasad Bhaskaran Nair)
Managing Director

(N.C. Mohanan)
Chairman

(Joffy George)
Company Secretary

(Ajith Kumar. V)
Chief Financial Officer

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

Rupesh Pai . R
Partner (M. No. 221480)

Place : Angamally
Date: 24.08.2020

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

(A) Equity share capital	**For the Period ended 31 March 2019**		**For the Period ended 31 March 2018**	
	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 2018	**1,619.60**	**5,085.00**	**(2,710.26)**	**(46.34)**	**3,948.00**
Profit/(Loss) for the year	-	-	384.99	-	384.99
Other comprehensive income/(loss) for the year	-	-	-	11.56	11.56
Total comprehensive income/(loss) for the year	-	-	**384.99**	**11.56**	**396.55**
Contributions by and distributions to owners					
Dividend	-	-	-	-	-
Dividend distribution Tax	-	-	-	-	-
Total contributions from and distributions to owners	-	-	-	-	-
Balance as at 31 March 2019	**1,619.60**	**5,085.00**	**(2,325.27)**	**(34.78)**	**4,344.55**

For and on behalf of the Board of Directors

As per our report of even date

For George, John & Prabhu,
Chartered Accountants,
Firm Regn. No.000917S

(Prasad Bhaskaran Nair)
Managing Director

(N.C. Mohanan)
Chairman

(Joffy George)
Company Secretary

(Ajith Kumar. V)
Chief Financial Officer

Rupesh Pai . R
Partner (M. No. 221480)

Place: Angamally
Date: 24.08.2020

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 Angamaly South P.O. Ernakulam, Kerala-683573.The Company is a Joint Venture Company formed between NTPC Limited and Government of Kerala in the year 2007. The Company is involved in the manufacturing and repair of transformer.

2. Basis of preparation

(a) Statement of Compliance

These stand-alone financial statements are prepared on going concern basis following accrual basis of accounting and comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, and the Companies Act, 2013 (to the extent notified and applicable). The Company issued it's first Ind AS compliant stand-alone financial statements last year (2016-17) in accordance with Ind AS 101.

These stand-alone financial statements were authorized for issue by the Board of Directors on 24.08.2020.

(b) Basis of measurement

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

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

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

(c) Regrouping of Previous year figures

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

(d) Functional and presentation currency

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

(e) Current and non – current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current

(f) Use of estimates and management judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in 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 recognizing revenue in respect of FOR destination sale(the price of the goods are inclusive of freight and insurance) of products only after the goods were delivered at the Customer's site in order to comply with IND AS requirements. In case of goods sold on Ex- Factory basis, the revenue is recognized when the goods are loaded onto the truck, or other delivery vehicle, at the factory site of the Company. The Company generally has no further significant contractual performance obligation that would preclude revenue recognition.

Revenue from sale of goods and service is recoganized on the transfer of control to the customer and upon the satisfaction of perfomance obligations under the contract. Revenue is recogonized 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, useful 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 assessments can involve complex issues, which can only be resolved over extended time periods..

vi) Deferred taxes

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

vii) Expected credit losses on financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

i) Recognition and measurement

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

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

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within 'other income' in the statement of profit or loss. Expenditure on major inspection and overhauls of production plant is capitalised, when it meets the asset recognition criteria.

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

ii) Subsequent costs

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

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

iii) Depreciation

The Company follows the method of charging depreciation as per the Companies Act, 2013. Depreciation is charged as per the useful life and the residual value prescribed under Schedule II of the Companies Act, 2013 as amended by Notification No. GSR 627 (E) dated 29th August 2014 and all subsequent Notifications / Amendments, for the full year. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Assets costing up to INR 5,000/- are fully depreciated in the year of acquisition. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/ disposed. The residual value, estimated useful life and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

The estimated useful lives of assets are as follows.

Category of assets Estimated useful life

Factory buildings 30 Years
Buildings (other than factory buildings – RCC frame structure) 60 Years
Plant & Machinery 15 Years
Electrical Installations and Equipment 10 Years
Office Equipments 05 Years
General Furniture & Fixtures 10 Years
Canteen & Dormitory Furnitures 08 Years
Motor Vehicle 08 Years
Air conditioner 05 Years
Water System 15 Years
Computer Hardware and Servers 3-6 Years

(b) Intangible assets

i) Initial recognition

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

ii) Derecognition

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

iii) Amortisation

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

(c) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location. Cost is determined on weighted average basis. Cost of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale. Work-in-process is valued at weighted average cost of materials plus proportionate share of labour and manufacturing overheads including depreciation, but excluding financial overheads or the realisable values based on the cost of completion, whichever is lower.

(d) Cash and Cash equivalents

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

(e) Provisions and contingent liabilities

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

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

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly with in 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 out flow of economic benefits is remote.

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

(f) Foreign currency transactions and translation

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

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

(g) Revenue

Revenue is recognized 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 recognizing revenue in respect of FOR destination sale (the price of the goods are inclusive of freight and insurance) of products only after the goods were delivered at the Customer’s site. In case of goods sold on Ex- Factory basis, the revenue is recognized when the goods are loaded on to 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 recognized using input method based on the Cost approach

(ii) Rendering of Services.

Revenue is recognized as and when service are rendered.

iii) Other Income.

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

(h) Employee benefits

i) Defined contribution plans

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

ii) Defined benefit plans

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

iii) Compensated absences

The Company has a Privilege Leave Policy and Sick Leave Policy which is classified as Other Long Term Employees benefits as per Ind AS 19.This is applicable to various workers and officers.The Company measures the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.The Company records a liability for accumulated balance based on actuarial valuation determined using projected unit credit method. Remeasurements and other expenses related to long term benefit plans are recognized in statement of profit or loss. Privilege leave policy scheme is funded by the Company and is managed by Life Insurance Corporation of India in accordance with schemes framed by the Corporation. Sick Leave Policy scheme is not separately funded and managed by the Company itself.

iv) Short-term benefits

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

Company have a practice of passing on it's employees a specified share of Profit earned on a particular financial year on the basis of the prescribed percentage of Profit Before Tax (PBT) popularly known as PPBIS scheme. For the financial year 2018-19 company provided an adhoc amount of Rs.44 Lakhs for the said purpose.

(i) Income tax

Income tax expense comprises current and deferred tax.Current tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current income taxes are recognized under “income tax payable” net of payments on account, or under “tax receivables”where there is a credit balance.

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

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

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

(j) Impairment of non-financial assets

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

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

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

(k) Segment reporting

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

(l) Government Grants

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

The accounting policy adopted by the company for government grants under Pradhan Mantri Rojgar ProtsahanYojana(PMRPY) scheme of Government of India is to recognize it as a grant related to Income. The Company adopted 2nd Method as prescribed in IND AS 20-ie, deducting from the related PF 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).During the FY 2018-19 the company received a grant under PMRPY scheme of Rs.12.72Lakhs/- (FY 2017-18:Rs:7.57Lakhs).Total Employee Strength as on 31st March 2019 was 669(on 31st March 2018 it was 692) and out of that eligible employees covered under

PMRPY Scheme as on 31st March 2019 was 183(on 31st March 2018 it was 161).

(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 cashflows 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 in to 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 cashflows represent SPPI

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

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

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').Debt instruments included with in the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments –

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

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

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

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

Derecognition

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

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

Impairment of financial assets –

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

ii) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement –

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

Financial liabilities at fair value through profit or loss –

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

Financial liabilities measured at amortized cost

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

Derecognition

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

(p) Corporate Social Responsibility

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

In compliance with the Companies Act, the company already constituted a Corporate Social Responsibility Committee of the Board. But based on the losses incurred in 1 out of 3 previous years , the average profit of the company for the last 3 financial years became negative and hence outside the scope of Sec 135 of the Companies Act 2013 for the financial year 2018-19.

(q) Covid 19 Impact

As Covid 19 pandemic have a significant impact on almost all entities in the world and as the Company's accounts for the year 2018-19 are being finalized now, it seems appropriate to disclose on the impact of Covid 19 on the Going Concern [in consonance with Guidance Note issued in this regards by the Institute of Chartered Accountants of India(ICAI)] of the company in 2018-19 itself even though the pandemic started to affect the company in the year 2019-20 only.

This 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 have no doubts in the company's ability to continue as a going concern. Further the Company have no intention to either liquidate or to cease operations in the forseeable future.

TRANSFORMERS AND ELECTRICALS KERALA LIMITED,
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Notes to the financial statements for the year ended 31 March 2019
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4a Property, plant and equipment
Reconciliation of carrying amount

Particulars	Land	Land Development	Building	Plant And Machinery	Elect. Installations	Office Equipments	Furniture & Fixtures	Canteen & Dormitory Furniture & Utensils	Water Systems	Air Conditioners	Motor Vehicle	Computer Hardware	Total
Balance as on 31 March18	**5.82**	**26.61**	**875.08**	**714.05**	**4.31**	**13.68**	**19.21**	**7.72**	**19.99**	**92.03**	**1.91**	**28.42**	**1,808.83**
Additions				36.58								6.02	42.6
Deletions													
Balance as on 31 March19	**5.82**	**26.61**	**875.08**	**750.63**	**4.31**	**13.68**	**19.21**	**7.72**	**19.99**	**92.03**	**1.91**	**34.44**	**1,851.43**
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 March18	**-**	**1.01**	**78.37**	**159.45**	**0.30**	**3.35**	**7.80**	**5.96**	**4.18**	**35.44**	**0.91**	**9.93**	**306.69**
Depreciation for the year		0.34	25.81	73.25	0.10	1.00	2.43	0.15	1.38	16.85	-	7.07	128.37
Accumulated depreciation on deletions						-							
Balance as on 31 March19	**-**	**1.35**	**104.18**	**232.70**	**0.40**	**4.35**	**10.23**	**6.11**	**5.56**	**52.29**	**0.91**	**17.00**	**435.06**
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 2018	5.82	25.60	796.71	554.60	4.01	10.33	11.41	1.76	15.81	56.59	1.01	18.49	**1,502.14**
As on 31 March 2019	5.82	25.26	770.90	517.92	3.91	9.33	8.98	1.61	14.43	39.74	1.01	17.44	**1,416.37**

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.

Rupees(₹) in lakhs, unless otherwise stated

4b

Capital Work In Progress	Current Year	Previous Year
As at 31st March 19	1.15	12.65
As at 31st March 18	12.65	1.15

5 **Other intangible assets**

Reconciliation of carrying amount

Particulars	Computer Software	Total
Balance as on 31 March 2018	**23.11**	**23.11**
Additions	**-**	**-**
Balance as on 31 March 2019	**23.11**	**23.11**

Particulars	Computer Software	Total
Balance as on 31 March 2018	**10.19**	**10.19**
Amortisation for the year	3.44	3.44
Balance as on 31 March 2019	**13.63**	**13.63**

Carrying amount, net	Computer Software	Total
As on 31 March 2018	12.92	12.92
As on 31 March 2019	9.48	9.48

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

Transformers and Electricals Kerala Limited
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Investments	As at 31 March 2019	As at 31 March 2018
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 invesment 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" Clas s shares of Rs.100 each for total value of Rs.25000/-. All Shares are fully paidup

7

Loans	As at 31 March 2019	As at 31 March 2018
Non - Current - Unsecured considered good		
Security Deposits and Earnest Money Deposit	83.99	41.68
Total	**83.99**	**41.68**
Current - Unsecured considered good		
Short term Loans & Advances		
Earnest Money Deposit	0.56	54.26
Total	**0.56**	**54.26**

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Other financial assets	As at 31 March 2019	As at 31 March 2018
Non-current		
Bank deposits (due to mature after 12 months from the reporting date)**	117.53	-
2.25% Long Term Government Gold Deposit with SBI*	11.94	11.94
Total	**129.47**	**11.94**
Current		
Interest accrued on Gold Deposits with SBI	0.54	0.27
Total	**0.54**	**0.27**

*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 117.53 Lakhs (previous year: INR Nil). The restrictions are primarily on account of bank balances held as lien against bank guarantees.

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Other assets Current	As at 31 March 2019	As at 31 March 2018
Advances other than Capital Advances		
Other Advances		
Employee advances	41.64	29.47
Advances to Suppliers and Contractors	66.37	105.96
Other advances & Prepaid Expenses	77.01	85.82
Balance with government authorities	169.88	315.73
Total	**354.90**	**536.98**

Transformers and Electricals Kerala Limited
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Notes to the financial statements for the year ended 31 March 2019
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Inventories	**As at** 31 March 2019	**As at** 31 March 2018
Raw Materials	2,648.88	3,119.16
Raw Materials in Transit	10.89	-
Work In Progress	1,897.83	3,640.72
Finished GoodsW	500.93	320.57
Finished Goods in Transit	2,850.59	2,698.55
Scrap	36.96	34.99
Stock of Materials with Fabricators	53.73	318.52
Total	**7,999.81**	**10,132.51**

Write down of Inventories is Nil (previous year - Nil)
In respect of FOR destination Sales, the company from 2017-18 onwards started recognising Revenue only after the goods reached the Customers destination point. So all such Goods which were under transit as on 31st March 2019 from the Company factory gate till the Customer's destination point were recognised as Goods in Transit and classified along with Finished Goods under inventory and valued as Cost / NRV which ever is lower as per IND AS 2.
Company follows a practise of issuance of Stores & Spares to the intended department immediately after the same is received in the Stores.

11

Trade receivables	**As at 31 March 2019**	**As at 31 March 2018**
Unsecured,		
-Considered good	7,399.57	4,492.73
-Considered doubtful	911.06	383.74
	8,310.63	4,876.46
Less: Provision for Bad & Doubtful Debts	(911.06)	(383.74)
Total	**7,399.57**	**4,492.73**

Allowance for Doubtful trade Recievables

Particulars	**As at 31.03.2019**	**As at 31.03.2018**
Provision at the Beginning of the Year	383.74	1,743.04
Provision released during the year	-	1,359.30
Provision made durig the year	527.32	-
Provision at the end of the Year	911.06	383.74

Trade receivables outstanding as on 31st March 2019 also consists of Debtors who are supposed to give LC as per their Purchase Order and hence are risk free regarding it's collectivity. Out of those Debtors covered by LC, some debtors needs to be categorised as covered under LC as per the terms of the Purchase Order but not opened as on 31st March 2019. As per the terms of the Purchase Order issued by the customers, the last installment payment against invoices are payable only at the time of completion of the erection, testing & commissioning which normally will be at a later stage of the project & will takes several months for completion. However there is Nil risk in any of those installments as this is agreed by the customers by signing the purchase order that LCs will be opened as and when the installments will become due for payment after completion of the erection, testing and commissioning.Hence in respect of those debts the company has not made provision for Bad Debts under ECL computation.

Transformers and Electricals Kerala Limited
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12a

Cash and cash equivalents	**As at 31 March 2019**	**As at 31 March 2018**
Balances with banks :		
In current accounts	0.59	1.15
In deposit accounts	46.67	-
	47.26	**1.15**

*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 586.38 Lakhs (March 31, 2018: INR 527.85 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.

12b

Bank balances other than Cash and Cash equivalent	**As at 31 March 2019**	**As at 31 March 2018**
Other bank balances		
Others-Unclaimed Dividend Account	1.13	4.93
Deposits with original maturity of more than 3 months		
Margin Money Deposits	586.38	527.85
Other Deposits - KIRFB	4.62	4.63
Less: Bank Balances with original maturity of more than 12 months dis-lclosed under other non- current assets	(117.53)	-
	474.60	**537.40**

*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.

Transformers and Electricals Kerala Limited
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13a

Equity share capital	As at 31 March 2019		As at 31 March 2018	
	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 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Re. 10 each fully paid up				
At the beginning of the year	429.67	4,296.74	429.67	4,296.74
Issued during the year	-	-	-	-
Outstanding at the end of the year	**429.67**	**4,296.74**	**429.67**	**4,296.74**

(ii) Terms and rights attached to equity shares

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

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

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of Re. 10 each fully paid up				
Honourable Governor of Kerala	234.44	54.56%	234.44	54.56%
NTPC LTD	191.63	44.60%	191.63	44.60%
Total number of shares holding more than 5%	**426.08**	**99.16%**	**426.08**	**99.16%**
Add: Others (Non- Controlling Interest &individually holding less than 5%)	3.59	0.84%	3.59	0.84%
Total equity shares	**429.67**	**100%**	**429.67**	**100%**

Transformers and Electricals Kerala Limited
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Other Equity	As at 31 March 2019	As at 31 March 2018
Capital Reserve	1,619.60	1,619.60
General Reserve	5,085.00	5,085.00
Retained Earnings	(2,325.27)	(2,710.26)
Other reserves (Other Comprehensive Income)	(34.78)	(46.34)
Total	**4,344.55**	**3,948.00**

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(i)	**Capital Reserve**		
	Opening balance	1,619.60	1,619.60
	Less: Adjustment during the year	-	-
	Closing balance	1,619.60	1,619.60
(ii)	**General Reserve**		
	Opening balance	5,085.00	5,085.00
	Add: Transfer from retained earnings	-	-
	Closing balance	5,085.00	5,085.00
(iii)	**Retained earnings**		
	Opening balance	(2,710.26)	(2,974.40)
	Add: Profit/(loss) for the year as per Statement of Profit and Loss	384.99	264.14
	Closing balance	(2,325.27)	(2,710.26)
(iv)	**Other Reserves**		
	Opening balance	(46.34)	(74.78)
	Remeasurement of post-employment benefit obligation, net of tax	11.56	28.44
	Closing balance	**(34.78)**	**(46.34)**

Nature and purpose of other equity:

Capital Reserve

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

General Reserve

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

Retained earnings

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

Other Reserves

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

Transformers and Electricals Kerala Limited
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Rupees(₹) in lakhs, unless otherwise stated

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Provisions	**As at 31 March 2019**	**As at 31 March 2018**
Non-current		
Provision for employee benefits:		
Provsion for Gratuity	531.56	795.77
Provsion for Leave Encashment	(27.23)	(30.62)
Provsion for sick leave	265.61	218.49
	769.94	983.64
Current		
Provision for employee benefits:		
Provision for sick leave	32.65	98.45
Others		
Provision for materials to be issued	98.07	424.82
Provision for warranty	34.23	34.23
Provision for Liquidated Damages*	67.09	29.75
Provision for Central Excise Deposit	3.27	3.27
Provision for Income tax**	191.45	321.25
Provision for Wage Revision	1,464.65	933.61
	1,891.41	1,845.38
Total	**2,661.36**	**2,829.01**

*As per contract, Liquidated Damages (LD) is levied when there is a delay in delivery of the transformers. The balance of the provision for LD as on 31st March 2019 is Rs.67.09 Lakhs. Company is putting all it's efforts to take up the matter at appropriate levels and are hopeful of getting waiver for LDs recovered by the customers. For the financial year 2018-19 the total Liquidated Damages (LD) recovered by various customers is Rs.417.42 lakhs.
** Income tax for the year is provided after adjusting Rs.33.02 Lakhs available in provision for taxation created earlier by crediting Income tax refund received.

Movement of Provision for Liquidated Damages	**As at 31.03.2019**	**As at 31.03.2018**
Opening Balance	29.75	-
Add: Additions	37.34	29.75
Less: Usage/Write off	-	-
Less: Withdrawal /adjustments	-	-
Closing Balance	67.09	29.75
Movement of Provision for Warranty	**As at 31.03.2019**	**As at 31.03.2018**
Opening Balance	34.23	21.30
Add: Additions	26.53	13.09
Less: Usage/Write off	26.53	0.16
Less: Withdrawal /adjustments	-	-
Closing Balance	34.23	34.23
Movement of Provision for Income Tax	**As at 31.03.2019**	**As at 31.03.2018**
Opening Balance	321.25	136.61
Add: Additions	103.97	184.64
Less: Usage/Write off	(200.75)	-
Less: Withdrawal /adjustments	(33.02)	-
Closing Balance	191.45	321.25
Movement of Provision for Wage Revision	**As at 31.03.2019**	**As at 31.03.2018**
Opening Balance	933.61	400.00
Add: Additions	531.04	533.61
Less: Usage/Write off	-	-
Less: Withdrawal /adjustments	-	-
Closing Balance	1,464.65	933.61

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Borrowings	As at 31 March 2019	As at 31 March 2018
Loans repayable on demand		
From bank (secured)		
Cash Credit	1,375.81	2,073.53
Bill Discounted	662.91	707.83
Total	**2,038.72**	**2,781.36**

i) Cash Credit and Bill discounted from Banks amounting to INR 2038.72 Lakhs (31st March 2018: INR 2781.36 Lakhs) are secured by hypothecation of current assets and plant and machinery including its machinery spares, tools and accessories and other movable plant and machinery.

ii) Cash Credit and bill discounting facility carries interest rate ranging from 8% p.a to 11% p.a. For bill discounting through bank, the repayment period ranges from 90 days to 120 days and cash credit gets renewed yearly.

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

16

Trade Payables	As at 31 March 2019	As at 31 March 2018
Dues to Micro, Small and Medium Enterprises	122.63	178.68
Other payables	2,126.80	1,937.78
Total	**2,249.43**	**2,116.46**

17

Other Financial liabilities	As at 31 March 2019	As at 31 March 2018
Unclaimed Dividend	1.13	4.94
Others		
Deposits from Contractors and Others	185.04	183.71
Payable for Capital expenditure		10.99
Other Payables/dues		
-Employess dues	962.68	1,007.87
-Other dues	597.51	843.87
Total	**1,746.36**	**2,051.38**

18

Other Current liabilites	As at 31 March 2019	As at 31 March 2018
Other advances		
Advances from Customers and Others	847.87	193.43
Others		
Statutory Liabilities	1,250.23	691.35
Total	**2,098.10**	**884.77**

*(i) Statutory Liabilities includes Rs. 32,61,932/- being the settlement amount of Service tax liability provided under SABKA VISHWAS Scheme of Governement of India. This has been paid during year 2019-20. Due to revision in estimate of Provision the excess estimate made towards Service tax to the extent of Rs. 17626262 (after netting off the deposit to the extent Rs.822015) got credited to Other Income under the head Reversal of Provision in line with IND AS 8 ,10 & 37. (ii)Statutory Liabilities related to Central Excise Duty of Rs.2488299 /- became NIL liability under SABKA VISHWAS Scheme of Governement of India. Due to revision in estimate of Provision the excess estimate made towards Central Excise Duty to the extent of Rs. 2488299 got credited to Other Income under the head Reversal of Provision in line with IND AS 8 ,10 & 37. (iii) Statutory Liabilities also includes KVAT liabilities related to pending open cases (2014-15 KVAT) to extent of Rs.2068776 and the provision required to settle the amount paid during 2019-20 under Amnesty scheme of Goverment of Kerala & also for other settled cases of Rs.1672067. Due to revision in estimate of Provision, the excess estimate made towards Sales tax / VAT to the extent of Rs. 12471772 got credited to Other Income under the head Reversal of Provision in line with IND AS 8 ,10 & 37. (iii) The company is in the process of reconciliation of the excess GST Input Credits availed (IGST Input - Rs.70,67,310.33 & SGST Input - Rs.6,16,179.79) & excess Cenvat Credit availed of Rs.76,04,255.47 during 2017-18 and targeted to complete the process upon completion of GST Audit 2017-18.

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Revenue from operations*	**For the year ended** 31 March 2019	**For the year ended** 31 March 2018
Sale of products (A)**	19,299.19	14,615.28
Sale of Services (B)	147.56	282.11
Other Operating Income		
Sale of Scrap	209.97	42.51
Freight & Insurance***	790.55	675.90
Total Other Operating Income (C)	1,000.54	718.41
Total revenue from operations (A+B+C)	**20,447.29**	**15,615.81**

* Refer additional disclosures related to IND AS 115 in Page 27
**Inclusive of excise duty of INR Nil and (PY 237.36 lakhs)
*** Freight income & expenses shown separately after the implementation of GST.

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Other income	**For the year ended** 31 March 2019	**For the year ended** 31 March 2018
Interest income	250.37	409.42
Dividend income	0.11	0.11
Reversal of estimated indirect taxes provisions*	334.26	-
Profit / (Loss) from exchange fluctuations	6.73	2.69
Miscellaneous income**	52.94	184.69
Total	**644.41**	**596.92**

* Refer disclosures under Note 18
** Miscellaneous Income mainly includes Discount received and Liquidated Damages on purchases.

21

Cost of Material Consumed	**For the year ended** 31 March 2019	**For the year ended** 31 March 2018
Opening Stock of raw material	3,472.67	1,947.04
Miscellaneous materials	-	57.04
Add: Purchases of raw materials	10,494.38	15,396.07
Add: Provision for materials to be issued	98.07	424.82
Add: Stores and Spares Consumed	154.75	143.32
Less: Closing Stock	(2,750.47)	(3,472.67)
Total	**11,469.40**	**14,495.62**

22

Changes in inventories of Finished goods and work in progress	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Finished Goods		
Opening stock	320.57	20.30
In - Transit	2,698.55	
Closing stock	500.93	320.57
In - Transit	2,850.59	2,698.55
Change in inventory(A)	(332.40)	(2,998.81)
Work in Progress		
Opening stock	3,640.72	796.42
Closing stock	1,897.83	3,640.72
Change in inventory(B)	1,742.89	(2,844.30)
Excise Duty on Finished Goods		
Opening stock	-	4.94
Closing stock		
Less: Transferred to Rates & Taxes	-	4.94
Change in Excise duty(C)	-	-
Total(A+B-C)	**1,410.49**	**(5,843.11)**

23

Employee benefits expenses	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Salaries, wages and bonus	3,816.20	4,089.82
Remuneration to MD	86.42	47.29
Contribution to provident fund	264.10	286.79
Contribution to other funds	18.07	29.68
Gratuity	158.63	450.43
Staff welfare expenses	578.62	594.02
Total	**4,922.04**	**5,498.03**

i) The proposal for pay revision of officers for 2011-16 of the company (duly approved by the Company Board of Directors) got approval from Government of Kerala - GO No: (Ms) No: 56/2018/ID dated 27.07.2018. ii)The agreement with Workers & proposal for officers pay revision for 2016- 21 is pending for approval of Government of Kerala. iii)The Company has provided an estimated adhoc provision of Rs.531.04 Lakhs towards anticipated wage revision for both workers and officers. iv) Payment to MD is inclusive of all benefits & pay revision arrears.

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*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
2018-19		
Revenue From m Customers		
Timing of Revenue Recognition		
(a) At a point in time (Product/Sales)	20323.74	123.54
(b) Over time	0	0
2017-18		
Revenue From m Customers		
Timing of Revenue Recognition		
(a) At a point in time (Product/Sales)	15608.23	7.58
(b) Over time	0	0

Particulars	2018-19	2017-18
Megha Engineering & Infrastructure Ltd	12042.63	5898.38
GVPR Enginezers	101.22	5238.97
Kerala State Electricity Board Ltd	2897.62	2778.34
APTRANSCO	1514.03	0.00
NTPC Ltd	1164.99	113.52
Others	2726.79	1586.6

Rupees(₹) in lakhs, unless otherwise stated

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Finance Cost	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest		
On Cash Credit	210.79	259.00
On Bill Discounted & Others	229.08	168.54
	439.87	427.54
Other Borrowing Cost		
Guarantee commission & Other Charges	194.23	153.78
Total	**634.10**	**581.32**

25

Depreciation and amortisation expense	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment	128.37	127.91
Amortisation of intangible assets	3.44	3.42
Total	**131.81**	**131.33**

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Other Expenses	For the year ended 31 March 2019	For the year ended 31 March 2018
Factory Expenses	116.53	139.83
Power and Fuel	385.98	359.24
Freight Outwards & Weightment Charges*	309.66	422.30
Repairs & Maintenance:		
Buildings	3.71	1.38
Plant and Machinery	26.31	10.70
Others**	237.26	221.10
Rates and Taxes***	45.45	189.47
Travelling & conveyance	29.05	56.25
Printing and Stationary	12.40	14.23
Postage and Telephones	10.52	12.49
Auditors' Remuneration	3.40	3.42
Directors' Sitting Fee	0.005	0.03
Honararium to Chairman	2.40	2.37
Legal and Professional Charges****	69.42	30.97
Contribution - Chief Minister's Relief Fund	21.00	20.00
Miscellaneous expenses	18.96	43.38
Selling expenses and Commission	51.53	44.87
Liquidated Damages on Sales	37.34	29.75
Insurance Charges	14.96	28.38
Erection Expenses of Transformers	87.79	92.32
Advertisement & Publicity	7.85	6.22
Provision for bad and doubtful debts*****	527.32	(1,359.30)
Loss on Sale of Fixed Assets	-	0.03
Impairment in value of gold with bank	-	(0.87)
Total	**2,018.82**	**368.54**

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

Auditors' Remuneration

Particular	For the year ended 31 March 2019	For the year ended 31 March 2018
For Statutory Audit	2.00	2.00
For Taxation Matters	0.40	0.40
For Reimbursement of Expenses	1.00	1.02
Total	**3.40**	**3.42**

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27 **Tax expense**

A. Amounts recognised in statement of profit and loss

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax (a)		
Current period	103.97	151.63
Less: Tax Refund (Set off made to the extent of excess provision available in the books)*	(33.02)	(151.63)
Deferred tax (b)	**70.95**	**0.00**
Attributable to -		
Origination and reversal of temporary differences	49.09	479.52
	49.09	479.52
Tax expense for the year (a) + (b)	**120.04**	**479.52**
(ii) Amounts recognised in other comprehensive income		
Current Income Taxes		
In respect of the current period	-	-
Deferred Taxes		
In respect of the current period	4.45	14.65
Total	**124.49**	**494.17**

B. Amounts recognised in other comprehensive income

	31 March 2019		
	Before tax	Tax (expense) benefit	Net of tax
Remeasurements of the defined benefit plans	16.01	(4.45)	11.56
	16.01	(4.45)	11.56

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

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 2019	31 March 2018
Profit before tax	**505.03**	**743.66**
Tax using the Company's domestic tax rate	27.82%	33.06%
	140.50	245.85
Effect of:		
Deferred tax	53.54	494.16
Difference in rate considered for MAT and books	(36.53)	(94.22)
Adjustments in MAT not considered in book profit		-
Less: Utilization of excess provision / Tax Refund	(33.02)	(151.63)
Income tax expense	**124.49**	**494.16**

*Income tax for the year is provided after adjusting Rs. 33.02 Lakhs available in Provision for Taxation created earlier by crediting **Income tax** refund received.

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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 2019	**31 March 2019**	**31 March 2019**
Property, plant and equipment	(463.49)	-	(463.49)
Provisions for gratuity	-	189.73	189.73
Provision for sick leave	-	96.77	96.77
Provision for leave encashment	-	14.86	14.86
PF Payable	-	4.47	4.47
Sales tax provisions	-	10.41	10.41
Service tax provisions	-	9.07	9.07
Excise Duty	-	0.00	0.00
40(a)(ia) payments	-	1.01	1.01
Bonus And Festival allowance	-	35.82	35.82
Loss/Depreciation carried forward as per Return	-	573.46	573.46
Provision for Interest payable on Excise Duty for Price Variations in 2015-16	-	8.07	8.07
Provision for Bad and Doubtful Debts-2015-16	-	638.55	638.55
Warranty	-	6.14	6.14
MAT Credit	-	392.20	392.20
Net deferred tax (assets) liabilities	**(463.49)**	**1,980.56**	**1,517.07**

	Deferred tax assets	Deferred tax (liabilities)	Net deferred tax asset (liabilities)
	31 March 2018	**31 March 2018**	**31 March 2018**
Property, plant and equipment	(339.85)	-	(339.85)
Provisions for gratuity	-	263.23	263.23
Provision for sick leave	-	101.96	101.96
Provision for leave encashment	-	13.91	13.91
Sales tax provisions	-	1.73	1.73
Service tax provisions	-	69.80	69.80
Excise Duty	-	0.10	0.10
Disallowance on account of 40(a)(ia) payments	-	1.01	1.01
Bonus And Festival allowance	-	43.45	43.45
Loss/Depreciation carried forward as per Return	-	999.10	999.10
Provision for Interest payable on Excise Duty for Price Variations in 2015-16	-	8.07	8.07
Provision for Bad and Doubtful Debts-2015-16	-	113.69	113.69
Warranty	-	6.18	6.18
MAT Credit	-	288.23	288.23
Fair value of Investment in gold coins	-	-	-
Net deferred tax (assets) liabilities	**(339.85)**	**1,910.47**	**1,570.62**

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27 Tax expense (continued)

E. Movement in temporary differences

	Balance as at 1 April 2018	Recognised in profit or loss during 2018-19	Recognised in OCI during 2018-19	Balance as at 31 March 2019
Property, plant and equipment	(339.85)	(123.63)	-	(463.49)
Provisions for gratuity	263.23	(69.05)	(4.45)	189.73
Provision for sick leave	101.96	(5.20)	-	96.77
Provision for leave encashment	13.91	0.94	-	14.86
PF Payable	-	4.47	-	4.47
Sales tax provisions	1.73	8.68	-	10.41
Service tax provisions	69.80	(60.72)	-	9.07
Excise Duty	0.10	(0.10)	-	0.00
Disallowance on account of 40(a)(ia) payments	1.01	-	-	1.01
Bonus And Festival allowance	43.45	(7.63)	-	35.82
Loss/Depreciation carried forward	999.10	(425.64)	-	573.46
Provision for Interest payable on Excise Duty for Price Variations in 2015-16	8.07	-	-	8.07
Provision for Bad and Doubtful Debts	113.69	524.86	-	638.55
Warranty	6.18	(0.04)	-	6.14
MAT Credit	288.23	103.97	-	392.20
	1,570.61	**(49.09)**	**(4.45)**	**1,517.07**

	Balance as at 1 April 2017	Recognised in profit or loss during 2017-18	Recognised in OCI during 2017-18	Balance as at 31 March 2018
Property, plant and equipment	(218.07)	(121.79)	-	(339.85)
Provisions for gratuity	128.55	149.33	(14.65)	263.23
Provision for sick leave	128.78	(26.82)		101.96
Provision for leave encashment	(57.88)	71.79	-	13.91
Sales tax provisions	1.73	-	-	1.73
Service tax provisions	69.80	-	-	69.80
Excise Duty	0.10	-	-	0.10
Disallowance on account of 40(a)(ia) payments	1.01	-	-	1.01
Bonus And Festival allowance	8.91	34.54	-	43.45
Loss/Depreciation carried forward as per Return	1,291.90	(292.80)	-	999.10
Provision for Interest payable on Excise Duty for Price Variation in 2015-16	8.07	-	-	8.07
Provision for Bad and Doubtful Debts-2015-16	563.12	(449.42)	-	**113.69**
Warranty	1.85	4.33	-	6.18
MAT Credit	136.60	151.63	-	288.23
Fair value of Investment in gold coins	0.30	(0.30)	-	(0.00)
Net deffered tax(assets) liabilities	**2,064.78**	**(479.52)**	**(14.65)**	**1,570.62**

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

Particulars	31 March 2019	31 March 2018
(I) Contingent liabilities:		
(i) Claims against the Company not acknowledged as debt:		
(a) Disputed sales tax liability under appeal	-	-
(b) Disputed excise duty liability	-	-
(c) Disputed Service tax liability	14.83	65.76
(d) Disputed liability under Employees State Insurance Act.	3.34	3.34
(e) Disputed Income Tax Liability	203.33	
(ii) Bank Guarantee	5,620.58	6,285.28
(iii) Corporate Guarantee	908.70	1,467.00
(II) Commitments:		
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	9.85	14.35
Total	**6,760.63**	**7,835.73**

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..

28c During 2018-19 following transfers were made by the company to the Investors Education and Protection fund:

Date	Amount (in Rs.Lakhs)	Chalan No.	Year to which unclaimed dividend relates to
25.05.2018	**2.54**	U28328599	2009-2010
04.10.2018	**1.07**	U34201525	2010-2011
	3.61		

29 Dues to micro and small suppliers

Particulars	31 March 2019	31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year	122.63	178.68
Total	**122.63**	**178.68**

Sl No.	Particulars - MSME Dues	As at 31.03.2019	As at 31.03.2018
1	Principal Amount remaining unpaid.to MSMES	122.63	178.68
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.	-	-

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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 2019	As at 31 March 2018
Profit/(Loss) After Tax attributable to the owners of the equity	384.99	264.14
Weighted average number of ordinary shares outstanding	429.67	429.67
Basic and diluted earnings per share	0.90	0.61

Rupees(₹) in lakhs, unless otherwise stated

31 Related party transactions

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

Key Management Personnel

Prasad Bhaskaran Nair (MD) from 09/01/2016
Kamala Kanta Nayak (CFO) from 29.01.2018 upto 10.07.2018
Sivakumar Sadasivan (CFO) from 12.07.2018 to 29.02.2020
Joffy George, Company Secretary from 11/07/2007

Directors

Mammen Jacob	Nominee Director
Prasant Kumar Mohapatra	Nominee Director
Ramachandran Karaingadan Kumaran	Nominee Director
Parol Vijayakumari	Nominee Director
Dilip Kumar Dubey	Nominee Director
Nellampurath Chellappan Nair Mohanan	Chairman & Nominee Director
Shibu Subaidabeevi Abdul Rasheed	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 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 2019	For the year ended 31 March 2018
(i) Entities with joint control and significant influence over the entity (NTPC LTD)		
- Sale of goods	1,361.21	80.73
- Sale of services	8.71	85.06
- Outstanding balances - Receivable	727.93	91.10
(ii) Entities under the control of the same government		
(a) Kerala State Electricity Board Ltd		
- Sale of goods	3,316.79	3,372.67
- Electricity Charges	302.81	302.48
(b) The Travancore Cochin Chemicals Limited		
- Sale of goods	-	0.85
- Purchase of goods	1.95	-
(c) Malabar Cements Limited		
- Sale of goods	0.47	
(d) Kerala Minerals and Metals Limited		
- Sale of goods	4.98	
- Outstanding balances - Receivable	1.50	0.67
(e) Kerala State Electronics Development Corporation Limited (KELTRON)		
- Purchase of goods	19.35	22.42
(f) Kerala Books & Publication Society		
- Purchase of Services	0.63	-
(iii) Compensation to Key Mangement Personnel		
- Short term employee benefits	125.21	54.30
- Post employment benefits	20.14	11.01
- Reimbursement of Travelling expenses	1.88	2.07
(iv) Other payments to Related Parties		
- Honararium to Chairman	2.40	2.40
- Sitting fees to Nominee Directors	0.005	0.03
- Reimbursement of Travelling expenses	0.30	0.26

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32 Employee benefit plans

(i) Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund in compliance with Employees' Provident Funds & Miscellaneous Provisions Act, 1952, which is a defined contribution plans, which is managed by a separate Trust. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to INR 264.10 Lakhs (Previous year: INR 286.79 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 2019	For the year ended 31 March 2018
	Gratuity	Gratuity
Expense recognised in the Statement of Profit and Loss:		
Service cost	96.31	417.77
Net interest expenses	150.19	138.68
Expected return on plan assets	87.87	96.58
Component of defined benefit costs recognised in the Statement of Profit and Loss	158.63	459.87
Remeasurement on the net defined benefit liability:		
Actuarial gain arising from change in demographic assumptions	-	-
Actuarial loss arising from changes in financial assumptions	12.78	(24.91)
Actuarial loss arising from changes in experience adjustments	(28.79)	(18.18)
Components of defined benefit costs recognised in Other Comprehensive income	**(16.01)**	**(43.09)**
Total	**142.62**	**416.78**

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 2019	As at 31 March 2018
	Gratuity	Gratuity
Present value of defined benefit obligation	531.56	795.77
Net liability arising defined benefit obligations recognised in the Balance Sheet	**531.56**	**795.77**

Reconciliation of present value of the defined benefit obligation	As at 31 March 2019	As at 31 March 2018
	Gratuity	Gratuity
Opening defined benefit obligation	2,057.33	1,953.18
Service cost	96.31	417.77
Interest cost	150.19	138.68
Benefits paid	(506.41)	(412.13)
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	12.78	(24.91)
Actuarial loss/(gain) arising from changes in experience adjustments	(38.83)	(15.26)
Closing defined benefit obligation	**1,771.37**	**2,057.33**

Transformers and Electricals Kerala Limited
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Reconciliation of changes in the fair value of plan assets	**As at 31 March 2019**	**As at 31 March 2018**
	Gratuity	**Gratuity**
Opening fair value of plan assets	1,261.56	1,564.75
Expected return on plan assets	87.87	96.58
Contributions from the employer	406.83	9.44
Benefits paid	(506.41)	(412.13)
Remeasurement loss (gain):		
Return on Plan Assets (excluding amounts incuded in net interest expenses)	(10.04)	2.92
Closing fair value of plan assets	**1,239.81**	**1,261.56**

Actual return on plan assets is 77.83 lakhs (previous year 99.50 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 2019**	**As at 31 March 2018**
	Gratuity	**Gratuity**
Financial assumption:		
Discount rate	7.2%	7.3%
Salary escalation rate	9.00%	9.00%
Demographic assumption:		
Withdrawal rate	5.00%	5.00%
Mortality rate	IALM 2012-14 Ult.	IALM 2006-08 Ult.

Sensitivity analysis of the defined benefit obligation

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

Sensitivity Level	**31 March 2019**		**31 March 2018**	
	Discounting rate			
	100 basis point		**100 basis point**	
	Increase	**Decrease**	**Increase**	**Decrease**
Impact on defined benefit obligation	(113.62)	130.23	(109.44)	125.72

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33. Financial instruments

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

Particulars	Note	Carrying value	
		31 March 2019	31 March 2018
Financial assets			
Measured at amortised cost			
Trade receivables	11	7,399.57	4,492.73
Cash and cash equivalents	12.a	47.26	1.15
Bank balances other than Cash and Cash equivalent	12.b	474.60	537.40
Loans	7	84.55	95.94
Other financial assets	8	130.01	12.20
Measured at fair value through profit and loss (FVTPL)			
Investment in Shares of Co-operative societies	6	0.70	0.70
Total financial assets		**8,136.68**	**5,140.12**
Financial liabilities			
Measured at amortised cost			
Borrowings	15	2,038.72	2,781.36
Trade payables	16	2,249.43	2,116.46
Other financial liabilities	17	1,746.36	2,051.38
Total financial liabilities		**6,034.51**	**6,949.19**

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 2019, 31 March 2018

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2019:

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 2018:

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

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

33.3 Financial Risk Management Objective And Policies

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

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

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

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33 Financial instruments (continued)

33.4 Credit risk

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

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

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

Particulars	31.03.2019	31-03-18
Outstanding for more than 6 months	2,589.00	1,515.01
Others	5,798.04	3,645.76
Total:	**8,387.04**	**5,160.77**

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 2019, the Company had a working capital of INR 6253.23 Lakhs, including cash and cash equivalents of INR 47.26 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018.

Particulars	As at 31 March 2019			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings	2,038.72	-	-	2,038.72
Trade payables	2,249.27	-	-	2,249.27
Other financial liabilities	1,742.07	-	-	1,742.07

33.5 Liquidity risk (continued)

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

33.6 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 2019		As at 31 March 2018	
	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)
	Rs. in Million	USD In Million	Rs. in Million	USD In Million
Suppliers	(9.92)	(0.14)	7.38	0.11
Customers	(1.17)	(0.02)	1.95	0.03

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.

	31-03-19	31-03-18
Fixed-rate instruments		
Financial assets		
-Margin money deposit	586.38	527.85
Total	**586.38**	**527.85**
Variable-rate instruments		
Financial liabilities		
-Borrowings from bank	2,038.72	2,073.53
Total	**2,038.72**	**2,073.53**

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 2018.

Effect	Profit or loss	
	100 bp increase	100 bp decrease
31-Mar-19		
Variable-rate instruments	(13.72)	13.72
	(13.72)	**13.72**
31-Mar-18		
Variable-rate instruments	(21.04)	21.04
	(21.04)	**21.04**

Transformers and Electricals Kerala Limited
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Notes to the financial statements for the year ended 31 March 2019
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33.8 Capital Management

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

Particulars	31 March 2019	31 March 2018
Debt	2,038.72	2,781.36
Less: Cash and cash equivalents	47.26	1.15
Less: Bank balances other than cash and cash equivalent	474.60	537.40
Less: Other non-current financial assets - Bank deposit	129.47	11.94
Net Debt	1,387.40	2,230.87
Total Equity	8,641.51	8,244.96
Gearing ratio	**0.16**	**0.27**

For and on behalf of the Board ofDirectors

As per our report of even date

(Prasad Bhaskaran Nair)
Managing Director

(N.C. Mohanan)
Chairman

For George, John & Prabhu,
Chartered Accountants,
Firm Regn. No.000917S

(Joffy George)
Company Secretary

(Ajith Kumar. V)
Chief Financial Officer

Rupesh Pai . R
Partner (M. No. 221480)

Place : Angamally
Date : 24.08.2020

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 & ELECTRICALS KERALA LIMITED, ANGAMALY FOR THE YEAR ENDED 31MARCH 2019

The preparation of financial statements of **Transformers & Electricals Kerala Limited, Angamaly** for the year ended **31 March 2019** 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 **24 August 2020.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Transformers & Electricals Kerala Limited, Angamaly** for the year ended **31 March 2019** under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss for the year ended 31 March 2019
Profit for the year ₹384.99 lakh

The profit for the year is overstated with a net amount of ₹344.44 lakh due to;

1. recognition of freight income of ₹110.20 lakh associated with sale of power transformers in violation of the stated policy of recognition of revenue from Freight On Road destination sale after goods are delivered at customer's site.

2. accounting of interest income of ₹103.42 lakh on letters of credit opened by M/s MEIL pertaining to sales completed in subsequent accounting period is against the stated policy. To this extent trade receivables are overstated.

3. non-accounting of liquidated damages amounting to ₹68.74 lakh charged by M/s APTRANSCO on account of delayed delivery of two 315 MVA transformers.
4. non-accounting of DA arrears amounting to ₹62.08 lakh disbursed to officers and staff of the Company for the period 1 January 2018 to 31 March 2019 in pursuance of Government of Kerala order. To this extent current liabilities understated.

B. COMMENTS ON CASHFLOW STATEMENT

Cash flows from investing activities
Interest received: ₹250.37 lakh

1. This includes an amount of ₹53.70 lakh pertaining to interest on letters of credit on five invoices opened by M/s MEIL during March 2019 against sale of transformers. Since the transformers did not reach the site of MEIL till 31 March 2019, the Company could neither encash the LC nor discount the bill during the financial year. Hence, this did not have any effect on the cash flows of the Company and should have been excluded from the Cash Flows Statement in accordance with Ind AS 7 - Statement of Cash Flows.

C. COMMENTS ON DISCLOSURE

1. The Company has adopted a policy of valuing the work in progress as the weighted average cost of materials plus proportionate share of labour and manufacturing overheads including depreciation, but excluding financial overheads or the realisable values based on percentage of completion, whichever is lower. The policy adopted by the company is against the requirement of Ind AS 2 which states that the inventories shall be measured at the lower of cost and net realisable value.
2. Though the Company followed Straight Line Method of depreciation while preparing the schedule of Property, Plant and Equipment, the same has not been disclosed in the Financial Statements as required by the Ind AS 16 - Property, Plant and Equipment.
3. The fact that a fire incident in the factory premises occurred on 24 October 2018 causing a loss of around ₹62.96 lakh and that a corresponding insurance claim for the amount had been lodged with Kerala State Insurance Department has not been disclosed to comply with the provision of Ind AS 37.
4. The Company did not disclose performance obligations as against the requirement under Para 119 of the Ind AS 115 (Revenue from Contracts with Customers).

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

Sd/

PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II), KERALA

Thiruvananthapuram
Dated: 07.01.2021

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 2019

<table>
<tr><th>Sl. No:</th><th>Comments of the Comptroller and Auditor General of India</th><th>Company's Reply</th></tr>
<tr><td>A.</td><td>COMMENTS ON FINANCIAL POSITION</td><td></td></tr>
<tr><td></td><td>NIL</td><td></td></tr>
<tr><td>B.</td><td>COMMENTS ON PROFITABILITY</td><td></td></tr>
<tr><td></td><td>Statement of Profit and Loss for the year ended 31 March 2019
Profit for the year Rs.384.99 lakh
the profit for the year is overstated with a net amount of Rs.344.44 lakh due to:</td><td></td></tr>
<tr><td>1</td><td>Recognition of freight income of Rs.110.20 lakh associated with sale of power transformers in violation of the stated policy of recognition of revenue from Freight On Road destination sale after goods are delivered at customer's site</td><td>Freight Expenses incurred by the company to fulfill the obligation that are compensated by the Freight Income were accrued in the year 2018-19 itself. So in order to comply the matching concept of accounting, the company needs to record the Income of Rs.110.20 Lakhs in year 2018-19 itself. Hence the company is of the opinion that there is no overstatement of Rs.110.20 lakhs.
It is partially true that the corresponding freight expenses had not been provided in the books. Actually only 6 invoices were missed in the provision created for the freight payable and the total value of the same comes to Rs.55.64 Lakhs as detailed below:
<table>
<tr><th>Sl No:</th><th>Inv: No</th><th>Transportation Cost(Rs. Lakhs)</th></tr>
<tr><td>1</td><td>IOK1819GM056</td><td>12.70</td></tr>
<tr><td>2</td><td>IOK1819GM042</td><td>12.09</td></tr>
<tr><td>3</td><td>IOK1819GM045</td><td>11.98</td></tr>
<tr><td>4</td><td>IOK1819GM044</td><td>8.16</td></tr>
<tr><td>5</td><td>IOK1819GM057</td><td>8.46</td></tr>
<tr><td>6</td><td>IOK1819GM038</td><td>2.25</td></tr>
<tr><td></td><td>Total</td><td>55.64</td></tr>
</table>
Considering the above it may please be noted that the overstatement is for Rs.55.64 Lakhs only.</td></tr>
</table>

2	Accounting of interest income of Rs.103.42 lakh on letters of credit opened by M/s MEIL pertaining to sales completed in subsequent accounting period is against the stated policy. To this extent trade receivables are overstated.	*All such Letter of Credits (L/Cs) were opened by M/s MEIL before the starting of dispatch vehicle from TELK's premises and also are irrevocable. Thus TELK is getting an irrevocable right and in turn M/s MEIL is under an irrevocable obligation to execute the LC as per the terms and conditions including the terms of interest receivable / payable.* *Hence there is a condition existing as on the balance sheet date (31st March 2019) according to IND AS 10.* *It may also be noted that before the accounts were approved by the Board of Directors (24/08/2020), the interest amount has been received by the company resulting in a favourable event that provide evidence for condition that existed as on the end of the reporting period (31st March 2019). Hence it is an Adjusting Event as per IND AS 10 and therefore our accounting of interest income may please be found in order.*
3	Non-accounting of liquidated damages amounting to Rs.68.74 lakh charged by M/s APTRANSCO on account of delayed delivery of two 315 MVA transformers.	*The balance of the Provision for Liquidated damages as on 31st March 2020 is Rs. 67.08 lakhs. Also the company's provision for bad and doubtful debts as on 31st March 2020 is Rs. 911.06 Lakhs. The company is of the view that there is enough coverage for the LD even if the same got materialized in the future. The company has already requested for delivery extension with AP Transco and if this request is approved by AP Transco, this may result in waiver of the LD amounts. Since the company is monitoring such cases and regularly following up for LD waiver, the Management is of the opinion that no further provision is required at this stage.*
4	Non-accounting of DA arrears amounting to Rs. 62.08 lakh disbursed to officers and staff of the Company for the period 1 January 2018 to 31 March 2019 in pursuance of Government of Kerala order. To this extent current liabilities understated.	*The Government of Kerala issued order related to Dearness Allowance (DA) only on 27.04.2019 and as such there is no condition existing on the balance sheet date (ie, 31st March 2019). So both the events – Board Approval happened on June 2019 and disbursement of said arrears happened on July 2019 (events occurred after the balance sheet date – 31st March 2019) are NON- ADJUSTING Events only because as per IND AS 10 in order to classify an event occurring after the balance sheet date as adjusting event there should be a condition existing on the balance sheet date (31st March 2019). Thus the company is of the opinion that the provision / expense needs to be recognized in the year 2019-20 only.*

C	**COMMENT ON CASH FLOW STATEMENT** Cash flows from investing activities Interest received:Rs. 250.37 lakh This includes an amount of Rs. 53.70 lakh pertaining to interest on letters of credit on five invoices opened by M/s MEIL during March 2019 against sale of transformers. Since the transformers did not reach the site of MEIL till 31 March 2019, the Company could neither encash the LC nor discount the bill during the financial year. Hence, this did not have any effect on the cash flows of the Company and should have been excluded from the Cash Flows Statement in accordance with Ind AS 7 - Statement of Cash Flows.	*The comments are noted for future guidance. However this will not have any impact on the profit for year.*
D 1	**COMMENTS ON DISCLOSURE** The Company has adopted a policy of valuing the work in progress as the weighted average cost of materials plus proportionate share of labour and manufacturing overheads including depreciation, but excluding financial overheads or the realisable values based on percentage of completion, whichever is lower. The policy adopted by the company is against the requirement of Ind AS 2 which states that the inventories shall be measured at the lower of cost and net realisable value	*The method adopted by the Company to value Work in progress was as follows:* *For computation of cost:* *"weighted average actual cost of materials plus proportionate share of labour and manufacturing overheads including depreciation, but excluding financial overheads".* *For computation of Net realizable value:* *Applying the actual percentage of completion on the Sales value of the transformer which was recorded as work in progress at the end of the financial year.* *So neither Cost part nor NRV part is computed on proportionate cost basis.*
2	Though the Company followed Straight Line Method of depreciation while preparing the schedule of Property, Plant and Equipment, the same has not been disclosed in the Financial Statements as required by the Ind AS 16 - Property, Plant and Equipment.	*The comments are noted for future guidance. However this will not have any impact on the profit for year.*
3.	The fact that a fire incident in the factory premises occurred on 24 October 2018 causing a loss of around Rs.62.96 lakh and that a corresponding insurance claim for the amount had been lodged with Kerala State Insurance Department has not been disclosed to comply with the provision of Ind AS 37.	*As the company has not received any advice from the Insurance company about their approval of the particular insurance claim, company is of the opinion that there is no need to disclose the same as a Contingent Asset. Even as on date, the insurance company is yet to settle the above claim.*
4.	The Company did not disclose performance obligations as against the requirement under Para 119 of the Ind AS 115 (Revenue from Contracts with Customers).	*The comments are noted for future guidance. However this will not have any impact on the profit for year.*