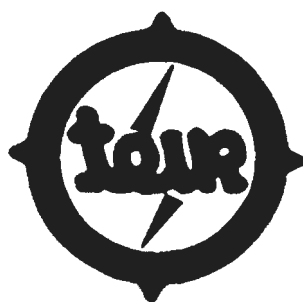


Transformers and Electricals Kerala Limited

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



60th ANNUAL REPORT
Year Ended 31st March 2023

TELK

Board of Directors

Adv. P.C. Joseph	: Chairman
Shri. Neeraj Mittal	: Managing Director
Prof. (Dr.) C.A. Babu	: Director
Shri. Ajay Dua	: Director
Smt. Sangeeta Kaushik	: Director
Adv. K.K. Shibu	: Director
Shri. A.M. Jafar	: Director
Shri. Debdutta Sinha	: Director

Statutory Auditors:

M/s. Babu A. Kallivayalil & Co.

Bankers

State Bank of India

South Indian Bank

Registrar & Share Transfer Agent

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

Registered Office:

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

Shareholders Helpdesk

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

CONTENTS

Board's Report	03
Audit Report	13
Financial Statements	37
Addendum to Board's Report.....	103

(Non-Review Certificate issued by C&AG, Comments of Secretary (Finance Resources),
Government of Kerala & Company's replies)

BOARD'S REPORT

Dear members,

The Board of Directors of your Company are pleased to submit the 60th Annual Report on the business and operations of the company along with the audited financial Statements for the Financial Year ended 31st March 2023.

Business Overview & Performance

Your Company incurred a Loss before Tax and exceptional items of ₹4,712.96 Lakhs during the year 2022-23 as compared to ₹5,757.80 Lakhs during the previous Financial Year. During the year 2022-23, the operational revenue increased to ₹14,749.74 Lakhs as compared to ₹13,454.40 Lakhs in the previous Financial Year. The reduction in Loss before Tax and exceptional items and increase in operational revenue points out your company's endeavor to recovery.

Financial Results

(₹ In Lakhs)

Particulars	2022-23	2021-22
Revenue from operations	14749.74	13454.40
Other Income	565.26	206.38
Total Income	15315.00	13660.78
Expenses:		
Cost of material consumed	11113.10	11056.14

Changes in inventories of finished goods and work in progress	1963.07	756.91
Employee benefits Expense	4422.42	4538.21
Finance costs	1002.14	750.65
Depreciation & amortization	92.32	101.62
Other Expenses	1434.91	2215.02
Total Expenses	20027.96	19418.57
Profit/(Loss) before Income Tax and Exceptional Items	-4712.96	-5757.79
Exceptional Items	790.85	-
Profit/(Loss) before Income Tax	-3922.11	-5757.79
Tax expenses:		
Current Tax	213.97	
Deferred Tax	-1082.70	-2082.15
Total Tax expenses	-868.73	-2082.15
Profit / (Loss) for the year	-3053.38	-3675.64
Total other comprehensive income / (loss) for the year, net of tax	102.30	76.89
Total comprehensive Income / (Loss) for the year	-2951.08	-3598.75

Dividend

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



Directors

During the FY 2022-23, the following constituted the Board of Directors of the Company:

1. Adv. P.C. Joseph (Chairman) from 29.12.2021 till date.
2. Shri. Bipin Satya (Managing Director) from 14.02.2022 to 17.07.2023.
3. Shri. Shibu A.S. from 05.12.2018 to 02.02.2023.
4. Shri. Anil Nautiyal from 04.11.2019 to 30.04.2022.
5. Shri. Shiva Kumar Ram from 15.07.2021 to 31.08.2024.
6. Shri. Animesh Jain from 15.07.2021 to 31.03.2023.
7. Shri. Ajay Dua from 09.05.2022 till date.
8. Prof.(Dr.) C.A. Babu from 11.10.2022 till date.
9. Shri. Thomas Samuel from 02.02.2023 to 18.12.2023.
10. Smt. Sangeetha Kaushik from 31.03.2023 till date.

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

1. Adv. P.C. Joseph (Chairman)
2. Shri. Neeraj Mittal (Managing Director)
3. Prof.(Dr.) C.A. Babu
4. Shri. Ajay Dua
5. Smt. Sangeetha Kaushik
6. Adv. K.K. Shibu
7. Shri. A.M. Jafar
8. Shri. Debdutta Sinha

Shri. Neeraj Mittal (DIN 10269729) was appointed as Managing Director w.e.f. 07.08.2023.

Adv. K K Shibu (DIN 10373322) was appointed as Director w.e.f. 27.10.2023.

Shri. A.M. Jafar (DIN 10466417) was appointed as Director w.e.f. 22.03.2024.

Shri. Debdutta Sinha (DIN 11116658) was appointed as Director w.e.f. 27.08.2025.

Shri. Animesh Jain (DIN 09343563) ceased to be the Director w.e.f. 31.03.2023.

Board of Directors place on record their gratitude and appreciation for the guidance and the valuable services rendered by Shri. Animesh Jain during his tenure.

Key Managerial Personnel

In accordance with Section 2(51) and section 203 read with rules made there under and other applicable provisions of the Companies Act, 2013, the following were the Key Managerial Personnel of the Company during the FY 2022-23:

- 1) Shri. Bipin Satya (Managing Director) From 14.02.2022 to 17.07.2023.
- 2) Shri. Ajith Kumar V (Chief Financial Officer) up to 11.10.2022
- 3) Dr. Joffy George (Company Secretary) up to 20.09.2022

At present following are the Key Managerial Persons of the Company

1. Shri. Neeraj Mittal, Managing Director
2. Shri. P.K. Madhavan, Chief Financial Officer (CFO)

Shri. P.K. Madhavan was appointed Chief Financial Officer (CFO) w.e.f 05.02.2025 on a fixed term contract basis. However he met with a road accident and has been on leave since 29.03.2025, due to which Shri. Jomon K. A. is In-charge of Finance department.

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

The appointment of Company Secretary is under process.

Directors' Responsibility Statement

The Directors confirm that:

(a) in the preparation of the annual accounts for the Financial Year ended 31st March 2023, the Indian Accounting Standards (Ind AS) have been followed along with proper explanation relating to material departures;

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

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

(d) The directors have prepared the annual accounts on a going concern basis; and (e) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Transfer to Reserves

The Company has not transferred any amount to reserves in the year 2022-23.

Fixed Deposits

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

Particulars of loans, guarantees or investments

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

Events occurring after the Balance sheet date

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

Auditors and Auditors' Report

M/s. Babu A. Kallivayalil & Co., Chartered Accountants, Kochi were appointed as Statutory Auditors of the Company for the year 2022-23. The Company has received a declaration from them that their firm is



not disqualified for such an appointment under section 141 of the Companies Act, 2013.

Qualification made by the Statutory Auditors on the Annual Accounts of the Company for the year ended 31st March 2023 and Company's reply is given below:

Qualification in the Report of the Statutory Auditors

I. Qualification:

As per para 34 of Ind AS 12- "Income taxes", a deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available for their utilization. The Company has recognized deferred tax assets of ₹3,815.15 lacs instead of ₹2,509.54 lacs on carry forward unabsorbed losses as per the information otherwise available in the Income Tax portal (Refer Note #30), and there is no convincing evidence to support the probability of sufficient future taxable profits to justify such recognition.

Company's Reply:

The Company is expected to generate taxable profits in the coming years and the unabsorbed losses carry forwarded are expected to be set off against the future taxable profits and hence such recognition of Deferred Tax Assets in the financial statement is considered to be appropriate.

II. Qualification:

We are unable to comment on the compliance with the Ind AS 36- "Impairment of Assets" since the Company has no laid down procedure to determine the impairment or otherwise of the assets of the Company (Note #3(j)).

Company's Reply:

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

III. Qualification:

The Company has circularized confirmation letters to various trade receivables aggregating to ₹6,962.05 lacs (Note #12) and trade payables aggregating to ₹3,016.73 lacs (Note #17). However, no confirmations have been received in the case of trade receivables. Similarly, in the case of trade payables, confirmations amounting to only ₹1,823.87 lacs have been received. In view of the above, we have resorted to alternate audit procedures only to verify these balances.

Company's Reply:

Majority of the TELK's customers are state GENCOS (generating companies) and TRANSCOS (transmission companies) who are often hesitant to issue balance confirmation despite our

repeated requests. We are regularly expediting them for payments and also for confirmations regarding the amounts payable to TELK. The company has collected ₹6,753 Lakhs from debtors and also paid ₹4,425 Lakhs to its creditors subsequently.

Number of meetings of the Board

The Board met four times during the financial year 2022-23 viz., 20.07.2022, 11.10.2022, 02.02.2023, 31.03.2023. The composition and category of the Directors along with their attendance at Board Meetings are given below:

Name of Director	20.07.2022	11.10.2022	02.02.2023	31.03.2023
Adv.P.C. Joseph (Non-Executive)	Present	Present	Present	Present
Shri. Bipin Satya (Managing Director)	Present	Present	Present	Present
Shri. Animesh Jain (Non- Executive)	Present	Present	Present	Absent
Shri.Shiva Kumar Ram (Non-Executive)	Present	Present	Present	Present
Shri. Shibu A S ^{#1} (Non- Executive)	Absent	Absent	Absent	NA
Shri. Ajay Dua ^{#2} (Non-Executive)	Absent	Present	Present	Present
Prof. (Dr.) C.A.Babu ^{#3} (Non-Executive)	NA	Present	Present	Present
Shri. Thomas Samuel ^{#4} (Non-Executive)	NA	NA	Present	Present
Smt. Sangeetha Kaushik ^{#5} (Non-Executive)	NA	NA	NA	Present

^{#1} Shri. Shibu A S has resigned from the Board of directors w.e.f. 02.02.2023.

^{#2} Shri. Ajay Dua has been appointed as Director in place of Anil Nautiyal w.e.f 09.05.2022

^{#3} Prof (Dr.) C.A. Babu has been appointed as Director w.e.f. 11.10.2022

^{#4} Shri. Thomas Samuel has been appointed as Director w.e.f. 02.02.2023 to 18.12.2023

^{#5} Smt. Sangeetha Kaushik has been appointed as Director w.e.f. 31.03.2023

Internal Control and its Adequacy

M/s. Sasi, Vijayan and Rajan, Chartered Accountants, Kochi conducted Internal Audit of your Company during the financial year 2022-23. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. However, the Finance Department, Govt.of Kerala has observed that the Company should frame documentary internal financial control policy by using oversight and potential gaps in controls and its implementation to ensure consistency in financial decision making. The Company has redefined and expanded the scope of its internal audit function for FY 2023-24 onwards with a view to further strengthen the internal control system.

Committees of Board

Board has one Committee in function for FY 2022-23 viz; Audit Committee.

Audit Committee

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

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



Cost Audit

The Company had appointed M/ s. Rajendran, Mani & Varier, Cost Accountants, Ernakulam to audit the cost accounts related to the company's products for the year ending on 31.03.2023.

SS Compliance

The Company has complied with the applicable Secretarial Standards.

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

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of women at workplace in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Compliance Committee (ICC) has been set up to redress complaints received regarding sexual harassment. No complaint of sexual harassment was received by the ICC during the year 2022-23.

Human Resources Management

Your Company's capabilities are centered on its highly dedicated employees numbering 427 as on 31st March 2023. Our employees rose to the challenges posed by rapidly changing economic landscape, particularly in the electrical manufacturing industry which witnessed one of its worst periods, and aligned themselves with Company's Vision.

Safety

Your Company places utmost importance on ensuring safety of its employees, visitors to our premises and the communities we operate in. Safety is an overarching area of management, and company has been achieving continuous improvement in safety performance through a combination of systems and processes as well as co-operation and support of all employees. We are taking adequate precautions and care of all our employees and visitors while they are on our premises. Company is providing all suitable personal protection equipment as well as awareness and training to its employees.

Corporate Governance

Your company follows the best corporate governance practices founded on the principle of transparency, in the interest of all stakeholders. The Board of Directors of the company is at the core of our corporate governance practice. The Board of Directors of the Company comprises of Chairman, Managing Director and Directors. Except the Managing Director, all other Directors are non-executive Directors. During the Financial Year 2022-23, 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, 11 applications were received. All the aforesaid applications were disposed off by the authorized authority within the stipulated time frame. No appeals were received during FY 2022-23.

Risk Management

Keeping in view of the nature of industry in which your Company is engaged, your Company had all along been conscious of the risk associated with the nature of its business. Senior Management

personnel carries out risk identification, risk assessment, risk treatment and risk minimization procedures for all functions of the Company, which are periodically reviewed on an ongoing basis and executive management controls risk through means of a properly defined framework. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Related Party Transactions

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

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

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

Extract of Annual Return

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 to be filed as prescribed under Section 92 (3) of the Companies Act, 2013 is given below:

<https://www.telk.com/Content/viewcontent.aspx?linkId=191&linkLv1Id=21>

Corporate Social Responsibility

Not Applicable

Contribution to Exchequer

Your Company contributed an amount of ₹418.52 Lakhs in the form of GST, Customs Duty, and Income Tax etc. during the year 2022-23.

Significant and Material orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the Financial Year 2022-23 impacting the going concern status and company's operation in future.

Cautionary statement

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

Acknowledgements

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

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

For and on behalf of the Board of Directors of TELK

Sd/-
(Adv. P.C. Joseph)
CHAIRMAN

Annexure-I**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Particulars pursuant to the Companies (Accounts) Rules, 2014]

(A) Conservation of Energy

During the year 2022-23, total Electricity consumption decreased by 20.27%. However, furnace oil consumption increased by 6.40% due to production of large capacity transformer involving self tank drying.

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

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

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

NIL

(iii) the capital investment on energy conservation equipment

No capital investment was made by the Company on energy conservation equipment in 2022-23

(B) Technology Absorption**(i) The efforts made towards technology absorption**

- Developed and implemented a new method for wrapping pressboard for intermediate insulation in transformer coil assembly, replacing pressboard cylinders. This resulted in a significant reduction in pressboard material consumption and a considerable decrease in labor hours. The new method was successfully tested in one of the transformers and has since been adopted for subsequent production units, including those in the 400kV class.
- Redesigned the lead disposition on the low-voltage side of large-capacity transformers to minimize the effects of stray flux, thereby reducing associated losses and localized heating. Testing of the transformer with the modified design demonstrated significant improvements in these areas, leading to the adoption of the new configuration in subsequent production units.

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

- Successfully developed a new vendor, M/s APAR Industries, for the supply of Continuously Transposed Conductor (CTC), a critical raw material in transformer manufacturing. This strategic development has strengthened the supply chain and improved consistent material availability for production.



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

- (a) the details of technology imported: NA
- (b) the year of import: NA
- (c) whether the technology been fully absorbed: NA
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

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

(C) Foreign Exchange Earnings and Outgo

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

Activity in Foreign Currency

	2022-23 (₹ in lakhs)	2021-22 (₹ in lakhs)
Earnings	29.00	0.00
Expenditure	342.36	279.29
Net foreign exchange earnings (NFE)	-313.36	-279.29

Sd/-
(Adv.P.C.Joseph)
Chairman

INDEPENDENT AUDITOR'S REPORT

**To the Members of the TRANSFORMERS AND ELECTRICALS
KERALA LIMITED**

Report on the Audit of Financial Statements

Qualified Opinion

1. We have audited the accompanying financial statements of the **TRANSFORMERS AND ELECTRICALS KERALA LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion section of our report*, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the loss and total comprehensive loss, its cash flows and changes in equity for the year ended on that date.



3. Basis for Qualified Opinion

- i. *As per para 34 of Ind AS 12- "Income taxes", a deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available for their utilisation. The Company has recognised deferred tax assets of Rs.3,815.16 lacs instead of Rs.2,509.54 lacs on carry forward unabsorbed losses as per the intimation orders available in the Income Tax portal (Refer Note #30); and there is no convincing evidence to support the probability of sufficient future taxable profits to justify such recognition.*
- ii. *We are unable to comment on the compliance with the Ind AS 36- "Impairment of Assets" since the Company has no laid down procedure to determine the impairment or otherwise of the assets of the Company (Note #3(j)).*
- iii. *The Company has circularized confirmation letters to various trade receivables aggregating to Rs.6,962.05 lacs (Note #12) and trade payables aggregating to Rs.3,016.73 lacs (Note #17). However, no confirmations have been received in the case of trade receivables. Similarly, in the case of trade payables, confirmations amounting to only Rs.1,823.87 lacs have been received. In view of the above, we have resorted to alternate audit procedures only to verify these balances.*

4. We further report that: -

- a) *Had the quantifiable qualifications in paragraph 3(i) above been effected, the loss for the year would have been higher by Rs.3,815.16 lacs, negative balance of Retained Earnings under Other Equity would have been higher by Rs.3,815.16 lacs, Deferred tax assets under Non-Current Assets would have been lower by Rs.3,815.16 lacs.*
- b) *We are unable to determine the financial impact of the remaining qualifications in paragraph 3(ii) and (iii) above, in the absence of appropriate details.*

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

5. Emphasis of Matter

The Company has not transferred amount unspent on account of Corporate Social Responsibility (CSR) of Rs.25.33 lacs (previous year: Rs.25.33 lacs) to the Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial years in compliance with second proviso to sub-section (5) of section 135 of the Act (Refer Note #15).

Our opinion is not modified in respect of this matter.

6. Other information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Since the other information was not made available to us, we are unable to comment on the same.



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

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, cashflows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements are in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

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

14. Based on the verification of books of account of the Company and according to information and explanations given to us, we give in "**Annexure B**" a report on the directions/ additional sub-directions issued by the Comptroller and Auditor General of India in terms of section 143(5) of the Act.

15. As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
- b. Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c. The Company has no branches and hence reporting under clause (c) of Section 143 sub section 3 of the Act is not applicable.
- d. Except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- e. Except to the extent of non-compliance described in the Basis for Qualified Opinion section of our report, in our Opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- f. The matters described in the Basis for Qualified Opinion paragraph of our report, in our opinion, may not have any major adverse effect on the functioning of the Company.
- g. Being a government company, the provisions of sub section (2) of Section 164 of the Companies Act, 2013 is not applicable, based on the information made available to us.
- h. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph of our report.
- i. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure C**”.
- j. With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company has disclosed the impact of pending litigations as at year end on its financial position in its financial statements (Refer Note #31.a).



- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses to be provided for (Refer Note #31.b).
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d)
 - i. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - ii. The management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - iii. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- e) The Company has not declared any dividend during the year and hence clause (f) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

f) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 01, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

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

Ernakulam,
May 02, 2025

UDIN: 25018177BNQJUY7691



Annexure A to the Independent Auditors' Report

(Referred to in paragraph 13 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditors' Report)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) In respect of the Company's property, plant and equipment and intangible assets:
 - a) (A) The records of property, plant and equipment (PPE) maintained by the Company are not proper without showing the complete particulars including description and situation of assets. The Company is in the process of updating its asset register.
 - (B) The records of intangible assets maintained by the Company are not proper without showing the complete particulars of assets. The Company is in the process of updating its asset register.
 - b) As explained to us, property plant and equipment as at March 31, 2023 are stated to be physically verified by the Management and not observed by us. In our opinion, the frequency of such verification is reasonable. Also, the physical verification was limited to assets on which depreciation is charged. However, we have been informed that no material discrepancies were noticed on such physical verification. The physical verification procedure needs to be strengthened.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties disclosed in the financial statements are held in the name of the Company.
 - d) According to the information and explanations given to us and based on the books of account of the Company examined by us, the Company has not revalued its PPE or intangible assets or both during the year.
 - e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company as at March 31, 2023, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

- (ii)
- a) The Company has carried out physical verification of inventory other than inventory lying with third parties for which confirmations were obtained. In line with the accounting policy, the Company is not accounting for the materials pending for inspection and hence the same is not included in physical verification. The procedures of physical verification of inventories followed by the Management need to be strengthened in relation to the size of the Company and the nature of its business. In our opinion, the frequency of such verification is reasonable. No discrepancies were stated to be noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
 - b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are not in agreement with the books of account of the Company and the Company has not given the reconciliation for the difference in the stock and trade receivables statement submitted to the bank with that of the books of account as required under the Division II - Ind AS Schedule III of the Act.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties other than to its employees during the year. Hence, clauses (iii) (a) to (f) of paragraph 3 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, investment, guarantees and security covered under section 185 and 186 of the Companies Act, 2013. Accordingly, the provision of clause 3(iv) of the said order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public other than those deposits in the ordinary course of business such as earnest money deposits and security deposits, during the year. Therefore, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.



- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained during the year by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
- a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2023 for a period of more than six months from the date they became payable.
- b) According to the records made available to us and the information and explanations given by the Management, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and goods and services tax as at March 31, 2023 which have not been deposited with the appropriate authorities on account of any dispute are as follows:

Name of statute	Nature of dues	Period to which relate	Rupees in lacs	Forums where dispute is pending
The Income Tax Act, 1961	Income tax	Year 2017-18	203.33	Commissioner of Income Tax (Appeals), National Appeal Centre, Delhi
Employee State Insurance Act, 1948	ESI dues	Year 2010-11	3.34	High Court of Kerala

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

(ix)

- a) Based on our examination of records of the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or to the Government. Additionally, the Company has not issued any debentures.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) In our opinion, and based on the information and explanations provided to us, the term loans obtained during the year were generally utilized for their intended purpose.
- d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that funds raised on short-term basis have been generally used for their intended purpose.
- e) According to the information and explanations given to us and on an overall examination of the records of the Company, we report that the Company did not have any subsidiary and therefore, reporting under clause (ix) (e) and (f) of the order is not applicable to the Company.

(x)

- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and therefore, reporting under clause 3(x)(b) of the Order is not applicable to the Company.



- (xi)
- a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
 - b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
 - c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) (a) to (c) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, 'Related Party Disclosures' specified under Section 133 of the Act read with The Companies (Indian Accounting Standards) Rules, 2015 (*Note #34*).
- (xiv)
- a) In our opinion and based on information and explanations provided to us and our audit procedures, the Company has an internal audit system and the same has to be strengthened to commensurate with the size and nature of its business.
 - b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

- (xvi)
- a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
 - b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
 - c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
 - d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of the clause 3(xvi) d is not applicable.
- (xvii) The Company have incurred cash losses during the financial year covered by our audit of Rs.4,157.47 lacs for current financial year and Rs.4,034.73 lacs the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying Financial Statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.



(xx)

- a) The Company has not fully utilised the required amount towards Corporate Social Responsibility (C.S.R.) and the unspent C.S.R. amount other than in respect of ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act has not been transferred as given below:

Financial Year	Amount unspent on Corporate Social Responsibility activities "other than Ongoing Projects" (Amount in Rupees)	Amount Transferred to Fund specified in Schedule VII within 6 months from the end of the Financial Year	Amount Transferred after the due date (specify the date of deposit)
2019-20	15,00,000	Nil	Nil
2020-21	10,33,000	Nil	Nil
Total	25,33,000	-	-

- b) The Company does not have any ongoing projects in compliance with the provision of sub-section (5) of section 135. Accordingly, clause 3(xx)(b) of the Order is not applicable.

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

Ernakulam
May 02, 2025

UDIN: 25018177BNQJUY7691

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 14 under 'Report on Other Legal and Regulatory Requirements' section of our report)

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

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

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

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

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

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



Sector Specific Sub-directions under Section 143(5)

of the Companies Act, 2013

Manufacturing Sector

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

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

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

During the previous year under audit, the Company received Rs.250 lacs as loan from Government of Kerala for Vapour Phase Drying (VPD) plant project, besides Rs.10 lacs (net) received during the 2020-21. The Company has not utilized the amount during the year, as the Company is not able to identify a suitable vendor.

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

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

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

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

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

Not applicable to the Company

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

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

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

During the year, as informed by the Management utilization of plant and machinery (MVA) as compared to installed capacity (4500 MVA) is 53.57% (previous year – 46.25%)

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

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

Others

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

During the year under audit, the Company received Rs.434 lacs as loan from Government of Kerala for working capital requirements and Rs.250 lacs as loan from Government of Kerala for Vapour Phase Drying (VPD) plant project during previous year, besides Rs.10 lacs (net) received during the 2020-21. The Company has not utilized the amount received for VPD project during the year, as the Company is not able to identify a suitable vendor.



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

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

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

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

Ernakulam
May 02, 2025

UDIN: 25018177BNQJUY7691

Annexure C to the Independent Auditor's Report

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

Report on the Internal Financial Controls with reference to the financial statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over with reference to financial statements of **TRANSFORMERS AND ELECTRICALS KERALA LIMITED** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on "Audit of Internal Financial Controls over Financial Reporting" issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to 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, the following material weaknesses have been identified as at March 31, 2023:

- i. Inadequate design of the Information Technology in general and the application controls that prevent the information system from providing complete and accurate information consistent with the financial reporting objective and current needs. Besides this, absence of Enterprise Resource Planning (ERP) software leading to lack of internal control and to ensure accuracy of books of account, considering the size of the Company and the nature of its business.
- ii. Inadequate documentation of the components of the internal control.
- iii. Inadequate design of the information technology in general and the application controls that prevent the information system from providing complete and accurate information consistent with the financial reporting objective and current needs.
- iv. Absence of appropriate physical verification procedures for inventories and property, plant and equipment.
- v. Non-reconciliation of balance confirmation received from trade receivables and trade payables with books of account and non-receipt of balance confirmation for major balances outstanding as at year-end.
- vi. Non-reconciliation of monthly GST liability in the books of account with the GST returns regularly and delay in timely deduction and payment of taxes.
- vii. Non-maintenance of proper fixed assets register.
- viii. Non-compliance with Ind AS 36 on 'Impairment of assets'.



- ix. The Company has no documented internal financial control policy, including a structured framework for delegation of authority. The absence of such a framework may result in inconsistencies in financial decision-making, inadequate oversight, and potential gaps in controls and its implementation.
- x. Inadequate qualified professionals in the accounts and finance department to commensurate with the size and nature of operations of the company.

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

In our opinion, except for the effects/ possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, generally adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating reasonably effective as of March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on "Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2023 financial statements of the Company and these material weaknesses may affect our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

Ernakulam
May 02, 2025

UDIN: 25018177BNQJUY7691

 Transformers and Electricals Kerala Limited Angamally South P.O., Ernakulam District, Kerala Balance Sheet as at 31 st March 2023			
Rupees (₹) in lakhs, unless otherwise stated			
Particulars	Note	As at 31 March 2023	As at 31 March 2022 (Restated*)
ASSETS			
(1) Non-current assets			
a. Property, plant and equipment	4a	1,080.30	1,142.78
b. Capital work in progress	4b	12.30	5.97
c. Intangible assets	5	2.27	2.77
d. Financial assets			
(i) Investments	6	0.70	0.70
(ii) Other financial assets	8	451.17	209.14
e. Deferred tax assets (net)	30	5,180.22	4,136.94
Total non-current assets		6,726.96	5,498.30
(2) Current assets			
a. Inventories	11	3,054.70	6,045.58
b. Financial assets			
(i) Trade receivables	12	6,788.45	7,627.43
(ii) Cash and cash equivalents	13.a	211.61	1.25
(iii) Bank balances other than cash and cash equivalent	13.b	861.13	1,043.62
(iv) Loans	7	17.71	20.08
(v) Other financial assets	8	817.72	44.54
c. Current tax assets (net)	9	113.10	91.68
d. Other current assets	10	368.52	460.69
Total current assets		12,232.94	15,334.87
Total assets		18,959.90	20,833.17
EQUITY AND LIABILITIES			
Equity			
a. Equity share capital	14.a	4,296.96	4,296.96
b. Other equity	14.b	(3,898.20)	(947.12)
Total equity		398.76	3,349.84
Liabilities			
(1) Non-current liabilities			
a. Financial liabilities			
(i) Borrowings	16	899.44	489.78
b. Provisions	15	1,752.00	1,664.54
Total non-current liabilities		2,651.44	2,154.32
(2) Current liabilities			
a. Financial liabilities			
(i) Borrowings	16	6,072.59	6,032.13
(ii) Trade payables	17		
(a) Total outstanding dues of micro and small enterprises		882.89	982.48
(b) Total outstanding dues of other than micro and small enterprises		3,634.88	2,603.41
(iii) Other financial liabilities	18	2,336.53	2,622.41
b. Other current liabilities	19	886.03	497.06
c. Provisions	15	2,096.78	2,591.52
Total current liabilities		15,909.70	15,329.01
Total liabilities		18,561.14	17,483.33
Total equity and liabilities		18,959.90	20,833.17
* Refer Note 42 Significant accounting policies and the accompanying notes from 4 to 42 are integral part of the financial statements As per our report of even date For Babu A. Kallivayalil & Co., Chartered Accountants Firm Regn. No. 05374S			
For and on behalf of the Board of Directors of Transformers and Electricals Kerala Limited (CIN: U31102KL1963SGC002043)			
Sd/- P.C. Joseph Chairman DIN: 05225941			
Sd/- CA. M.D. Thomas Partner (M. No. 018177)			
Sd/- Neeraj Mittal Managing Director DIN: 10269729			
Sd/- Jomon K. A. Officer in Charge cum HOD (F&A)			
Place: Ernakulam Date: May 02, 2025			
Place: Angamally Date: May 02, 2025			



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Statement of Profit and Loss for the year ended on 31st March 2023

Rupees (₹) in lakhs, unless otherwise stated

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
I. Revenue from operations	20	14,749.74	13,454.40
II. Other income	21	565.26	206.38
III. Total income (I+II)		15,315.00	13,660.78
IV. Expenses			
Cost of material consumed	22	11,113.10	11,056.14
Changes in inventories of finished goods and work in progress	23	1,963.07	756.91
Employee benefits expense	24	4,422.42	4,538.21
Finance cost	25	1,002.14	750.65
Depreciation and amortization expense	26	92.32	101.62
Impairment losses on financial assets	27	1.62	417.06
Other expenses	28	1,433.29	1,797.98
Total expenses (IV)		20,027.96	19,418.57
V. Loss before income tax and exceptional items (III -IV)		(4,712.96)	(5,757.79)
VI. Exceptional items	29	790.85	-
VII. Loss before income tax (V-VI)		(3,922.11)	(5,757.79)
VIII. Tax expense			
(1) Current tax	30	213.97	-
(2) Deferred tax	30	(1,082.70)	(2,082.15)
Total tax expenses (VIII)		(868.73)	(2,082.15)
IX. Loss for the year (VII-VIII)		(3,053.38)	(3,675.64)
X. Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined employee benefit plans liabilities	35	150.61	103.57
Income tax relating to items that will not be reclassified to profit or loss	30	(41.90)	(28.81)
Items that will be reclassified to profit or loss			
Re-measurements of financial asset at fair value through other comprehensive income		-	2.95
Reclassification of financial asset measured at fair value through other comprehensive income to profit and loss		(8.88)	-
Tax impact on above	30	2.47	(0.82)
Other comprehensive income for the year, net of tax (X)		102.30	76.89
XI. Total comprehensive loss for the year (IX + X)		(2,951.08)	(3,598.75)
XII. Earnings per equity share	33		
(1) Basic (in Rupees)		(7.11)	(8.55)
(2) Diluted (in Rupees)		(7.11)	(8.55)

Significant accounting policies and the accompanying notes from 4 to 42 are integral part of the financial statements

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

For and on behalf of the Board of Directors
of Transformers and Electricals Kerala Limited
(CIN: U31102KL1963SGC002043)

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

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

Sd/-
Neeraj Mittal
Managing Director
DIN: 10269729

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

Place: Ernakulam
Date: May 02, 2025

Place: Angamly
Date: May 02, 2025

Transformers and Electricals Kerala Limited				
Angamally South P.O., Ernakulam District, Kerala				
Statement of Cash Flows for the year ended on 31 st March 2023				
Rupees (₹) in lakhs, unless otherwise stated				
Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022	
Cash flows from operating activities				
Loss before tax for the year		(3,922.11)	(5,757.79)	
Net Profit before tax				
Adjustments for:				
Depreciation and amortisation		92.32	101.62	
Provision for employee benefits		339.89	261.24	
Allowances for impairment loss of trade receivables		1.62	395.41	
Other provisions and its reversals		262.36	872.32	
Provision for non movement of inventories		71.21	89.95	
Allowances for impairment loss of other financial assets		-	21.65	
Profit on sale of fixed assets		(0.02)	(1.99)	
Profit on sale of investment		(9.19)	-	
Loss arising from exchange rate fluctuations		2.07	2.53	
Finance cost		1,002.14	750.65	
Interest income		(52.03)	(62.42)	
Enhanced compensation received for land acquisition		(790.85)	-	
Dividend income		(0.11)	(0.30)	
Operating profit before working capital changes		(3,002.70)	(3,327.13)	
Changes in working capital				
(Increase)/decrease in trade receivables, loans and advances and other current assets		951.19	(245.21)	
(Increase)/decrease in inventories		2,919.67	(60.04)	
Increase/(decrease) in trade payables, other payables and provisions		(44.52)	1,651.75	
Net change in working capital		3,826.34	1,346.50	
Cash generated by operations		823.64	(1,980.63)	
Less: Direct taxes paid		(21.42)	-	
Net cash generated by operating activities		802.22	(1,980.63)	
Cash flows from investing activities				
Purchase of P.P.E. and capital work in progress		(41.66)	(22.76)	
Interest received		52.03	62.42	
Dividend income		0.11	0.30	
Sale of fixed asset		0.02	2.79	
Sale of investments		9.19	-	
Bank balances other than cash & cash equivalents (net)		194.09	2,819.61	
Less: Interest accrued on margin money deposit		(11.59)	(7.26)	
(Additions)/ withdrawal of deposits (net)		(242.03)	(44.72)	
Net cash generated by investing activities		(39.84)	2,810.38	
Cash flows from financing activities				
Proceeds from long term borrowings		724.00	-	
Repayment of long term borrowings		(329.52)	-	
Proceeds/(repayment) from short term borrowings (net)		55.64	(78.83)	
Interest paid (net)		(1,011.75)	(750.65)	
Add back: Interest accrued on borrowings		9.61	-	
Net cash generated from financing activities		(552.02)	(829.48)	
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)		210.36	0.27	
Cash and cash equivalents at the beginning of the year		1.25	0.98	
Cash and cash equivalents at the end of the year - Note No.13.a		211.61	1.25	
Reconciliation of financial liabilities forming part of financing activities in accordance with Ind AS 7:				
Particulars	As at 01 April 2022	Loan availed/ (repaid) net	Other non cash changes	As at 31 March 2023
Non current borrowings including current maturities (refer note 16)	823.90	394.49	-	1,218.39
Current borrowings (refer note 16)	5,698.00	55.64	9.61	5,763.25
Total borrowings including interest accrual	6,521.90	450.13	9.61	6,981.64
Less: Interest accrued on borrowings				(9.61)
Total borrowings (refer note 16)				6,972.03
Cash Flow Statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".				
Significant accounting policies and the accompanying notes from 4 to 42 are integral part of the financial statements				
For and on behalf of the Board of Directors of Transformers and Electricals Kerala Limited (CIN: U31102KL1963SGC002043)				
Sd/-				
P.C. Joseph				
Chairman				
DIN: 05225941				
Sd/-				
Jomon K. A.				
Officer in Charge cum HOD (F&A)				
Sd/-				
CA. M.D. Thomas				
Partner (M. No. 018177)				
Sd/-				
Neeraj Mittal				
Managing Director				
DIN: 10269729				
Place: Ernakulam				
Date: May 02, 2025				
Place: Angamally				
Date: May 02, 2025				



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Statement of Changes in Equity for the year ended on 31st March 2023

Rupees (₹) in lakhs unless otherwise stated

(A) Equity share capital	As at 31 March 2023		As at 31 March 2022	
	No. of Shares (In lacs)	Amount	No. of Shares (In lacs)	Amount
Balance at the beginning of the year	429.67	4,296.74	429.67	4,296.74
Forfeited shares	-	0.22	-	0.22
Total at the beginning of the year	429.67	4,296.96	429.67	4,296.96
Changes due to prior year errors	-	-	-	-
Restated balance at the beginning of the year	429.67	4,296.96	429.67	4,296.96
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the year	429.67	4,296.96	429.67	4,296.96

(B) Other equity

Particulars	Reserves and surplus			Other comprehensive income		Total other equity attributable to equity shareholders of the Company
	Capital Reserve	General Reserve	Retained Earnings	Other items of other comprehensive income (Item measured at fair value through other comprehensive income)	Other items of other comprehensive income (Remeasurement of defined benefit plan)	
Balance as at 01-04-2021	1,619.60	5,085.00	(4,030.94)	4.28	(26.31)	2,651.63
Loss for the year	-	-	(3,675.64)	-	-	(3,675.64)
Remeasurement of defined benefit plans (net of tax)	-	-	-	-	74.76	74.76
Remeasurement of financial assets measured at fair value through other comprehensive income (net of tax)	-	-	-	2.13	-	2.13
Balance as at 31-03-2022	1,619.60	5,085.00	(7,706.58)	6.41	48.45	(947.12)
Changes due to prior year errors or change in accounting policy	-	-	-	-	-	-
Restated balance at the beginning of the year	1,619.60	5,085.00	(7,706.58)	6.41	48.45	(947.12)
Loss for the year	-	-	(3,053.38)	-	-	(3,053.38)
Reclassification of financial asset measured through other comprehensive income (net of tax)	-	-	-	(6.41)	-	(6.41)
Remeasurement of defined benefits plan (net of tax)	-	-	-	-	108.71	108.71
Balance as at 31-03-2023	1,619.60	5,085.00	(10,759.96)	0.00	157.16	(3,898.20)

Significant accounting policies and the accompanying notes from 4 to 42 are integral part of the financial statements

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

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

Place: Ernakulam
Date: May 02, 2025

For and on behalf of the Board of Directors
of Transformers and Electricals Kerala Limited
(CIN: U31102KL1963SGC002043)

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

Sd/-
Neeraj Mittal
Managing Director
DIN : 10269729

Place: Angamally
Date: May 02, 2025

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



Transformers & Electricals Kerala Limited **Angamally South P.O., Ernakulam District, Kerala**

Company Information and Significant Accounting Policies

1. Company overview

Transformers and Electricals Kerala Limited ("TELK" or the "Company") is a public company incorporated in 1963 under the erstwhile Companies Act, 1956, domiciled in India and limited by shares. The address of the Company's registered office is Angamally South P.O., Ernakulam, Kerala -683573. The Company is a Joint Venture Company formed between NTPC Limited and Government of Kerala in the year 2007. The Company is engaged in the manufacturing and repairs of transformers.

2. Basis of preparation

(a) Statement of Compliance

The 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, notified under section 133 of Companies Act, 2013 ("the Act"). The Company issued its first Ind AS compliant stand-alone financial statements in the year (2016-17) in accordance with Ind AS 101.

Details of the Company's accounting policies are included in Note 3.

(b) Basis of measurement

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

- Certain financial assets and liabilities measured at fair value (refer note 3 accounting policy regarding financial instruments), and



- The defined benefit asset/ (liability) are recognised as the present value of defined benefit obligation less fair value of plan assets.

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

(c) Regrouping of Previous year figures

The figures for the previous year have been reclassified, where necessary, to align with the current year's presentation

(d) Functional and presentation currency

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

(e) Current and non – current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

(f) Use of estimates and management judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgements are based on previous experience and other factors considered reasonable and prudent in the circumstances. They are formulated when the carrying amount of assets and liabilities is not easily determined from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in accordance with the provisions of IND AS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors', IND AS 10 – 'Events after the Reporting Period' and IND AS 37 – 'Provisions, Contingent Liabilities and Contingent Assets'.

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

i) Useful life of property, plant and equipment

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

ii) 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. If unforeseen developments lead to changes in circumstances, this likelihood may be subject to modification.



iii) 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 increase 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.

iv) Income taxes

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

v) Deferred taxes

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

vi) Expected credit losses on financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation/amortisation recognised and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use.

The cost of an item of property, plant and equipment is recognized as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When parts of an item of property, plant and equipment have different useful lives, they are recognised and depreciated separately.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within 'other income' in the statement of profit or loss.

Expenditure on major inspection and overhauls of production plant is capitalised, when it meets the asset recognition criteria. Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalised and depreciated over the estimated useful lives considering the rates notified under Schedule II to the Companies Act, 2013. Other spare parts are carried as inventory and recognised in the income statement on consumption.

ii) Subsequent costs

Subsequent costs are 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 costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii) Depreciation

The Company follows the method of charging depreciation as per the Companies Act, 2013. Depreciation is charged as per the useful life and the residual value prescribed under Schedule II of the Companies Act, 2013 as amended by Notification No. GSR 627 (E) dated 29th August 2014 and all subsequent notifications / amendments. If the assets have useful life in the financial year and written down value more than its residual value depreciation is charged for the year by applying following formula.

$$\left\{ \frac{(\text{Cost}) - (\text{Accumulated Depreciation}) - (\text{Residual Value})}{\text{year} \times \text{shift factor}} \right\} \times \text{Life in days in the}$$

Balance life in days from the beginning of the year

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Assets costing up to Rs.0.1 lacs are fully depreciated in the year of acquisition. Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed. Extra shift depreciation is charged for those assets which are used in second and third shifts, 50 % of normal depreciation is provided additionally for each extra shift. The residual value, estimated useful life and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

The estimated useful lives of assets are as follows.

Category of assets Estimated useful life:

Factory buildings	30 Years
Buildings (other than factory buildings – RCC frame structure)	60 Years
Plant & machinery	15 Years
Electrical installations and equipment	10 Years
Office equipment's	05 Years
General furniture & fixtures	10 Years
Canteen & dormitory furniture's	08 Years
Motor vehicle	08 Years
Air conditioner	05 Years
Water system	15 Years
Computer hardware and servers	3-6 Years
Computer software	10 Years

(b) Intangible assets

i) Initial recognition

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

ii) Derecognition

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



iii) Amortisation

Cost of software recognised as intangible asset, is amortised on straight line method over a period of 10 years. Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred. The cost of intangible assets not ready for its intended use at each balance sheet date are disclosed as intangible assets under development.

(c) Inventories

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

During the year the Company has adopted a new accounting policy for the valuation of transformers in inventory that have failed mandatory tests, thereby rendering them unsuitable for sale as standard finished goods without significant repairs or modifications. If rework and retesting are feasible or if there is a potential to sell the transformer without retesting, the carrying value of such transformers as of the balance sheet date shall be measured at the lower of cost or net realizable value (NRV) in accordance with Ind AS 2. The NRV shall be determined as the estimated selling price less the expected costs required for rework and retesting to bring the transformer to a saleable condition as standard finished goods. In cases where the transformer is deemed unsalvageable, the NRV shall be based on the estimated scrap value. However, if any components are salvaged for reuse in another transformer or for any other purpose, the NRV shall be measured as the purchase price of an equivalent component that would otherwise be procured. This policy has been applied to the valuation of the transformers which failed the short circuit test and remain in inventory.

Non-moving items included in the stock of raw materials is valued (i) at 90% in case of those materials which have no movement in the last year, (ii) at 75% in case of those materials which have no movement in the last two year and (iii) at 50% in case of those materials which have no movement in the last three year or longer periods.

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

All goods which were under transit as on reporting date from the Company factory gate till the customer's destination point were recognised as goods in transit and classified along with finished goods as finished goods in transit under inventory and valued as cost / NRV whichever is lower as per IND AS 2.

(d) Cash and cash equivalents

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

(e) Provisions and contingent liabilities

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

Claims for liquidated damages both for and against the Company are recognised in the financial statements on actual basis, based on the information available to the Company as on that date.

The Company recognizes provisions in accordance with Indian accounting standards to prudently account for potential future expenses. As a manufacturer of power generating products customized to meet client specifications, the Company places a strong emphasis on product quality and reliability. Regular inspection procedures are implemented at various stages of production, and a final inspection before product dispatch to ensure adherence to quality standards. Instances of product damage have been minimal over the past three years.



Additionally, certain components of the products are sourced from external parties, and any damages to these components are typically addressed through repairs or replacements facilitated by the respective suppliers. Furthermore, severe damages occurring post-delivery are covered under the Company's insurance policies. Despite the infrequent occurrence of damages, the Company has incurred expenses for isolated incidents over the past three years, for which provisions have been made to account for potential warranty obligations. These provisions are in accordance with Indian accounting standards on assessment of historical data and are periodically reviewed to ensure adequacy and accuracy in financial reporting, thereby maintaining transparency and reliability for stakeholders.

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

Other provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. However, where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions for gratuity and leave encashment are computed on the basis of actuarial reports.

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

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

(f) Foreign currency transactions and translation

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

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

(g) Revenue

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

i) Revenue from sale of goods

- (i) The Company from year 2017-18 onwards is recognising revenue in respect of FOR destination sale (the price of the goods are inclusive of freight and insurance) of products only after the goods were delivered at the customer's site. In case of goods sold on ex- factory basis, the revenue is recognised when the goods are loaded onto the truck, or other delivery vehicle, at the factory site of the Company. The Company generally has no further significant contractual performance obligation that would preclude revenue recognition.
- (ii) A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs its obligation under the contract.



- (iii) Revenue from sale of goods and services is recognised on the transfer of control to the customer and upon the satisfaction of performance obligations under the contract.

ii) Rendering of services

Revenue is recognised as and when services are rendered.

iii) Other income

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

(h) Employee benefits

i) Defined contribution plans

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

ii) Defined benefit plans

Payment of gratuity to employees is covered under 'Group Gratuity Cum Assurance Scheme' of the LIC of India which is in the nature of defined benefit scheme. The liability recognised in the balance sheet in respect of these defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using an appropriate government bond rate that have terms to maturity approximating to the terms of the related liability.

Remeasurements comprising actuarial gains and losses as well as the difference between the return on plan assets and the amounts included in net interest on the net defined benefits liability (asset) are recognised in other comprehensive income, net of income tax. Other expenses related to defined benefit plans are recognised in statement of profit or loss.

iii) Compensated absences

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

iv) Short-term benefits

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

(i) Income tax

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

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



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

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

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

(j) Impairment of non-financial assets

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

(k) Segment reporting

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

(l) Government grants

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

The accounting policy adopted by the Company for government grants under Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) and National Apprenticeship promotion schemes of Government of India is to recognise it as a grant related to income. The Company adopted 2nd method as prescribed in IND AS 20 - i.e., deducting from the related expenses for recording in the books.

Nature of the grant:

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

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



(m) Earnings per equity 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) Statement of cash flows

Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7 - Statement of Cash Flows.

(o) Financial instruments

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

i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

Debt instruments at amortised cost

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

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

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

Debt instrument at fair value through OCI (FVTOCI)

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

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI

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



Debt instrument at fair value through Profit or Loss (FVTPL)

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

Equity investments

All equity investments in entities other than subsidiaries and joint ventures are measured at fair value.

Equity instruments which are held for trading are classified at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

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

Derecognition

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

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

Impairment of financial assets

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

ii) Financial liabilities

Initial recognition and measurement

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



Subsequent measurement

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

i. Financial liabilities at fair value through profit or loss

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

ii. Financial liabilities measured at amortized cost

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

Derecognition

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

(p) Corporate social responsibility

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

In this regards the Company have made an ad-hoc provision of 15 Lakhs in the year 2019-2020 for the first time, Rs. 10.33 in the year 2020-21. During the previous year and current period, the Company has not made any provision for C.S.R. These may be spent by the Company for C.S.R. purpose in the future based on the recommendations of the C.S.R. Committee.

(q) Purchases

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

(r) Investments

Non-current investments are carried at cost less any other than temporary diminution in value, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

The acquisition cost of investments acquired, or partly acquired by the issue of shares or other securities, is the fair value of the securities issued.

Profit or loss on sale of investments, if any, is determined separately for each investment.

(s) Recent accounting pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April, 2023, as below:

(a) Ind AS 1 — ‘Presentation of financial statements’

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.



(b) Ind AS 12 — ‘Income taxes’

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

(c) Ind AS 8 — ‘Accounting policies, changes in accounting estimates and errors’

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Transformers and Electricals Kerala Limited													
Angamally South P.O., Ernakulam District, Kerala													
Notes to Financial Statements for the year ended on 31 st March 2023													
Rupees(₹) in lakhs, unless otherwise stated													
4a Property, plant and equipment													
Reconciliation of carrying amount													
Particulars	Land	Land Development	Building	Plant and Machinery	Elect. Installations	Office Equipments	Furniture & Fixtures	Canteen & Dormitory Furniture & Utensils	Water Systems	Air Conditioners	Motor Vehicle	Computer-Hardware	Total
Cost as at 1 st April 2022	5.82	26.61	875.08	787.00	8.49	20.48	22.78	7.72	19.99	93.12	9.38	49.41	1,925.88
Additions	-	-	-	27.41	-	-	0.77	-	-	-	-	1.18	29.36
Deletions	-	-	-	-	-	-	(0.01)	-	-	-	-	(0.01)	(0.02)
Cost as on 31 st March 2023	5.82	26.61	875.08	814.41	8.49	20.48	23.54	7.72	19.99	93.12	9.38	50.58	1,955.22
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 st April 2022	-	2.36	181.68	433.67	1.29	7.71	15.66	6.13	9.70	86.70	1.30	36.90	783.10
Depreciation for the year	-	0.34	25.54	56.01	0.49	0.77	0.83	-	1.37	0.21	0.93	5.32	91.82
Balance as on 31 st March 2023	-	2.70	207.22	489.68	1.78	8.48	16.49	6.13	11.07	86.91	2.23	42.22	874.92
Carrying amount, net	-	-	-	-	-	-	-	-	-	-	-	-	-
As on 31 st March 2023	5.82	23.91	667.86	324.73	6.71	12.00	7.05	1.59	8.92	6.21	7.15	8.36	1,080.30
As on 31 st March 2022	5.82	24.25	693.40	353.33	7.20	12.77	7.12	1.59	10.29	6.42	8.08	12.51	1,142.78

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

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

(ii) The Company has hypothecated its plant and machinery having carrying value of Rs.324.73 lakhs for security against loan facilities availed from banks

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

(iv) During the year the Company has capitalized an amount of Rs.12.34 lakhs for construction of plant and machinery for own use.

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

(ii) The Company has hypothecated its plant and machinery having carrying value of Rs.324.73 lakhs for security against loan facilities availed from banks

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

(iv) During the year the Company has capitalized an amount of Rs.12.34 lakhs for construction of plant and machinery for own use.

**Transformers and Electricals Kerala Limited**

Angamally South P.O, Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

4b Capital work in progress (Tangible assets)	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	5.97	5.97
Additions during the year	12.30	-
Less: provision for capital work in progress	(5.97)	-
Closing balance	12.30	5.97

Note:

Refer Note no.39 for additional disclosures as per Schedule III.

5 Intangible assets**Reconciliation of carrying amount**

Particulars	Computer software	Total
Cost as on 1st April 2022	26.22	26.22
Additions	-	-
Cost as on 31st March 2023	26.22	26.22
Amortisation for the year	0.50	0.50
Accumulated amortisation as on 1 st April 2022	23.45	23.45
Accumulated amortisation as on 31st March 2023	23.95	23.95
Carrying amount, net as at 31st March 2023	2.27	2.27

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

Note:

- 1 Please refer Note no.3 (b) regarding accounting policy on intangible assets.
- 2 The company does not have any intangible assets under development.



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

6	Investments	As at 31 March 2023	As at 31 March 2022
	Non-current - other investments		
	Unquoted (Carried at cost)		
	Co-operative societies		
	Investment in shares of TELK employees multipurpose co-operative society Limited.		
	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 Limited.		
	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

Note:

The investments held by the Company comprise unquoted equity instruments, for which observable inputs for determining fair value are not available due to the absence of an active market and insufficient reliable data. Accordingly, the Company has elected to measure such investments at cost, which has been assessed as the most reliable estimate of fair value, in compliance with the guidance provided under paragraph B5.2.3 of Ind AS 109.

7	Loans	As at 31 March 2023	As at 31 March 2022
	Considered good and unsecured		
	Loans and advances to employees	17.71	20.08
	Total	17.71	20.08

The Company has not given any loan to their directors during the year ended 31 March 2022 and 31 March 2023.

8	Other financial assets	As at 31 March 2023	As at 31 March 2022
	Non-current		
	Bank deposits (due to mature after 12 months from the reporting date)**	426.34	184.31
	KSEB - Security deposit	24.83	24.83
	Total	451.17	209.14
	Current		
	2.25% Long term government gold deposit with SBI*	-	20.82
	Interest accrued on gold deposits with SBI	-	0.27
	Interest accrued on margin money deposits	11.59	7.26
	Amount receivable on compulsory acquisition	790.85	-
	Other financial assets	-	11.15
	Security Deposit/EMD with customers	35.62	25.38
	Security Deposit/EMD with government departments	4.58	4.58
	Less: Allowance for expected credit loss for security deposits	(24.92)	(24.92)
	Total	817.72	44.54

*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 01 April 2017 by State Bank of India for Rs.11.94 Lakhs and the consequential gain (due to reversal of impairment loss accounted last year) was disclosed under note no.26 during 2017-18. From 01/04/2017 onwards the company has classified this asset as non current investments and valued at fair value. During the year the investment has redeemed for Rs.21.12 Lakhs.

**Bank deposits include restricted bank balances having unexpired tenure of more than 12 months of Rs.426.34 Lakhs (previous year: Rs.184.31 Lakhs). The restrictions are primarily on account of bank balances held as lien against bank guarantees.

**Transformers and Electricals Kerala Limited**

Angamally South P.O., Ernakulam District, Kerala

**Notes to Financial Statements for the year ended on 31st March 2023**

Rupees(₹) in lakhs, unless otherwise stated

Movement in loss allowances for security deposits during the year

Particulars	As at 31 March 2023	As at 31 March 2022
Allowances provided as at the beginning of the year	24.92	3.27
Additional loss allowances for expected credit loss	-	21.65
Loss allowances as at end of the year	24.92	24.92

9	Current tax assets (net)	As at 31 March 2023	As at 31 March 2022
	Advance income tax	50.00	60.01
	Tax deducted/collected at source - asset	63.10	31.67
	Total	113.10	91.68

10	Other current assets	As at 31 March 2023	As at 31 March 2022
	Advances other than capital advances:		
	Advances to suppliers and contractors	29.76	101.93
	Other advances and prepaid expenses	70.41	48.94
	Balance with government authorities	268.35	309.82
	Total	368.52	460.69


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

11 Inventories	As at 31 March 2023	As at 31 March 2022
Raw materials	1,883.40	2,771.97
Finished goods	2.07	-
Finished goods in transit	-	377.58
Scrap (valued at Net Realisable Value (NRV))	138.76	49.03
Stock of materials with fabricators	17.80	152.39
Materials in transit	-	113.12
Sub total (A)	2,042.03	3,464.09
Work-in-progress	2,312.31	3,575.24
Less: Inventory written down to NRV	(1,228.43)	(903.80)
Sub total (Valued at net realizable value) (B)	1,083.88	2,671.44
Allowances for inventories		
Less: provision for non movement (C)	(71.21)	(89.95)
Total (A+B-C)	3,054.70	6,045.58

(1) Non moving items included in the stock of raw materials is valued (i) at 90% in case of those materials which have no movement in the last year, (ii) at 75% in case of those materials which have no movement in the last two year and (iii) at 50% in case of those materials which have no movement in the last three year or longer periods.

(2) In respect of FOR destination sales, the Company recognize revenue only after the goods reached the customers destination point. So all such goods which were under transit as on the reporting date from the Company factory gate till the customer's destination point were recognised as goods in transit and classified along with finished goods as Finished goods in transit under inventory and valued as cost and NRV whichever is lower as per IND AS 2.

(3) The company has hypothecated its inventory as security for its cash credit facility from banks.

(4) As per the directive of the Comptroller and Auditor General of India (C&AG), scrap includes quality test failed transformers valued at Rs.63.02 lakhs.

12 Trade receivables	As at 31 March 2023	As at 31 March 2022
Undisputed trade receivables considered good - secured	1,779.70	-
Undisputed trade receivables considered good - unsecured	5,261.46	7,897.53
Trade receivables which have significant increase in credit risk.	2,425.27	2,182.06
Sub total	9,466.43	10,079.59
Loss allowance for trade receivables:		
For expected credit loss	(2,677.98)	(2,452.16)
Total	6,788.45	7,627.43

Movement in loss allowances for trade receivables during the year

Particulars	As at 31 March 2023	As at 31 March 2022
Allowances provided as at the beginning of the year	2,452.16	1,772.75
Additional allowance for expected credit loss during the year	1.62	395.41
Allowances for liquidated damages deducted from revenue from operations	224.20	284.00
Total	2,677.98	2,452.16

(i) Trade receivables outstanding as on 31 March 2023 also consists of debtors who are supposed to give LC as per their Purchase Order and hence are at minimal risk regarding it's collectivity. In respect of those debts of Rs.1,779.70 Lakhs, the company has not provide allowances for expected credit loss.

(ii) Allowances for expected credit loss comes to Rs.252.70 Lakhs for the year. Rs.239.16 Lakhs were provided for specifically identified bad debts and Rs.2,186.12 Lakhs were provided for liquidated damages.

(iii) Refer Note no.38 for additional disclosures as per Schedule III of the Act.



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

13.a	Cash and cash equivalents	As at 31 March 2023	As at 31 March 2022
	Balances with banks:		
	In current accounts	211.61	1.25
	Total	211.61	1.25
13.b	Bank balances other than cash and cash equivalent	As at 31 March 2023	As at 31 March 2022
	Deposits with original maturity of less than 3 months		
	Margin money deposits*	0.07	25.76
	Sub total (A)	0.07	25.76
	Deposits with original maturity of more than 3 months		
	Margin money deposits*	1,022.80	937.56
	Less: Bank balances with maturity of more than 12 months from Balance sheet date disclosed under other non- current assets	(426.34)	(184.31)
	Sub total (B)	596.46	753.25
	Other deposits - KIRFB*	4.60	4.61
	Treasury P.S.T.S.B. Account for VPD Loan**	260.00	260.00
	Sub total (C)	264.60	264.61
	Total (A+B+C)	861.13	1,043.62

Margin money deposits amounting to Rs.1,022.80 Lakhs (31 March 2022: Rs.937.56 Lakhs) given as collateral against the bank guarantees or LCs' are not readily convertible as cash so long as bank guarantees or LCs' are live, they are excluded from Cash and cash equivalents and included in Bank balances other than cash and cash equivalents under Note 13.b.

*M/s TELK Social Safety Net Programme (SSNP-2004) was introduced at M/s TELK with a view to achieving substantial reduction in the cost of establishment of the company and hence the vacancies arising consequent on the implementation of the scheme shall be abolished. Kerala Industrial Revitalisation Fund Board (KIRFB) was given the responsibility to manage the welfare fund. The balance in the fund as on date is Rs.4.6 Lakhs.

** Refer Note no.(iii) provided to Note 16, Borrowings to Balance Sheet.


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

14.a Equity share capital	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	Amount	No. of Shares	Amount
(A) Authorised 12,50,00,000 shares at par value of Rs.10/- each (Previous year 12,50,00,000 shares of par value of Rs.10/- each)	1,250.00	12,500.00	1,250.00	12,500.00
(B) Issued 4,29,75,400 shares at par value of Rs.10/- each (Previous year 4,29,75,400 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 4,29,67,350 shares of par value of Rs.10/- each (Previous year 4,29,67,350 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

Note:

*187th Board Meeting of the Company held on 26/03/1991 vide minute B/187/12 forfeited 8,050 shares issued to the public and authorised to reissue the above mentioned shares at the face value of the shares to the Hon.Governor of Kerala, as and when required on receipt of the unpaid portion of such shares after adjusting the forfeited share account amounting to Rs 0.22 Lakhs. However, due to the non receipt of required amount, these shares were not reissued to Hon.Governor of Kerala till 31.03.2022.

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Rs.10 each fully paid up				
At the beginning of the year	429.67	4,296.74	429.67	4,296.74
Changes due to prior period errors	-	-	-	-
Restated balance at the beginning of the year	429.67	4,296.74	429.67	4,296.74
Changes during the year	-	-	-	-
% of change	-	-	-	-
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) No equity shares were allotted as fully paid up by way of bonus shares during the period.

(iv) The Company has not issued bonus shares nor has bought back any shares during last 5 years.

**Transformers and Electricals Kerala Limited**

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

Note 14.a (continued)**(v) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2023			As at 31 March 2022			% of change during the year
	No. of Shares (in lakhs)	% holding	Amount	No. of Shares (in lakhs)	% holding	Amount	
Equity shares of Rs.10 each fully paid up							
Honourable Governor of Kerala	234.44	54.56%	2,344.41	234.44	54.56%	2,344.41	-
NTPC Ltd.	191.63	44.60%	1,916.33	191.63	44.60%	1,916.33	-
Total number of shares holding more than 5%	426.07	99.16%	4,260.74	426.07	99.16%	4,260.74	-
Add: Others (non- controlling interest & individually holding less than 5%)	3.60	0.84%	36.00	3.60	0.84%	36.00	-
Total equity shares	429.67	100%	4,296.74	429.67	100%	4,296.74	-

(vi) Details of promoters' shareholding in the Company

Particulars	As at 31 March 2023			As at 31 March 2022			% of change during the year
	No. of Shares (in lakhs)	% holding	Amount	No. of Shares (in lakhs)	% holding	Amount	
Honourable Governor of Kerala	234.44	54.56%	2,344.41	234.44	54.56%	2,344.41	-
NTPC Ltd.	191.63	44.60%	1,916.33	191.63	44.60%	1,916.33	-
Total number of equity shares held by promoters	426.07	99.16%	4,260.74	426.07	99.16%	4,260.74	-

Note:

1 There has been no change in promoters and their shareholding during the year and previous year.


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

14.b Other equity	As at 31 March 2023	As at 31 March 2022
Capital reserve	1,619.60	1,619.60
General reserve	5,085.00	5,085.00
Retained earnings	(10,759.96)	(7,706.58)
Other comprehensive income	157.16	54.86
Total	(3,898.20)	(947.12)

Movement in other equity

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Capital reserve		
Balance at beginning of the year	1,619.60	1,619.60
Less: Adjustment during the year	-	-
Closing balance	1,619.60	1,619.60
(ii) General reserve		
Balance at beginning of the year	5,085.00	5,085.00
Add: Transfer from retained earnings	-	-
Closing balance	5,085.00	5,085.00
(iii) Retained earnings		
Balance at beginning of the year	(7,706.58)	(4,030.94)
Add: Profit/(loss) for the year as per Statement of Profit and Loss	(3,053.38)	(3,675.64)
Closing balance	(10,759.96)	(7,706.58)
(iv) Other comprehensive income		
Balance at beginning of the year	54.86	(22.03)
Add: additions during the year	108.71	76.89
Less: reclassification on derecognition of financial asset measured at fair value through other comprehensive income to profit and loss	(6.41)	-
Closing balance	157.16	54.86

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 comprehensive income

The cumulative balances of actuarial gain or loss arising on re-measurements 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. Also, gain or loss on financial assets measured fair value through other comprehensive income



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

15 Provisions	As at 31 March 2023	As at 31 March 2022
Non-current		
Provision for employee benefits:		
Provision for gratuity	860.66	823.18
Provision for leave encashment	891.34	841.36
	1,752.00	1,664.54
Current		
Provision for materials to be issued	399.04	838.08
Provision for warranty	2.91	2.54
Provision for Income tax	-	(213.97)
Provision for wage revision arrears	1,669.50	1,939.54
Provision for C.S.R.	25.33	25.33
	2,096.78	2,591.52
Total	3,848.78	4,256.06

(i) Contribution made by the Company to the gratuity fund during the year is Rs.7.74 Lakhs (FY 2021-22 - Rs.20.05 Lakhs)

(ii) Contribution made by the Company to the leave encashment fund during the year is Rs.2.73 Lakhs (FY 2021-22- Rs.5.63 Lakhs)

(iii) Provision created for expected warranty claims in respect of products sold during the year on the basis of technical evaluation and management's best estimate regarding the future trends of products and cost of rectification or replacement.

Details of Corporate Social Responsibility (C.S.R.) expenditure

Particulars	As at 31 March 2023	As at 31 March 2022
Gross amount required to be spent during the year	-	-
Total of previous years' unspent (with Company)	25.33	25.33

Reason:

Provision for C.S.R. includes Rs.15 Lakhs made during FY 2019-20 and Rs.10.33 Lakhs made during FY 2020-21. Due to the financial constraints as a result of losses during FY 2020-21, FY 2021-22 and FY 2022-23 on account of Covid-19 pandemic and subsequent recovery, the company has neither spent any amount nor transferred to separate C.S.R. unspent account, against these provisions so far. The provisions of section 135 of the Act regarding corporate social responsibility is not applicable for the Company during the FY 2021-22 and 2022-23.

Movement of provision for warranty	As at 31 March 2023	As at 31 March 2022
Opening balance	2.54	34.23
Add: Additions	0.37	2.54
Less: Usage/write off	-	(34.23)
Closing balance	2.91	2.54
Movement of provision for income tax	As at 31 March 2023	As at 31 March 2022
Opening balance	(213.97)	(213.97)
Add: Additions	-	-
Less: Usage/write off	213.97	-
Less: Withdrawal /adjustments	-	-
Closing balance	-	(213.97)
Movement of provision for wage revision arrears	As at 31 March 2023	As at 31 March 2022
Opening balance	1,939.54	2,365.03
Add: Additions	-	-
Less: Usage/write back	(270.04)	(425.49)
Less: Withdrawal /adjustments	-	-
Closing balance	1,669.50	1,939.54



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

16 Borrowings	As at 31 March 2023	As at 31 March 2022
Borrowings - Current		
Secured loans from Banks		
Cash credit	2,082.12	2,042.33
Other short - term working capital loans	2,535.63	3,395.68
Current maturities of working capital term loan	313.31	334.12
Unsecured loans		
Current maturities of working capital term loan - Government of Kerala	5.65	-
Cash credit	96.88	-
Loan from Government of Kerala for V.P.D. project	260.00	260.00
Other short - term working capital loans	779.00	-
	6,072.59	6,032.13
Borrowings - Non- current		
Secured loans from Banks		
Working capital term loans	465.44	489.78
Unsecured loans from others		
Working capital term loan from Government of Kerala	434.00	-
	899.44	489.78
Total	6,972.03	6,521.91

Note:

For details with respect to terms and conditions of borrowings, refer note 16.a

i) Cash credit and short term working capital loans and working capital term loans under Covid-19 emergency credit line and guaranteed emergency credit line from banks amounting to Rs.6,272.38 Lakhs (31 March 2022: Rs.6,261.91 lakhs) are secured by hypothecation of stock and debtors as primary security and plant and machinery including its machinery spares, tools and accessories and other movable plant and machinery as collateral security.

ii) Cash credit and short-term working capital facility carries interest rate ranging from 8% p.a to 10% p.a. cash credit and other short-term working capital facility get renewed yearly. working capital term loan of Rs.290 lakhs under guaranteed emergency credit is payable in 36 instalments w.e.f. 21 July 2024. The instalments due after one year from the end of financial year is classified as non-current borrowings.

iii) Loan from Government of Kerala -Rs.1,000 Lakhs.

Vide GO (Rt) No.1137/2017/1D dated 07/08/2017 Government accorded administrative sanction to Transformers and Electricals Kerala Limited for establishment of Vapour Phase Drying Plant (VPD) at TELK for an outlay of Rs.1,100 Lakhs. The State government has allotted Rs.1,000 Lakhs. Vide GO (Rt). No.383/2020/ID dated 18/05/2020. Government has furnished a proposal for revalidation of administrative sanction for an amount of Rs.500 Lakhs. Out of the 500 Lakhs revalidated only Rs.300 Lakhs has been released as on 08/10/2020 Vide GO (Rt). No.860/2020/ID. Due to the non-initiation of the project, the government has resumed Rs.290 Lakhs in the year 2020-21. Further the Vide GO (Rt). No. 650/2021/ID dated 27/06/2021, Rs.250 Lakhs has been released during the year 2021-22. Repayment of loan commences on the completion of one year of drawal of loan. Period of loan was 5 year with interest at the rate of 9.5%. In case of default penal interest 2.5% will be charged. No amount has been utilised from this Loan facility and no interest was accrued on this loan as on 31.03.2023.

iv) Vide GO (Rt) No.1127/2022/ID dated 02/12/2022 Government have decided to release an amount of Rs.500 lakhs of which Rs.434 lakhs (which got released as two installments of Rs.371 Lakhs and Rs.63 Lakhs during the year). The loan should be treated as "Working capital loan" and the period of loan is 5 years with a rate of interest of 9.5% per annum, in case of default penal interest 2.5% will be charged. Repayment of loan shall commence after one year from the disbursement of loan in equal quarterly installments along with interest.

17 Trade Payables	As at 31 March 2023	As at 31 March 2022
Dues to Micro and Small Enterprises	882.89	982.48
Sub total (A)	882.89	982.48
Dues to Other than Micro and Small Enterprises		
Dues to Medium Enterprises	561.35	289.87
Other payables	3,073.53	2,313.54
Sub total (B)	3,634.88	2,603.41
Total (A+B)	4,517.77	3,585.89

Refer Note No. 37 for additional disclosures as per Schedule III of the Act



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

18	Other financial liabilities	As at 31 March 2023	As at 31 March 2022
	Others		
	Deposits from contractors and others	224.64	211.68
	Other payables/dues		
	-Employess dues	383.40	544.73
	-Other dues*	1,728.49	1,866.00
	Total	2,336.53	2,622.41

19	Other current liabilities	As at 31 March 2023	As at 31 March 2022
	Other advances		
	Advances from customers and others (Contract liability)	76.31	37.08
	Others		
	Statutory liabilities	809.72	459.98
	Total	886.03	497.06

Movement in contract liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance at the beginning of the year	37.08	215.88
Adjustments made during the year	39.23	(178.80)
Closing balance as at end of the year	76.31	37.08

The contract liabilities primarily relate to the advance consideration received from the customers for the purchase of transformers. This will be recognised as revenue as and when the Company meet the performance obligation by delivering the products.


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

Note 16.a Securities and other details

Lender	Nature of Security	As at 31 March 2023
Non-current secured		
Guaranteed Emergency Credit Line (GECL) loan from bank	Secured by: A second charge on current assets, following the charges created by the Bank. The interest rate is 1% above the EBLR, with a current effective rate of 9.9%, capped at 9.25% per annum for the entire tenure. Interest is applied on a monthly basis. Repayments will be made in 36 installments, with the loan maturing on October 31, 2024.	488.74
Emergency Credit Line Guarantee Scheme (ECLGS) Term loan from bank	Secured by: Assets created through the credit facility extended. The facility was sanctioned on April 25, 2022, at an effective interest rate of 9.25% (linked to the REPO rate), with interest charged monthly. The loan will mature on July 21, 2027.	290.00
Non-current unsecured		
Term loans from state government	Unsecured	439.65
Current secured		
Short term loan from bank - Working capital loan	Secured by : Hypothecation of entire current assets of the company including stocks of raw materials, stock in process, finished goods, receivables and other current assets both present and future and charging interest rate of 2% above 6 Month MCLR (8.4% as on sanction date)	879.32
Short term loans from Bank (Bill discounting and cash credit facility)	Secured by : Hypothecation of receivables under bills discounted /Documents of title of goods and accepted bill of exchange extension of charge over entire current assets and carries a interest rate of Facility which got sanctioned as on 25.04.2022 at an effective interest rate of 9.25%(Linked to REPO rate) which will be charged monthly, and cash credit is secured by hypothecation of entire current assets of the company with SIB and charges a effective interest at a rate of 8.7% monthly.	3,738.45
Current unsecured		
Short term loan from bank	Unsecured	875.87
Loan from government - capital project	Unsecured	260.00
Total borrowings		6,972.03



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

20	Revenue from operations	For the year ended 31 March 2023	For the year ended 31 March 2022
	Sale of products (A)	14,541.93	12,695.23
	Sales of services (B)	196.00	540.95
	Less: Liquidated damages	(224.20)	(284.00)
	Less: Provision made for materials to be issued	(399.04)	-
	Sub total	14,114.69	12,952.18
	Other operating revenue		
	Sale of scrap	177.23	128.62
	Freight & insurance	457.82	373.60
	Total other operating income (C)	635.05	502.22
	Total revenue from operations (A+B+C)	14,749.74	13,454.40

20.a Disclosure - Revenue from contracts with customers- Ind AS 115

(a) Disaggregation of revenue from contracts with customers

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from sale of products	14,541.93	12,695.23
Revenue from sale of services (including freight and insurance)	653.82	914.55
Revenue from sale of scrap	177.23	128.62
Less: Liquidated damages	(224.20)	(284.00)
Less: Provision for materials to be issued	(399.04)	-
Total	14,749.74	13,454.40

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

Particulars	Inland sales	Export sales
2022-23		
Timing of revenue recognition		
(a) At a point in time (Product/services)	14,720.85	28.89
(b) Over time	-	-
2021-22		
Revenue from contracts with customers		
Timing of revenue recognition		
(a) At a point in time (Product/services)	13,454.40	-
(b) Over time	-	-

Contract balances

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Contract assets	-	-
Trade receivables	6,788.45	7,627.43
Contract liability	76.31	37.08

Reconciliation of contract price to revenue from contracts with customers

Particulars	For the year ended 31 March 2023
Contract price of products sold during the year	12,400.61
Add: Sale of spare parts	291.48
Add: Sale of scrap	177.23
Add: Sale of service	653.82
Add: Variable consideration recognized during the year (net)	1,849.84
Less: Provision for materials to be issued	(399.04)
Less: Liquidated damages	(224.20)
Revenue from operations	14,749.74

The amount of revenue recognized during the year from performance obligations satisfied in previous years is Rs.1,858.81 lakhs. This is mainly due to the recognition of price variance (variable consideration) accepted by the customers regarding increase in actual costs incurred for manufacturing of products.

(b) Performance obligations

(i) Sale of Transformers

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

(ii) Service income

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


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala.

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

21	Other income	For the year ended 31 March 2023	For the year ended 31 March 2022
	(i) Interest income measured at amortized cost	52.03	62.42
	(ii) Dividend income	0.11	0.30
	(iii) Other non operating income		
	Reversal of estimated expenses / indirect taxes provisions	406.98	34.23
	Profit on sale of fixed assets	0.02	1.99
	Gain on derecognition of financial asset measured at fair value through other comprehensive income	9.19	-
	Miscellaneous income	96.93	107.44
	Total	565.26	206.38
22	Cost of material consumed	For the year ended 31 March 2023	For the year ended 31 March 2022
	Consumption of raw material, components, stores and spare:		
	Opening stock of raw material	2,996.56	2,179.61
	Less: Stock converted to property, plant and equipment	(9.45)	-
	Add: Purchases of raw materials	9,943.30	10,949.02
	Less: Cost of materials capitalized	(4.68)	
	Less: Provision made for materials to be issued	-	838.08
	Add: Stores and spares consumed	156.12	85.99
	Less: Closing stock	(1,968.75)	(2,996.56)
	Total	11,113.10	11,056.14
	Note:		
	1. The Company has converted one of its stock to property, plant and equipment costing Rs.9.45 lakhs.		
23	Changes in inventories of finished goods and work in progress	For the year ended 31 March 2023	For the year ended 31 March 2022
	Finished goods		
	Opening stock	-	31.70
	Closing stock	2.07	-
	Change in inventories of finished goods (A)	(2.07)	31.70
	Finished goods-in-transit		
	Opening stock	377.58	990.12
	Closing stock	-	377.58
	Change in inventories of finished goods-in-transit (B)	377.58	612.54
	Work in progress		
	Opening stock	2,671.44	2,784.11
	Closing stock	1,083.88	2,671.44
	Change in inventories of work in progress (C)	1,587.56	112.67
	Net change in inventories (A+B+C)	1,963.07	756.91
	Refer note 11		
24	Employee benefits expense	For the year ended 31 March 2023	For the year ended 31 March 2022
	Salaries, wages and bonus	3,381.82	3,439.21
	Remuneration to MD	64.45	52.25
	Contribution to provident fund	313.16	320.59
	Contribution to other funds	9.85	8.51
	Gratuity	195.82	197.43
	Staff welfare expenses	517.48	531.07
	Less: Government grant received	(40.21)	(10.85)
	Less: Employee benefits expense capitalized	(19.95)	-
	Total	4,422.42	4,538.21

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



Transformers and Electricals Kerala Limited Angamally South P.O., Ernakulam District, Kerala Notes to Financial Statements for the year ended on 31st March 2023 Rupees(₹) in lakhs, unless otherwise stated																																																														
25	Finance cost	<table> <tr> <th></th><th>For the year ended 31 March 2023</th><th>For the year ended 31 March 2022</th></tr> <tr> <td>Interest expense measured at amortized cost</td><td></td><td></td></tr> <tr> <td> On cash credit</td><td>243.99</td><td>300.53</td></tr> <tr> <td> On others</td><td>503.51</td><td>240.23</td></tr> <tr> <td></td><td>747.50</td><td>540.76</td></tr> <tr> <td>Other borrowing cost</td><td></td><td></td></tr> <tr> <td> Guarantee commission and other charges</td><td>254.64</td><td>209.89</td></tr> <tr> <td>Total</td><td>1,002.14</td><td>750.65</td></tr> </table>		For the year ended 31 March 2023	For the year ended 31 March 2022	Interest expense measured at amortized cost			On cash credit	243.99	300.53	On others	503.51	240.23		747.50	540.76	Other borrowing cost			Guarantee commission and other charges	254.64	209.89	Total	1,002.14	750.65																																				
	For the year ended 31 March 2023	For the year ended 31 March 2022																																																												
Interest expense measured at amortized cost																																																														
On cash credit	243.99	300.53																																																												
On others	503.51	240.23																																																												
	747.50	540.76																																																												
Other borrowing cost																																																														
Guarantee commission and other charges	254.64	209.89																																																												
Total	1,002.14	750.65																																																												
26	Depreciation and amortisation expense	<table> <tr> <th></th><th>For the year ended 31 March 2023</th><th>For the year ended 31 March 2022</th></tr> <tr> <td>Depreciation of property, plant and equipment</td><td>91.82</td><td>98.83</td></tr> <tr> <td>Amortisation of intangible assets</td><td>0.50</td><td>2.79</td></tr> <tr> <td>Total</td><td>92.32</td><td>101.62</td></tr> </table>		For the year ended 31 March 2023	For the year ended 31 March 2022	Depreciation of property, plant and equipment	91.82	98.83	Amortisation of intangible assets	0.50	2.79	Total	92.32	101.62																																																
	For the year ended 31 March 2023	For the year ended 31 March 2022																																																												
Depreciation of property, plant and equipment	91.82	98.83																																																												
Amortisation of intangible assets	0.50	2.79																																																												
Total	92.32	101.62																																																												
27	Impairment loss on financial assets	<table> <tr> <th></th><th>For the year ended 31 March 2023</th><th>For the year ended 31 March 2022</th></tr> <tr> <td>Impairment loss on trade receivables</td><td>1.62</td><td>395.41</td></tr> <tr> <td>Impairment loss on other financial assets</td><td>-</td><td>21.65</td></tr> <tr> <td>Total</td><td>1.62</td><td>417.06</td></tr> </table>		For the year ended 31 March 2023	For the year ended 31 March 2022	Impairment loss on trade receivables	1.62	395.41	Impairment loss on other financial assets	-	21.65	Total	1.62	417.06																																																
	For the year ended 31 March 2023	For the year ended 31 March 2022																																																												
Impairment loss on trade receivables	1.62	395.41																																																												
Impairment loss on other financial assets	-	21.65																																																												
Total	1.62	417.06																																																												
28	Other expenses	<table> <tr> <th></th><th>For the year ended 31 March 2023</th><th>For the year ended 31 March 2022</th></tr> <tr> <td>Factory expenses</td><td>290.13</td><td>649.14</td></tr> <tr> <td>Power and fuel</td><td>293.78</td><td>321.89</td></tr> <tr> <td>Freight outwards & weightment charges</td><td>337.74</td><td>318.37</td></tr> <tr> <td>Repairs & maintenance:</td><td></td><td></td></tr> <tr> <td> Buildings</td><td></td><td></td></tr> <tr> <td> Plant and machinery</td><td>0.39</td><td>3.83</td></tr> <tr> <td> Others</td><td>76.14</td><td>75.59</td></tr> <tr> <td>Loss form foreign exchange fluctuations</td><td>2.07</td><td>2.53</td></tr> <tr> <td>Rates and taxes</td><td>15.32</td><td>131.62</td></tr> <tr> <td>Travelling and conveyance</td><td>72.06</td><td>42.95</td></tr> <tr> <td>Printing and stationary</td><td>8.79</td><td>20.54</td></tr> <tr> <td>Auditors' remuneration</td><td>5.10</td><td>3.88</td></tr> <tr> <td>Legal and professional charges*</td><td>109.24</td><td>79.60</td></tr> <tr> <td>Miscellaneous expenses</td><td>23.27</td><td>30.71</td></tr> <tr> <td>Selling expenses and commission</td><td>87.93</td><td>33.89</td></tr> <tr> <td>Insurance charges</td><td>27.92</td><td>22.46</td></tr> <tr> <td>Erection expenses of transformers</td><td>37.31</td><td>60.98</td></tr> <tr> <td>Provision for other assets</td><td>46.10</td><td>-</td></tr> <tr> <td>Total</td><td>1,433.29</td><td>1,797.98</td></tr> </table>		For the year ended 31 March 2023	For the year ended 31 March 2022	Factory expenses	290.13	649.14	Power and fuel	293.78	321.89	Freight outwards & weightment charges	337.74	318.37	Repairs & maintenance:			Buildings			Plant and machinery	0.39	3.83	Others	76.14	75.59	Loss form foreign exchange fluctuations	2.07	2.53	Rates and taxes	15.32	131.62	Travelling and conveyance	72.06	42.95	Printing and stationary	8.79	20.54	Auditors' remuneration	5.10	3.88	Legal and professional charges*	109.24	79.60	Miscellaneous expenses	23.27	30.71	Selling expenses and commission	87.93	33.89	Insurance charges	27.92	22.46	Erection expenses of transformers	37.31	60.98	Provision for other assets	46.10	-	Total	1,433.29	1,797.98
	For the year ended 31 March 2023	For the year ended 31 March 2022																																																												
Factory expenses	290.13	649.14																																																												
Power and fuel	293.78	321.89																																																												
Freight outwards & weightment charges	337.74	318.37																																																												
Repairs & maintenance:																																																														
Buildings																																																														
Plant and machinery	0.39	3.83																																																												
Others	76.14	75.59																																																												
Loss form foreign exchange fluctuations	2.07	2.53																																																												
Rates and taxes	15.32	131.62																																																												
Travelling and conveyance	72.06	42.95																																																												
Printing and stationary	8.79	20.54																																																												
Auditors' remuneration	5.10	3.88																																																												
Legal and professional charges*	109.24	79.60																																																												
Miscellaneous expenses	23.27	30.71																																																												
Selling expenses and commission	87.93	33.89																																																												
Insurance charges	27.92	22.46																																																												
Erection expenses of transformers	37.31	60.98																																																												
Provision for other assets	46.10	-																																																												
Total	1,433.29	1,797.98																																																												
* Professional charges includes cost audit fees and internal audit fees																																																														
Auditors' remuneration																																																														
	<table> <tr> <th>Particulars</th><th>For the year ended 31 March 2023</th><th>For the year ended 31 March 2022</th></tr> <tr> <td>For statutory audit*</td><td>3.60</td><td>2.40</td></tr> <tr> <td>For taxation matters*</td><td>0.72</td><td>0.48</td></tr> <tr> <td>For reimbursement of expenses</td><td>0.78</td><td>1.00</td></tr> <tr> <td>Total</td><td>5.10</td><td>3.88</td></tr> </table>	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For statutory audit*	3.60	2.40	For taxation matters*	0.72	0.48	For reimbursement of expenses	0.78	1.00	Total	5.10	3.88																																														
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022																																																												
For statutory audit*	3.60	2.40																																																												
For taxation matters*	0.72	0.48																																																												
For reimbursement of expenses	0.78	1.00																																																												
Total	5.10	3.88																																																												
*The Board approved a revision in the statutory audit fee from ₹2.40 lakhs to ₹3.00 lakhs. Similarly, the tax audit fee was revised from ₹0.48 lakhs to ₹0.60 lakhs. Accordingly, a provision of ₹3.60 lakhs has been made as of 31-03-2023, comprising ₹3.00 lakhs for the current year and ₹0.60 lakhs for the incremental amount related to FY 2021-22, for the statutory audit. For the tax audit, a provision of ₹0.72 lakhs has been made, which includes ₹0.60 lakhs for the current year and ₹0.12 lakhs for the incremental amount of FY 2021-22.																																																														
29	Exceptional items	<table> <tr> <th></th><th>For the year ended 31 March 2023</th><th>For the year ended 31 March 2022</th></tr> <tr> <td>Enhanced compensation on land acquisition</td><td>790.85</td><td>-</td></tr> <tr> <td>Total</td><td>790.85</td><td>-</td></tr> </table>		For the year ended 31 March 2023	For the year ended 31 March 2022	Enhanced compensation on land acquisition	790.85	-	Total	790.85	-																																																			
	For the year ended 31 March 2023	For the year ended 31 March 2022																																																												
Enhanced compensation on land acquisition	790.85	-																																																												
Total	790.85	-																																																												
Note: The Company's land of 132.74 cents was acquired in 2006 for augmentation of Angamaly railway station platform and was handed over to Railways in 2008. During the financial year 2023-24, the Company has received Rs.790.85 lacs towards additional compensation for the land acquisition, by the Order of the Additional Sub Judge, North Paravoor. The net income receivable as on 31 March 2023 has been disclosed as an exceptional item during the year.																																																														


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

30 Tax expense
A. Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax (a)		
Current period	-	-
Income tax expense for earlier years	213.97	-
Total (a)	213.97	-
Deferred tax (b)		
Attributable to -		
(Origination) and reversal of temporary differences	(1,082.70)	(2,082.15)
Total (b)	(1,082.70)	(2,082.15)
(A). Tax expense/(income) recognised in profit and loss for the year (a) + (b)	(868.73)	(2,082.15)

B. Amounts recognised in other comprehensive income (OCI)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current taxes		
In respect of the current period	-	-
Deferred Taxes		
(Income)/Expense in respect of the current period	39.43	29.63
(B). Tax Expense/(Income) recognized in OCI for the year	39.43	29.63
Total tax expenses (A) + (B)	(829.30)	(2,052.52)

C. Disaggregation of amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2023		
	Before tax	Tax (expense) / benefit	Net of tax
Remeasurements of the defined benefit plans	150.61	(41.90)	108.71
Reclassification on derecognition of financial assets at fair value through other comprehensive income	(8.88)	2.47	(6.41)
Total	141.73	(39.43)	102.30

Particulars	For the year ended 31 March 2022		
	Before tax	Tax (expense) benefit	Net of tax
Remeasurements of the defined benefit plans	103.57	(28.81)	74.76
Remeasurements / reclassification of financial assets at fair value through other comprehensive income	2.95	(0.82)	2.13
	106.52	(29.63)	76.89

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

Particulars	31 March 2023	31 March 2022
Profit before tax	(3,922.11)	(5,757.79)
Enacted tax rate in India	27.82%	27.82%
Tax using the Company's statutory tax rate	(1,091.13)	(1,601.82)
Effect of:		
Deferred tax	-	(2,082.15)
Unused tax losses	(1,154.19)	-
Unabsorbed depreciation	131.77	-
Differential tax rate	(92.57)	-
Tax not recognized on account of losses	1,091.13	1,601.82
Other permanent differences	32.29	-
Income tax expense for earlier years	213.97	-
Income tax expense	(868.73)	(2,082.15)
Effective tax rate	22.15%	36.16%



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

30 Tax expense (continued)

E. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable as follows:

Particulars	Deferred tax liabilities	Deferred tax assets	Net deferred tax asset / (liabilities)
	As at 31 March 2023	As at 31 March 2023	As at 31 March 2023
a. Property, plant and equipment	123.41	-	(123.41)
b. Employee benefits expense	-	476.09	476.09
c. Reclassification of financial asset measured at fair value through other comprehensive income	-	-	-
d. Other temporary differences	-	749.15	749.15
e. Carry forward losses	-	3,815.16	3,815.16
f. Unabsorbed depreciation	-	83.96	83.96
g. Minimum Alternate Tax credit	-	179.27	179.27
Net deferred tax assets / (liabilities)	123.41	5,303.63	5,180.22

Particulars	Deferred tax liabilities	Deferred tax assets	Net deferred tax asset / (liabilities)
	As at 31 March 2022	As at 31 March 2022	As at 31 March 2022
a Property, plant and equipment	119.03	-	(119.03)
b Employee benefits expense	-	508.25	508.25
c Reclassification of financial asset measured at fair value through other comprehensive income	2.47	-	(2.47)
d Other temporary differences	-	694.22	694.22
e Carry forward losses	-	2,660.97	2,660.97
f. Unabsorbed depreciation	-	215.73	215.73
g Minimum Alternate Tax credit	-	179.27	179.27
Net deferred tax assets / (liabilities)	121.50	4,258.44	4,136.94

F. Movement in temporary differences

Movement during the year ended 31 March 2023	Balance as at 1 April 2022 (Liability)/Asset	Recognised in profit or loss during 2022-23 (expense) / income	Recognised in OCI during 2022-23 (expense) / income	Balance as at 31 March 2023 (Liability)/Asset
a Property, plant and equipment	(119.03)	(4.38)	-	(123.41)
b Employee benefits expense	508.25	9.74	(41.90)	476.09
c Reclassification of financial asset measured at fair value through other comprehensive income	(2.47)	-	2.47	-
d Other temporary differences	694.22	54.92	-	749.15
e Carry forward losses	2,660.97	1,154.19	-	3,815.16
f. Unabsorbed depreciation	215.73	(131.77)	-	83.96
g Minimum Alternate Tax credit	179.27	-	-	179.27
Total	4,136.94	1,082.70	(39.43)	5,180.22

Movement during the year ended 31 March 2022	Balance as at 1 April 2021 (Liability)/Asset	Recognised in profit or loss during 2021-22 (expense) / income	Recognised in OCI during 2021-22 (expense) / income	Balance as at 31 March 2022 (Liability)/Asset
a Property, plant and equipment	(683.34)	564.31	-	(119.03)
b Employee benefits expense	662.27	(125.21)	(28.81)	508.25
c Reclassification of financial asset measured at fair value through other comprehensive income	(1.65)	-	(0.82)	(2.47)
d Other temporary differences	891.17	(196.94)	-	694.22
e Carry forward losses	997.78	1,663.20	-	2,660.97
f. Unabsorbed depreciation	-	215.73	-	215.73
g Minimum Alternate Tax credit	218.21	(38.94)	-	179.27
Total	2,084.44	2,082.15	(29.63)	4,136.94


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023
Rupees(₹) in lakhs, unless otherwise stated
31.a Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March 2023	As at 31 March 2022
(I) Contingent liabilities:		
(i) Claims against the Company not acknowledged as debt:		
(a) Disputed liability under Employees State Insurance Act.	3.34	3.34
(b) Disputed Income tax liability for AY 2018-19	203.33	203.33
(c) Pending litigation against the Company	27.47	-
(II) Commitments:		
(i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	-	-
Total	234.14	206.67

Notes:
Income Tax Demand AY 2018-19 - Rs.203.33 Lakhs:

The Company filed its income tax return on March 30, 2019, based on tentative financial statements. As per the return, the total income after setting off brought-forward losses was Nil, and Minimum Alternate Tax (MAT) was paid due to the existence of book profit. Following the completion of the statutory audit, the Company was unable to file a revised return within the prescribed timeline, as the deadline for filing the revised return had already expired. Consequently, the manual return filed by the Company based on audited financial statements was not considered by the tax authorities. In the meantime, the assessment was completed based on the tentative return and the tax audit report submitted by the auditor. During the assessment, certain additions were made to the total income, resulting in a additional tax demand of Rs. 203.33 Lakhs. Had the assessment been conducted based on the manual return filed after the statutory audit, no such additions would have arisen. Accordingly, the Company has filed an appeal before the Commissioner of Income Tax (Appeals) disagreeing the tax demand. Additionally, an application was submitted to the Central Board of Direct Taxes (CBDT) for condonation of delay in filing the revised return, which has been approved in favour of the Company. As of the reporting date, the appeal is yet to be disposed of.

ESI – Rs.3.34 Lakhs

The Employees' State Insurance (ESI) Corporation assessed and demanded ESI contributions from the Company for the period from April 2010 to December 2010. The Company initially did not remit the contribution, leading to the initiation of recovery proceedings by the ESI Corporation. Consequently, the Company paid the outstanding contribution along with interest. Due to the delay in remittance, the ESI Corporation levied damages amounting to ₹3.34 lakhs. The Company disagreed the levy before the ESI Court, Alappuzha, and obtained a stay on the recovery proceedings. However, the ESI Corporation has filed an appeal against the order of the ESI Court before the Hon'ble High Court. The matter is currently pending adjudication.

Pending Litigation against the Company - Rs.27.47 Lakhs

The Company is involved in a legal dispute in the City Civil Court, Secunderabad, where a claim of ₹17.00 Lakhs has been filed against it. The court issued an order (OS No. 18/2016) directing the Company to pay the specified amount along with interest at 12% per annum and ₹0.72 Lakhs for the cost of the suit. An execution petition was subsequently filed, demanding ₹27.47 Lakhs. However, the Company has obtained a stay order from the Hon'ble High Court of Telangana, which suspends the operation of the judgement and decree dated 17/12/2018 in OS No. 18/2016 till then. The case remains under adjudication.

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

**Transformers and Electricals Kerala Limited**

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023**Rupees(₹) in lakhs, unless otherwise stated****32 Details of dues to Micro, Small and Medium Enterprises**

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

Sl. No.	Particulars - MSME Dues	As at 31 March 2023	As at 31 March 2022
1	Principal amount remaining unpaid to MSMEs'	1,444.24	1,272.35
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.	-	-

33 Earnings per equity 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 2023	As at 31 March 2022
Loss after tax attributable to the owners of the equity	(3,053.38)	(3,675.64)
Weighted average number of ordinary shares outstanding	429.67	429.67
Basic and diluted earnings per share in Rupees (INR)	(7.11)	(8.55)


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

34 Related party transactions
Name of the related parties and description of relationship with the Company
Key Management Personnel

 Bipin Satya (MD) (Ceased on 18-07-2023)
 Joffy George (Company Secretary) (Ceased on 28-09-2022)
 Ajithkumar V. (Ceased on 11-10-2022)

Directors

P.C. Joseph	Chairman & Nominee Director
Shiva Kumar Ram (Retired on 31-08-2024)	Nominee Director
Animesh Jain (Retired on 31-03-2023)	Nominee Director
Ajay Dua (From 09-05-2022)	Nominee Director
Anil Nautiyal (Retired on 30-04-2022)	Nominee Director
Shibhu A.S. (Retired on 02-02-2023)	Nominee Director
C.A. Babu (From 11-10-2022)	Nominee Director
Thomas Samuel (Retired on 18-12-2023)	Nominee Director
Sangeetha Kaushik (From 31-03-2023)	Nominee Director

Entities with joint control and significant influence over the entity

 National Thermal Power Corporation Limited (NTPC)
 Government of Kerala

Entities under the control of the same government having transactions during the year

 Kerala State Electricity Board Limited.
 The Travancore Cochin Chemicals Limited
 Kerala State Industrial Enterprise Limited
 Kerala Minerals and Metals Limited
 KELTRON (Kerala State Electronics Development Corporation Limited)
 Kerala Electrical and Allied Engineering Company Limited
 Kerala Books and Publication Society

Joint venture entities of NTPC Limited

 NTPC Vidyut Vyapar Nigam Limited
 Ratnagiri Gas and Power Private Limited
 NTPC Sail Power Company Limited

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

Transactions with related parties are as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(i) Entities with joint control and significant influence over the entity (NTPC Ltd.)		
<i>Sale of goods and services</i>	33.92	607.94
(ii) Entities under the control of the same government		
(a) Kerala State Electricity Board Limited		
<i>Sale of goods and services</i>	3,443.62	4,965.08
<i>Electricity Charges</i>	238.08	252.55
(b) The Travancore Cochin Chemicals Limited		
<i>Purchase of goods</i>	0.06	1.16
<i>Sale of goods and services</i>		0.40
(c) Kerala Minerals and Metals Limited		
<i>Sales of goods and services</i>	27.92	1.18
(d) Kerala State Electronics Development Corporation Limited		
<i>Purchase of Goods</i>	0.55	5.80
(e) Kerala Electrical and Allied Engineering Co Ltd		
<i>Sales of goods and services</i>	0.02	
(f) Kerala State Industrial Enterprises Limited.		
<i>Purchase of goods</i>	0.36	
(iii) Joint venture entities of NTPC Limited		
Ratnagiri Gas and Power Private Limited		
<i>Sale of goods and service</i>	39.35	-
NTPC Sail Power Company Limited		
<i>Sale of goods and service</i>	5.90	-
(iv) Compensation to Key Management Personnel		
- Short term employee benefits	72.20	104.65
- Post employment benefits*	22.28	7.72
- Reimbursement of Travelling expenses	2.00	0.25
(v) Other payments to Related Parties		
- Honarium to Chairman	2.40	0.99
- Reimbursement of Travelling expenses	0.06	0.03

**Transformers and Electricals Kerala Limited**

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023**Rupees(₹) in lakhs, unless otherwise stated****Outstanding receivable & payable with related parties are as follows:**

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Entities with joint control and significant influence over the entity (NTPC Ltd.)		
<i>Outstanding balances - Receivable</i>	262.05	516.48
(ii) Entities under the control of the same government		
(a) Kerala State Electricity Board Ltd.		
<i>Outstanding balances - Receivable</i>	1,214.62	2,393.37
(b) Kerala State Electronics Development Corporation Limited		
<i>Outstanding balances - Payable</i>	0.99	0.95
(c) Kerala State Industrial Enterprise Limited		
<i>Outstanding Payable</i>	0.23	0.07
(d) Kerala Electricals and allied engineering Limited		
<i>Outstanding Payable</i>	0.01	0.01
(c) Kerala Books and Publication Society		
<i>Outstanding balances - Payable</i>	-	0.56


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023
Rupees(₹) in lakhs, unless otherwise stated
35 Employee benefit plans- Disclosure pursuant to IND AS 19- Employee benefits
(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 Rs.313.16 Lakhs (Previous year: Rs.320.59 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 liability for gratuity as above is recognised on the basis of Actuarial Valuation. The obligation under the scheme is funded.

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

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

35.a Employee gratuity scheme
1 Benefits valued and funding

- 1.1 Total employer expenses recognized in the Profit and Loss Account are the expenses under paragraph 120 of Ind AS 19, i.e., current service cost, past service cost, loss (gain) on settlement and net interest on net defined benefit obligation (asset). Current service cost represents the cost associated with the current financial period benefit accruals determined using assumptions as at the start of the year.
- 1.2 The Plan is a non-contributory defined benefit arrangement providing lump-sum gratuity benefits expressed in terms of final monthly salary and years of service.
- 1.3 The Company's accounts are prepared on a going concern basis. Accordingly, calculations under Ind AS 19 have been prepared on 'on-going scheme' basis.
- 1.4 The rate used to discount the post-employment benefit obligations is determined under the provisions of paragraph 83 of Ind AS 19 by reference to market yields at the end of the reporting period on government bonds, which are consistent with the currency and term of the post- employment defined benefit obligation.
- 1.5 The disclosures have been prepared on the assumption that all re-measurements under paragraph 127 of Ind AS 19, inclusive of actuarial gains and losses arising during the period, return on plan assets excluding amounts included in net interest on the net defined benefit obligation (asset) and any change in the effect of the asset ceiling are recognized in the entity's Other comprehensive income. Under paragraph 122 of Ind AS 19, any reclassification of re-measurements to the Profit and Loss Account in a subsequent period is not foreseen.
- 1.6 The estimates of future salary growth considered as per paragraph 90 of Ind AS 19 take into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

2

2.1 Plan assets are stated at fair value. Actuarial gains/ losses arising from performance of assets contribute to employer expenses for the year. Assets were verified from the insurer's (LIC) statements of account.

2.2 Actuarial gains/ losses arising from changes in assumptions and performance of assets above or below the interest income on plan assets contribute to re-measurements for the period and are classified under paragraph 125 of Ind AS 19 under "Other comprehensive income."

3 Assumptions

3.1 The financial assumptions employed for the calculations as at March 31, 2023 are:

a) Discount Rate: The discount rate that has been chosen for the purpose of this valuation has reference to the market yields on the valuation date of Indian Government bonds corresponding to the term of the benefit obligation of **7 years** (March 31, 2022: 7 years) as tabulated below:

Financial year ended	Discount Rate
March 31, 2023	7.2% p.a.
March 31, 2022	7% p.a.

b) Salary Growth Rate: The Salary escalation rate assumed is tabulated below.

Financial year ended	Salary Growth Rate
March 31, 2023	9% p.a.
March 31, 2022	9% p.a.

This is the company's estimate has been assumed keeping in view the long-term earnings inflation rate and the employer's view thereof. The estimates of future salary growth considered take into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

c) Interest Rate for Interest on Net Defined Benefits Obligation (DBO): The interest rate for interest on net DBO is the discount rate for the weighted average duration of the benefit obligation as at the start of the period. The rate assumed is tabulated below:

Financial year ended	Interest rate for interest on net DBO
March 31, 2023	7% p.a.
March 31, 2022	6.3% p.a.



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

3.2 The demographic assumptions employed for the calculations as at March 31, 2023 are:

a) Mortality: We have assumed that active members of the scheme will experience in-service mortality in accordance with the standard table – **IALM 2012-14 (Ult.)** [March 31, 2022: IALM 2012-14 (Ult.)].

b) Withdrawal Rate: The withdrawal rate as estimated by the Company is tabulated below.

Financial year ended	Withdrawal Rate
March 31, 2023	5% p.a.
March 31, 2022	5% p.a.

3.3 The results are particularly sensitive to some assumptions such as the discount rate, salary growth, mortality and withdrawal. A decrease in the assumed discount rate or an increase in the assumed salary growth rate will lead to an increase in employer expenses.

3.4 The methodology used in the calculations is set out below.

The Company used Projected Unit Credit (PUC) actuarial method to assess the Plan's liabilities, including those related to death-in-service benefits. Under the PUC method, a 'projected accrued benefit' is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The 'projected accrued benefit' is based on the Plan's accrual formula and upon the service as at the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the 'projected accrued benefits' as at the end of the year for the Plan's active members.

3.5 The principal rules of the Plan are summarized as follows.

Normal retirement age	58 years.
Salary for calculation of gratuity	Last drawn basic salary + DA, if any.
Vesting period	5 years of service.
Benefit on normal retirement	15/26 x Monthly Salary x Number of years of Completed Service, subject to vesting period. Part of service in excess of six months is considered as one year of completed service.
Benefit on early retirement/ resignation/ withdrawal	Same as benefit on normal retirement.
Benefit on death while in service	Same as benefit on normal retirement, except that vesting period does not apply.
Ceiling on gratuity	Rs.20,00,000.

3.6 The table below summarises the key valuation results as on the valuation date.

Particulars	March 31, 2023	March 31, 2022
A. Present value of the Defined Benefit Obligation	2,162.11	2,221.96
B. Fair value of Plan assets	1,301.45	1,398.77
C. Amount not recognized as asset [i.e., Effect of limiting Net assets to Asset ceiling]	-	-
D. Net (Liability)/ Asset recognised in the Balance Sheet [D = B – A – C]	(860.66)	(823.19)

3.7 The table below summarises movement in the net liability during the financial year.

Particulars	March 31, 2023	March 31, 2022
A. Net liability/ (asset) at the start of the year	823.19	749.38
B. Net transfer in/ (out)	-	-
C. Expenses recognised in the P&L	195.82	197.43
D. Re-measurements [(gains)/ losses] recognised in the OCI	(150.61)	(103.57)
E. Employer's contribution	(7.74)	(20.05)
F. Net liability/ (asset) at the end of the year [F = A + B + C + D + E]	860.66	823.19

3.8 We have made the full actuarial valuation as at the end of the financial year viz. March 31, 2023 based on the member data and plan information.



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

The amounts recognised in the Balance Sheet are as follows:

Table 1: Reconciliation of Defined Benefit Obligation (DBO)

Particulars	March 31, 2023	March 31, 2022
Present Value of DBO at the start of the year	2,221.96	2,326.68
<i>Service Cost</i>		
a. Current service cost	131.29	141.15
b. Past service cost	-	-
c. Loss/ (Gain) from settlement	-	-
Interest cost	155.54	146.58
Benefits paid	(197.88)	(300.02)
<i>Re-measurements</i>		
a. Actuarial loss/ (gain) from changes in demographic assumptions	-	-
b. Actuarial loss/ (gain) from changes in financial assumptions	(34.41)	(128.36)
c. Actuarial loss/ (gain) from experience over the past year	(114.39)	35.93
Effect of acquisition/ (divestiture)	-	-
Changes in foreign exchange rates	-	-
Present Value of DBO at the end of the year	2,162.11	2,221.96

Table 2: Reconciliation of fair value of Plan assets

Particulars	March 31, 2023	March 31, 2022
Fair value of Plan assets at the start of the year	1,398.77	1,577.30
Employer's contribution	7.74	20.05
Benefits paid	-197.88	-300.02
Interest income on Plan assets	91.01	90.30
<i>Re-measurements</i>		
Return on plan assets excluding amount included in net interest on the net defined benefit liability/ (asset)	1.81	11.14
Effect of acquisition/ (divestiture)	-	-
Changes in foreign exchange rates	-	-
Fair value of Plan assets at the end of the year	1,301.45	1,398.77
<i>Actual Return on Plan assets</i>	<i>92.83</i>	<i>101.44</i>
<i>Expected employer contribution for the next year</i>	<i>200.00</i>	<i>800.00</i>

Table 3: Expenses recognised in the profit and loss account

Particulars	March 31, 2023	March 31, 2022
<i>Service cost</i>		
a. Current service cost	131.29	141.15
b. Past service cost	-	-
c. Loss/ (gain) from settlement	-	-
Net interest on net defined benefit liability/ (asset)	64.53	56.28
Employer expenses	195.82	197.43

Table 4: Net liability/ (asset) recognised in the Balance sheet

Particulars	March 31, 2023	March 31, 2022
Present value of DBO	2,162.11	2,221.96
Fair value of Plan assets	1,301.45	1,398.77
Liability/ (Asset) recognised in the Balance sheet	860.66	823.19
Funded status [Surplus/ (Deficit)]	(860.66)	(823.19)
Of which, Short-term liability	-	-
Experience adjustment on Plan liabilities: (gain)/ loss	(114.39)	35.93



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

Table 5: Percentage break-down of total Plan assets

Particulars	March 31, 2023	March 31, 2022
Equity instruments	0%	0%
Debt instruments	0%	0%
Real estate	0%	0%
Derivatives	0%	0%
Investment funds with Insurance Company	100%	100%
Of which, Unit linked	0%	0%
Of which, Conservative/ Non-Unit linked	100%	100%
Asset-backed securities	0%	0%
Structured debt	0%	0%
Cash and cash equivalents	0%	0%
Total	100%	100%

Note: None of the assets carry a quoted market price in an active market or represent the entity's own transferable financial instruments or are property occupied by the entity.

Table 6: Actuarial assumptions

Particulars	March 31, 2023	March 31, 2022
Salary growth rate	9% p.a.	9% p.a.
Discount rate	7.2% p.a.	7% p.a.
Interest rate on net DBO	7% p.a.	6.3% p.a.
Withdrawal rate	5% p.a.	5% p.a.
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Weighted average duration of the obligation	7 years	7 years

Table 7: Movement in Other comprehensive income

Particulars	March 31, 2023	March 31, 2022
Balance at the start of the year [(Loss)/ Gain]	35.11	(68.46)
<i>Re-measurements on DBO:</i>		
a. Actuarial (Loss)/ Gain from changes in demographic assumptions	-	-
b. Actuarial (Loss)/ Gain from changes in financial assumptions	34.41	128.36
c. Actuarial (Loss)/ Gain from experience over the past year	114.39	(35.93)
<i>Re-measurements on Plan assets:</i>		
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/ (asset)	1.81	11.14
<i>Re-measurements on Asset Ceiling:</i>		
Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-
Balance at the end of the year [(Loss)/ Gain]	185.72	35.11



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

Table 8: Sensitivity Analysis

Financial Year ended March 31, 2023	Increases 1%	Decreases 1%
Salary growth rate	DBO increases by 173.20	DBO decreases by 154.07
Discount rate	DBO decreases by 155.14	DBO increases by 178.05
Withdrawal rate	DBO decreases by 17.56	DBO increases by 19.58
Mortality (increase in expected lifetime by 1 year)	DBO increases by 0.37	
Mortality (increase in expected lifetime by 3 years)	DBO increases by 1.10	

Note: The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analysis.

Table 9: Movement in Surplus/ (Deficit)

Particulars	March 31, 2023	March 31, 2022
Surplus/ (Deficit) at the start of the year	(823.19)	(749.38)
<i>Movement during the year</i>		
Current service cost	(131.29)	(141.15)
Net interest on net DBO	(64.53)	(56.28)
Re-measurements [Gains/ (Losses)]	150.61	103.57
Employer's contribution	7.74	20.05
Surplus/ (Deficit) at the end of the year	(860.66)	(823.19)

Other Disclosures

Description of Asset Liability Matching (ALM) Policy

Description of funding arrangements and funding policy that affect future contributions:

The liabilities of the fund are funded by assets. The company does not aim to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

Maturity profile

The weighted average duration of the obligation as at the date of valuation is tabulated below:

Financial year ended	Weighted average duration of the obligation
March 31, 2023	7 years
March 31, 2022	7 years



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

35.b Compensated leaves

1.1 Paragraphs 155 and 156 of the Ind AS 19 deal with measurement of liability and expenses respectively in respect of other long-term employee benefits, which among others includes long-term compensated absences. The measurement has to be based on actuarial assumptions and principles.

1.2 **Unlike the accounting required for post-employment benefits (paragraph 154 of Ind AS 19 (revised)), the method for accounting of other long-term benefits does not recognize re-measurements in other comprehensive income (other equity).** Accordingly, the results in paragraph 2.4 of the disclosure have been prepared on the assumption that all actuarial gains and losses arising during the year are recognized in the statement of profit and loss of the year, without allowing for amortization

1.3 Computation of liability recognized in balance sheet is as below:

Particulars	March 31, 2023	March 31, 2022
Present value of Defined Benefit Obligation	1,229.14	1,360.30
Fair value of Plan assets	337.80	518.94
Liability/ (Asset) recognised in the Balance sheet	891.34	841.36
Of which, Short-term liability	NIL	NIL

1.4 The break-down between gross privilege leave and sick leave liability is below:

Date of valuation	Privilege leave	Sick leave	Total
March 31, 2023	967.46	261.68	1,229.14
March 31, 2022	1,069.00	291.30	1,360.30

1.5 The movement in the compensated absences (both privilege leave and sick leave) liability is shown below:

Particulars	March 31, 2023	March 31, 2022
Opening Net Liability / (Asset)	841.36	898.73
Add: Employer expenses	126.83	44.05
Less Employer's contribution	(76.85)*	(101.42)*
Closing Net Liability / (Asset)	891.34	841.36

*Of this, Rs 74.11 lakhs is paid directly from the company to employees.

+ Of this, Rs 95.78 lakhs is paid directly from the company to employees

2

2.1 A summary of the membership data is provided below.

Particulars	March 31, 2023	March 31, 2022
a. Number of employees	389	406
b. Total monthly (basic + DA) salary	203.13	213.66
c. Total monthly (CTC) salary	239.96	327.86
d. Average privilege leave balance (days)	111	109
e. Average sick leave balance (days)	63	61
f. Average age (years)	42	41

2.2 Plan assets as contributed by the employer are stated at fair value. Actuarial gains/ losses arising from performance of assets contribute to employer expenses. Assets were from the insurer's (LIC) statements of account. The sick leave and privilege leave cashing at retirement is settled from the same LIC fund.

2.3 The benefits valued are in the form of a non-contributory defined benefit arrangement expressed in terms of a multiple of final monthly salary at the instance of availing in or withdrawal from service.



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

2.4 The Company's accounts are prepared on a going concern basis. Accordingly, calculations under Ind AS 19 have been prepared on 'on-going scheme' basis.

2.5 For the purpose of valuation of **privilege leave**, we have assumed that an employee first avails of the leaves out of the fresh additions that happen every year i.e., the assumption of 'Last In, First Out' has been used. Employees are allowed to cash privilege once in a calendar year limited to half of the available leave balance or 30 days, whichever is lower. Thus, 25% of such balances are subject to in-service encashment. The remaining balance accrued as at the year-end has been modelled for encashment, which is due on separation from services. When privilege leave is cashed, an employee receives a pay-out linked to basic salary plus dearness allowance (company rule). When privilege leave is utilized or availed, an employee's absence is deemed to result in the company foregoing the corresponding Cost to Company (CTC) for the period of absence from work.

2.6 For the purpose of valuation of **Sick Leave**, we have assumed that an employee first avails of the leaves out of the fresh additions that happen every year i.e. the assumption of Last In, First Out has been used.

i) For workmen, the balance accrued as at the year-end days has been modelled for encashment, which is due at either death or retirement. When sick leave is cashed, an employee receives a pay-out linked to basic salary plus dearness allowance (company rule). When sick leave is utilized or availed, an employee's absence is deemed to result in the company foregoing the corresponding Cost to Company (CTC) for the period of absence from work.

ii) For officers, we have assumed that they will avail **5%** of her accrued leave balances every succeeding year after the valuation date. Such availing will continue till retirement or runoff whichever is earlier. Decrements of withdrawal and death are considered and the value of payoffs is discounted to the valuation date. When sick leave is utilized or availed, an employee's absence is deemed to result in the company foregoing the corresponding CTC for the employee's period of absence from work.

2.7 The financial assumptions employed for the calculations as at March 31, 2023 are:

a) Discount Rate: The discount rate that has been chosen for the purpose of this valuation has reference to the market yields on the valuation date of Indian Government Bonds corresponding to the term of the benefit obligation of **7 years** (March 31, 2022: 7 years). The rate assumed is tabulated below:

Financial year ended	Discount rate
March 31, 2023	7.2% p.a.
March 31, 2022	7% p.a.



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

Financial year ended	Salary escalation rate
March 31, 2023	9% p.a.
March 31, 2022	9% p.a.

This is the company's estimate has been assumed keeping in view the long-term earnings inflation rate and the employer's view thereof. The estimates of future salary growth considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

2.8 The demographic assumptions employed for the calculations as at March 31, 2023 are:

a) Mortality: We have assumed that active members of the scheme will experience in-service mortality in accordance with the standard table – **IALM 2012-14 (Ultimate)** [March 31, 2022: IALM 2012-14 (Ultimate)].

b) Withdrawal Rate: The withdrawal rate as estimated by the Company is tabulated below.

Financial year ended	Withdrawal rate
March 31, 2023	5% p.a.
March 31, 2022	5% p.a.

2.9 The results are particularly sensitive to some assumptions such as the discount rate, salary growth, mortality, and withdrawal rates. A decrease in the assumed discount rate or an increase in the assumed salary growth rate will lead to an increase in employer expenses. Also, higher than expected withdrawal amongst employees who are eligible to receive benefits would mean higher than expected cash outflows.

2.10 The methodology used in the calculations is as required under paragraphs 67 and 68 of Ind AS 19 and set out below:

We have used the Projected Unit Credit (PUC) actuarial method to assess the Plan's liabilities, including those related to death-in-service benefits. Under the PUC method, a 'projected accrued benefit' is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The 'projected accrued benefit' is based on the Plan's accrual formula but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the 'projected accrued benefits' as at the end of the year for the Plan's active members.

2.11 The principal rules of the **Privilege Leave Plan** are as advised by the Company and summarized below.

Normal Retirement Age	58 years.
Salary for calculation of leave/ long-term compensated absences (i.e. cashing)	Last drawn basic salary + DA, if any.
Vesting Period	Nil.
Number of days credited in a year	30 days.
Benefit on normal retirement/ early retirement/ resignation/ withdrawal/ death	(Leave Balance/30) x Monthly Salary.
Maximum leave accrual for cashing on separation	For officers: 300 days For workmen: No limit. (Half of the balances subject to a limit of 30 days can be cashed in service).



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

2.12 The principal rules of the **Sick Leave Plan** are as advised by the Company and summarized below.

i) Workmen

Normal Retirement Age	58 years.
Salary for calculation of leave/ long-term compensated absences (i.e. cashing)	Last drawn basic salary + DA, if any.
Vesting Period	Nil.
No. of days credited in a year	10 days or 17.5 days.
Benefit on resignation	Nil.
Benefit on normal retirement/ early retirement/ withdrawal/ death	(Leave Balance/30) x Monthly Salary.
Maximum leave accrual for cashing on separation	No limit.

ii) Officers

Normal Retirement Age	58 years.
Salary for calculation of sick leave/ long-term compensated absences	Last drawn Cost to Company (CTC).
Vesting Period	Nil.
No. of days credited in a year	17.5 days.
Maximum Allowable Leave to be carried forward	180 days half days i.e., 90 full days.
Availment rate	5% p.a.
Maximum leave accrual for cashing on separation	Nil.


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

36 Financial instruments

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

Particulars	Note	Carrying value	
		31 March 2023	31 March 2022
Financial assets			
Measured at amortised cost			
Trade receivables	12	6,788.45	7,627.43
Cash and cash equivalents	13.a	211.61	1.25
Bank balances other than cash and cash equivalent	13.b	861.13	1,043.62
Loans	7	-	-
Other financial assets	8	1,268.89	253.68
Measured at cost			
Investment in shares of Co-operative societies	6	0.70	0.70
Measured at fair value through other comprehensive income			
Investment in gold with Bank	8	-	20.82
Total financial assets		9,130.78	8,947.50
Financial liabilities			
Measured at amortised cost			
Borrowings	16	6,972.03	6,521.91
Trade payables	17	4,517.77	3,585.89
Other financial liabilities	18	2,336.53	2,622.41
Total financial liabilities		13,826.33	12,730.21

36.1 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 2023 and 31 March 2022:

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2023:

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2020:				
Particulars	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:				
Investment in Shares of Co-operative societies	0.70	-	-	0.70
Total	0.70	-	-	0.70

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

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2022:				
Particulars	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:				
Investment in Gold with Bank	20.82	20.82	-	
Financial assets measured at cost:				
Investment in Shares of Co-operative societies	0.70	-	-	0.70
Total	21.52	20.82	-	0.70

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

2 Fair value for the investments in shares of Co-operative societies cannot be reasonably measured since it is an unquoted share.



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

36 Financial instruments (continued)

36.2 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 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 result of which are reported to the Board.

36.3 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


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

36 Financial instruments (continued)
36.4 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	As at 31 March 2023	As at 31 March 2022
Outstanding for more than 6 months	799.59	633.78
Others	6,241.57	7,263.75
Total:	7,041.16	7,897.53

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.

The Company allocates each exposure to a credit risk grade based on the historic trend of financial assets movement between the ageing buckets. The loss rates are calculated based on the simplified approach of the trend in receivable ageing. The average expected credit loss rate is 26% for the year

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks having good credit rating.

36.5 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 2023, the Company had a working capital of Rs.-3676.75 Lakhs, including cash and cash equivalents of Rs.211.6 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2023 and 31 March 2022.

Particulars	As at 31 March 2023			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings	6,072.60	247.93	651.50	6,972.03
Trade payables	4,517.77	-	-	4,517.77
Other financial liabilities	2,336.53	-	-	2,336.53



Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

36.5 Liquidity risk (continued)

Particulars	As at 31 March 2022			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings	5,772.13	309.33	440.44	6,521.90
Trade payables	3,585.89	-	-	3,585.89
Other financial liabilities	2,622.41	-	-	2,622.41

36.6 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 2023		As at 31 March 2022	
	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)
	RS In lakhs	USD In lakhs	Rs in Million	USD In Million
Suppliers	(13.85)	(0.17)	(10.34)	(0.14)
Others	-	-	(10.76)	(0.14)
Customers	-	-	(2.97)	(0.04)

36.7 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.

Variable-rate instruments	As at 31 March 2023	As at 31 March 2022
Financial liabilities		
-Borrowings from bank	(6,278.03)	(6,261.92)
Total	(6,278.03)	(6,261.92)

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points (bp) 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 previous year.

Particulars	Impact on Profit / (loss)		Impact on equity (net of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31-Mar-23				
Variable-rate instruments	(62.78)	62.78	(45.31)	45.31
Total	(62.78)	62.78	(45.31)	45.31
31-Mar-22				
Variable-rate instruments	(62.62)	62.62	(45.20)	45.20
Total	(62.62)	62.62	(45.20)	45.20

36.8 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 2023	31 March 2022
Debt	6,972.03	6,521.91
Less: Cash and cash equivalents	211.61	1.25
Less: Bank balances other than cash and cash equivalent	861.13	1,043.62
Less: Other non-current financial assets - Bank deposit	426.34	184.31
Adjusted net debt	5,472.95	5,292.73
Total equity attributable to equity shareholders	398.76	3,349.84
Adjusted net debt to total equity ratio	13.73	1.58



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

37 Ageing Schedule of Trade Payables as on 31 March 2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 years	2-3 Years	More than 3 years	Total
(i) MSME	1418.45	17.05	1.10	7.64	1,444.24
(ii) Others	3015.15	8.29	8.17	41.92	3,073.53
(iii) Disputed MSME					
(iii) Disputed dues - Others					
Total	4,433.60	25.34	9.27	49.56	4,517.77

Ageing Schedule of Trade Payables as on 31 March 2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 years	2-3 Years	More than 3 years	Total
(i) MSME	1,249.18	8.63	1.46	13.07	1,272.34
(ii) Others	2,244.10	9.55	2.33	57.57	2,313.55
(iii) Disputed MSME					
(iii) Disputed dues - Others					
Total	3,493.28	18.18	3.79	70.64	3,585.89

38 Ageing Schedule of Trade Receivables as on 31 March 2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 Years	More than 3 year	Total
(i) Undisputed Trade receivables - Considered Good	6,241.57	449.21	295.17	55.21	-	7,041.16
(ii) Undisputed Trade receivables - Which have significant increase in Credit risk	158.25	60.12	342.08	181.55	1,683.27	2,425.27
(iii) Undisputed Trade receivables - Credit Impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables - Considered Good	-	-	-	-	-	-
(v) Disputed Trade receivables - Which have significant increase in Credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables - Credit Impaired	-	-	-	-	-	-
less: Expected Credit Loss Allowance	-	-	-	-	-	(2,677.98)
Total	6,399.82	509.33	637.25	236.76	1,683.27	6,788.45



Transformers and Electricals Kerala Limited
Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

(Note 38 Continued)

Ageing Schedule of Trade Recievables as on 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months - 1 Year	1-3 years	2-3 Years	More than 3 years	
(i) Undisputed trade recievables - considered good	7,263.75	306.54	269.46	26.42	31.36	7,897.53
(ii) Undisputed trade recievables - which have significant increase in credit risk	350.03	23.80	162.61	559.25	1,086.37	2,182.06
(iii) Undisputed trade recievables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade recievables - considered Good	-	-	-	-	-	-
(v) Disputed trade recievables - Which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade recievables - credit impaired	-	-	-	-	-	-
Less: Expected credit loss allowance	-	-	-	-	-	(2,452.16)
Total	7,613.78	330.34	432.07	585.67	1,117.73	7,627.43

39 Ageing Schedule of CWIP as on 31 March 2023

(i) Details of capital work-in-progress, whose completion is overdue compared to its original plan

Particulars	CWIP for a period of				Total
	Less than 1 Year	1-2 years	2-3 Years	More than 3 years	
Projects in progress	12.30	-	-	-	12.30
Projects temporarily suspended	-	-	4.82	1.15	5.97
Less: Provision created for non movement	-	-	-	-	(5.97)
Total	-	-	-	-	12.30

Note:

The company has provided full provision for capital work in progress with respect to VPD project

Ageing Schedule of CWIP as on 31 March 2022

(i) Details of capital work-in-progress, whose completion is overdue compared to its original plan

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


Transformers and Electricals Kerala Limited

Angamally South P.O., Ernakulam District, Kerala

Notes to Financial Statements for the year ended on 31st March 2023

Rupees(₹) in lakhs, unless otherwise stated

40 Accounting ratios

Particulars	Numerator	Denominator	For the year ended 31 March 2023	For the year ended 31 March 2022	Variance	Reasons for Variance
Current ratio	Current asset	Current liabilities	0.77	1.00	-23%	Increase in short-term borrowings
Debt equity ratio	Total borrowings	Total equity	17.48	1.95	798%	Increase in short-term borrowings and reduction in networth due to losses
Debt service coverage ratio	EBITDA	Finance cost	2.86	-6.36	-145%	Increase in short-term borrowings lead to increased finance cost
Return on equity ratio (%)	PAT	Average shareholders equity	-163%	-59%	177%	Due to losses
Inventory turnover ratio	Revenue from operations	Average inventory	3.24	2.17	49%	Due to decrease in closing inventory
Trade receivables turnover ratio	Revenue from operations	Average trade receivable	2.05	1.77	15%	NA
Trade payables turnover ratio	Purchases	Average trade payables	2.45	4.47	-45%	Extended credit periods due to working capital shortage
Net working capital turnover ratio	Revenue from operations	Working capital	-4.01	2296.82	-100%	Increase in short-term borrowings
Net profit ratio (%)	PAT	Net sales	-20.70%	-27.32%	-24%	Increase in loss after tax
Return on capital employed (%)	EBIT	Capital employed	-285.84%	-130.41%	119%	Due to losses

41 Other disclosures
41.1

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company have not traded or invested in Crypto currency or Virtual Currency during the year.
- (iv) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) No funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vi) The Company do not have any such transaction which is not recorded in the books of account and that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- (vii) The company is not declared as willful defaulter by any bank or financial institution or other lender.
- (viii) The Company have satisfaction of charges which are yet to be satisfied with ROC beyond the statutory period.
- (ix) No special resolution is required to be passed, as the company is of the view that the borrowings availed does not exceed the limits notified under the Act, based on the latest audited financial statements as of the date the borrowings were availed.
- (x) The Company has disclosed the details of MSME based on the information received from its suppliers.
- (xi) Even though centralized orders are placed by major customers like Kerala State Electricity Board Limited (KSEB), National Thermal Power Corporation Limited (NTPC), and Nuclear Power Corporation of India Limited (NPCIL), products underlying such orders are delivered to the concerned unit and payments are also received from such units, by the Company. However, no unit-wise ledger accounts are being maintained in the books of account.

41.2 Events occurred after the Balance sheet date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of subsequent events and transactions in the financial statements. As of date of approval of financial statements there are no subsequent events and transactions to be recognised or reported that are not already disclosed.



 Transformers and Electricals Kerala Limited Angamally South P.O., Ernakulam District, Kerala.			
Notes to Financial Statements for the year ended on 31st March 2023			
(Rupees (₹) in Lakhs unless otherwise stated)			
42 Disclosure pursuant to IND AS 1 - Presentation of the financial statements			
The Company has reclassified the following comparative amounts from previous year audited financial statements for better presentation of financial statements.			
Foot note No.	Nature of reclassification	Comparative figure of audited financial statements as at 31 March 2023	Audited financial statements as at 31 March 2022
	Financial assets - current		
1	Loans	20.08	-
2	Others financial assets	44.54	33.40
3	Current tax assets (net)	91.68	-
4	Other current assets	460.69	583.57
	Financial liability - Non current		
5	Borrowings	489.78	749.78
	Financial liability - Current		
6	Borrowings	6,032.13	5,772.13
7	Trade payables		
	(a) Total outstanding due of micro and small enterprises	982.48	973.23
	(b) Total outstanding due of other than micro and small enterprises	2,603.41	2,548.87
8	Other financial liabilities	2,622.41	2,686.20
Foot note: - During the previous year loan to employees were wrongly classified under other current assets has been now rectified and reclassified to loans in accordance with Schedule III - Ind AS Division II of the Companies Act, 2013. - During the previous year, the Company incorrectly classified certain financial assets that should have been classified under other financial assets. This has been rectified in the current year in accordance with Schedule III - Ind AS Division II of the Companies Act, 2013. - The Company has not disclosed current tax assets in the previous year. This has been rectified during the year in accordance with Schedule III - Ind AS Division II of the Companies Act, 2013. - During the previous year, the Company incorrectly classified certain current assets that should have been classified under other current assets. This has been rectified in the current year in accordance with Schedule III - Ind AS Division II of the Companies Act, 2013. 6 The Company had incorrectly classified a current borrowings under non-current borrowings. This error has been rectified during the year in accordance with Schedule III - Ind AS Division II of the Companies Act, 2013. 7,8 In the previous year, the Company classified creditors for expenses under other financial liabilities. However, in the current year, the Company has reclassified these amounts as trade payables, in accordance with Schedule III - Ind AS Division II of the Companies Act, 2013. Significant accounting policies and the accompanying notes from 4 to 42 are integral part of the financial statements As per our report of even date For Babu A. Kallivayalil & Co., Chartered Accountants Firm Regn. No. 05374S For and on behalf of the Board of Directors of Transformers and Electricals Kerala Limited (CIN: U31102KL1963SGC002043) Sd/- P.C. Joseph Chairman DIN: 05225941 Sd/- Neeraj Mittal Managing Director DIN: 10269729 Sd/- Jomon K. A. Officer in Charge cum HOD (F&A) Sd/- CA. M.D. Thomas Partner (M. No. 018177) Place: Ernakulam Date: May 02, 2025 Place: Angamally Date: May 02, 2025			



**OFFICE OF THE ACCOUNTANT GENERAL (AUDIT II) KERALA,
THIRUVANANTHAPURAM**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF TRANSFORMERS AND ELECTRICALS KERALA LIMITED FOR
THE YEAR ENDED 31 MARCH 2023**

The preparation of financial statements of **Transformers and Electricals Kerala Limited** for the year ended **31 March 2023** 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 are 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 **02 May 2025**.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of **Transformers and Electricals Kerala Limited** for the year ended **31 March 2023** under Section 143(6)(a) of the Act.

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

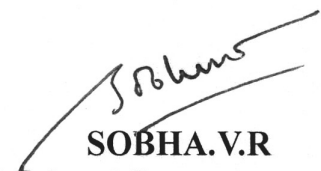
Thiruvananthapuram
Dated:04-08-2025

VISHNUKANTH P B
ACCOUNTANT GENERAL (AUDIT-II) KERALA



**COMMENTS OF SECRETARY (FINANCE-RESOURCES) ON THE
AUDITED ANNUAL ACCOUNTS OF TRANSFORMERS &
ELECTRICALS KERALA LTD (TELK) FOR THE YEAR 2022-23**

- 1) The Company incurred a loss of Rs.3053.38 lakhs in 2022-23, which is marginally lower as compared with the loss of Rs.3675.64 lakh in 2021-22 even after the increase of non-operational income from Rs.206.38 lakh to Rs.565.26 lakh. The Company should take necessary steps to increase its operational revenue by using its means of production in a maximum cost effective manner.
- 2) The company's accumulated loss has been increased from Rs.7706.58 lakh to Rs.10759.96 lakh which is alarming.
- 3) The Company has not revalued its property, plant and equipment or intangible assets. The Company should strengthen the procedures of physical verification of inventories and steps for revaluation of its PPE.
- 4) As the Company has adopted the pricing in a competitive market scenario and also the company's performance is very dismal, the company should take an effort to increase sales by re-examining its costing strategy in a scientific manner.
- 5) The company should implement an adequate design of the Information Technology in general and application control.
- 6) The Company should frame documentary internal financial control policy by using oversight and potential gaps in controls and its implementation to ensure consistency in financial decision making .


SOBHA.V.R
Additional Secretary
For Secretary (Finance-Resources)

Thiruvananthapuram
03.10.2025

SL NO	COMMENTS OF SECRETARY (FINANCE RESOURCES) ON THE AUDITED ANNUAL ACCOUNTS	REPLY TO THE COMMENTS
1	The Company incurred a loss of Rs.3053.38 lakh in 2022-23, which is marginally lower as compared with the loss of Rs.3675.64 lakh in 2021-22 even after the increase of nonoperational income from Rs.206.38 lakh to Rs.565.26 lakh. The Company should take necessary steps to increase its operational revenue by using its means of production in a maximum cost effective manner.	Noted. The operational revenue for the financial year 2023-24 had decreased to ₹13,017.77 lakhs. However, during the financial year 2024-25, the operational revenue has improved significantly to ₹20,436.26 lakhs, indicating a notable growth in business performance. The above figures are provisional and unaudited.
2	The company's accumulated loss has been increased from Rs.7706.58 lakh to Rs.10759.96 lakh which is alarming.	The company has earned a net profit of ₹2.85 cores for the financial year 2023-24 and ₹5.75 cores for the financial year 2024-25, based on provisional and unaudited accounts. Accordingly, the accumulated losses are expected to reduce.
3	The Company has not revalued its property, plant and equipment or intangible assets. The Company should strengthen the procedures of physical verification of inventories and steps for revaluation of its PPE.	The physical verification of stock is carried out at the end of every financial year. Revaluation of Property, Plant and Equipment (PPE) will be considered in the future.
4	As the Company has adopted the pricing in a competitive market scenario and also the company's performance is very dismal, the company should take an effort to increase sales by re-examining its costing strategy in a scientific manner.	The Order Book position of the Company has improved from ₹349.59 Crores in March 2023 to ₹600.06 Crores in March 2024. The Company has a robust Order Book Position of ₹Rs.524.70 Crores as on 30-09-2025. The Operational revenue has also shown improvement in FY 2024-25 (for details refer SI No.1)
5	The company should implement an adequate design of the Information Technology in general and application control.	Noted for consideration in future
6	The Company should frame documentary internal financial control policy by using oversight and potential gaps in controls and its implementation to ensure consistency in financial decision making.	The Company has redefined and expanded the scope of its Internal Audit function for FY 2023-24 onwards with a view to further strengthen the internal control system.





