KELTRON

Kerala State Electronics Development Corporation Ltd.

47th ANNUAL REPORT 2018-19

47th ANNUAL REPORT

2018-19

KELTRON®

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

Contents

CORPORATE INFORMATION

Chairman : Shri.N Narayanamoorthy

Managing Director : Smt T R Hemalatha

Board of Directors (as on 31.03.2019)

1.	Shri.N Narayanamoorthy	-	Chairman
2.	Smt T R Hemalatha	-	Managing Director
3.	Shri. V Jayaprakash	-	Director
4.	Shri. V Narayanan	-	Director
5.	Shri. S Anoop	-	Director

COMPANY SECRETARY:
Shri. B Bilu, FCS

GENERAL MANAGER i/c, FINANCE
Shri Sreejan A.S ,FCA,ACS

STATUTORY AUDITORS:
Sridhar & Co.
Chartered Accountants, Thiruvananthapuram

COST AUDITORS:
Blaise & Associates
Cost Accountants, Kochi

BANKERS:
Punjab National Bank
State Bank of India

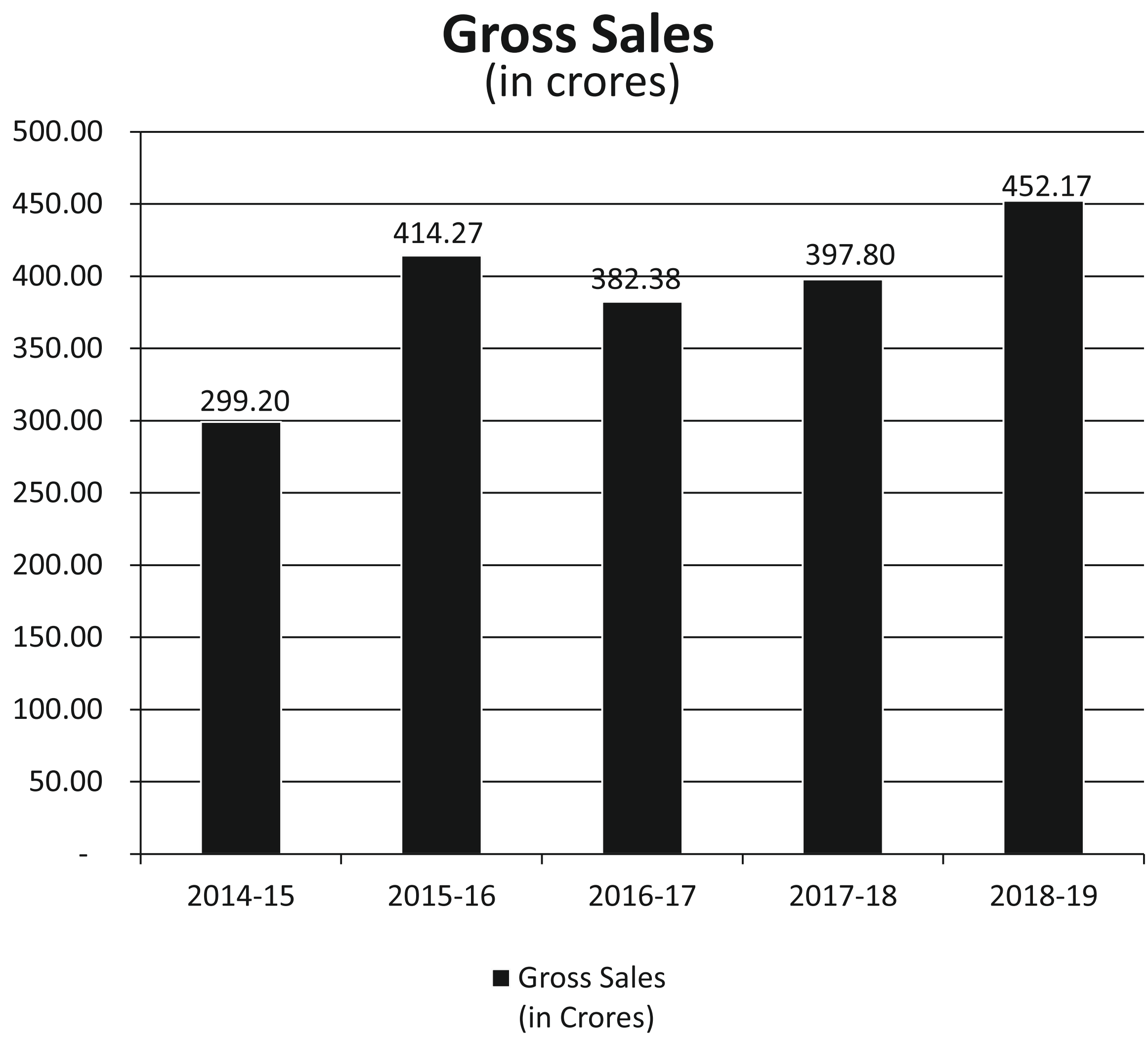
Registered Offce:
Keltron House, Vellayamballam, Thiruvananthapuram -695033
CIN: U74999KL1972SGC002450
Email:ksedc@sancharnet.in, Tel: 0471-2724444
Fax: 0471-2724545, Website: www.keltron.org

FINANCIAL PERFORMANCE
(Based on Balance Sheet)

Balance Sheet	2014-15	2015-16	2016-17	2017-18	2018-19
Fixed Assets	26,04,10,837	26,05,38,993	25,18,81,362	23,29,67,824	26,39,52,083
Investments	26,25,36,700	30,12,94,480	30,12,94,480	30,12,94,480	30,12,94,480
Net Asset (Current &Non-Current)	56,31,60,793	62,53,36,843	40,14,37,351	48,99,78,271	55,43,10,333
Total	**1,08,61,08,330**	**118,71,70,316**	**95,46,13,193**	**1,02,42,40,575**	**1,11,95,56,896**
Share Capital	2,00,00,00,000	2,00,00,00,000	2,03,55,18,100	2,03,55,18,100	2,03,55,18,100
Share money pending allotment	3,55,18,163	3,55,18,163			
Reserves & Surplus	(2,08,21,93,833)	(1,94,41,61,630)	(2,05,60,93,590)	(1,99,96,21,898)	(1,96,80,80,751)
Loan Funds	1,13,27,84,000	1,09,58,13,783	97,51,88,683	98,83,44,373	1,05,21,19,547
Total	**1,08,61,08,330**	**118,71,70,316**	**95,46,13,193**	**1,02,42,40,575**	**1,11,95,56,896**

FINANCIAL PERFORMANCE
(Based on Statement of Profit & Loss)

Statement of Profit & Loss	2014-15	2015-16	2016-17	2017-18	2018-19
Net Sales	2,95,23,34,974	4,10,26,50,457	378,02,68,051	396,60,69,469	4,52,16,60,324
Profit/(Loss) for the year before exceptional and extra ordinary items	(532,99,869)	15,48,94,306	(4,14,75,076)	17,93,66,082	17,32,44,208
Profit before taxation	(12,95,41,874)	13,81,16,237	(11,18,48,039)	5,64,71,692	3,15,41,147
Profit after taxation	(12,95,41,874)	13,81,16,237	(11,18,48,039)	5,64,71,692	3,15,41,147
Earnings Per Share	(6.48)	6.91	(5.49)	2.77	1.55


Gross Sales
(in crores)
500.00
450.00
400.00
350.00
300.00
250.00
200.00
150.00
100.00
50.00
-
299.20
414.27
382.38
397.80
452.17
2014-15
2015-16
2016-17
2017-18
2018-19
Gross Sales
(in Crores)

DIRECTORS' REPORT 2018- 2019

To the Shareholders

Your Board of Directors has immense pleasure in presenting the 47th Annual Report of your Company together with Audited Accounts for the year ended 31st March 2019.

FINANCIAL RESULTS

During the year under review, the Company registered a turnover of Rs.452.17 Crores as against Rs.396.61 Crores during the previous year. The operating profit for the year under review was Rs.24.60 Crores as against Rs.24.88 Crores during the previous year, but posted a net profit of Rs.3.15 Crores against Rs.5.64 Crores in the corresponding previous year. The net profit for the year under review is after adjusting extra ordinary items of Rs.14.17 Crores.

Financial results of the Company for the year 2018-19 and the year 2017-18 are given below:

	(Rs. in Lakhs)	
	2018-19	**2017-18**
Net Sales	45216.60	39660.69
Gross Operating Profit	2460.35	2488.61
Less:		
1. Financing Charges	351.96	283.90
2. Depreciation	375.95	411.05
Profit/(Loss) for the year	1732.44	1793.66
Extra ordinary/ Exceptional	(1417.03)	(1228.94)
Profit/ Loss before taxation	315.41	564.72
Provision for Income Tax	-	-
Profit/ Loss after taxation	315.41	564.72
Brought forward Loss	(20625.72)	(21190.43)
Balance (Loss) carried to Balance Sheet	(20310.31)	(20625.72)

CAPITAL STRUCTURE

As on 31.03.2019 the authorized capital of the company stood at Rs.210 Crores and paid-up capital at Rs.203.55 Crores.

LOANS AND BORROWINGS

During the year the secured loans have increased from Rs.1.06 Crores to Rs.2.85 Crores and the unsecured loans have stood at Rs.102.36 Crores. The Company was having fund based and non fund based Credit facility with Punjab National Bank to the extent of Rs.10 Crores and was having loan from KFC to the extent of Rs.11.75 Crores for meeting its working capital requirement.

AUDITORS' REPORT

The Auditors have made certain observations mainly on the interest on Government Loan, non-provision for doubtful debts, investment and advance to Subsidiaries etc. A detailed explanation on the observations made by the Statutory Auditors is appended to this report.

CONTRIBUTION TO GOVERNMENT REVENUE

During the year under report, the Company has contributed to the exchequer an amount of Rs.20.79 Crores by way of duty, taxes and other levies.

SUBSIDIARY COMPANIES

Keltron Component Complex Limited at Kannur

Production and Profitability

During the period, the Company had achieved a total production value of Rs.6352.05 Lakhs as against the figure of Rs.5609.43 Lakhs achieved during the preceding year. The Company made a profit of Rs.191.68 Lakhs as against the previous year figure of Rs.52.05 Lakhs during the year.

Sales

The Sales turnover of the Company during the financial year 2018-19 was as follows:-

Gross: Rs. 6844.78 lakhs as against the figure of Rs. 6457.25 lakhs in the previous year. Net : Rs. 6844.78 lakhs as against the figure of Rs. 6348.37 lakhs in the previous year.

Achievements

The company made profit for the first time in 2017-18, with a net profit of Rs. 52 Lakhs. This performance improvement continued in 2018-19 by increasing the net profit to Rs.1.91 Crores.

Financial Results of the Company for the year 2018-19 & 2017-18 are given below:

	(Rs. in Lakhs)	
	2018-19	**2017-18**
Net Sales	**6844.78**	**6348.37**
Gross Operating Profit	631.35	542.62
Less:		
1. Financing Charges	351.12	405.19
2. Depreciation	88.55	85.38
Profit/(Loss) for the year	191.68	52.05
Extra ordinary income	0.00	0.00
Profit before taxation	191.68	52.05
Provision for Income Tax	0.00	0.00
Profit after taxation	**191.68**	**52.05**
Brought forward Loss	5036.05	5088.10
Balance (Loss) carried to Balance Sheet	4844.37	5036.05

Keltron Electro Ceramics Limited at Kuttipuram

During the year 2018-19, your Company could achieve a sales turnover of Rs.1481.07 Lakh. The Company sold 116 pcs. of Token Display units and 656 pcs. of Transducers. The profit/(loss) after tax during the year was Rs.(128.91) Lakhs against the profit of Rs.7.52 Lakhs during the previous period.

Company is exploring the possibilities of introduction of new products which include Vector Sensor Array, Smart Bell system for schools, Borewell Rescue system etc. The major customers of the company for the main product Transducers/ Hydrophones are M/s. Naval Physical & Oceanographic Laboratory- Cochin, M/s. Bharat Electronics- Bangalore ,M/s KEC – Karakulam , M/s. Naval Science & Technological Laboratory –Visakhapatnam etc. The company fully utilized the amount of Rs.145 lakhs received from Government of Kerala vide RIAB as working capital loan to enhance infrastructure for the manufacturing & testing facility of transducers expecting more orders in future. Transducers which has reasonable profit margin got vast requirement in Defense as well as for commercial applications and even having export potential.

Financial Results of the Company for the year 2018-19 & 2017-18 are given below:

		(Rs. in Lakhs)
	2018-19	**2017-18**
Net Sales	**1481.07**	**1427.94**
Gross Operating Profit	(104.35)	89.14
Less:		
1. Financing Charges	32.37	41.02
2. Depreciation	36.76	33.92
(Loss) for the year	(173.48)	14.20
Extra ordinary income	0.00	0.00
Loss before taxation	(173.48)	14.20
Provision for Income Tax	44.57	(6.68)
Profit after taxation	**(128.91)**	**7.52**
Brought forward Loss	(270.75)	(278.27)
Balance (Loss) carried to Balance Sheet	(399.66)	(270.75)

BOARD OF DIRECTORS

The following Directors were Appointed/Ceased during the year under report:

Sl. No.	Name of Director	Appointment/ Cessation	Date of Appointment/ Cessation
1	Smt. Sreekala S. Panicker	Cessation	01/10/2018
2	Shri. K Ramachandra	Cessation	30/10/2018
3	Shri. Sanjay M Kaul	Cessation	14/02/2019
4	Shri. Anoop S	Appointment	01/10/2018
5	Shri. N Narayanamoorthy	Appointment	14/02/2019

NUMBER OF BOARD MEETINGS:

The company has convened 5 Board Meetings (22/06/2018, 11/10/2018, 27/12/2018, 11/03/2019, 22/03/2019) during the financial year under report.

EXTRACT OF ANNUAL RETURN:

The Extract of Annual Return in Form MGT 9 as per Section 134(3) (a) of Companies Act 2013 is placed as **Annexure** to this report.

AUDIT COMMITTEE

The Audit Committee of the Company examines, scrutinizes and monitors the internal control systems of the company and take appropriate action on the basis of comments given in Statutory Auditors Report and Internal Audit Report.

As on 31.03.2019 the Audit Committee composes as follows:

1. Shri. Anoop S - Director & Chairperson of Audit Committee
2. Shri. V. Jayaprakash - Director & Member of Audit Committee
3. Smt T R Hemalatha - Special Invitee
4. Shri. Premnath Ravindranath - Special Invitee Representative from KFC

STATUTORY AUDITORS

The Comptroller & Auditor General of India has appointed M/s Sridhar & Co., Chartered Accountants, Thiruvananthapuram as Statutory Auditors of the Company for the year 2018-19.

HUMAN RESOURCES

In the FY 2018-19, 72 employees retired from the service on attaining superannuation. Total staff strength as on 31.03.2019 was 430. Company recognizes that key resources for achieving high levels of excellence are its people who need to be motivated and developed. During FY 2018-19, training was imparted to 344 employees through different training programmes and promotion given to 41 officers creating immense goodwill and motivation among employees.

CORPORATE GOVERNANCE

The Company has been ensuring fairness, responsibility, accountability and transparency in all its dealings. The Company has designated State Public information Officers, Assistant State Public Information Officers and Appellate Officers for the Head Office as well as the Branch Offices for providing reply under Right to Information Act, 2005. Prompt action is taken for replying the petitions received under RTI.

PARTICIPATIVE MANAGEMENT

The Company believes in participative management. The rich experience of its officers can be fully utilized by participating them in the decision making process. Realising this, wide delegation has been given to different level of officers across the country at branch and Unit/Divisional level. At head office also, the committee concept is used and the decision making has been very transparent. However in order to ensure objectivity and fairness, checks and balances through various internal control and audit procedure have been introduced.

PERSONNEL

The Industrial Relations in the company has been cordial throughout the year. There were no employees in receipt of remuneration as prescribed by Section 134 of the Companies Act 2013, read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The Details of CSR policy of the Company and initiatives are available on the website of the Company https://keltron.org/index.php/csr

The Annual Report on CSR activities as required under Companies (CSR Policy) Rules 2014 is attached to this Report as **Annexure**.

LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT 2013

There was no Loans, Guarantees or Investments made Under Section 186 of The Companies Act 2013 during the year under review and hence the said provision is not applicable.

CONTRACTS OR AGREEMENTS MADE WITH RELATED PARTIES

There was no contract or agreements made with related parties as defined under Section 188 of The Companies Act 2013 during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors report that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
2. The Directors had 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 of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on the going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to Conservation of Energy, Technology absorption, foreign exchange earnings and outgo as required under Section 134(3) (m) of Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014 are disclosed as an **Annexure** to this report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the valuable support and co-operation extended by the Government of Kerala and the Banks & Financial Institutions. Your Directors also thank the Statutory Auditors, Internal Auditors, Practicing Company Secretaries, Standing Counsel and the Office of the Accountant General, Kerala, for their co-operation.

Your Directors further acknowledge the dedication and understanding displayed by the employees during the year.

Sd/-
N.NARAYANAMOORTHY
CHAIRMAN & MANAGING DIRECTOR

Thiruvananthapuram
Dated: 09.08.2023

ANNEXURE - TO DIRECTORS' REPORT 2018-19

Information pursuant to Section 134(3)(m) of Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014 forming part of the Directors' Report

1) Conservation of Energy	
(i) the steps taken or impact on conservation of energy;	ITBG IIS - Conventional tube lights changed to LED Lights KLD - Keltron Lighting Division has replaced mercury lamps, CFL lambs ,40w tube lights, incandescent bulbs with LED lights of 22 watts. Replaced old air compressor with energy efficient one. KCC - Steps taken to replace all CFN bulbs and Fluorescent tubes lights with LED tubes & bulbs. KEC - KEC has changed all CRT monitors to LED/LCD monitors, installed new energy efficient compressor at PEG.All campus lighting converted to LED. Power factor improved, close to unity. All T12,T8,T5 lamps replaced with LED lamps, Old GI plumping pipe lines changed to UPVC, Newly procured air conditioners were max star rated, Hot air duct provided on 400KVA DG set to improve fuel efficiency.
(ii) the steps taken by the company for utilising alternate sources of energy;	ITBG IIS - Periodical Maintenance of all electrical equipment for enhancing efficiency. KLD - Planning to install 20kW on grid solar plant
(iii) the capital investment on energy conservation equipments.	ITBG IIS - 5 lakhs

2) Technology Absorption :	
(i) the efforts made towards technology absorption;	KLD - Shravan mini a compactible hearing aid technology received from CDAC Trivandrum KCC - Keltron Communication Project Group, Monvila – POC Completed for the E tendering procedure for the Identification of technology partner for production of Automated traffic enforcement systems like SVDS, RLVDS. AI based camera systems and border sealing camera systems.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	KLD - Shravan hearing aid pcb and battery terminal modification done for improving quality, Storage box and Dry box for hearing aid redesigned and locally procured.
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
(iv) The expenditure incurred on Research and Development.	
3) Foreign Exchange earnings and outgo: The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows	
a) Foreign exchange earnings	
b) Foreign exchange outgo	
i. CIF value of imports	Rs.11,02,95,235/-
ii. Others	

ANNUAL REPORT ONCORPORATE SOCIAL RESPONSIBILITY FOR THE FINANCIAL YEAR 2018-19

I. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs:

The company strongly believes that the contribution to the society at large is one of the main goals and priority, wherein development of society is focused in every walk. Most of the company's products and services are society centric, and the Board of Directors through its CSR committee is committed to implement the CSR initiatives in true letter and spirit. For KELTRON, Corporate Social Responsibility is "*delivering quality products, services, adopting best governance practices, resulting in giving positive contribution to the society at large and serving needy people through our CSR initiatives.*"

The CSR policy of the company is available in:
https://www.keltron.org/images/pdf/CSR_policy_1.pdf

II. CSR Committee:

The Board of directors of the company has constituted a CSR Committee (a sub-committee of the Board consisting members of the Board).

The functions of the committee are:

(a) Recommend the CSR Policy to the Board;
(b) Identify the projects/activities to be undertaken by the Company for CSR;
(c) Recommend to the Board CSR Activities to be undertaken along with detailed plan, modalities of execution, implementation schedule, monitoring process and amount to be incurred on such activities;
(d) Monitor the CSR Policy of the Company from time to time;
(e) Ensure compliance of CSR Policy and the Rules;
(f) Such other functions as may be delegated and/or assigned by the Board from time to time.

The composition of the committee is as follows:

1. Shri. V. Jayaprakash - Chairman
2. Shri. V. Narayanan - Member
3. Smt.T R Hemalatha - Member

III. Average net profit of the Company for last three financial years:

Rs. (0.93) CRORE

IV. Prescribed CSR Expenditure:

Not Applicable.

V. Details of CSR spending during the financial year:

a) Total amount to be spent for the financial year: **N/A**
b) Amount un - spent if any: **N/A**

VI. Reasons for not spending the 2% of average net profit of last three financial years:

Due to the absence of profit while computing the average profit during the past 3 years, the provision of Sub - Section (5) of Section 135 of Companies Act 2013 is not applicable to the Company for the financial year 2018 -19.Thus no CSR project was undertaken by the company for the financial year 2018-19.

VII. Responsibility statement of the CSR Committee:

We hereby state that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company .

Managing Director	Chairman, CSR Committee

Place: Thiruvananthapuram
Date: 09.08.2023

ANNEXURE TO DIRECTORS' REPORT 2018-19

Form No.MGT-9

EXTRACT OFANNUAL RETURN AS ON THE FINANCIALYEAR ENDED ON 31.03.2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	**U74999KL1972SGC002450**
ii.	Registration Date	**29/09/1972**
iii.	Name of the Company	**KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED**
iv.	Category/Sub-Category of the Company	**Company limited by Shares, State Govt company**
v.	Address of the Registered office and contact details	**KELTRON HOUSE, VELLAYAMBALAM TRIVANDRUM, KERALA- 695033, INDIA**
vi.	Whether listed company	**NO**
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	**NIL**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing – Computer electronic Communication and scientific measuring control equipment	DIVISION 26 2620 2610 2630 2651	18
2	Trade – Retail Trading	DIVISION 47 4741	9
3	Information and communication – Other information & communication service activities	DIVISION 61,63 6190 6399	46
4	Professional, Scientific and Technical – Other professional, scientific and technical activities	DIVISION 70,74 74909	23
5	Education	DIVISION 85 8550	4

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
1.	**KELTRON COMPONENT COMPLEX LIMITED**	**U31904KL1974SGC002630**	**Subsidiary**	**76.54**	**2(87)**
2.	**KELTRON ELECTRO CERAMICS LIMITED**	**U29299KL1974SGC002601**	**Subsidiary**	**98.79**	**2(87)**
3.	**COCONICS PRIVATE LIMITED**	**U30001KL2018PTC055194**	**Associate**	**26**	**2(6)**

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. *Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	**0**	**19,955,179**	**19,955,179**	**98**	**0**	**19,955,179**	**19,955,179**	**98**	**0**
d) Bodies Corp	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub total (A)(1):-	**0**	**19,955,179**	**19,955,179**	**98**	**0**	**19,955,179**	**19,955,179**	**98**	**0**
2) Foreign									
g) NRIs- Individuals	0	0	0	0	0	0	0	0	0

h) Other-Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corp.	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total(A)(2):-	0	0	0	0	0	0	0	0	0
B. Public Shareholding									
1. *Institutions*									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(1)	0	0	0	0	0	0	0	0	0
2. Non Institutions									

a) Bodies Corp. **Indian:** **Overseas:**	**0**	**4,00,000**	**4,00,000**	**2**	**0**	**4,00,000**	**4,00,000**	**2**	**0**
i) Individuals (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	**0**	**2**	**2**	**0**	**0**	**2**	**2**	**0**	**0**
j) Others(Specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(2)	**0**	**400,002**	**400,002**	**2**	**0**	**400,002**	**400,002**	**2**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**400,002**	**400,002**	**2**	**0**	**400,002**	**400,002**	**2**	**0**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**20355181**	**20355181**	**100**	**0**	**20355181**	**20355181**	**100**	**0**

ii.*Shareholding of Promoters*

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total	% change in share holding during the year
1.	State Government	19,955,179	98	0	19,955,179	98	0	**0**
	Total	**19,955,179**	**98**	**0**	**19,955,179**	**98**	**0**	**0**

iii.*Change in Promoter's Shareholding (please specify ,if there is no change)*

There is no change in the number of shares held by the promoters

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	19,955,179	98	**-**	**-**
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change			
	At the End of the year			19,955,179	98

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,05,60,373	97,77,84,000		**98,83,44,373**
ii) Interest due but not paid		7,02,50,495		**7,02,50,495**
iii) Interest accrued but not		1,03,71,88,324		**1,03,71,88,324**
Total (i+ii+iii)	**1,05,60,373**	**2,08,52,22,819**	-	**2,09,57,83,192**
Change in Indebtedness during the financial year				
- Addition	1,79,62,142	6,25,88,259		8,05,50,401
- Reduction				
Net Change	**1,79,62142**	**6,25,88,259**		**8,05,50,401**
Indebtedness at the end of the financial year				
i) Principal Amount	2,85,22,515	1,02,35,97,032		**1,05,21,19,547**
ii) Interest due but not paid		8,70,25,722		**8,70,25,722**
iii) Interest accrued but not due		1,03,71,88,324		**1,03,71,88,324**
Total (i+ii+iii)	**2,85,22,515**	**2,14,78,11,078**		**2,17,63,33,593**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager.

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
1.		**Smt.T R Hemalatha, Managing Director**		
	Gross salary (a)Salary as per provisions contained in section17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2)Income-tax Act, 1961 (c)Profits in lieu of salary under section17(3) Income-tax Act, 1961	1,467,103		1,467,103
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - Others, specify…			
5.	Others, please specify			
6.	**Total(A)**	1,467,103		1,467,103
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneratio n	Name of MD/WTD/ Manager					Total Amount
	Independent Directors ·Fee for attending board committee Meetings ·Commission ·Others, please specify						
	Total(1)						
	Other Non-Executive Directors ·Fee for attending board committee meetings ·Commission ·Others, please specify	V JAYAPRAKASH Rs.3000/-	K RAMACHANDRA Rs.1200/-				Rs.4200/-
	Total(2)	Rs.3000/-	Rs.1200/-				Rs.4200/-
	Total(B)=(1+2)	Rs.3000/-	Rs.1200/-				Rs.4200/-
	Total Managerial Remuneration						
	Overall Ceiling as per the Act						

C. Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD.

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2)Income-tax Act,1961 (c)Profits in lieu of salary under section 17(3)Income-tax Act,1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit -others, specify…	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

VII. PENALTIES/ PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment /Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty	NIL				
Punishment					
Compounding					
B. Directors					
Penalty	NIL				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	NIL				
Punishment					
Compounding					

MANAGEMENT'S RESPONSE TO THE COMMENTS OF STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENT OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LTD. FOR THE YEAR 2018 – 2019

Sl. No.	Comments of Statutory Auditor	Management's Response
2	Basis for Qualified Opinion	
a)	Arising from the financial restructuring package approved by the Government 15.05.2020	
	i) The company has requested for the conversion of Government loan of Rs.1066 lacs into equity in their restructuring proposal, while approving the latest financial restructuring of the Company vide G.O. (Ms) No.53/2020/ID dated 15th May 2020, Government has approved conversion of Government loan of Rs.7200 lacs only into equity out of the total loan of Rs.8266 lacs and thus the aforesaid Rs.1066 lacs is remaining as loan itself. No fresh relief for the payment of interest on this loan seems to have been received by the company till date. Therefore, interest is due on this loan based on the conditional relief granted on 17.06.2016 vide G.O.(Ms.) No.86/16/ID for the interest upto 2020–21, as detailed in the previous paragraph and even though, the company is ineligible for the relief due to the failure in complying with the stipulated repayment condition, is has not provided any interest on this loan since FY 2016 – 17. On account of this the profit of the company is overstated to the extent of interest and penal interest accrued on this loan, working out to Rs.404 lacs (previous year Rs.277 lacs) and the current liability at the year end is understated to that extent.	The Company submitted a Financial Restructuring proposal to Government of Kerala with the main objective of improving its net worth position. The proposal has been considered by the Government of Kerala and finally approved by Public Enterprises Board(PEB), Government of Kerala on the meeting held on 16th January 2020 and later on approved the conversion of Government Loan of Rs 7200 lakhs in to equity vide G.O. (Ms) No.53/2020/ID dated 15th May 2020.The 256th meeting of Board of Directors held on 21st August 2020 fixed the effective date of conversion as 31st March 2020. Accordingly necessary entries have been accounted during financial year 2019-20 to effect the conversion of loan to grant. With regard to government loan of Rs 1066 lakhs which has not been converted into equity vide G.O. (Ms) No.53/2020/ID dated 15th May 2020, interest for the period from financial year 2016-17 to 2019-20 has been provided in the financial statements for FY 2019-20. During the reporting period, the company has not provided interest on these loans however, as mentioned above interest for the period from financial year 2016-17 to 2019-20 has been provided in the financial statements for the FY 2019-20. Thereafter, the interest on said loan has

Sl. No.	Comments of Statutory Auditor	Management's Response
		been regularly been provided in the books of accounts of respective financial years in accordance with the Government Order in this regard. The facts regarding the Financial Restructuring and interest accrued on Government loan has been disclosed in Note 40 and 41 forming part of Financial Statements.
	ii) Note 4 – Other Long Term Liabilities include interest accrued but not due on loans from Govt. of Kerala amounting to Rs.10,372 lacs comprising of Rs.1,140 lacs being the interest accrued upto 2005 – 06 on Government loan of Rs.8437 lacs, which was converted in to equity vide G.O. (Ms) No.183/11/ID dated 26.08.2011 and Rs.9232 lacs being the interest and penal interest accrued on the Government loan of Rs.8266 lacs. The financial restructuring of the Company vide G.O. (Ms.) No.53/2020/ID dated 15th May 2020, approved for the waiver of interest of Rs.9232 lacs and the order is silent about the accrued interest of Rs.9232 lacs and vide letter KSEDC/FIN/201/Fin – Res/21 – 22/104 dated 14th October 2021 represented before Government to consider the conversion of this amount to equity in line with the recommendations of the committee of Public Enterprises Board. No further action seems to have been taken by the company or GOK in respect of accrued interest of Rs.1140 lacs. Hence, we are unable to comment on the company's classification of Rs.10372 lacs as Long-Term Liabilities, since there is no clarity on the due date for repayment of Interest (Refer Note 40 & 41).	Interest accrued on Government Loan disclosed under Other Long-Term Liabilities comprises of the following: i) Rs 9232 lakhs being the Interest accrued on Loans covered under the Financial Restructuring Proposal. The Government of Kerala approved the conversion of Government Loan of Rs 7200 lakhs in to equity vide G.O. (Ms) No.53/2020/ID dated 15th May 2020.The matter regarding the interest accrued on aforesaid Government loan aggregating to Rs.8,979 lakhs was kept in abeyance vide Government Letter No.D3/173/2018/ID dated 13th July 2020. This matter has been further represented by the Company vide letter KSEDC/FIN/201/Fin.Res/21-22/104 dated 14th October 2021 to Government for the conversion of interest accrued on Government Loan amounting to Rs.9230.61lakhs (including the interest accrued on loan of Rs.1250 lakh) to equity share capital in line with the recommendation of Public Enterprises Board. This has been considered by the Government and sanctioned vide GO(Rt) No:108/2022/ID dated 18th October 2022 by amending the GO(MS) No.53/2020/ID dated 15th May 2020 sanctioning the Financial Restructuring Proposal of the Company. Since, during the finalization of Financial Statements for the year ended 31st March 2019, the matter of interest accrued was under the active consideration of Government, the Company has classified the said interest accrued amounting to Rs.9232 lakh under Note 4- Other Long-Term Liabilities in the Financial Statement. Regarding Rs 1140 lakhs, it being the interest accrued on Government loan amounting to Rs 8437 lakhs converted to Equity

Sl. No.	Comments of Statutory Auditor	Management's Response
		vide GO(MS)No 183/11/ID dated 26th August 2011. We have provided interest on these loan up to 31st March 2010 and the facts has been mentioned in Note 41 to the Financial Statements.
b)	Company is holding investment in the shares in its subsidiary Keltron Component Complex Limited (KCCL) to the tune of Rs.2619.08 lacs (Previous year Rs.2619.08 lacs) and in another subsidiary Keltron Electro Ceramics Limited (KECL) to the tune of Rs.314.44 lacs (previous year Rs.314.44 lacs). Net worth of both these subsidiaries is negative as on 31.03.2019 and there is erosion in the net worth of these subsidiaries. The company could not reasonably establish that the decline in net worth is of temporary nature and therefore the company is required by the Accounting Standard :13 – 'Accounting for Investments' to provide for the diminution in the value of investments in these subsidiaries. However, the company has not made provision for the diminution of Rs.2933.52 and to that extent, the company has not complied with Accounting Standard :13 (Note : 11), resulting in overstatement of profit by Rs.2933.52 lacs and understatement of short term provisions (Note : 9) by Rs.2933.52 lacs.	Regarding the investment in Keltron Component Complex Ltd. (KCCL) and Keltron Electro Ceramics Ltd. (KECL), it is submitted that these entities are going concerns and the Company expected that these Subsidiary Companies will continue to operate in the foreseeable future. The turnover of both the Subsidiary Companies has increased compared to the previous years. The net profit of KCCL has shown a manifold growth compared to the previous years and moreover the Company is in the growth trajectory by setting up of Super Capacitor Production Plant, R&D facility and modernisation of existing production line. As explained above facts, the diminution in the investment has been considered as temporary in nature as envisaged in the Accounting Standard -13 – 'Accounting for Investments'.
c)	Investment pending allotment of Rs.1704 lacs (Previous year Rs.1704 lacs) disclosed under Note : 12 "Long term loans and advances" was made to subsidiary companies which are under liquidation. This comprise of Rs.576 lacs to Keltron Rectifiers Limited and Rs.1127 lacs to Keltron Power Devices Limited. Advance to subsidiary companies amounting to Rs.1265 lacs (Previous year : Rs.1920 lacs) disclosed under Note : 12 "Long term loans and advances" represents the advances made to subsidiary companies, which are under liquidation, net off full	In the matter of Keltron Power Devices Ltd (KPDL) and Keltron Rectifiers Limited (KRCL) as mentioned in Note 41(i) forming part of Financial Statement, the Hon.High Court of Kerala has ordered winding up of both the Companies. The Company has filed an application before the Hon. High Court of Kerala on 09th October 2017 for recalling the winding up order of KPDL and KRCL, discharge the Official Liquidator and to take over the assets and liabilities by the holding company. As per the direction of Hon.High Court of Kerala, a Revival Scheme for the setting up of plan for the manufacturing of 100MW Solar Panel at the landed property of KPDL and KRCL was submitted. The scheme is yet to be

Sl. No.	Comments of Statutory Auditor	Management's Response
	provision of Rs.1312 lacs (previous year Rs.656 lacs) against the advance to Keltron Counters Ltd. Present balance comprise of Rs.414 lacs to Keltron Rectifies Limited (PY:Rs.414 lacs) and Rs.851 lacs to Keltron Power Devices Limited (PY: Rs.851 lacs) The Company has stated reasons for non – provision of the above said advances to subsidiary companies (Note 42 (i) and 42 (ii)). However, in the absence of sufficient appropriate evidence to support the management's contention of recoverability of these balances, we are of the opinion that provision for non–recoverability of the Investment pending allotment of Rs.1704 lacs and advance of Rs.1265 lacs (aggregate amount Rs.2969 lacs) (previous year Rs.2969 lacs). To the extent of this non – provisioning of Rs.2969 lacs, the profit of the company and long-term loans and advances are overstated.	heard by the Hon.High Court of Kerala. Meanwhile, Government of Kerala vide GO (RT) No. 883/2018/10 dated 26/07/2018 has issued Administrative Sanction towards the Budget-Support for the company for the setting up of manufacturing facilities for Solar Modules. Due to the pendency of the above situation, no provision has been made in the accounts regarding the loans and advances to defunct subsidiary companies under Liquidation. However, the Company will ensure that necessary book adjustments will be done, once the subject matter reaches finality as envisaged in the Revival Scheme under the consideration of Hon.High Court. This fact was also been disclosed under Note 42(ii) forming part of Financial Statements.
d)	Advance to subsidiary companies of Rs.596 lacs (Previous year: Rs.579 lacs) disclosed under Note:17 – short term loans and advances, comprise of Rs.515 lacs (PY: Rs.507 lacs) to Keltron Electro Ceramics Limited (KECL) and Rs.81 lacs (PY : Rs.72 lacs) to Keltron Component Compex Limited (KCCL). Net worth as on 31st March 2019, of these companies is negative based on the audited financial statement of the said companies and the company could not reasonably establish that the decline in net worth is of temporary nature. Still, the company has not made any provision towards non – recoverability of this advance o Rs.596 lacs. To this extent the profit of the company and short term loans and advances are overstated.	The said short terms advances are pertaining to the balances in Current Account and Collection Accounts of aforesaid subsidiary companies on account of routine business transactions and the aggregate of temporary loans given to those subsidiaries from time to time. Regarding the diminution in the value of investment, as explained in the earlier paragraph it may be noted that the entity is a going concern and continue to operate in the foreseeable future. Due to the above reasons no provision has been made in the books of accounts in this regard.
e)	Regular write-off/write back of bad and doubtful debts/liabilities and provision for bad and doubtful debts and advances of Rs.1417 lacs (Previous year : Rs.1228 lacs) are classified as exceptional item and disclosed under Note No.28	Note 28-Exceptional items include the write off/provisions of long pending trade receivable, advances, deposits, diminution in value of investment, for which separate disclosure is required to depict the performance of the Company in the normal operations for the reporting

Sl. No.	Comments of Statutory Auditor	Management's Response
	though the items are the outcome of regular business transactions. We are of the opinion that the same should have been classified under Note No.26 – "Other Expenses"	period. The disclosure of aforesaid line items under 'Exceptional Items' is due to the reason that, the effect of these items pertaining to operations of earlier years, which is long pending and having significant impact in the profitability of the reporting period. This fact was also disclosed in Note 28-Exceptional Items as foot notes.
f)	Un–identified credits received in Treasury Savings Bank Account maintained by head office of the company, amounting to Rs.16.71 lacs, is included in 'Current liabilities – other Finance disclosed under Note – 8 – other current liabilities. This amount represents the credit entries in the bank account, which are pending to be identified with the originating units and the nature of credit and hence we are unable to comment on the fairness or otherwise of the balance of current liabilities – other finance.	An amount of Rs 16.71 lakhs disclosed in Current Liabilities-Other Finance is on account of unidentified credits in Treasury Savings Bank account maintained by Corporate Office of the company. This amount represents the fund transferred by various customers which are pending to be identified with the originating units. In the subsequent financial year, the units have identified these credits and accordingly have transferred the same to respective units.
g)	We are unable to comment on	
	i) The Compliance of Accounting Standards (AS) – 28 on 'Impairment of Assets', in the absence of appropriate evidence. (Refer Significant Accounting Policies – Point II (b) under profit and loss)	As envisaged in AS-28, Impairment of Assets, the company has made an assessment of each item of assets at unit level as on the reporting date with respect to indications of any impairment. Accordingly, necessary adjustments if any will be made in the Financial Statements, disclosed in Note-28 Exceptional Items.
	ii) The companies of AS – 17 on 'Segment Reporting' in view of the claim of the Company that it is not having reportable segments (Significant Accounting Policies – Point VII under Balance Sheet)	The company is primarily dealing with manufacturing, supply installation and maintenance of electronic systems. As envisaged in AS-17, there is no distinguishable business segment or geographical segment which is subject to different risk and return. Hence, Segment Reporting in accordance with AS-17 is not applied. This has also been mentioned in Note-A (VII)-Significant Accounting Policies forming part of the Financial Statements.

Sl. No.	Comments of Statutory Auditor	Management's Response
h)	The audited financial statements of 6 units and 7 Keltron Marketing Offices (KMOs) of the company, audited by the Unit/KMO auditors of respective units/KMOs, are not in compliance with the amended provisions of disclosures of Trade Payables under Schedule III applicable from the current year, which required to disclose the (i) total outstanding dues of micro enterprises and small enterprises; and the (ii) total outstanding dues of creditors other than micro enterprises and small enterprises, separately, on the face of the balance sheet. However, this disclosure is included in the Standalone Financial Statement of the Company as a whole. We are unable to comment on the correctness or otherwise of this classification in the absence of such classification in the audited financial statements of certain units/KMOs considered for the preparation of the Standalone Financial Statement and the financial impact of the same is also not ascertainable.	The Ministry of Corporate Affairs (MCA) vide notification dated 11th October 2018 amended the Schedule III of the Companies Act whereby from the financial year 2018-19 onwards we have to disclose Sundry Creditors for Purchase of Supplies/Services as MSME and non MSME. As the statutory audit of all units/KMO's have been completed, data with regard to the disclosure envisaged in the aforesaid notification was collected from all units /KMO's and was compiled at Head Office level and necessary entries were passed in the books of Corporate Office on behalf of Units and passed on to respective units in the subsequent year.
i)	Interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements. (Refer Note 47). Details relating to MSME as specified under points (a) to (e) under FA under General Instructions for preparation of balance sheet as per Notification bearing No. F.No.17/62/2015–CL–V Vol–I dated 11.10.2018 was not disclosed. Since details to ascertain the financial effect of the same is not readily available with the company, we are unable to comment on the financial effect of the non provision and non – disclosure of the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year and other disclosures specified against FA	There are Micro, Small and Medium Enterprises to whom the Company owes, which are outstanding for more than 45 days as at 31st March 2019 as per the terms of agreement with them. The interest due to such outstanding as per MSMED Act has not been provided in the financial statements. This fact was already been disclosed in the Note 47 forming part of Financial Statements for the reporting period.
j)	In respect of Units and KMOs audited by Unit/KMO auditors, they have made certain qualifications in respect of transactions specific to that Unit or KMO which are reproduced in Annexure	In the preparation of Standalone Financial Statement for the year ended 31st March 2019, the Company has considered the observations of Branch Auditors to the extent possible. For remaining points, it is ensured that

Sl. No.	Comments of Statutory Auditor	Management's Response
	– I to this report (Reference is invited to item 4(1) below)	the observations will be considered as guidance for future.
k)	We further reporting that:- a) Had the quantifiable qualifications in paragraph 'a' to 'd' above and item 'j' read with point 5(2) in Annexure – I below been effected, the profit for the year before exceptional and extra ordinary items read with our qualification in para (e) to (j) would have been loss for the year of Rs.6600.81 lacs, the current liabilities would have been higher by Rs.6902 lacs, the non-current assets would have been lower by Rs.13.70 lacs and the negative balance in reserve and surplus would have been higher by Rs.8333 lacs. b) We are unable to determine the financial impact of the qualifications in points (f) to (j) in the absence of sufficient and appropriate details.	Refer to the Management's Response to the respective observations stated above.

MANAGEMENT'S RESPONSE TO THE COMMENTS OF STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LTD. FOR THE YEAR 2018 – 2019

Sl. No.	Comments of Statutory Auditor	Management's Response
2	Basis for Qualified Opinion	
c)	Consolidated financial statements does not include financial statements of certain subsidiary companies; namely Keltron Counters Limited, Keltron Rectifiers Limited, Keltron Power Devices Limited and associate companies such as Keltron Projectors Limited, SIDKEL Televisions Limited, Keltron Varisters Private Limited which are either under liquidation or defunct, in the absence of financial statements. Being so, we are unable to determine the impact on non - consolidation of such companies in the consolidated financial statements (Refer Note # 1).	The Audited Financial Statements of Subsidiaries/Associate Companies mentioned by the auditors are either defunct or under liquidation which are not available as on the reporting date. Further, as a part of sanctioned scheme by BIFR, the Company has moved a Financial Restructuring proposal before Government of Kerala for adjusting the investments, loans and advances of these subsidiaries/associates which are under liquidation against the liability in respect of loans from Government of Kerala availed by the Company. The proposal has been considered by the Government of Kerala and finally approved by Public Enterprises Board (PEB), Government of Kerala on the meeting held on 16th January 2020 and later on sanctioned vide GO(MS) No.53/2020/ID dated 15th May 2020. Hence, as envisaged in the para 11 of AS – 21, the consolidation of such defunct subsidiaries/associates are excluded from consolidation and treated as nil value investment in respective companies as per AS – 13, "Accounting for investments
d)	i) The company has requested for the conversion of Government loan of Rs.1066 lacs into equity in their restructuring proposal, while approving the latest financial restructuring of the Company vide G.O. (Ms) No.53/2020/ID dated 15th May 2020,	The Company submitted a Financial Restructuring proposal to Government of Kerala with the main objective of improving its net worth position. The proposal has been considered by the Government of Kerala and finally approved by Public Enterprises

Sl. No.	Comments of Statutory Auditor	Management's Response
	Government has approved conversion of Government loan of Rs.7200 lacs only into equity out of the total loan of Rs.8266 lacs and thus the aforesaid Rs.1066 lacs is remaining as loan itself. No fresh relief for the payment of interest on this loan seems to have been received by the company till date. Therefore, interest is due on this loan based on the conditional relief granted on 17.06.2016 vide G.O.(Ms.) No.86/16/ID for the interest upto 2020–21, as detailed in the previous paragraph and even though, the company is ineligible for the relief due to the failure in complying with the stipulated repayment condition, is has not provided any interest on this loan since FY 2016 – 17. On account of this the profit of the company is overstated to the extent of interest and penal interest accrued on this loan, working out to Rs.404 lacs (previous year Rs.277 lacs) and the current liability at the year end is understated to that extent.	Board(PEB), Government of Kerala on the meeting held on 16th January 2020 and later on approved the conversion of Government Loan of Rs 7200 lakhs in to equity vide G.O. (Ms) No.53/2020/ID dated 15th May 2020.The 256th meeting of Board of Directors held on 21st August 2020 fixed the effective date of conversion as 31st March 2020. Accordingly, necessary entries have been accounted during financial year 2019-20 to effect the conversion of loan to equity. With regard to government loan of Rs 1066 lakhs which has not been converted into equity vide G.O. (Ms) No.53/2020/ID dated 15th May 2020, interest for the period from financial year 2016-17 to 2019-20 has been provided in the financial statements for FY 2019-20. During the reporting period, the company has not provided interest on these loans. However, as mentioned above interest for the period from financial year 2016-17 to 2019-20 has been provided in the financial statements for the FY 2019-20. Thereafter, the interest on said loan has been regularly been provided in the books of accounts of respective financial years in accordance with the Government Order in this regard. The facts regarding the Financial Restructuring and interest accrued on Government loan has been disclosed in Note 35 forming part of Financial Statements.
	ii) Note 5 – Other Long Term Liabilities include interest accrued but not due on loans from Govt. of Kerala amounting to Rs.10,372 lacs comprising of Rs.1,140 lacs being the interest accrued upto 2005 – 06 on Government loan of Rs.8437 lacs,	Interest accrued on Government Loan disclosed under 'Other Long Term Liabilities comprises of the following i) Rs 9232 lakhs being the Interest accrued on Loans covered under the Financial Restructuring Proposal. -The

Sl. No.	Comments of Statutory Auditor	Management's Response
e)	Investment pending allotment of Rs.1704 lacs (Previous year Rs.1704 lacs) disclosed under Note : 13 "Long term loans and advances" was made to subsidiary companies which are under liquidation. This comprise of Rs.576 lacs to Keltron Rectifiers Limited and Rs.1127 lacs to Keltron Power Devices Limited. Advance to subsidiary companies amounting to Rs.1265 lacs (Previous year : Rs.1920 lacs) disclosed under Note : 12 "Long term loans and advances" represents the advances made to subsidiary companies, which are under liquidation, net off full provision of Rs.1312 lacs (previous year Rs.656 lacs) against the advance to Keltron Counters Ltd. Present balance comprise of Rs.414 lacs to Keltron Rectifies Limited (PY:Rs.414 lacs) and Rs.851 lacs to Keltron Power Devices Limited (PY: Rs.851 lacs) The Company has stated reasons for non – provision of the above said advances to subsidiary companies (Note 36 (i) and 36 (ii)). However, in the absence of sufficient appropriate evidence to support the management's contention of recoverability of these balances, we are of the opinion that provision for non–recoverability of the Investment pending allotment of Rs.1704 lacs and advance of Rs.1265 lacs (aggregate amount Rs.2969 lacs) (previous year Rs.2969 lacs). To the extent of this non – provisioning of Rs.2969 lacs, the profit of the company and long term loans and advances are overstated.	In the matter of Keltron Power Devices Ltd (KPDL) and Keltron Rectifiers Limited (KRCL) as mentioned in Note 36(i) forming part of Financial Statement, the Hon.High Court of Kerala has ordered winding up of both the Companies. The Company has filed an application before the Hon. High Court of Kerala on 9th October 2017 for recalling the winding up order of KPDL and KRCL, discharge the Official Liquidator and to take over the assets and liabilities by the holding company. As per the direction of Hon.High Court of Kerala, a Revival Scheme for the setting up of plan for the manufacturing of 100MW Solar Panel at the landed property of KPDL and KRCL was submitted. The scheme is yet to be heard by the Hon.High Court of Kerala. Meanwhile, Government of Kerala vide GO (RT) No. 883/2018/10 dated 26/07/2018 has issued Administrative Sanction towards the Budget-Support for the company for the setting up of manufacturing facilities for Solar Modules. Due to the pendency of the above situation, no provision has been made in the accounts regarding the loans and advances to defunct subsidiary companies under Liquidation. However, the Company will ensure that necessary book adjustments will be done, once the subject matter reaches finality as envisaged in the Revival Scheme under the consideration of Hon.High Court This fact was also been disclosed under Note 36(ii) forming part of Financial Statements.
f)	Regular write-off/write back of bad and doubtful debts/liabilities and provision for bad and doubtful debts and advances of Rs.1417 lacs (Previous year : Rs.1228 lacs) are classified as exceptional item and disclosed under Note No.29 though the items are the outcome of regular business transactions. We are of the opinion that the same should have been classified under Note No.27 – "Other Expenses"	Note 29-Exceptional items include the write off/provisions of long pending trade receivable, advances, deposits, diminution in value of investment, for which separate disclosure is required to depict the performance of the Company in the normal operations for the reporting period. The disclosure of aforesaid line items under 'Exceptional Items' is due to the reason that, the effect of these items pertaining to operations of earlier years, which is long

Sl. No.	Comments of Statutory Auditor	Management's Response
e)	Investment pending allotment of Rs.1704 lacs (Previous year Rs.1704 lacs) disclosed under Note : 13 "Long term loans and advances" was made to subsidiary companies which are under liquidation. This comprise of Rs.576 lacs to Keltron Rectifiers Limited and Rs.1127 lacs to Keltron Power Devices Limited. Advance to subsidiary companies amounting to Rs.1265 lacs (Previous year : Rs.1920 lacs) disclosed under Note : 12 "Long term loans and advances" represents the advances made to subsidiary companies, which are under liquidation, net off full provision of Rs.1312 lacs (previous year Rs.656 lacs) against the advance to Keltron Counters Ltd. Present balance comprise of Rs.414 lacs to Keltron Rectifies Limited (PY:Rs.414 lacs) and Rs.851 lacs to Keltron Power Devices Limited (PY: Rs.851 lacs) The Company has stated reasons for non – provision of the above said advances to subsidiary companies (Note 36 (i) and 36 (ii)). However, in the absence of sufficient appropriate evidence to support the management's contention of recoverability of these balances, we are of the opinion that provision for non–recoverability of the Investment pending allotment of Rs.1704 lacs and advance of Rs.1265 lacs (aggregate amount Rs.2969 lacs) (previous year Rs.2969 lacs). To the extent of this non – provisioning of Rs.2969 lacs, the profit of the company and long term loans and advances are overstated.	In the matter of Keltron Power Devices Ltd (KPDL) and Keltron Rectifiers Limited (KRCL) as mentioned in Note 36(i) forming part of Financial Statement, the Hon.High Court of Kerala has ordered winding up of both the Companies. The Company has filed an application before the Hon. High Court of Kerala on 9th October 2017 for recalling the winding up order of KPDL and KRCL, discharge the Official Liquidator and to take over the assets and liabilities by the holding company. As per the direction of Hon.High Court of Kerala, a Revival Scheme for the setting up of plan for the manufacturing of 100MW Solar Panel at the landed property of KPDL and KRCL was submitted. The scheme is yet to be heard by the Hon.High Court of Kerala. Meanwhile, Government of Kerala vide GO (RT) No. 883/2018/10 dated 26/07/2018 has issued Administrative Sanction towards the Budget-Support for the company for the setting up of manufacturing facilities for Solar Modules. Due to the pendency of the above situation, no provision has been made in the accounts regarding the loans and advances to defunct subsidiary companies under Liquidation. However, the Company will ensure that necessary book adjustments will be done, once the subject matter reaches finality as envisaged in the Revival Scheme under the consideration of Hon.High Court This fact was also been disclosed under Note 36(ii) forming part of Financial Statements.
f)	Regular write-off/write back of bad and doubtful debts/liabilities and provision for bad and doubtful debts and advances of Rs.1417 lacs (Previous year : Rs.1228 lacs) are classified as exceptional item and disclosed under Note No.29 though the items are the outcome of regular business transactions. We are of the opinion that the same should have been classified under Note No.27 – "Other Expenses"	Note 29-Exceptional items include the write off/provisions of long pending trade receivable, advances, deposits, diminution in value of investment, for which separate disclosure is required to depict the performance of the Company in the normal operations for the reporting period. The disclosure of aforesaid line items under 'Exceptional Items' is due to the reason that, the effect of these items pertaining to operations of earlier years, which is long

Sl. No.	Comments of Statutory Auditor	Management's Response
		pending and having significant impact in the profitability of the reporting period. This fact was also disclosed in Note 29- Exceptional Items as foot notes.
g)	Keltron marketing Office, Mumbai of the holding company, has charged depreciation during the reporting period on straight line method (SLM). Moreover the method of charging the depreciation was changed during the previous financial year i.e FY 2017-18 and the method was changed from WDV method to SLM. However the Mumbai Branch has not properly given retrospective effect of such change in the books of accounts in the year of change. The Mumbai Branch charged depreciation in the Previous Financial Year 2017-18 being the year of change as prospectively. The effect of change in the method of charging depreciation is given retrospectively as required in Schedule II of the Companies Act 2013 during the current FY 2018-19. This effect ought to have been given in the previous financial year 2017-18 and as such it is not in accordance with Accounting Standards 10 "Property, Plant and Equipment "issued by Ministry of Corporate Affairs. The total impact of such change is Rs 13.70 Lacs. This being reversal in the Depreciation charge of the earlier years now routed through the Prior Period expenses and by corresponding increase in the Property Plant and Equipment of the Branch accounts. To that extent, the profits are overstated and non-current assets are understated.	As observed by the statutory auditor the effect of change in the method of depreciation from Written Down Value (WDV)method to Straight Line Method (SLM) was not made in the books of Keltron Marketing Office, Mumbai, the year of change.i.e. financial year 2017-18.
h)	Un–identified credits received in Treasury Savings Bank Account maintained by head office of the company, amounting to Rs.16.71 lacs, is included in 'Current liabilities – other Finance disclosed under Note – 9 – other current liabilities. This amount represents the credit entries in the bank account,	An amount of Rs 16.71 lakhs disclosed in Current Liabilities-Other Finance is on account of unidentified credits in Treasury Savings Bank account maintained by Corporate Office of the company. This amount represents the fund transferred by various customers which are pending to be identified with the originating units. In the

Sl. No.	Comments of Statutory Auditor	Management's Response
	which are pending to be identified with the originating units and the nature of credit and hence we are unable to comment on the fairness or otherwise of the balance of current liabilities – other finance.	subsequent financial year, the units have identified these credits and accordingly have transferred the same to respective units.
i)	We are unable to comment on	
	i) The Compliance of Accounting Standards (AS) – 28 on 'Impairment of Assets', in the absence of appropriate evidence. (Refer Significant Accounting Policies – Point II (b) under profit and loss)	As envisaged in AS-28, Impairment of Assets, the company has made an assessment of each item of assets at unit level as on the reporting date with respect to indications of any impairment. Accordingly, necessary adjustments if any will be made in the Financial Statements, disclosed in Note-29 Exceptional Items.
	ii) The companies of AS – 17 on 'Segment Reporting' in view of the claim of the Company that it is not having reportable segments (Significant Accounting Policies – Point VII under Balance Sheet)	The company is primarily dealing with manufacturing, supply installation and maintenance of electronic systems. As envisaged in AS-17, there is no distinguishable business segment or geographical segment which is subject to different risk and return. Hence, Segment Reporting in accordance with AS-17 is not applied. This has also been mentioned in Note-A (II)(i)-Significant Accounting Policies forming part of the Financial Statements.
j	The audited financial statements of 6 units and 7 Keltron Marketing Offices (KMOs) of the company, audited by the Unit/KMO auditors of respective units/KMOs, are not in compliance with the amended provisions of disclosures of Trade Payables under Schedule III applicable from the current year, which required to disclose the (i) total outstanding dues of micro enterprises and small enterprises; and the (ii) total outstanding dues of creditors other than micro enterprises and small enterprises, separately, on the face of the balance sheet. However, this disclosure is included in the Standalone Financial Statement of the Company as a whole. We are unable to comment on the correctness or otherwise of this classification in the absence of such classification in the audited financial	The Ministry of Corporate Affairs (MCA) vide notification dated 11th October 2018 amended the Schedule III of the Companies Act whereby from the financial year 2018-19 onwards we have to disclose Sundry Creditors for Purchase of Supplies/Services as MSME and non MSME.As the statutory audit of all units/KMO's have been completed, data with regard to the disclosure envisaged in the aforesaid notification was collected from all units /KMO's and was compiled at Head Office level and necessary entries were passed in the books of Corporate Office on behalf of Units and passed on to respective units in the subsequent year

Sl. No.	Comments of Statutory Auditor	Management's Response
	statements of certain units/KMOs considered for the preparation of the Standalone Financial Statement and the financial impact of the same is also not ascertainable. Interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements. (Refer Note 47). Details relating to MSME as specified under points (a) to (e) under FA under General Instructions for preparation of balance sheet as per Notification bearing No. F.No.17/62/2015–CL–V Vol–I dated 11.10.2018 was not disclosed. Since details to ascertain the financial effect of the same is not readily available with the company, we are unable to comment on the financial effect of the non provision and non – disclosure of the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year and other disclosures specified against FA	There are Micro, Small and Medium Enterprises to whom the Company owes, which are outstanding for more than 45 days as at 31st March 2019 as per the terms of agreement with them. The interest due to such outstanding as per MSMED Act has not been provided in the financial statements. This fact was already been disclosed in the Note 45 forming part of Financial Statements for the reporting period.
k	According to Section 7(3-A) of the Payment of Gratuity Act, 1972 the subsidiary Company, Keltron Component Complex Limited (KCCL) has to pay simple interest at the rate specified by the Government on delay in payment of gratuity. No interest has been provided by the Company on the gratuity payable amount outstanding beyond the 30 days period as specified under Section 7(3) of the Payment of Gratuity Act, 1972. In the absence of adequate details and information pertaining to these delayed payments in the gratuity account, we are unable to quantify the effect of the interest burden not provided for by the Company in its financial statements.	It has been explained by the KCCL that, they already paid all eligible undisputed terminal benefits to the retired employees of the Company. We are trying to trace the details of the employees who left the Company without any intimation to pay them the terminal benefits.
l	The subsidiary company, KCCL, did not have a company secretary in its full-time employment during the financial year 2018-19 and therefore Subsidiary company has not complied with the provisions of section 203 of Companies Act,2013 read	It has been explained by KCCL that, the Company has appointed a full time Company secretary on the basis of Long Term Contract w.e.f 14.02.2020.

Sl. No.	Comments of Statutory Auditor	Management's Response
	with Companies (Appointment and remuneration of Managerial personnel) Rules,2014 for the above mentioned period.	
m	The audit committee of KCCL does not comprise of a majority of independent directors and therefore the Company has not complied with the provisions of section 177 of the Companies Act, 2013.	It has been explained by the KCCL that, the process of appointment of independent directors is in progress. As soon as the appointments of independent directors are made, the audit committee will be reconstituted with majority of independent directors.
n	The Fixed Asset Register of the Company includes assets, which have completed their normal useful life. However the company does not have a policy in place to identify assets required to be discarded/ written off or to identify impairment of the fixed assets.	It has been explained by the KCCL that, majority of the fixed assets of the Company are very old and completed their normal useful life. Company is able to use the same through proper repairs and maintenance by highly specialised experts and development of own spares for the machines. As per the policy followed by the Company an asset is removed from the asset register only when the same is removed from the floor as unusable. However we have constituted an expert committee on 07-11-2020 for identification of assets which has completed its normal useful life and removal of unusable.
o	The subsidiary company, KCCL does not have any policy in place to identify Non-moving/slow moving inventories and list of items of inventories with non-moving/slow moving have not been produced for verification.	It has been explained by the KCCL that the company has separate Committee with experts from different departments to evaluate and to take necessary actions regarding slow moving and non-moving inventories. The committee meets on a regular basis and takes appropriate actions including salvage/removal action.
p	In accordance with the terms of supply to one of the customers of the subsidiary company, to pay liquidated damages is incurred on account of delay in supply as against agreed timelines for each contract of supply. The customer deducts the Liquidated Damages from the value of invoice and the net amount is paid by them. However, the amount charged as damages is neither communicated by the customer nor ascertained by the company. An amount of Rs. 21.94 lakhs being Liquidated Damages pertaining up to the financial year	It has been explained by KECL that the Liquidated damages amounting to Rs 21.94 lakhs pertains to the years 2012-13, 2013-14 and 2014-15. The Company has already made correspondence with BEL authorities regarding the release of LD amount. The company is waiting for the final confirmation from the party to write off the amounts.

Sl. No.	Comments of Statutory Auditor	Management's Response
	2014-15 has been ascertained. However, such damages has not been recognised in the financial statements. The liquidated damages were liable to be recognised as expenditure in the financial statements but not so recognised. For the periods from financial years 2015-16 to 2018-19, the Liquidated Damages have also not been ascertained. Accordingly, the Loss for the period, the balance of reserves and surplus and Trade receivables would have been lower by Rs. 21.94 Lakhs in respect of period upto financial year 2014-15. In respect of the financial years from 2015-16 to 2018-19, we are unable to quantify the amount as complete data is not available with the Company to ascertain the amount	
q	We further report that:- a) Had the quantifiable qualifications in paragraph d(i),(e),(f),(g) and (p) above been effected, the profit for the year before exceptional and extraordinary items read with our qualification in Para (h) to(o) would have been Lss for the year Rs 3,079.67 lakhs,the current liabilities would have been higher by Rs3,373 lakhs, non-current assets would have been lower by Rs. 13.70 lakhs, trade receivable would have been lower by Rs 21.94 lakhs and the negative balance in reserves and surplus would have been higher by Rs 4,825.67 lakhs b) We are unable to determine the financial impact of the qualifications in (h) to (o) in the absence of sufficient and appropriate details.	Refer to the Management's Response to the respective observations stated above.

INDEPENDENT AUDITORS' REPORT

To The Members of Kerala State Electronics-
Development Corporation Limited

Report on the audit of the Standalone Financial Statements

1) Qualified opinion

a) We have audited the accompanying standalone financial statements of KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED ("the Company) which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss and the statement of Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

b) In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of other auditors on the financial information of the units, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the standalone 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 accounting principles generally accepted in India of the state of affairs of the company as at 31st March,2019, its profit and cash flows for the year ended on that date.

2) Basis for Qualified Opinion

a) Arising from the financial restructuring package approved by the government 15.05.2020:

i) The company has requested for the conversion of government loan of Rs.1066 lacs into equity in their restructuring proposal, while approving the latest financial restructuring of the company vide GO (MS) No.53/2020/ID dated 15th May 2020, government has approved conversion of government loan of Rs.7200 lacs only into equity out of the total loan of Rs.8266 lacs and thus the aforesaid Rs.1066 lacs is remaining as loan itself. No fresh relief for the payment of interest on this loan seems to have been received by the company till date. Therefore, interest is due on this loan based on the conditional relief granted on 17.06.2016 vide G.O. (Ms) No.86/16/ID for the interest upto 2020-21, as detailed in the previous paragraph and even though, the company is ineligible for the relief due to the failure in complying with the stipulated repayment condition, it has not provided any interest on this loan since FY 2016-17. On account of this the profit of the company is overstated to the extent of interest and penal interest accrued on this loan, working out to Rs.404 lacs (Previous year 277 lacs) and the current liability at the year end is understated to that extent.

ii) Note:4-Other Long-Term Liabilities include interest accrued but not due on loans from Govt. of Kerala amounting to Rs.10,372 lacs comprising of Rs.1,140 lacs being the interest accrued upto 2005-06 on Government loan of Rs.8,437 lacs, which was converted into equity vide GO (MS) No.183/11/ID dated 26.08.2011 and Rs.9,232 lacs being the interest and penal interest accrued on the Government loan of Rs.8,266 lacs. The financial restructuring of the Company vide GO(MS) No.53/2020/ID dated 15th May 2020, approved for the waiver of interest of Rs.9,232 lacs and the order is silent about the accrued interest of Rs.1,140 lacs. The company has kept in abeyance the waiver of accrued interest of Rs.9,232 lacs and vide letter KSEDC/ FIN/ 201/ Fin-Res/21-22/104 dated 14th October 2021 represented before Government to consider the conversion of this amount to equity in line with the recommendations of the committee of Public Enterprises Board. No further action seems to have been taken by the company or GOK in respect of accrued interest of Rs.1,140 lacs. Hence, we are unable to comment on the company's classification of Rs.10,372 lacs as Long Term Liabilities, since there is no clarity on the due date for repayment of Interest (Refer Note: 40 & 41).

b) Company is holding investment in the shares in its subsidiary Keltron Component Complex Limited (KCCL) to the tune of Rs.2,619.08 lacs (Previous year Rs.2,619.08 lacs) and in another subsidiary Keltron Electro Ceramics Limited (KECL) to the tune of Rs.314.44 lacs (Previous year Rs.314.44 lacs). Net worth of both these subsidiaries is negative as on 31.03.2019 and there is erosion in the net worth of these subsidiaries. The company could not reasonably establish that the decline in net worth is of temporary nature and therefore the company is required by the Accounting Standard:13 – 'Accounting for Investments' to provide for the diminution in the value of investments in these subsidiaries. However, the company has not made provision for the diminution of Rs.2933.52 and to that extent, the company has not complied with Accounting standard : 13 (Note:11), resulting in overstatement of profit by Rs.2933.52 lacs and understatement of short term provisions (Note:9) by Rs.2933.52 lacs.

c) Investment pending allotment of Rs.1,704 lacs (Previous year: Rs.1,704 lacs) disclosed under Note:12 "Long term loans and Advances" was made to subsidiary companies which are under liquidation. This comprise of Rs.576 lacs to Keltron Rectifiers Limited and Rs.1,127 lacs to Keltron Power devices Limited.

Advance to subsidiary companies amounting to Rs.1265 lacs (Previous year: Rs.1920 lacs) disclosed under Note:12 "Long term loans and Advances" represents the advances made to subsidiary companies, which are under liquidation, net off full provision of Rs.1312 lacs (Previous year Rs.656 lacs) against the advance to Keltron Counters Ltd. Present balance comprise of Rs.414 lacs to Keltron Rectifiers Limited (PY:414 lacs) and Rs.851 lacs to Keltron Power Devices Limited (PY:851 lacs).

The company has stated reasons for non-provision of the above said advances to subsidiary companies (Note 42 (i) and 42 (ii)). However, in the absence of sufficient appropriate evidence to support the management's contention of recoverability of these balances, we are of the opinion that provision for non-recoverability of the Investment pending allotment of Rs.1704 lacs and Advance of Rs.1265 lacs [aggregate amount Rs.2,969 lacs] (Previous year Rs. 2969 lacs). To the extent of this non-provisioning of Rs.2969 lacs, the profit of the company and Long term loans and Advances are overstated.

d) Advance to subsidiary companies of Rs.596 lacs (Previous Year: Rs.579 lacs) disclosed under Note:17-Short Term Loans and Advances, comprise of Rs.515 lacs (PY: Rs.507 lacs) to Keltron Electro Cermaics Limited (KECL) and Rs.81 lacs (PY:Rs.72 lacs) to Keltron Component Complex Limited (KCCL). Net worth as on 31st March,2019,of these companies is negative based on the audited financial statement of the said Companies and the company could not reasonably establish that the decline in net worth is of temporary nature. Still, the company has not made any provision towards non-recoverability of this advance of Rs.596 lacs. To this extent the profit of the company and Short Term Loans and Advances are overstated.

e) Regular write-off/write back of bad and doubtful debts/liabilities and provision for bad and doubtful debts and advances of Rs.1417 lacs (Previous year: Rs.1228 lacs) are classified as exceptional item and disclosed under Note No.28 though the items are the outcome of regular business transactions. We are of the opinion that the same should have been classified under Note No.16-"Other Expenses"

f) Un-identified credits received in Treasury Savings Bank Account maintained by head office of the company, amounting to Rs.16.71 lacs, is included in 'Current Liabilities- Other Finance disclosed under Note-8-Other Current Liabilities. This amount represents the credit entries in the bank account, which are pending to be identified with the originating units and the nature of credit and hence we are unable to comment on the fairness or otherwise of the balance of Current Liabilities-Other Finance.

g) We are unable to comment on

   i) the compliance of Accounting Standards (AS)-28 on 'Impairment of Assets', in the absence of appropriate evidence. (Refer Significant Accounting Policies - Point II(b) under Profit and Loss)

   ii) the compliance of AS -17 on 'Segment Reporting' in view of the claim of the Company that it is not having reportable segments (Significant Accounting Policies- Point VII under Balance Sheet),

h) The audited financial statements of 6 units and 7 Keltron Marketing Offices (KMOs) of the company, audited by the unit/KMO auditors of respective units/KMOs, are not in compliance with the amended provisions of disclosures of Trade Payables under Schedule III applicable from the current year, which required to disclose the (i) total outstanding dues of micro enterprises and small enterprises; and the (ii) total outstanding dues of creditors other than micro enterprises and small enterprises, separately, on the face of the Balance Sheet. However, this disclosure is included in the Standalone Financial statement of the company as a whole. We are unable to comment on the correctness or otherwise of this classification in the absence of such classification in the audited financial statements of certain units/KMOs considered for the preparation of the Standalone Financial Statement and the financial impact of the same is also not ascertainable.

i) Interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements. (Refer Note:40). Details relating to MSME as specified under points (a) to (e) under FA under General Instructions for preparation of Balance Sheet as per Notification bearing No. F.No.17/62/2015-CL-V Vol-I, dated 11.10.2018 was not disclosed. Since details to ascertain the financial effect of the same is not readily available with the company, we are unable to comment on the financial effect of the non-provision and non-disclosure of the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year and other disclosures specified against FA.

j) In respect of Units and KMO's audited by unit/KMO auditors, they have made certain qualifications in respect of transactions specific to that Unit or KMO which are reproduced in Annexure-1 to this report. (Reference is invited to item 4(1) below).

k) We further report that:-

   a) Had the quantifiable qualifications in paragraph 'a' to 'e' above and item 'k' read with point 5 (2) in Annexure-1 below been effected, the Profit for the year before exceptional and extra ordinary items read with our qualification in Para (f) to (k) would have been Loss for the year of Rs.6600.81 lacs, the current liabilities would have been higher by Rs.7329 lacs, the non-current liabilities would have been lower by Rs.426 lacs, the non-current assets would have been lower by Rs.13.70 lacs and the negative balance in reserves and surplus would have been higher by Rs.8333 lacs.

   b) We are unable to determine the financial impact of the qualifications in points (f) to (k) in the absence of sufficient and appropriate details.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section in our report. We are independent of the Company in accordance with Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Companies Act, 2013 and Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

3) Emphasis of Matter:

1) We draw attention to the following matters in the Notes to financial Statements:

a) Note 10 of financial statements. Property, plant and equipments are physically verified by the Management and not observed by us. The title deeds of certain land and its tax paid receipts are not available with the company (Please refer Item (i) (c) of Annexure 2) and the Company does not have the practice of obtaining non-encumbrance and possession certificates as at year end for the landed properties held by it.

b) Note.40 to the financial statements with regard to the approval of financial re-structuring proposal of the company by Government of Kerala.

c) Note 53 of the financial statements with regard to accounting for the Tax Deducted at Source by the company.

d) Note 55 of the financial statements, Implementation of wage revision scheme sanctioned by the Government of Kerala and making provision of Rs.44.79 lacs in the accounts towards pay revision arrears up to March 31, 2019 without adhering to the pre-condition of the sanction on payment of entire guarantee commission due to the Government.

e) Note 56 of the financial statements with regard to the decision of the management to not to pursue the matter of earlier classification of the company as Sick Industry with the National Company Law Tribunal as the company is not, in the opinion of the management, a sick company as per the Act or Insolvency and Bankruptcy Code 2016.

f) Balances under Long-term borrowings (Note-3), Other long term liabilities (Note -4), Short term borrowings (Note -6), Trade payables (Note-7), Other current liabilities (Note-8), Long term loans and advances (Note-12), Trade receivables under Other non-current assets (Note-13), Trade receivables (Note-15) under Current assets, Short term loans and advances (Note - 17) are subject to confirmation/ reconciliation.

4) Other Matters:

We did not audit the financial statements of 5 units and 7 KMOs of the Company, whose financial statements reflect total net assets of Rs.36128 lacs as at March 31,2019, total revenues of Rs.36422 lacs and net cash outflow amounting to Rs.(1122) lacs for the year-ended on that date as considered in the financial statement. These financial statements have been audited by other auditors (“branch auditors”) whose reports have been furnished to us by the Management and our opinion on the financial statements, in so far as they relate to the amounts and disclosures included in respect of these units and KMOs and our report, in so far as it relates to the aforesaid units and KMOs, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

5) Information other than Standalone Financial Statements and Auditors Report thereon.

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Company’s annual report other than the financial statements and our auditors’ report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

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

In connection with the audit of these financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

6) Management Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015.

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 Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

7) Auditor's Responsibilities for the Audit of the Financial Statements :

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Sec.143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal

financial controls with reference to financial reporting 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 auditor's 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 auditor's report. However, future events or conditions may cause a 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.

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

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

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

8) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the order") issued by the Central Government in terms of Section 143(11) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure:2, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(5) of the Act, we give **in Annexure 3**, a statement on the compliance to the Directions issued by the Comptroller and Auditor General of India.

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

   i. We have sought and except for the matters described in the Basis for Qualified opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   ii. Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, 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 and proper returns adequate for the purpose of our audit have been received from the units/marketing offices not audited by us.

iii. The reports on the accounts of the units/KMOs of the Company audited under Section 143(8) of the Act by branch auditors have been given to us and have been appropriately dealt with by us in preparing this Report.

iv. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the units/KMOs offices not visited by us.

v. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

vi. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 4” to the report

vii. The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may not have any adverse effect on the functioning of the Company.

viii. Being a government company, the provisions of sub section 2 of section 164 of the Companies Act, 2013 is not applicable.

ix. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph above.

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (Refer Note:29 to the standalone Financial statements)

   ii. The Company did not had any long term contracts including derivative contracts for which there were any material foreseeable losses during the year under audit.

   iii. No amount is required to be transferred to the Investor Education and Protection Fund by the Company.

For SRIDHAR & CO. (FRN : 003978S)
CHARTERED ACCOUNTANTS

Sd/-

R. SRIPRIYA
PARTNER (M.NO.209371)
UDIN : 22209371AMKMYC1973

Date : 06-07-2022
Place : Thiruvananthapuram

Annexure – 1 to INDEPENENT AUDITOR'S REPORT

(Referred to in paragraph (I) under 'Basis for Qualified Opinion section of our report)

	Unit	Qualification
1.	**KELTRON Lighting Division (KLD)**	In respect of a debtor M/s Tirupathi Enterprises, the unit has transferred a sum of Rs.21,87,500/- from its outstanding amount of Rs 30,41, 891/- to security deposit leaving a balance of Rs 8,54, 391/- as receivable as debtors, thereby overstating security deposit and understating debtors by Rs.21,87,500 each. There is no corresponding confirmation from the party for the transfer to security deposit. Moreover basis of such transfer even when the recoverability of this amount is in question was not properly explained.
2.	**Information Technology Business Group (ITBG)**	a) Advance from customers of Rs.6,18,02,681/-(P.Y. Rs.7,00,01,047/-) shown in Note No.8,Other current liabilities, includes 'TV instalment advance' to the tune of Rs.29,48,668/- (P.Y. Rs.29,48,668/- as on 31.03.2019. On our verification, it was noted that the unit has received the above mentioned amount in relation to DDU-GKY, a central government project of the unit, which was already completed in the previous years. The unit has maintained the provision amount with a view that the amount shall be repaid on demand, which however was not demanded till date. However, no confirmation or details to this effect was provided for our verification and hence we are unable to confirm whether it is appropriate to maintain the balance as a current liability or it is to be written-back. b) The unit has shown provision for warranty of Rs.9,57,835/- (PY:Rs.33,92,657/-) in its financial statements (Note:9) as on 31.03.2019. In the instance of receiving any warranty claim from customers with respect of Keltron PC's, the unit (ITBG) will bear the service warranty related expenses and charges the same to repairs and maintenance expenses rather than reversing from warranty provision, which is not in compliance with AS-29.
3.	**KELTRON Communication Complex (KCC)**	We have noticed that, the unit's classification of assets and liabilities into current and non-current is not incompliance with Schedule III to Companies Act, 2013. We give below the details of such classification and we are not in a position to confirm the correctness of this classification due to various methods adopted by the unit for various items:

Particulars	Current (Rs.)	Non-Current (Rs.)
Advance to Contractors	Nil	10,321/- (P.Y. 10,321/-)
EMD paid	9,74,276/- (P.Y.13,00,056/-)	3,86,992/- (P.Y. 3,86,992/-)
Sundry Creditors	24,55,32,903/- (P.Y. 23,95,70,385/-)	27,42,441/- (P.Y.28,51,925/-)
Sundry Debtors	52,81,58,858/- (P.Y. 44,39,40,504/-)	48,10,971/- (P.Y. 47,77,173/-)
Advance from Customers	1,43,34,969/- (P.Y. 2,47,24,349/-)	5,86,985/- (P.Y. 5,86,985/-)
EMD collected from Contractors	21,64,170/- (P.Y. 15,19,260/-)	1,54,921/- (P.Y. 1,10,921/-)
Deposit with Central Excise Deparment	Nil	1,68,878/- (P.Y. 1,68,878/-)
Excise duty paid under protest	Nil	1,27,232/- (P.Y. 1,27,232/-)

4.	**KMO Ahmadabad**	The Ahmedabad Marketing Office has carried out certain transaction with Subsidiary of the company for rendering certain services. In our opinion, Goods and Service Tax should be additionally charged on this transactions as they are supply of services by Ahmadabad Marketing Office to other Branches of Company. [Schedule I (Section 7) of IGST Act, 2017: Supply of goods or services between related persons, or between Distinct Persons Business. Supply of services between two Branches of a company held in different states falls under this Specification.] As the Ahmedabad Marketing Office hasn't charged goods and service tax on these transaction, amount received from other branches towards consideration should be considered as inclusive of Goods and service Tax amount, The Ahmedabad Marketing Office has failed to remit the state amount of Goods and Service Tax to the department. The noncompliance attracts interest and penalty, the provision of which isn't made in the financial statements of the company. Not providing such penalty in the financial statements constitutes a departure from the Accounting Standards prescribed under section 133 of the Companies Act, 2013. Quantification of amount of such interest and penalty hasn't been made available to us. Accordingly, effect of such reduction on Net Profit couldn't have been ascertained.
5)	**KMO Mumbai**	1) In respect of Inventories during the reporting period the Mumbai branch has not maintained proper and adequate records for ascertainment of non-moving, slow moving and obsolete items. Further no provision has been made on diminution in the value of old and slow moving inventory.. The financial impact of the above remarks, are not ascertainable/ quantifiable and, therefore, cannot be commented upon. 2) The Mumbai Branch has charged depreciation during the reporting period on straight line method (SLM). Moreover the method of charging the depreciation was changed during the previous financial year i.e FY 2017-18 and the method was changed from WDV method to SLM. However the Mumbai Branch has not properly given retrospective effect of such change in the books of accounts in the year of change. The Mumbai Branch charged depreciation in the Previous Financial Year 2017-18 being the year of change as prospectively. The effect of change in the method of charging depreciation is given retrospectively as required in Schedule II of the Companies Act 2013 during the current FY 2018-19. This effect ought to have been given in the previous financial year 2017-18 and as such it is not in accordance with Accounting Standards 10 "Property, Plant and Equipment "issued by Ministry of Corporate Affairs. The total impact of such change is Rs 13.70 Lacs. This being reversal in the Depreciation charge of the earlier years now routed through the Prior Period expenses and by corresponding increase in the Property Plant and Equipment of the Branch accounts. Due to the above, the loss of the unit for the year before exceptional and extra ordinary items, would have been higher by Rs.13.70 lacs and the non-current assets wouldhave been lower by Rs.13.70 lacs.

		3) We have noted that some of the projects / sales undertaken by the Branch are covered under warranty for defect liability of the future period. Whereas the entire contractual income is accounted on completion of the project, the liability on account of the warranty obligation is not provided in the accounts. In the absence of proper details the impact of the same on the Profit/ Loss of the Branch cannot not be ascertained. 4) The balance outstanding on service tax liability amounting to Rs 23.32 Lacs (Credit) under the head Current Liabilities is unreconciled. Due to non-availability of the reconciliations we are unable to quantify the impact of adjustments , if any, on the financial statements of the Branch

For SRIDHAR & CO. (FRN : 003978S)
CHARTERED ACCOUNTANTS

Sd/-

R. SRIPRIYA
PARTNER (M.NO.209371)
UDIN : 22209371AMKMYC1973

Date : 06-07-2022
Place : Thiruvananthapuram

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report)

i. In respect of the Company's fixed assets:

a) The Company has maintained generally proper records showing most of the particulars including quantitative details except for location and identification number of assets not seen recorded in fixed assets register.

b) The fixed assets have been stated to be physically verified by the Management during the year and are not observed by us. However, the physical verification procedure needs to be strengthened. . As explained to us, no material discrepancies were noticed on such physical verification.

c) In our opinion and according to information and explanations given to us and on the basis of an examination of records of the Company, the title deeds of immovable properties are held in the name of the Company, except in the case of KEC,Karakulam,. According to the information and explanation given to us, KEC, Karakulam is in possession of 15.62 acres of land as per the file records of the company, of which the title deeds in respect of 1.17 acres only is available. The survey conducted by Taluk Office confirmed 10.22 acres as held by the company, based on which the Tahasildar, Nedumangadu Taluk, in October, 2019, recommended regularisation of the said 10.22 acres in company’s name and also recommended for mutation of 4.94 acres under rule 28 of the Transfer of registry rules, as held by the company for more than 12 years. However, the regularisation by the revenue authorities is still pending.

ii. As explained to us, the inventories have generally been physically verified by the Management but not at reasonable intervals. In our opinion and according to the information and explanations given to us, the procedure 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. no material discrepancies were noticed on such physical verification though the reconciliation with books of account is yet to be done.

iii. The Company, being a government company is exempted from the provisions of section 184(2) and section 188 of the Act and being so, is not required to maintain the Register under Section 189 of the Companies Act, 2013 and hence clauses (iii) (a), (b) and (c) of CARO are not applicable.

iv. In our opinion and according to the information and explanations given to us, during the year, the Company has not given any loans or guarantee to directors or to any other person in whom the director is interested. Hence the provisions of the section 185 and 186 of the Act are not applicable.

v. According to the information and explanations given to us, the Company has not accepted deposits from public to which the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under are applicable. Thus paragraph 3(v) of CARO is not applicable to the Company.

vi. We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under section 148(1) of the Companies Act, 2013 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 records with a view to determining whether they are accurate or complete.

vii. According to the information and explanations given to us and records of the Company examined by us, in respect of statutory dues and after considering the Rehabilitation Scheme of BIFR:

a) In our opinion and according to the information and explanations given to us, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Goods and Service tax, Customs duty, Cess and other material statutory dues, if any, applicable to it with appropriate authorities and there were no arrears of such dues at the year end which have remained outstanding for a period of more than six months from the date they become payable except the following:

Sl No	Nature of due	Amount (in lacs)	Period to which amount related
1	CGST	0.18	2018-19
2	SGST	0.18	2018-19
3	EPF	0.14	2018-19
4	ESI	0.14	2018-19
5	ESI	0.46	Prior to 2018-19
6	Service Tax	19.97	Prior to 2018-19

b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues towards income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess as at March 31, 2019, which have not been deposited on account of disputes are furnished below:

Nature of the statute	Nature of dues	Amount (In Lacs)	Period to which dispute relates	Forum where dispute pending
West Bengal Value Added Tax	Demand as per Order dated 29.09.2014	75.99	2011-12	West Bengal taxation Tribunal
Service tax	Cenvat credit availed on common input services	1406.83	2008-09 to 2011-12	CESTAT Bangalore
Service tax	Interest and penalty for delayed payment	28.23	2016-17	Commissioner Appeals
Service tax	Interest and penalty for delayed payment	2.83	2015-16	Commissioner Appeals
Service tax	Interest and penalty for delayed payment	52.99	2010-11 to 2013-14	Commissioner Appeals
Service tax	Interest and penalty for delayed payment	47.80	2016-17 and 2017-18	Commissioner- Show cause notice
Orissa Sales Tax Act, 1947	Demand by sales tax authorities Against execution of works contract	3,14	1994-95 to 1996-97	Dy Commissioner of Sales Tax, Angul, Orissa

KVAT	Tax and Interest	20.34	2009-10	Commissioner Appeals
KVAT	Tax and Interest	23.85	2010-11	Commissioner Appeals
Service Tax	Tax and Interest	0.21	2011-12	Commissioner Appeals
Service Tax	Tax and Interest	0.66	2011-12	Commissioner Appeals
Central Tax and Central Excise	Service Tax	26.88	March 2015 to June 2017	Assisstant Commissioner Central Tax and Central Excise, Malappuram Division
The Central Excise Act, 1944	Duty Demand, Differential Duty, Clasification issue and CENVAT credit alongwith interest payable upto May 2011	472.68	1990-91 to 2007-2008	Details not available
KVAT	Tax and Interest	56.47	2010-11 to 2013-14	KVAT Appellate Tribunal, Trivandrum
Service Tax	Tax	87.73	2008-09 to 2013-14	CESTAT,Bangalore*

*It may be noted that the service tax of Rs.87.73 lakhs was due as on 31.03.2019 and the same had not been deposited on account of dispute. However, application was filed for settlemet under Sabka viswas Scheme on 27.12.2019.

viii. Based on our examination of the records of the Company and according to the information and explanations given to us, the Company has defaulted in repayment of dues to financial institution, bank, Government and debenture holders as at Balance Sheet date, the details of which are given below.

The details of defaulted loans and interest thereon as on reporting date (without Considering the qualifications In our main report:)

Name of lender and Nature	**Period of Default**	**Default amount (in lacs)**
Loan From Government of Kerala	Less than 6 years.	630.00
Interest accrued and due government of Kerala.	Less than 6 years.	562.22

ix. According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer. Hence, requirements of paragraph 3(ix) of CARO are not applicable to the Company.

x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees of a material nature has been noticed or reported during the course of our audit.

xi. As per Notification No GSR 463(E) dated 05th June 2015 issued by Ministry of Corporate Affairs, Government of India, Section 197 of Companies Act, 2013 is not applicable to the Company. Accordingly, paragraph 3 (xi) of the Order is not applicable.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the CARO is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.(Note:38 and 39)

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

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

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

For SRIDHAR & CO. (FRN : 003978S)
CHARTERED ACCOUNTANTS

Sd/-

R. SRIPRIYA
PARTNER (M.NO.209371)
UDIN : 22209371AMKMYC1973

Date : 06-07-2022
Place : Thiruvananthapuram

ANNEXURE 3 TO THE INDEPENDENT AUDITOR'S REPORT:

The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of Section 143 (5) of the Companies Act, 2013.

While issuing the Auditors report u/s.143(5), the auditors of KMO, Ahmedabad did not answer the additional directons intimated by C&AG as "directions under section 143(5) of companies Act, 2013, applicable from the year 2018-19" and the Auditors of ITBG and KCC units and KMOs of Bangalore, Hyderabad, Kolkatta and Mumbai have included the additional directions issued issued under section 143(5) of the companies Act for earlier financial years. Hence, we are unable consider the status of compliance of the additional directions in respect of the afore mentioned units/KMOs.

As required by Section 143(5) of the Act, we give a statement on the compliance to the Directions issued by the Comptroller and Auditor General of India for the year 2018-19, without considering the units/KMOs mentioned above, as below.

Directions under section143(5) of the Companies Act, 2013	**Report**	**Action Taken**	**Impact in accounts and Financial Statements**
1. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any	Yes. Except in the case of KCA, wherein the Fixed assets module, tender and training fees collected not integrated and the unit have to prepare manual report of asset and GST liability for tender and training fee collected. The financial implication of above is not quantifiable.	-	The financial implication is not quantifiable in the case of KCA
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.	Government of Kerala vide GO(MS) No.53/2020/ID dated 15th May 2020 has approved a Financial Restructuring proposal in respect of loans issued by GOK, which include of conversion of loan into equity and waiver of interest. The matter has been considered in the 256th meeting of the Board of Directors of the Company held on 21st August 2020 and fixed the effective date of implementation of Financial Restructuring as 31st March 2020.	Not Applicable	Refer Note 40 to Financial statements of 2018-19
3. Whether funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/utilised as per its term and condition? List the cases of deviation	No such cases	-	-

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

Sl.No		
A	**Agriculture and Allied Sector**	**Not Applicable**
B	**Finance Sector**	**Not Applicable**
C	**General and Social Sector**	**Not Applicable**
D	**Power Sector**	**Not Applicable**

E	**Infrastructure Sector**	**ITBG and KCC units comes under this sector and the reports of the auditors of these units are considered and reported hereunder.**
1	Whether the Company has taken adequate measures to prevent encroachment of idle land owned In it. Whether any land of the Company is encroached, under litigation, not put to use or declared surplus? Details may be provided	The Company is having adequate safety measures to prevent encroachment of land. No litigation is pending with respect to encroachment as on date.
2	Whether the system in vogue for identification of projects to be taken up under Public Private Partnership is in line with the guidelines/ policies of the Government? Comment on deviation, if any.	The auditors of the units under this sector have reported that there are no projects identified for Public Private Partnership
3	Whether a system for monitoring the execution of works vis-a-vis milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, re- venues; losses from contracts, etc., have been properly accounted for in the books.	The Company is having a system of monitoring the Projects being undertaken by its units at various level, in line with the terms and conditions of respective Orders from the Customers. All impact in the cost incurred in the project are being reflected in the books.
4	Whether funds received/receivable for specific schemes from Central/ State agencies were properly accounted for utilized. List the cases of deviation.	Recently, the Company has been sanctioned Plan Fund from Government of Kerala especially for the purpose of modernization of infrastructure /production facilities The funds are released as Government Loans. These funds are parked with special account maintained with Government Treasury until utilisation, and it can be utilised only as per the purpose for which the funds are released as per the Administrative Sanction. In case of project undertaken for Government Agencies/Departments having specific funding from Central/State agencies, the respective units shall follow the conditions if any stipulated in the agreement/order. However, such instances are rarely seen in Company's business.

5	Whether the bank guarantees have been revalidated in time?	It is reported by the auditors of units that bank guarantees had been re-validated in time.
6	Comments on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained	The auditors of the units under this sector have confirmed that confirmation of balances for the cash and bank accounts were provided to them and there were no term deposits with the units. `I hey have also reported that the units have not obtained confirmation on trade receivables and trade payables.
7	The cost incurred on abandoned projects may be quantified and the amount actually written-off may' be mentioned.	The auditors of the units under this sector have reported that as informed by the management, there were no abandoned projects during the year.
F	**Manufacturing Sector**	**KCA,KLD, KTTC and KEC units comes under this sector and the reports of the auditors of these units are considered and reported hereunder**
1	Whether the Company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?	The auditors of the units under this sector have reported that based on the records of the division examined and the information and explanations given they are of the opinion that the pricing policy of the division absorbs all fixed and variable cost of production.
2	Whether the Company has utilized the Government assistance for technology up gradation/ modernization of its manufacturing process and timely submitted the utilization certificates.	The auditors of KLD and KEC have confirmed the utilisation of the Government assistance and timely submission of utilisation certificates while KCA and KTTC auditors have reported that there were no receipt of such assistance during reporting period
3	Whether the Company has fixed norms, for normal losses and a system for evaluation of abnormal losses for remedial action is in existence	The auditors of the units under this sector have reported that as per the information produced, the company has fixed policies for treating normal losses and evaluation of abnormal losses.
4	What is the system of valuation of by-products and finished products? List out the cases of deviation from its declared policy	The auditors of the units under this sector have reported that there are no by-products. Finished goods are valued at lower of cost or net-realisable value. It is also reported that no deviation from its declared policy is noted.
5	Whether the effect of deteriorated, stores and spares of closed units been properly accounted for in the books	The auditors of the units under this sector have reported that no such item exist as at the year end.
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 auditors of KLD and KEC confirmed the existence of effective system for physical verification, valuation of stock, treatment of non-moving items and accounting the effect of shortage 'excess noticed during physical verification. While KCA auditor has reported that in their opinion, the procedure for physical verification of inventory are not adequate and reasonable in relation to the

		size of the division and nature of its business. KTTC auditor has reported that no effective methods exist to identify stock of consumable held as at the year end and hence no provision made for short/ excess of such consumables
7	State the extent of utilization of plant and machinery during the **year vis-a-vis** installed capacity	The auditors of KCA and KTTC have reported that the manufacturing activity is based on the Customer specific Ordcrs.KLD auditor has reported 80.37% for LED lights manufacturing and 40.67% for hearing aid and it is reported as 100% 18utilization at KEC.
8	Report on the cases of discounts/commission in regard to debtors and creditors where the Company has deviated from its laid down policy.	The auditors of the units under this sector have reported that no such instances were observed.
G	**Service Sector**	**KMO's:Hyderabad,Ahmedabad,Bangalore, Delhi, Chennai, Kolkatta, Mumbai and Units: KLD, KCA, KTTC and KEC comes under this sector and the reports of the auditors of these units/KMO's are considered and reported hereunder.**
1	Whether the Company's pricing policies absorbs all fixed and variable cost of production and the overheads allocated at the time of fixation of price?	With respect to Projects undertaken by manufacturing units executed through KMOs at respective locations, the pricing may be regulated by the former units, as per the project plan decided on case to ease basis. With respect to businesses executed by KMOs of their own pricing is managed by KMOs independently following internal procedures. In general, the Company's pricing policy absorbed all fixed and variable cost of production.
2	Whether the Company recovers Commission for work executed on behalf of Government,/ other organisations that is properly recorded in the books of accounts? Whether the Company has an efficient system for billing and collection of revenue?	It is reported by the following units/KMO's that they are not generating any revenue in the form of commission from the government or other organisations during the year:-Hyderabad, Ahmedabad, Bangalore, Delhi, KCA, Kolkaata, Mumbai and KEC. The following units/KMO's auditors have confirmed the recovery and record in the books of accounts:KLD, Chennai,KTTC. It is also reported that the company has an efficient system for billing and collection of revenue.
3	Whether the Company regularly monitors timely receipt of subsidy from Government and is properly recording them in its books	The auditors of the units under this sector have reported that no subsidy has been received from government during the year 2018-19.
4	Whether interest earned on parking of funds received for specific projects from Government was properly accounted for?	The auditors of the units/KMO's under this sector have reported that no such instance has occurred during 2018-19. With respect to Plan Fund parking at

		Government Treasury. the interest will not accrue as per the nature of such Account
5	Whether the Company has entered into Memorandum of Understanding with its Administrative. Ministry, if so, whether the impact thereof has been properly dealt with in the financial statements	The auditors of the units/KMO's under this sector have reported that they have not entered into Memorandum of Understanding with any of its Administrative Ministry during 201 8-19
H	**Trading**	**KMO's: Hyderabad,Ahmedabad, Bangalore, Delhi, Chennai, Kolkatta, Mumbai and Units: KLD, KCA, KTTC and KEC comes under this sector and the reports of the auditors of these units/KMO's are considered and reported hereunder.**
1	Whether the Company has an effective system for recovery of dues in respect of its sales activities and the dues outstanding and recoveries there against have been properly recorded in the hooks of accounts'?	The auditors of the units/KMO's under this sector have reported that there is an effective system for recovery of dues in respect of its sales activities and the dues outstanding and recoveries there against have been properly recorded in the following books of accounts except in the following cases: **KMO Chennai**: It is reported that the realization of Sundry debtors is not satisfactory and debtors outstanding for more than 3 years is Rs 93,51,920. **KMO Mumbai**: It is reported that there are dues outstanding for more than 3 years as on the reporting period.
2	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 auditors of the units/KMO's under this sector have reported that there is 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. While the following units/KMO's have reported as follows: KCA auditor has reported that in their opinion, the procedure for physical verification of inventory are not adequate and reasonable in relation to the size of the division and nature of its business.KMO Bangalore auditor has reported that there are a number of slow moving items in inventory which needs periodic review by management.
3	The effectiveness of the system followed in recovery of dues in respect of sale activities may be examined and reported	The auditors of the units/KMO's under this sector have reported that there exists an effective system to follow the recovery of dues in respect of sale activities
I	**Miscellaneous Sector** **a)Technology Oriented**	**KMO's Ahmedabad, Chennai, Kolkatta and Mumbai comes under this sector and the reports of the auditors of these units/KMO's are considered and reported hereunder**
1	Examine and report the cases of dispute, if any, on contracts relating to supply of	The auditors of KMO's have reported that no such instances were noted.

	hardware as well as software. In the event of such assets remaining with the company please report on its valuation and accounting in the books.	
2	What is the system of recovering fees /charges in regard to providing manpower to various agencies? Report the cases where no such recovery has been effected and accounted for.	KMO's Ahmedabad and Chennai have reported that the compan has been following the terms and conditions as per the agreement in this regard while Kolkatta and Mumbai auditors have reported that no such transactions were observed during the period.
3	What is the system of receiving revenue share from franchise. if any	The auditors of KMO's under this sector have reported that no such revenue was received by the units.
4	Report the cases where software, hardware or IT enabled system is lying redundant/ outdated.	The auditors of KMO's under this sector have reported that no such instances were observed.
5	What is system of accounting of grants subsidies received from Central/ State Government or its agencies? Comment on the cases If diversion wherein the grants were not utilized for the purpose for which these were received.	The auditors of KMO's under this sector have reported that no grants/ subsidies has been received from the Central / State Government or its agencies to the branch during the reporting period.

	Miscellaneous Sector **b) Other**	**Units: ITBG and KCC and IOW's: Bangalore, Chennai, Kolkatta, Ahmedabad and Mumbai comes under this sector and the reports of the auditors of these units/KMO's are considered and reported hereunder.**
1	Examine-the system of effective utilization of Loans/Grant-in-Aid/ Subsidy. List the cases of diversion of funds.	The auditors of units/ KMO's under this sector have reported that the units/KMO's have not taken any loans or received any grant in aid or subsidy during reporting period
2	Examine the cost benefit analysis of major capital expenditure/ expansion including IRR. and payback period.	No major capital expenditure /expansion was incurred during the period under report.
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 fonnat, which of the areas such as accounting, sales personnel information, pay roll, inventory etc, have been computerized and whether the company has evolved proper security policy for data/ software ,hardware?	The auditors of units/ KMO's under this sector have reported that they have a computerised system for its financial accounting purpose and proper security measures had been taken for security of data/software/hardware, except KMO Mumbai wherein it is reported that The unit is using tally package only for financial accounting and inventory management. The tally needs to be strengthened for stores management. It is

		found that the Tally system has been secured with password for all the users.

For SRIDHAR & CO. (FRN : 003978S)
CHARTERED ACCOUNTANTS

Sd/-

R. SRIPRIYA
PARTNER (M.NO.209371)
UDIN : 22209371AMKMYC1973

Date : 06-07-2022
Place : Thiruvananthapuram

ANNEXURE 4 TO THE INDEPENDENT AUDITOR'S REPORT

Report on Verification of Internal Financial Controls Over Financial Reporting under Clause (vi) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the internal financial controls over financial reporting of as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls :

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

ii) 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 authorisations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Basis for Qualified Opinion.

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

a) Unrestricted access to the Enterprise Resource Planning (ERP) Software to all employees and under utilization of ERP software without integrating with payroll and other functions.

b) Non-reconciliation of debtors with the financial records and lack of proper follow-up with debtors for recovery.

c) Deficiencies in physical control of property, plant and equipment including unique numbering, incomplete fixed assets register and absence of proper physical verification.

d) The system of internal control with respect to maintenance of adequate records of ascertainment of slow moving and non moving items of inventory of KMO Mumbai was not maintained adequately for inventories records.

e) Non accounting of the possible future liability in respect of warranty obligations accepted with the sales of project in KMO Mumbai.

f) Non reconciliation of the old service tax liability outstanding for more than 10 years s found in KMO Mumbai.

g) The internal control regarding review of long pending advances, deposits and Trade payables needs further strengthening.

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.

Qualified Opinion:

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, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the

Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the 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, 2019 standalone financial statements of the Company, and these material weaknesses may affect our opinion on the standalone financial statements of the Company.

For SRIDHAR & CO. (FRN : 003978S)
CHARTERED ACCOUNTANTS

Sd/-

R. SRIPRIYA
PARTNER (M.NO.209371)
UDIN : 22209371AMKMYC1973

Date : 06-07-2022
Place : Thiruvananthapuram

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH 2019

Particulars	Note no.	As at 31st March 2019 ₹	As at 31st March 2018 ₹
EQUITY AND LIABILITIES			
Shareholder's Funds			
(a) Share capital	1	2,03,55,18,100	2,03,55,18,100
(b) Reserves and surplus	2	(1,96,80,80,751)	(1,99,96,21,898)
Non-current liabilities			
(a) Long-term borrowings	3	81,97,70,696	83,05,84,000
(b) Other long-term liabilities	4	1,10,61,48,826	1,10,86,59,825
(c) Long-term provisions	5	13,69,89,307	20,18,00,466
Current liabilities			
(a) Short-term borrowings	6	2,85,22,515	1,05,60,373
(b) Trade payables	7		
i)Dues to Micro,Small & Medium Enterprises	(i)	93,70,22,881	1,00,89,27,499
ii)Dues to Others	(ii)	1,71,06,90,191	1,23,34,75,459
(c) Other current liabilities	8	1,14,34,08,599	92,86,16,511
(d) Short-term provisions	9	13,02,09,441	11,42,69,885
TOTAL		**6,08,01,99,805**	**5,47,27,90,220**
ASSETS			
Non-current assets			
(a) Fixed Assets	10		
(i) Tangible assets		21,67,04,585	20,70,16,145
(ii) Intangible assets		2,05,10,302	2,09,12,577
(iii) Capital work-in-progress		2,67,37,196	50,39,102
(b) Non-current investment	11	30,12,94,480	30,12,94,480
(c) Long-term loans and advances	12	32,75,41,341	39,74,99,557
(d) Other non-current assets	13	15,06,90,887	18,01,67,906
Current Assets			
(a) Inventories	14	43,42,36,524	33,31,74,236
(b) Trade receivables	15	3,59,89,81,985	3,15,94,70,338
(c) Cash and cash equivalents	16A	24,50,66,435	38,25,05,841
(d) Other bank balances	16B	35,13,68,463	23,31,96,132
(d) Short-term loans and advances	17	38,22,18,216	23,64,68,363
(e) Other current assets	18	2,48,49,391	1,60,45,543
TOTAL		**6,08,01,99,805**	**5,47,27,90,220**

Significant Accounting Policies and Notes 1 to 60 are integral part of this financial statement.

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

Per our report of even date attached

For Sridhar & Co.,
Chartered Accountants,
Firm Registration No.003978S

Sd/-
N.Narayana Moorthy
Chairman & Managing Director
DIN:05251681

Sd/-
Anoop.S
Director
DIN:03399884

Sd/-
R.Sripriya
Partner
Membership No.209371
UDIN:22209371AMKMYC1973

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
DGM(Finance)

Thiruvananthapuram
23rd June 2022

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	Note	For the year ended 31st March 2019 ₹	For the year ended 31st March 2018 ₹
Revenue from operations	19	4,52,16,60,324	3,97,79,98,615
Less: Excise duty		-	1,19,29,146
Net Revenue from operations		4,52,16,60,324	3,96,60,69,469
Other income	20	3,68,45,760	8,85,07,538
Total Revenue		4,55,85,06,084	4,05,45,77,007
Expenses			
Material consumed and service expenses	21	3,56,63,03,650	3,06,54,39,521
Change in inventory of Finished Goods, Work-in-progress and Stock-in -trade	22	(6,48,17,481)	(1,02,07,605)
Employee cost	23	63,82,07,009	63,62,44,964
Finance cost	24	3,51,95,882	2,79,10,445
Depreciation/amortization	25	3,75,94,834	4,11,05,111
Other expenses	26	17,11,26,575	12,83,35,221
Prior period adjustment	27	44,68,276	(47,05,188)
		4,38,80,78,745	3,88,41,22,469
Add/Less: Consumption for captive capital items		(28,16,869)	(89,11,544)
Total Expenses		4,38,52,61,876	3,87,52,10,925
Profit/(Loss) for the year before exceptional and extraordinary items		17,32,44,208	17,93,66,082
Less : Exceptional items	28	14,17,03,061	12,28,94,390
Profit/(Loss) for the year before extraordinary items		3,15,41,147	5,64,71,692
Extraordinary Items		-	
Profit /(Loss) for the year before Tax		3,15,41,147	5,64,71,692
Current Tax		-	
Deferred Tax		-	
Profit /(Loss) for the year		3,15,41,147	5,64,71,692
Balance of profit/(loss) carried over to Balance Sheet		3,15,41,147	5,64,71,692
Earnings per share:			
Basic		1.55	2.77
Diluted		1.55	2.77

Significant Accounting Policies and Notes 1 to 60 are integral part of this financial statement.

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

Per our report of even date attached to Balance Sheet

For Sridhar & Co.,
Chartered Accountants,
Firm Registration No.003978S

Sd/-
N.Narayana Moorthy
Chairman & Managing Director
DIN:05251681

Sd/-
Anoop.S
Director
DIN:03399884

Sd/-
R.Sripriya
Partner
Membership No.209371
UDIN:22209371AMKMYC1973

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
DGM(Finance)

Thiruvananthapuram
23rd June 2022

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(loss) before extraordinary items and tax	**3,15,41,147**	**5,64,71,692**
Adjustments for :		
Depreciation/Amortisation	3,75,94,834	4,11,05,111
Provision for bad debts	7,73,71,696	52,67,235
Provision for loans, advances and deposits	6,56,42,729	11,36,12,682
Bad sundry debits written off	21,475	40,51,783
Bad sundry credits written back	(1,33,10,916)	(37,311)
Interest expenses	3,33,01,492	2,54,06,012
Interest income	(2,00,29,978)	(3,26,66,884)
Operating Profit Before Working Capital Changes	**21,21,32,479**	**21,32,10,320**
Adjustments for (increase)/decrease in operating assets:		
Trade and other receivables	(62,34,63,688)	(61,09,86,929)
Inventories	(10,10,62,288)	(3,35,48,247)
Other loans and advances	(14,14,34,366)	37,37,448
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables and other liabilities	50,21,99,172	11,74,14,843
Net Cash from operating activities	**(15,16,28,691)**	**(31,01,72,565)**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(5,80,35,131)	(1,30,17,280)
Intangible assets	(1,05,43,962)	(91,74,294)
Interest received	1,14,85,405	2,47,06,834
Term deposits with bank	1,76,04,282	27,41,95,965
Net cash used in investing activities	**(3,94,89,406)**	**27,67,11,225**
C. CASHFLOW FROM FINANCING ACTIVITIES:		
Receipt of Government loan	4,58,13,032	50,00,000
Working capital revolving fund loan	1,99,75,423	
Interest paid	(1,00,96,483)	(60,51,191)
Increase/decrease in short term borrowings	(20,13,281)	81,55,690
Net cash used in financing activities	**5,36,78,691**	**71,04,499**
ABSTRACT:		
A. Net Cash from Operating Activities	(15,16,28,691)	(31,01,72,565)
B. Net Cash used in Investing Activities	(3,94,89,406)	27,67,11,225
C. Net Cash used in Financing Activities	5,36,78,691	71,04,499
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(13,74,39,406)**	**(2,63,56,841)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**38,25,05,841**	**40,88,62,682**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**24,50,66,435**	**38,25,05,841**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**(13,74,39,406)**	**(2,63,56,841)**

Note:

i)

Particulars	As at 31st March 2019	As at 31st March 2018
Cash and cash equivalents consists of:	(Amount in ₹)	(Amount in ₹)
a) Cash and stamp in hand	6,43,728	6,83,173
b) Remittance in transit	76,267	76,601
c) Balance in Scheduled Banks:		
Current account	24,02,57,626	37,20,12,756
Term deposits (less than 3 months maturity)	14,07,392	66,80,255
d) Government of Kerala - Treasury savings bank account	26,81,422	30,53,056
Total	**24,50,66,435**	**38,25,05,841**

On belalf of Board of Directors
CIN : U74999KL1972SGC002450

Per our report of even date attached to Balance Sheet

For Sridhar & Co.,
Chartered Accountants,
Firm Registration No.003978S

Sd/-
N.Narayana Moorthy
Chairman & Managing Director
DIN:05251681

Sd/-
Anoop.S
Director
DIN:03399884

Sd/-
R.Sripriya
Partner
Membership No.209371
UDIN:22209371AMKMYC1973

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
DGM(Finance)

Thiruvananthapuram
23rd June 2022

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are separate financial statements of the Company (also called standalone financial statement) prepared and presented under the historical cost convention on accrual basis as a going concern and in accordance with the Generally Accepted Accounting Principles (GAAP), Accounting Standards notified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules 2014 and relevant provisions applicable thereof.

Use of estimate

The preparation of financial statement requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the result of operations during the year. Differences between actual results and the estimates are recognized in the year in which the results are known or materialized. Examples of such estimates are; estimated useful life of assets, classification of assets/liabilities as current or non-current in certain circumstances, provision for doubtful receivables etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

BALANCE SHEET

I. Property, plant and equipment

Property, plant and equipment are stated at cost as increased by revaluation in 1983-84 less depreciation. All costs (including technical know-how wherever applicable) relating to acquisition and installation of Property, plant and equipment are capitalized.

Intangible assets are stated at acquisition cost, net of accumulated amortization. Intangible assets are amortized over the license period or five years, whichever is lower.

Research and Development expenses incurred during the year are shown under Intangible assets and are written off to Statement of Profit and Loss during the succeeding 3 years.

II. Investments

Long term investments are stated at cost, less provisions for other than temporary diminution in value

III. Inventories

a) Raw Materials and Components

Raw materials and components are valued at cost or net realizable value whichever is lower. .

b) Work-in-progress

Work in progress of manufacture items is valued at lower of cost or net realizable value.

c) Finished goods

Closing stock of finished goods is valued at lower of cost including applicable excise/GST duty payable or net realizable value.

d) Trading goods
Closing stock of trading goods is valued at lower of cost or net realizable value.

e) Consumable stores and spares
Closing stock of Stores and Spares is valued at lower of cost or net realizable value.

f) Loose tools and Jigs
Loose tools and jigs are stated at cost less depreciation charged at the rate of 25% on written down value basis.

g) Goods in transit
Goods in transit include good purchased but not accepted in stores and is valued at cost.

The Cost of Inventory items stated above will be arrived on the basis of Weighted Average method of valuation.

Net realizable value is the estimate selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary for sale.

Those items of inventory which are technically identified as obsolete / unserviceable/ not fit for use, out of slow moving / non moving items are written down to scrap/NIL values, as estimated by the Management on the basis of technical evaluation and the excess prices, if any, realized over such estimated values on sale / disposal are reckoned as income on cash basis.

IV. Government Grant

Government Grant in the nature of promoters' contribution are classified under Capital Reserve and treated as a part of Shareholders fund.

In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as Capital Grants which are recognized as income in the Statement of Profit and Loss over the period and in proportion in which depreciation is charged.

V. Taxes on income

In compliance with AS 22 deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

VI. Operating Cycle

For the purpose of classifying the Assets and Liabilities as current and non-current, operating cycle is considered to have duration of 12 months in all cases, except the cases where the customer/supplier/sub-contractor order terms include design/drawing/development/retention or any other specific condition compliance of which will result in an operating cycle beyond 12 months. In such cases, the operating cycle ends on the expiry of the mandated date in the specific condition of the order.

VII. Segment Reporting

The Company is primarily dealing with the manufacturing, supply, installation and maintenance of electronic systems on the basis of customer specific orders which are mainly Government Departments/Public Sector Undertakings. As envisaged in AS-17 there is no distinguishable business segment or geographical segment for the Company which was subject to risk and return different from those of other segments. The allied activities undertaken by the Company doesn't constitute a reportable segment as per AS-17. Hence, segment reporting in accordance with AS 17 is not considered in the preparation of Financial Statements.

PROFIT AND LOSS

I. Revenue recognition

Revenue is recognized to the extent of the economic benefits which are reliably measured. If there is any uncertainty in the ultimate collectability, then revenue recognition is postponed till the uncertainty is resolved.

a) *Sales on account of Manufacturing/Projects/Resale*
Sales are inclusive of GST and Octroi duty wherever applicable and are net of trade discount. Income from supply to Government Departments/Government Agencies is recognized based on dispatches/work done at project site without waiting for the completion certificate, as this is a long drawn process and sometimes it may not be feasible.

The revenue from projects undertaken which involves both supply of materials, its installation and commissioning and after sales services as per the terms of the contract, are recognized as “Project Sales” in respect of initial supply part, and the later part such as installation and commissioning, after sales services etc. under “Service Income”. The revenue from mere supply of end use products of other manufactures which are dealt by the Company are recognized as “Resale”.

b) *Contract jobs*
Proportionate income in respect of contract jobs is taken credit only if the percentage of completion of each job is 25% or more, while losses including those anticipated on completion of jobs are absorbed in the Statement of Profit and Loss.

c) *Service income*
In the case of service jobs, income is accounted on completion of jobs.
In the case of annual maintenance contracts, the income is spread evenly over the period of contract.

d) *Income from Computer Training*
Income from Computer training is spread evenly over the period of training.

e) *Other Operating revenue*
Other operational revenue represents income earned from the activities incidental to the core business and is recognized when the right to receive the income is established.

f) *Other Income*

Interest on Margin on Margin Money/Fixed Deposits, Rental Income, Insurance claim receivable and Sales Commission are recognized on the accrual basis. Dividends from Companies are accounted in the year in which they are declared. Income in respect of sale of agriculture produce etc. is accounted on cash basis.

II. Expenses

a) *Depreciation*

Depreciation on property, plant and equipment has been provided on straight line method on the basis of useful life as specified in Part-C of Schedule II of the Companies Act 2013, except on those assets whose useful lives are determined based on the technical evaluation made by the Company and in the manner provided therein.

The depreciation on additions during the year is calculated on pro-rata basis depending on number of days put into use and the additions to property, plant and equipment costing ₹5000/- or less are fully depreciated in the year of acquisition itself, irrespective of date from which it is put to use.

In case of sale/disposal of asset depreciation will not be charged during the year in which the asset has been disposed.

In respect of transfer of asset between units within the Company the depreciation will be provided in the books of transferee unit for the whole year.

The Company has opted for adopting a residual value of ₹1/- per asset until disposal or discarding of the asset.

b) *Impairment of Assets*

An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss of prior accounting period is increased/ reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the asset's net selling price or determined value

c) *Excise duty/GST*

Excise duty/GST on goods is accounted at the time of removal of goods from the factory custom boundary.

d) *Retirement Benefits*

i) Gratuity

Liability in respect of defined benefit fund is provided on the basis of actuarial valuation as on the date of Balance Sheet. The method of actuarial valuation adopted is the Projected Unit Credit method.

In respect of employees covered under plan with Life Insurance Corporation of India, the liability for payment of gratuity is determined by actuarial valuation as per Accounting Standard-15 (Revised).

ii) Leave encashment

Liability towards accrued leave encashment at the time of retirement is provided in accordance with AS 15 based on actuarial valuation as at the Balance sheet date.

iii) Defined Contribution Plans

Company's contribution during the year towards General Provident Fund, Family Pension Fund, Employees State Insurance Corporation and Labour Welfare Fund are charged to the Profit and Loss account as and when incurred.

e) *Foreign currency transactions*

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of transaction or at the exchange rate under the related foreign exchange contracts when covered by such contracts. Assets and liabilities relating to foreign currency transaction outstanding at the end of the year are converted at contract rates when covered by forward exchange contracts and in other cases at the rate at which they have been since settled and if not settled till the finalisation of accounts, they are converted at the year end rates. In respect of exchange differences on settlement / conversion if any are adjusted to the Profit and Loss account.

f) *Warranties and indemnities*

The Provision for warranty is created considering the estimate cost of repairs or replacement of products / systems etc. supplied by the Company, which fail to perform satisfactorily during the warranty period. Such cost is reckoned exclusive of cost of inventory items purchased along with products to be used for undertaking the service jobs and carried forward in stock at cost.

The Warranty cost is provided for in the accounts on effecting sale of product or service, and such cost is spread over the period of warranty on the basis of technical assessment of the estimate of cost expected to be incurred during each year of warranty period. Such estimates are arrived at based on historical data maintained by the company.

g) *Provision and Contingent Liabilities*

The Company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for contingent liabilities made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation /present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) *Borrowing Cost*

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost are charged to Statement of Profit and Loss.

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Note 1 : SHARE CAPITAL	**As at 31st March 2019**	**As at 31st March 2018**
	(Amount in ₹)	(Amount in ₹)
Authorised Share Capital		
21000000 equity shares of ₹100/- each (Previous year : 21000000 equity shares of ₹100/- each)	2,10,00,00,000	2,10,00,00,000
Issued, subscribed and paid up		
20355181 equity shares of ₹100/- each fully paid up	2,03,55,18,100	2,03,55,18,100
Total	**2,03,55,18,100**	**2,03,55,18,100**

(a)

Reconcilation of number of shares outstanding:	**As at 31st March 2019**		**As at 31st March 2018**	
	No of Shares	**Amount**	**No of Shares**	**Amount**
Shares outstanding at the beginning of the year	2,03,55,181	2,03,55,18,100	2,03,55,181	2,03,55,18,100
Shares outstanding at the end of the year	2,03,55,181	2,03,55,18,100	2,03,55,181	2,03,55,18,100

(b) **Rights, preference and restrictions attached to shares:**

i. The Company has only one class of equity shares having a par value of ₹ 100 per share.

ii. Upon show of hand every member present in person shall have one vote and upon a poll every member present in person or by proxy or duly authorised representative shall have voting right in proportion to his share of paid up capital of the Company.

iii. In case of joint registered holders of any shares, any one person may vote at any meeting either personally or by proxy, in respect of such shares and such person shall be determined in the order in which the name stands first in the register of members.

iv. The Company in the General Meeting may declare dividend, but no dividend shall exceed the amount recommended by the Board of Directors. The Company from time to time pay to members such interim dividend as may be decided by them having regard to the position of the Company.

v. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, if any, in proportion to their shareholding.

(c) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at 31st March 2019		**As at 31st March 2018**	
	No of Shares	**% holdings**	**No of Shares**	**% holdings**
Government of Kerala	1,99,55,181	98%	1,99,55,181	98%

(d) **Shares allotted as fully paid by way of bonus shares/pursuant to contract(s) without payment being received in cash.**

During the period of five years immediately preceding 31st March 2019, no shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash.

(e) Refer Note no.40

Note 2 : RESERVES AND SURPLUS	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
(i) Capital Reserve		
a) Investment subsidy for Controls Division	15,00,000	15,00,000
b) Subsidy for Printed Circuit Board Division	5,19,630	5,19,630
c) Grant from Government of Kerala	6,00,00,000	6,00,00,000
d) Grant from Government of Kerala for Co-operative projects	9,30,000	9,30,000
	6,29,49,630	6,29,49,630
(ii) Surplus/(deficit) as per Statement of Profit and Loss.		
Balance of Loss as per last Balance Sheet	(2,06,25,71,528)	(2,11,90,43,220)
Add : Net Profit/(Loss) for the year	3,15,41,147	5,64,71,692
Net balance of Loss	(2,03,10,30,381)	(2,06,25,71,528)
Total [(i) + (ii)]	**(1,96,80,80,751)**	**(1,99,96,21,898)**

Refer Note no.40

Note 3 : LONG-TERM BORROWINGS	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Unsecured		
Loan from Government of Kerala	81,97,70,696	83,05,84,000
Total	**81,97,70,696**	**83,05,84,000**

(a) Out of the above, as a part of rehabilitation of the Company, Government of Kerala has frozen the interest and granted moratorium on repayment of principal on Government Loan amounting to ₹ 82,65,84,000 upto 31st March 2016 under order dated GO (MS) No.183/11/1D dt 26.08.2011.During the financial year 2016-17, the Government of Kerala vide GO (MS) No.86/16/ID dated 17.06.2016 has extended the relief and concessions as a part of rehabilitation up to 31st March 2021 subject to the condition that the principal amount should be repaid in 10 annual instalments.The Government of Kerala vide GO (MS) No.53/2020/ID dated 15th May 2020 approved the conversion of Government loan of ₹72,00,18,157 to equity and the same is disclosed under Long Term Borrowings.With regard to government loan of ₹10,65,65,843 for which conversion in to equity has not been approved the non current portion amounting to ₹6,39,39,507 is shown under Long Term Borrowings.

(b) During the financial year 2017-18 company received loan of ₹4,00,00,0000 vide GO(Rt) No.367/2018/ID for modernisation and expansion of manufacturing units.The Government resumed ₹4,00,00,0000 vide GO (P) No-51/2018/Fin dated 28.03.2018 on 31st March 2018 and subsequently refunded the same on 30th August 2018.On 31st March 2019 the Government of Kerala resumed ₹91,86,968 and the balance outstanding against this loan on reporting date is ₹3,08,13,032.Out of which the non current portion of ₹ 2,08,13,032 is shown under Long Term Borrowings.

(c) During the financial year 2017-18 company received loan of ₹2,00,00,000 vide GO(Rt)No.1538/2017/ID dated 08.11.2017 for modernisation and expansion of manufacturing units. The Government resumed ₹1,50,00,000 vide GO (P) No-51/2018/Fin dated 28.03.2018 on 31st March 2018 and subsequently refunded the same on 30th August 2018.The balance outstanding against this loan on 31st March 2019 is ₹2,00,00,000.Out of which the non current portion of ₹ 1,50,00,000 is shown under Long Term Borrowings.

(d) During the financial year 2018-19 company received loan of ₹5,00,00,0000 vide GO(Rt)No.13007/2018/ID dt 24.11.2018 for setting up of Manufacturing facility for Laptops and Servers and the Government resumed the same on 31.03.2019

(e) Current maturities of long term borrowings are disclosed under Note-8 Other Current Liabilities.

(f) Refer Note No.40 & 41 .

Note 4 : OTHER LONG-TERM LIABILITIES	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
i) Dues to MSME		
Trade Payable for supplies*	18,84,616	16,00,690
Trade Payable for services*	11,86,791	-
ii) Dues toOthers		
Trade Payable for supplies*	1,98,67,958	1,92,87,771
Trade Payable for services*	43,34,598	34,46,630
Long-term liability-other finance	3,85,30,926	4,20,63,527
Interest accured but not due on loans-Government of Kerala**	1,03,71,88,324	1,03,71,88,324
Advance from customers	31,55,613	50,72,883
Total	**1,10,61,48,826**	**1,10,86,59,825**

* Dues to Micro, Small and Medium enterprise .Refer Note No.47

* There is an unreconciled credit balance of ₹ 11,12,572 (PY : ₹12,67,757)as at year end between the balance as per the Company's books with that of its subsidiaries, KCCL and KECL. Efforts are being made to identify the differences and there will not be any impact in the Financial Statements.Refer Note No-43

The previous year figures have been re-grouped in 'Long-term liability-other finance' in line with the current year classification.

** Refer Note No 41

Note 5 : LONG TERM PROVISIONS		As at 31st March 2019	As at 31st March 2018
		(Amount in ₹)	(Amount in ₹)
Provision for gratuity *	(Refer to Note No.37)	9,91,13,717	14,21,83,822
Provision for leave encashment*	(Refer to Note No.37)	3,78,35,081	4,83,68,695
Provision for warranty	(Refer to Note No.36)	-	1,12,07,440
Provision - others		40,509	40,509
Total		**13,69,89,307**	**20,18,00,466**

* Refer Note No-57

Note 6 : SHORT TERM BORROWINGS	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Secured		
Cash credit from Punjab National Bank	80,47,092	1,00,60,373
Kerala Financial Corporation-Working Capital Revolving Fund Loan	2,04,75,423	5,00,000
Total	**2,85,22,515**	**1,05,60,373**

(a) The Cash credit from Punjab National Bank amounting to ₹7,50,00,000 is secured by hypothecation of inventories of the Company and it is further secured by mortgage of 268.37 cents of land and building in re-survey no.2 at Thycaud village of Thiruvananthapuram district as collateral security. This cash credit facility carries an interest of 10.95% p.a. as on 31st March 2019.Further,the company has non fund based cash credit facility of ₹ 3,75,00,000 subject to the overall limit of ₹10,00,00,000.

(b) The Company has availed a Working Capital Revolving Fund loan from Kerala Financial Corporation Limited (KFC), amounting to ₹ 12,50,00,000 during the FY 2013-14. This credit facility was secured by the mortgage of land to the extent of 373 cents in survey No.463 and 466 at Attipra village, Thiruvananthapuram together with building, plant and machinery and other equipments of Keltron Communication Complex, Monvila, Thiruvananthapuram for which charge was already created in favour of KFC. The credit facility is being renewed annually and can be renewed for a period of 5 years from the date of first disbursement. On expiry of 5 year term the facility was closed and the same facility has been availed with effect from 22nd February 2018 for a reduced limit of ₹11,75,00,000 with the same terms and conditions state above. It is to be repaid in 12 monthly installment, if not renewed.

(c) During the financial year 2018-19 we requested Kerala Financial corporation to release 63 cents in Sy No 463/1 of Attipra Village and the PCB Buildings therein for leasing it to M/s Coconics (P) Ltd.Accordingly KFC released 63 cents of land and reduced the sanctioned limit to ₹9,50,00,000 .Therafter the extent of mortgaged land stated above was reduced to 310 cents

Note 7 : TRADE PAYABLES	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
i)Due to MSME		
Supplies	90,05,12,946	98,69,58,976
Services	3,65,09,935	2,19,68,523
Total(i)	**93,70,22,881**	**1,00,89,27,499**
ii)Due to Others		
Supplies	1,51,37,14,508	1,06,01,98,598
Services	19,69,75,683	17,32,76,861
Total(ii)	**1,71,06,90,191**	**1,23,34,75,459**
Total	**2,64,77,13,072**	**2,24,24,02,958**

Dues to Micro, Small and Medium enterprise .Refer to Note No.47

The previous year figures have been re-grouped in line with the current year classification.

Note 8 : OTHER CURRENT LIABILITIES		As at 31st March 2019	As at 31st March 2018
		(Amount in ₹)	(Amount in ₹)
Current maturities of long term debts			
Loan from Government of Kerala	(a)	11,76,26,336	6,10,00,000
Loan from Kerala Minerals and Metals Limited	(b)	4,50,00,000	4,50,00,000
Loan from Travancore Titanium Products Limited	(c)	12,00,000	12,00,000
Loan from Malabar Cements Limited	(d)	4,00,00,000	4,00,00,000
Current liabilities - Other finance		63,06,02,323	52,31,93,387
Interest accrued and due - Government of Kerala	(e)	6,18,85,533	4,83,28,263
Interest accrued and due - Travancore Titanium Products Limited.		34,54,239	32,79,879
Interest accrued & due-Malabar Cements Limited		2,16,85,950	1,86,42,353
Advance from customers		16,50,90,072	16,90,49,002
Income received in advance		2,38,62,092	1,89,23,627
Arbitration Award Payable	(Refer Note 58)	3,30,02,054	-
Total		**1,14,34,08,599**	**92,86,16,511**

(a)(i) During the financial year 2012-13 company received a loan of ₹ 6,00,00,000 vide GO (Rt) No 559/12/ID dated 30.03.2012 which is repayable in 5 years commencing from April 2013 bearing an interest at 11.50% per annum.The balanace outstanding as on reporting date is ₹6,00,00,000 and the same is shown under Other Current Liabilities.

(ii) During the financial year 2017-18 company received loan of ₹4,00,00,0000 vide GO(Rt) No.367/2018/ID for modernisation and expansion of manufacturing units.The Government resumed ₹4,00,00,0000 vide GO (P) No-51/2018/Fin dated 28.03.2018 on 31st March 2018 and subsequently refunded the same on 30th August 2018.The balance outstanding against this loan on 31st March 2019 is ₹3,08,13,032.Out of which the current portion of ₹ 1,00,00,000 is shown under Other Current Liabilities.

(iii) During the financial year 2017-18 company received loan of ₹2,00,00,000 vide GO(Rt)No.1538/2017/ID dated 08.11.2017 for modernisation and expansion of manufacturing units.The Government resumed ₹ 1,50,00,000 vide GO (P) No-51/2018/Fin dated 28.03.2018 on 31st March 2018 and subsequently refunded the same on 30th August 2018.The balance outstanding against this loan on 31st March 2019 is ₹2,00,00,000.Out of which the current portion of ₹50,00,000 is shown under Other Current Liabilities.

(iv) As a part of rehabilitation of the Company, Government of Kerala has frozen the interest and granted moratorium on repayment of principal on Government Loan amounting to ₹ 82,65,84,000 upto 31st March 2016 under order dated GO (MS) No.183/11/1D dt 26.08.2011.During the financial year 2016-17, the Government of Kerala vide GO (MS) No.86/16/ID dated 17.06.2016 has extended the relief and concessions as a part of rehabilitation up to 31st March 2021 subject to the condition that the principal amount should be repaid in 10 annual instalments.The Government of Kerala vide GO (MS) No.53/2020/ID dated 15th May 2020 approved the conversion of Government loan of ₹72,00,18,157 to equity.The government loan of ₹10,65,65,843 for which conversion in to equity has not been approved is outstanding and the current portion of the same amounting to ₹4,26,26,336 is shown under Other Current Liabilities.

(b) Kerala Minerals and Metals Limited(KMML) released a loan of ₹ 500,00,000 to the Company on 18/12/1998 as directed by Government of Kerala vide G.O.(MS) No. 184/98/ID dated 16/12/1998 . The balance payable in our books as on 31/03/2019 and as confirmed by KMML is ₹ 4,50,00,000/- and is overdue . Since the Government Vide G.O.(Rt) No. 641/2004 /ID dated 5/7/2004 directed that this loan be treated as interest free and hence no interest has been provided in the accounts.

(c) The Company has availed a loan amount of ₹ 12,00,000 for an interest of 14.53% p.a from Travancore Titanium Products Limited during the financial year 1999-2000. Later, Government vide letter No. 32113/H3/2003/ID dated 13/10/2003 directed the Company to repay the loan amount of ₹12,00,000 availed from Travancore Titanium Products Limited, with interest, to the State Government and the same is pending to be settled.

(d) The Government vide GO(MS)No.146/2010/ID dated 30.06.2010 accorded sanction to the Company to avail fund from Malabar Cements Limited for the implementation of Mini Tool Room cum Training Centre at Kuttippuram, ₹4,00,00,000 in the form of Equity and ₹4,00,00,000 as interest bearing loan which carries an interest of 7% p.a and repayable in 20 quarterly equal installments of ₹ 20,00,000 each commencing from 30th September 2012 and the same is pending to be settled.

(e) Refer Note 41

(f) The previous year figures has been re-grouped in 'Current liability-other finance' in line with the current year classification.

The details of defaulted loans and interest thereon as on reporting date: (Amount in ₹)

Particulates of Defaulted loans and interest thereon	Period of default	Defaulted amount
Loan from Government of Kerala	less than 6 year	6,30,00,000
Loan from Government of Kerala	less than 3 year	3,19,69,752
Interest accrued and due Government of Kerala	less than 6 year	5,62,22,494
Interest accrued and due Government of Kerala	less than 1 year	56,63,039
Loan from Kerala Minerals and Metals Limited	19 years	4,50,00,000
Loan from Travancore Titanium Products Limited	19 years	12,00,000
Interest accrued on loan from Travancore Titanium Products Limited	19 years	34,54,239
Loan from Malabar Cements Limited	8 years	4,00,00,000
Interest accrued on loan from Malabar Cements Limited	8 years	2,16,85,950

Note 9 : SHORT-TERM PROVISIONS		As at 31st March 2019	As at 31st March 2018
		(Amount in ₹)	(Amount in ₹)
Provision for gratuity*	(Refer to Note No.37)	6,66,95,454	5,60,37,253
Provision for leave encashment*	(Refer to Note No.37)	2,04,64,744	1,89,95,173
Provision for warranty	(Refer to Note No.36)	3,75,77,609	2,97,81,036
Provision - others		54,71,634	94,56,423
Total		**13,02,09,441**	**11,42,69,885**

* Refer Note No-57

Note 10 : FIXED ASSETS

Amount in ₹

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Total Cost as on 01-04-2018	Additions during the year	Sales / Transfer & Adjustment	Total Cost as on 31-03-2019	Provision Up To 01-04-2018	Provided during the year	Transfer to Profit & Loss	Sales / Transfer & Adjustment	Total provision up to 31-03-2019	Written down value as on 31-03-2019	Written down value as on 31-03-2018
I.Tangible Assets:											
Land	1,55,78,732	-	-	1,55,78,732	-	-	-	-	-	1,55,78,732	1,55,78,732
Building	17,43,53,437	1,01,52,079	-	18,45,05,516	9,67,82,235	33,39,375	-	9,89,646	9,91,31,964	8,53,73,552	7,75,71,202
Electrical Fittings	3,61,87,883	6,07,476	-	3,67,95,359	2,64,37,754	24,26,503	-	(1,54,583)	2,90,18,840	77,76,519	97,50,129
Plant & Machinery	11,85,94,000	1,20,92,506	-	13,06,86,506	6,87,67,102	58,39,714	-	69	7,46,06,747	5,60,79,759	4,98,26,898
Test Instruments	7,25,13,222	75,89,469	-	8,01,02,691	4,32,06,513	44,86,381	-	11	4,76,92,883	3,24,09,808	2,93,06,709
Air Conditioner	1,13,77,202	12,34,636	-	1,26,11,838	71,98,192	9,05,377	-	36,855	80,66,714	45,45,124	41,79,010
Furniture & Fixtures	3,73,08,431	15,92,333	-	3,89,00,764	2,90,99,685	23,95,532	-	(7,68,259)	3,22,63,476	66,37,288	82,08,746
Office Equipments	1,92,11,199	8,85,960	-	2,00,97,159	1,58,18,267	15,47,781	-	(1,56,466)	1,75,22,514	25,74,645	33,92,932
Computer & data processing units	7,07,63,677	21,69,028	-	7,29,32,705	6,36,10,529	54,08,556	-	(3,00,762)	6,93,19,847	36,12,858	71,53,148
Service Equipment	3,28,102	-	-	3,28,102	3,25,888	-	-	(2,158)	3,28,046	56	2,214
Canteen Utensils	27,37,270	15,448	-	27,52,718	13,35,707	1,95,338	-	-	15,31,045	12,21,673	14,01,563
Library Books	19,803	-	-	19,803	19,733	-	-	-	19,733	70	70
Fire extinguishers	8,46,971	-	-	8,46,971	4,69,878	35,043	-	-	5,04,921	3,42,050	3,77,093
Water supply installations	18,41,666	3,53,748	-	21,95,414	15,92,572	64,139	-	-	16,56,711	5,38,703	2,49,094
Vehicle	45,29,030	-	-	45,29,030	45,29,021	-	-	-	45,29,021	9	9
Transit house equipments	45,034	-	-	45,034	26,438	4,857	-	-	31,295	13,739	18,596
Sub total	56,62,35,659	3,66,92,683	-	60,29,28,342	35,92,19,514	2,66,48,596	-	(3,55,647)	38,62,23,757	21,67,04,585	20,70,16,145
II. Intangible Assets:											
Software/Licenses	41,77,250	15,82,300	-	57,59,550	31,01,607	5,19,932	-	-	36,21,539	21,38,011	10,75,643
Research &development expenses	7,52,44,330	87,49,798	-	8,39,94,128	5,82,91,142	91,12,666	-	-	6,74,03,808	1,65,90,320	1,69,53,188
Technical knowhow	2,31,48,424	2,11,864	(2,50,000)	2,36,10,288	2,02,64,678	13,13,639	-	(2,50,000)	2,18,28,317	17,81,971	28,83,746
Sub total	10,25,70,004	1,05,43,962	(2,50,000)	11,33,63,966	8,16,57,427	1,09,46,237	-	(2,50,000)	9,28,53,664	2,05,10,302	2,09,12,577
III. Captal work in progress											
Asset under erection	44,39,902	-	-	44,39,902	-	-	-	-	-	44,39,902	44,39,902
Building under constuction	-	2,04,49,294	-	2,04,49,294	-	-	-	-	-	2,04,49,294	-
Project Expenses not capitalised	5,99,200	12,48,800	-	18,48,000	-	-	-	-	-	18,48,000	5,99,200
			-							-	-
Sub total	50,39,102	2,16,98,094	-	2,67,37,196	-	-	-	-	-	2,67,37,196	50,39,102
TOTAL	**67,38,44,765**	**6,89,34,739**	**(2,50,000)**	**74,30,29,504**	**44,08,76,941**	**3,75,94,833**	**-**	**(6,05,647)**	**47,90,77,421**	**26,39,52,083**	**23,29,67,824**
Previous year	65,13,39,944	2,58,86,419	33,81,598	67,38,44,765	39,94,58,582	4,11,05,111	-	(3,13,248)	44,08,76,941	23,29,67,824	25,18,81,362

i. The land to the extent of 268.37 cents (Re-survey No. 2) at Thycaud village of Thiruvananthapuram district was mortgaged with Punjab National Bank, Thiruvananthapuram for credit facility.

ii. The land to the extent of 310 cents (Survey No. 463 & 466) at Attipra village, Thiruvananthapuram district was mortgaged with Kerala Financial Corporation Limited for Working Capital Revolving Fund facility.

iii. The above fixed assets have been verified by the Management during the year.

iv. Out of the 15.62 cents of land in possession of Keltron Equipment Complex,Karakulam title deed of only 1.17 acres is available.In accordance with the survey conducted by Nedumangad Taluk it is confirmed that 10.22 acres of land is held by company and is recommended by Taluk for regularisation of the same and also they have recommended for mutation of 4.94 acres of land under Rule 28 transfer of RegistryRules and the regularisation is pending.

Note 11 : NON-CURRENT INVESTMENT (Trade at Cost)

(Amount in ₹)

Sl No	COMPANY NAME	Type of shares	COST: Total cost as at 01.04.2018	COST: Additions /(Deletions) during the year	COST: Total Cost as at 31.03.2019	PROVISION FOR DIMINUTION: Provision upto 01.04.2018	PROVISION FOR DIMINUTION: Deletion / Provision for the year	PROVISION FOR DIMINUTION: Total provision upto 31.03.2019	NET VALUE: As at 31.03.2019	NET VALUE: As at 31.03.2018
	A. Investment in Subsidiary Companies									
1	KELTRON COMPONENT COMPLEX LIMITED.(KCCL) (26190833 (PY:26190833) Nos of face value Rs. 10/- each fully paid up) (Present Market value is not available as shares are not traded)	Equity	26,18,50,320.00	-	26,18,50,320.00	-	-	-	26,18,50,320.00	26,18,50,320.00
2	KELTRON COUNTERS LIMITED (4879865 Nos of face value Rs.10/- each fully paid up	Equity	4,87,08,049.00	-	4,87,08,049.00	4,87,08,049.00	-	4,87,08,049.00	-	-
3	KELTRON COUNTERS LIMITED (1955 Nos of face value Rs.100/- each fully paid up)	9.5% Cumulative redeemable Preference shares	1,95,500.00	-	1,95,500.00	1,95,500.00	-	1,95,500.00	-	-
4	KELTRON ELECTRO CERAMICS LIMITED (KECL) (3144408 Nos of face value Rs. 10/- each fully paid up)	Equity	3,14,44,080.00	-	3,14,44,080.00	-	-	-	3,14,44,080.00	3,14,44,080.00
5	KELTRON RECTIFIERS LIMITED (2743641Nos of face value Rs. 10/- each fully paid up)	Equity	2,74,36,410.00	-	2,74,36,410.00	2,74,36,410.00	-	2,74,36,410.00	-	-
6	KELTRON POWER DEVICES LIMITED (4102317 Nos of face value Rs. 10/- each fully paid up)	Equity	4,10,23,170.00	-	4,10,23,170.00	4,10,23,170.00	-	4,10,23,170.00	-	-
	TOTAL (A)		41,06,57,529.00	-	41,06,57,529.00	11,73,63,129.00	-	11,73,63,129.00	29,32,94,400.00	29,32,94,400.00
	B. Investments in Other Companies							-	-	-
	QUOTED							-	-	-
1	AGC Networks Limited (Formerly AVAYA GLOBALCONNECT LIMITED.) (64000 Nos of face value Rs. 10/- each fully paid up) Market Value as on 31st March 2019- Rs. 72,25,600/-	Equity	80,00,080.00	-	80,00,080.00			-	80,00,080.00	80,00,080.00
	UNQUOTED									-
1	KELTRON PROJECTORS LIMITED. (19567 Nos of face value Rs. 10/- each fully paid up)	Equity	1,95,670.00	-	1,95,670.00	1,95,670.00		1,95,670.00	-	-
2	SIDKEL TELEVISIONS LIMITED (105000 Nos of face value Rs. 10/- each fully paid up)	Equity	10,50,000.00	-	10,50,000.00	10,50,000.00		10,50,000.00	-	-
3	KELTRON VARISTERS PRIVATE LIMITED (45 Nos of face value Rs. 1000/- each fully paid up)	Equity	45,000.00	-	45,000.00	45,000.00	-	45,000.00	-	-
4	ELCERA SUBSTRATES LIMITED (280500 Nos of face value Rs. 10/- each fully paid up)	Equity	28,05,000.00	-	28,05,000.00	28,05,000.00		28,05,000.00	-	-
	TOTAL (B)		1,20,95,750.00	-	1,20,95,750.00	40,95,670.00	-	40,95,670.00	80,00,080.00	80,00,080.00
	GRAND TOTAL (A+B)		42,27,53,279.00	-	42,27,53,279.00	12,14,58,799.00	-	12,14,58,799.00	30,12,94,480.00	30,12,94,480.00
	Previous year		42,27,53,279.00	-	42,27,53,279.00	12,14,58,799.00	-	12,14,58,799.00	30,12,94,480.00	30,12,94,480.00

Note:
1. AGC Networks Limited - Diminution in value is temporary in nature.
2. No provision for diminution in the value of investments in subsidiaries in Sl No.1 & 4 above have been made.
3. In the case of investment in the shares of KCCL and KECL, the difference in face value of investment viz-a -viz the share capital in those companies are on account of share holding by Company's nominees who are not having beneficial interest in these shares.

Note 12 : LONG-TERM LOANS AND ADVANCES	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
a) Unsecured - Considered good		
Advance-Employees	1,18,976	96,366
Subsidiary Companies*	12,64,29,698	19,20,72,427
Investments pending allotment **	17,03,74,850	17,03,74,850
Advance -Others	1,03,05,075	1,40,02,852
Deposit with Customs authorities	11,000	1,380
Deposit with Central Excise Dept.	1,68,878	1,68,878
Excise duty paid under protest	1,27,232	1,27,232
Other Deposits	2,00,05,632	2,06,55,572
Sub-total (a)	32,75,41,341	39,74,99,557
b) Unsecured-Considered doubtful	15,19,27,558	7,43,55,677
Less: Provision for doubtful advances	(15,19,27,558)	(7,43,55,677)
Sub-total (b)	-	-
Total [(a) + (b)]	**32,75,41,341**	**39,74,99,557**

* The details of loans and advances to subsidiary and associate companies (Related parties as per Accounting Standard -18) are disclosed in Note No.38

* The non current dues of loans and advances to subsidiary companies are shown in this Note and current dues are shown under Note No.17, 'Short Term Loans and Advances'

* Keltron Counters Limited (KCL),subsidiary company ,is under winding up process and the chances of recoverability of the amount of ₹13,12,85,459 outstanding as on 31.03.2018 is very remote.Hence it has been decided to create provision against the amount due from KCL in two equal installments commencing from FY 2017-18.Accordingly,provision of ₹6,56,42,730 being 50% of loans and advances due from KCL was created during the previous financial year 2017-18 and the balance provision of ₹ 6,56,42,729 is provided during the current financial year 2018-19. Refer 42(ii)(1)

** The Investment pending allotment pertains to the pending allotment of shares to the subsidiary companies, the details are disclosed in Note No.42 (i)

Note 13 : OTHER NON-CURRENT ASSETS	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
(a)Trade receivable		
Unsecured:		
Considered good; outstanding for more than six months from the date they are due for payment	7,80,17,100	8,91,99,673
Considered doubtful; outstanding for more than six months from the date they are due for payment	10,61,43,078	1,98,69,110
Less : Provision for bad and doubtful debts	(10,61,43,078)	(1,98,69,110)
Total	7,80,17,100	8,91,99,673
(b) Non-current Bank balance:		
Term deposits with Banks (more than 12 months maturity)*	45,79,234	74,36,226
Margin on Bank Guarantee**	6,40,06,555	7,87,53,845
Total	6,85,85,789	8,61,90,071
(c) Others: Accrued Income	40,87,998	47,78,162
Total [a + b + c]	**15,06,90,887**	**18,01,67,906**

* Refer to Note No.16 for the term deposits having maturity of not more than 12 months as on reporting date.

** Term deposit receipts are kept as margin for sanctioning letter of credit and bank guarantee with banks.

Note 14 : INVENTORIES	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
(Inventories as taken, valued and certified by the Managing Director)		
Loose tools and jigs	49,67,108	44,11,158
Consumable stores and spares	1,08,94,645	79,93,099
Work-in-progress	10,77,08,386	5,74,65,602
Raw materials and components	27,60,95,365	23,22,97,339
Goods-in-transit	7,57,512	1,17,68,227
Goods purchased for resale	2,00,09,265	1,29,01,257
Finished goods	1,38,04,243	63,37,554
Total	**43,42,36,524**	**33,31,74,236**

For mode of valuation refer point III-Inventories under Significant Accounting Policies under Notes.

Note 15 : TRADE RECEIVABLES	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Unsecured, considered good:		
Outstanding for a period exceeding six months from the date they are due for payment	1,47,02,52,196	1,33,54,09,556
Receivables outstanding for a period less than six months	2,12,87,29,789	1,82,40,60,782
Considered doubtful; outstanding for a period exceeding six months from the date they are due for payment	1,94,57,515	2,83,59,787
Less : Provision for bad and doubtful debts	(1,94,57,515)	(2,83,59,787)
Total	**3,59,89,81,985**	**3,15,94,70,338**

(a) Trade receivable includes an amount of ₹ 59,06,460 due from subsidiary companies being the 'Related parties' as specified in AS 18. This has been disclosed in Note No.38. Related Party Transactions.

(b) Trade receivable does not include any amount receivable from Directors or other Officers of the Company.

Note 16 : CASH AND BANK BALANCES	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
A. Cash and Cash Equivalents:		
Cash and stamp in hand	6,43,728	6,83,173
Remittance in transit	76,267	76,601
Balance in Scheduled Banks:		
Current account	24,02,57,626	37,20,12,756
Term deposits (less than 3 months maturity)	14,07,392	66,80,255
Government of Kerala - Treasury savings bank account	26,81,422	30,53,056
Total	24,50,66,435	38,25,05,841
B. Other Bank balances:		
In Term deposit with maturity of more than 3 months but less than 12 months	1,30,51,817	6,93,800
Margin on Letter of Credit*	8,24,25,475	3,00,27,084
Margin on Bank Guarantee*	25,58,91,171	20,24,75,248
Total	35,13,68,463	23,31,96,132
Total (A+B)	**59,64,34,898**	**61,57,01,973**

Cash and cash equivalents as above meet the definition of cash and cash equivalents as per Accounting standard 3 'Cash Flow Statement'.

Term Deposit Accounts which have maturity of more than 12 months are disclosed in Note No.13 'Other Non-current Assets'

* Term deposit receipts are kept as margin for arranging letter of credits and bank guarantee with banks.
Cash and stamp in hand include bank balances in the name of the site-in-charges of the Company and is not material.

Note 17 : SHORT-TERM LOANS AND ADVANCES	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
a) Unsecured - considered good		
Advance-Employees	38,10,281	30,67,036
Subsidiary Companies	5,96,58,038	5,79,20,068
Advance - Others	17,19,03,105	4,73,35,241
Deposit with Customs authorities	1,40,468	7,88,038
Deposit with Central Excise Department	9,736	9,736
Other deposits	4,25,35,703	4,70,01,951
Keltron Toolroom Research and Training Centre (KELTRAC)	5,02,128	6,57,724
Income tax refund due	10,09,97,356	7,96,88,569
GST TDS Receivable	26,61,401	-
Total	**38,22,18,216**	**23,64,68,363**

Current maturities of loan and advances to subsidiary companies are disclosed in this Note and non current maturities are disclosed under Note No.12 'Long Term Loans and Advances' above.

Note 18 : OTHER CURRENT ASSETS	As at 31st March 2019	As at 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Accrued income	2,48,49,391	1,60,45,543
Total	**2,48,49,391**	**1,60,45,543**

Note 19 : REVENUE FROM OPERATIONS	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
a. Sales		
Manufacturing sales	64,38,99,577	63,92,99,182
Project sales	2,77,62,06,950	1,61,49,12,780
Trading sales	22,03,76,546	93,28,29,753
Sub total	3,64,04,83,073	3,18,70,41,715
b. Services		
Income from servicing	64,28,33,131	53,69,59,973
Income from training	16,69,66,408	20,26,13,411
Income from manpower supply	4,21,80,805	3,59,55,010
Sub total	85,19,80,344	77,55,28,394
c. Other operating revenue		
Sales commission	24,00,000	24,00,000
Cash discount on purchase	9,57,400	1,08,130
Scrap sales	9,11,263	9,16,745
Freight and forwarding collected	3,72,178	21,44,406
Warranty written back	2,44,09,371	98,39,275
Exchange rate fluctuation	1,46,695	19,950
Sub total	2,91,96,907	1,54,28,506
Total	4,52,16,60,324	3,97,79,98,615
Total	**4,52,16,60,324**	**3,97,79,98,615**

Note 20 : OTHER INCOME	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Interest	2,00,29,978	3,26,66,884
Rent	90,36,422	1,04,02,260
Other sundry receipts/adjustments	29,06,441	28,86,180
Unadjusted credit in creditors a/c written back	46,34,074	4,22,72,416
Agricultural income	2,38,845	2,79,798
Total	**3,68,45,760**	**8,85,07,538**

Note 21 : MATERIAL CONSUMED AND SERVICE EXPENSES	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
a. Material Consumed		
Opening stock	23,22,97,339	20,15,60,537
Add: Purchases	2,84,86,25,164	1,81,04,60,632
	3,08,09,22,503	2,01,20,21,169
Less:Closing stock	27,60,95,365	23,22,97,339
	2,80,48,27,138	1,77,97,23,830
Add:Stores and spares consumed	85,14,736	3,05,81,941
Total	2,81,33,41,874	1,81,03,05,771
b. Service expenses		
Sub contracting charges	41,72,61,956	29,94,25,530
Errection and commissioning	23,65,462	21,24,180
Testing and quality control	36,34,911	12,13,878
Warranty expenses	1,80,19,212	1,64,35,280
Computer /project training	13,23,40,772	16,04,09,785
After sales service	2,84,355	4,85,492
Data entry expenses	-	-
Total	57,39,06,668	48,00,94,145
c. Purchase for resale	17,90,55,108	77,50,39,605
Total (a+b+c)	**3,56,63,03,650**	**3,06,54,39,521**

Note 22 : CHANGE IN INVENTORY FOR FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Closing Stock:		
Finished goods:		
Manufacturing items	1,38,04,243	63,37,554
Trading items	2,00,09,265	1,29,01,257
Work-in-progress:	10,77,08,386	5,74,65,602
Total	14,15,21,894	7,67,04,413
Less:		
Opening Stock -		
Finished goods:		
Manufacturing items	63,37,554	72,22,167
Trading items	1,29,01,257	2,16,69,297
Work-in-progress	5,74,65,602	3,76,05,344
Total	7,67,04,413	6,64,96,808
Net	**(6,48,17,481)**	**(1,02,07,605)**

Note 23 : EMPLOYEE COST	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Salaries, wages and bonus	49,79,87,586	49,17,14,210
Gratuity	3,38,91,793	3,22,47,182
Leave encashment	1,81,91,049	1,63,13,156
Employer's contribution to PF and other Funds	5,63,87,105	5,82,00,620
Leave travel concession	1,00,201	76,080
Canteen expenses	1,12,58,103	1,17,44,973
Uniforms	3,31,569	4,10,162
Staff training expenses	2,62,310	4,52,497
Maternity benefit	10,82,639	10,92,401
Other staff welfare expenses	1,87,14,654	2,39,93,683
Total	**63,82,07,009**	**63,62,44,964**

Note 24 : FINANCE COST	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Interest on government loan	1,35,57,270	97,25,817
Interest on KFC loan	65,57,563	31,05,532
Interest on loans (Government Companies)	35,56,134	35,25,948
Interest on cash credit and overdraft from banks	35,38,920	26,18,933
Interest -Others	64,29,782	64,29,782
Bank charges	15,56,213	25,04,433
Total	**3,51,95,882**	**2,79,10,445**

Bank charges includes processing charges of ₹ 1,63,625/- incurred in connection with renewal of credit facility with Kerala

Note 25 : DEPRECIATION/AMORTIZATION	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Depreciation on tangible assets	2,66,48,597	2,86,89,820
Amortization on intangible assets	1,09,46,237	1,24,15,291
	3,75,94,834	**4,11,05,111**

Note 26 : OTHER EXPENSES	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Power, fuel and water	1,30,88,907	1,28,73,382
Rent	28,23,548	24,03,500
Rates and taxes	23,07,846	19,18,216
Interest and Late Fees	18,12,813	4,79,755
Arbitration Award	3,30,02,054	
Insurance charges	31,69,109	31,98,261
Repair and maintenance:		
Motor vehicle	17,03,220	16,29,515
Other vehicles	-	
Building	7,90,559	16,57,573
Plant and machinery	20,62,998	7,92,851
Other assets	1,05,10,413	89,05,082
Travelling expenses	3,08,21,784	2,93,62,477
Travelling expenses-Directors	5,01,013	6,42,551
Advertisement and publicity	7,06,990	28,69,594
Sales and business promotion expenses	65,22,002	39,48,226
Freight and forwarding charges	59,30,215	72,71,557
Audit fee and expenses		
Statutory audit fee	11,08,500	9,81,750
Tax audit fee	2,70,400	2,55,950
GST audit fee	4,43,600	2,70,300
Reimbursement of expenses	5,07,090	3,54,380
Internal audit fee	8,43,538	7,77,400
Cost audit fee and other services	1,25,000	2,26,146
Director's sitting fee	4,200	4,800
Legal charges	21,64,653	41,19,079
Printing and stationery	42,88,244	45,32,416
Royalty	55,68,478	43,17,140
Other professional fee	41,38,182	29,65,692
Bank guarantee commission	19,25,186	13,71,169
Postage and telephone charges	1,28,24,796	94,02,763
Security charges	1,31,62,886	1,46,80,168
Exchange rate/customs duty variation	5,54,796	2,18,863
Site office expenses	9,26,146	8,08,163
Recruitment expenses	11,17,505	3,54,716
Corporate social responsibility expenses	-	2,00,000
Transit house expenses	15,090	-
Agriculture expenses	3,74,793	3,79,444
Moulds, tools and jigs written off	16,63,923	14,73,161
Other charges	33,46,098	26,89,182
Total	**17,11,26,575**	**12,83,35,221**

Note 27 : PRIOR PERIOD ADJUSTMENT	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Prior period expenses	88,85,248	1,07,44,765
Less:		
Prior period Income	44,16,972	1,54,49,953
	-	-
Net	**44,68,276**	**(47,05,188)**

Refer to Note 35 for details

Note 28 : EXCEPTIONAL ITEMS	For the year ended 31st March 2019	For the year ended 31st March 2018
	(Amount in ₹)	(Amount in ₹)
Sundry debits written off	21,475	3,61,464
Sundry credits written back	(1,33,10,916)	(37,311)
Bad and doubtful debts written off	-	36,90,320
Provision for bad and doubtful debts/advances	7,73,71,696	52,67,235
Provision for loans and advances to Associate/Subsidairy Companies (Refer Note No.42 (ii) & (iii)(b))	6,56,42,729	11,36,12,682
Provision for other loans and advances	1,19,78,077	-
Loss on value of fixed asset written-off	-	-
Net	**14,17,03,061**	**12,28,94,390**

(a) Exceptional Items includes the write off/provision of long pending trade receivable, loans and advances for which separate disclosure is required to depict the performance of the Company for the reporting period.

(b) The unrealisable trade receivables owing to liquidated damages, sundry debits etc has been written off in the reporting period and provision for bad debts/advances/deposits in the Accounts has been created.

(c) During the reporting period we have written back liabilities /credit balances which are outstanding for a long period of time.

(Amount in ₹)

Note 29	For the year ended 31st March 2019	For the year ended 31st March 2018
Consumption for capital/other purpose		
Internal Sales	2,74,11,198	5,30,44,654
Less :		
Internal Purchase	2,45,94,329	4,99,78,754
	-	
Total	(28,16,869)	(30,65,900)

Note 29 : CONTINGENT LIABILITIES NOT PROVIDED FOR		As at 31st March 2019 (Amount in ₹)	As at 31st March 2018 (Amount in ₹)
i)	Guarantees issued by the banks on behalf of the Company for which counter guarantees have been issued by the Company	22,15,88,133	18,46,06,232
ii)	Letter of credit issued by the banks on behalf of the Company and outstanding.	1,70,99,000	3,00,27,084
iii)	Indemnity bonds executed in favour of:		
	a) Customers for advances/performance	35,19,97,280	30,15,03,567
	b) Sales tax authorities	13,72,000	13,72,000
iv)	Claims against the Company not acknowledged as debts as debts		
	a) On account of central excise demands pending on appeal	4,72,67,175	4,23,68,746
	b) Sales tax Central and State under dispute	1,27,49,881	1,27,49,881
	c) PF interest and damages	1,81,16,584	1,81,16,584
	d) On account of interest and service tax	16,54,18,918	16,50,75,511
	e) On account of KVAT	56,47,165	81,15,519
	f) Official Liquidator High Court of Madras in respect of liquidation of FD Stewart Private Limited	10,859	10,859
	g) *License fee payable as per the Order of Arbitration in respect of South Central Railway project.	14,52,000	14,52,000
	h) On account of Wage Revision arrear 2012-17	2,94,80,138	3,39,59,928
	i) Others	1,48,65,280	1,62,25,992

* Note:

During 2008-09, the Company received an order from South Central Railway for implementation of CCTV and allied works vide agreement dated 22nd September 2008.As per the terms of agreement the company should pay license fee to South Central Railway upon which they will provide connectivity and central server to carry out CCTV operations.Even though the company paid the first installment of license fee,South Central Railway failed to provide technical facilities .Since the project could not be completed as per the terms of agreement, the Company approached the Hon'ble High Court of Andhra Pradesh disputing the payment of second installment. As per the direction of the Court, the Company had to pay the second installment.Disputing the payment of third and final installment, Company approached the Arbitrator for non performance of the agreement by South Central Railway. The Arbitrator has passed an award against the Company and the Company has preferred an Appeal before the City Civil Court, Hyderabad, which is pending.

	Note 30 : PARTICULARS OF TURNOVER	For the year ended 31st March 2019 (Amount in ₹)	For the year ended 31st March 2018 (Amount in ₹)
A	**REVENUE FROM MANUFACTURING**		
1	Control Instrumentation systems	8,10,68,595	6,75,26,402
2	Power electronics products/systems	5,96,94,858	12,09,02,230
3	Special products/systems	30,72,37,252	28,74,27,089
4	Strategic service products/systems	9,85,25,502	3,76,18,800
5	Computer and accessories	29,14,474	2,47,08,394
6	Traffic Signals products/enforcement systems	1,00,79,641	3,32,32,948
7	ID card projects	1,09,49,999	90,20,675
8	Products for differently abled	1,63,47,374	1,29,24,684
9	Security and surveillance products/systems	-	2,96,577
10	Lighting products	3,02,94,310	60,33,551
11	Hearing Aids	2,54,02,863	3,78,74,238
12	Others	13,84,709	17,33,594
		64,38,99,577	**63,92,99,182**
B	**REVENUE FROM PROJECTS**		
1	Solar light	13,23,56,316	10,03,22,288
2	Traffic signal/enforcement system	7,82,83,266	4,14,67,614
3	Speed violation detection system	52,26,446	2,17,37,338
4	Security and surveillance	18,05,09,296	36,40,21,646
5	Computer and accessories	2,18,48,27,877	82,90,61,038
6	Smart card/Identity card	1,30,50,053	1,37,999
7	Lighting Systems	3,76,83,980	2,57,68,559
8	Strategic service products/systems	8,77,22,090	7,81,10,635
9	Others	5,65,47,626	15,42,85,663
		2,77,62,06,950	**1,61,49,12,780**
C	**RESALE**		
1	Computer and accessories	15,45,97,704	76,46,67,721
2	Products for differently abled	2,48,01,448	3,43,99,221
3	Security systems	2,74,41,418	2,53,12,849
4	ID card	73,07,909	41,28,782
5	Intelligent vehicle tracker	4,98,480	28,09,196
6	Others	57,29,587	10,15,11,984
		22,03,76,546	**93,28,29,753**
D	**REVENUE FROM SERVICES**		
1	Income from training	16,69,66,408	20,26,13,411
2	Income from manpower supply	4,21,80,805	3,59,55,010
3	Service income	62,92,50,541	51,57,43,932
4	Income from data entry		
5	Erection and commissioning	1,35,82,590	2,12,16,041
		85,19,80,344	**77,55,28,394**
	Total sales (A+B+C+D)	**4,49,24,63,417**	**3,96,25,70,109**

Note 31 CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS	FOR THE YEAR 2018-19 Current year (Amount in ₹)	% OF CONSUM-PTION	FOR THE YEAR 2017-18 Previous year (Amount in ₹)	% OF CONSUM-PTION
Imported	11,95,58,030	4%	7,53,12,084	4%
Indigenous	2,69,37,83,844	96%	1,73,49,93,687	96%
Total:	**2,81,33,41,874**	**100%**	**1,81,03,05,771**	**100%**

Note: Imported figures are as determined by the Management.

Note 32 : FOREIGN EXCHANGE EARNINGS	For the current financial year 2018-19 (Amount in ₹)	For the previous financial year 2017-18 (Amount in ₹)
Export of goods	9,19,001	32,32,129

Note 33 : EXPENDITURE IN FOREIGN CURRENCY	For the current financial year 2018-19 (Amount in ₹)	For the previous financial year 2017-18 (Amount in ₹)
Capital expenditure	67,44,050	-
Travelling and business promotion		2,16,158

Note 34 : VALUE OF IMPORTS CALCULATED ON CIF BASIS	2018-19 (Amount in ₹)	2017-18 (Amount in ₹)
Raw materials and components	10,20,92,734	7,97,12,187
Capital goods	82,02,501	3,11,535

(Amount in ₹)

Note 35 : PRIOR PERIOD ITEMS	For the year ended			
	31st March 2019		31st March 2018	
	Dr	Cr	Dr	Cr
a) PRIOR PERIOD EXPENSES				
Salaries and wages	2,27,086	4,702	18,722	7,27,628
Gratuity	1,40,674			
Purchase	2,02,700		28,81,387	
Purchases M & C				
Bonus/Exgratia	2,11,050	92,750	9,186	
Testing & Quality Control	25,000			
Freight and forwarding	5,820			
Repairs and Maintenance	4,868		2,809	
Excise duty	2,629			
Interest on Sales tax	45,935			
Other Expense on Sales			1,00,000	
Entry tax/ Sales Tax/VAT			12,686	
Service Tax	8,89,425			
Service Tax / GST	1,43,225		22,094	3,595
Depreciation on fixed assets	18,88,396	3		2,124
Diminution in value of Inventory	87,635			
Amortisation of Intangible assets			66,671	
Leave Surrender			1,98,335	
Insurance Charges			-	29,374
Interest			35,294	
Telephone charges	6,444		2,197	1,612
Postage &Telephone charges	4,088			
Sub contracting charges			10,23,750	
Audit fees and expenses	1,16,260		22,125	
Erection & commissioning				
Rent	17,823	270		
Travelling expense and conveyance	13,970			
Conveyance	265			
Canteen Expenses	50,747			
Amortisation			2,49,166	
Recruitment Expense	81,553			
Refund of MoU			1,00,000	1,00,000
Other staff welfare expenses	48,328			
Refund of Filing Fee			-	1,14,780
Sales reversal	46,31,758		38,49,492	
Other sundry expenses	1,200		10,313	
Other Sundry Receipts	1,00,000			
News paper ,books & Periodicals	569			
Reversal of Accrued Income Provision			29,01,332	
Others	35,525		2,44,323	26,004
Sub total	89,82,973	97,725	1,17,49,882	10,05,117
Net	**88,85,248**		**1,07,44,765**	

b) PRIOR PERIOD INCOME

Service income		6,78,413		17,73,603
Income from maintenance / Repair service		19,04,212		75,15,370
Income From Computer Training		63,227		16,97,374
Sub contracting charges		10,75,312		
Power, fuel and water				98,368
Salaries and wages		40,757		
Insurance Premium		39,873		
Excess Provision Creditors Debit balance		48,925		
Interest		21,240		
Depreciation on Fixed assets		13,70,381		
Tender Fee				6,785
Sales rejection	8,25,368		15,313	
Advances from Customers forfeited				46,61,806
Other sundry receipts			3,00,000	
Other sundry expense				11,960
Sub total	8,25,368	52,42,340	3,15,313	1,57,65,266
Net		**44,16,972**		**1,54,49,953**
Net prior period Items	**44,68,276**		**(47,05,188)**	

Note 36 : PROVISION FOR WARRANTIES

Warranties against the manufacturing and other defects, as per terms of contract with the customers, are provided on the basis of estimate made by the Company except where the Company has back to back arrangement with the suppliers.

(Amount in ₹)

	As at 31st March 2019	As at 31st March 2018
Balance as at the beginning of the year	4,09,88,476	3,44,03,504
Provision made during the year	1,80,19,211	1,64,35,280
Unutilised provision written back (Net of utilised)	2,14,30,078	98,50,308
Provision required at the end of the year	**3,75,77,609**	**4,09,88,476**
Classified as Non-Current		1,12,07,440
Classified as Current	3,75,77,609	2,97,81,036

(Amount in ₹)

Note 37	Gratuity		Leave encashment	
PROVISION FOR GRATUITY & LEAVE ENCASHMENT	**As at 31st March 2019**	**As at 31st March 2018**	**As at 31st March 2019**	**As at 31st March 2018**
Balance at the beginning of the year	19,82,21,075	25,38,00,768	6,73,63,868	9,06,85,218
Less: Paid during the year on account of retirement /resignation	6,09,46,406	8,03,47,212	2,72,55,092	3,96,34,506
Add: Provided during the year	3,38,91,793	3,22,47,182	1,81,91,049	1,63,13,156
Less: Contribution to Plan Asset with LIC of India	53,57,291	74,79,663		-
Balance at the end of the year	**16,58,09,171**	**19,82,21,075**	**5,82,99,825**	**6,73,63,868**
Classified as Non-Current	9,91,13,717	14,21,83,822	3,78,35,081	4,83,68,695
Classified as Current	6,66,95,454	5,60,37,253	2,04,64,744	1,89,95,173

FAIR VALUE OF PLAN ASSET FOR FUNDED GRATUITY WITH LIC OF INDIA	**As at 31st March 2019**	**As at 31st March 2018**
Fair value of asset at the beginning	3,70,47,295	2,94,92,858
Expected Return on the Plan	27,78,547	23,59,428
Acturial Gain/(Loss)	3,33,823	22,244
Employer's Contribution	60,00,000	80,00,000
Fund management charges	6,42,708	5,20,337
Benefits paid	19,45,178	23,06,898
Fair value of asset at the year end	4,35,71,779	3,70,47,295
Actual reurn on plan asset	31,12,370	23,81,672

i. The Company has started funded gratuity for employees having more than 10 years of remaining service as on the date of commencement of scheme during the previous year. The Scheme operated through the Trust created for the purpose and funds are being managed by the LIC of India

Note 38 : RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31ST MARCH 2019

(A) Related Party and their relationship

I Subsidiaries:

1 Keltron Component Complex Limited (KCCL)
2 Keltron Electo Ceramics Limited (KECL)
3 Keltron Counters Lmited (KCL)
4 Keltron Rectifiers Limited (KRCL)
5 Keltron Power Devices Limited (KPDL)

II Associates:

1 Keltron Varisters Private Limited
2 Sidkel Televisions Limited
3 Keltron Entertainments Systems Limited (KESL)
4 Keltron Projectors Limited (KPL)

III Key Management Personnel:

1 T R Hemalatha, Managing Director
2 B.Bilu, Company Secretary

(B) Transactions with related parties:

(Amount in ₹)

	Particulars	For the year ended 31st March 2019			For the year ended 31st March 2018		
		Subsidiaries	Associates	Key Management Personnel	Subsidiaries	Associates	Key Management Personnel
i.	Purchase of goods	3,32,96,864	-	-	4,03,78,839	-	-
ii	Sale of goods	44,92,489	-	-	17,11,242	-	-
iii.	Service rendered (Sole selling Agency)*	24,00,000	-	-	24,00,000	-	-
iv.	Loan given to Subsidiaries	-	-	-	-	-	-
v.	Loan refunded by Subsidiaries	-	-	-	-	-	-
vi.	Loan taken from Subsidiaries	-	-	-	-	-	-
vii.	Loan refunded to Subsidiaries	-	-	-	-	-	-
viii.	Interest on loan	1,18,308	-	-	1,06,300	-	-
ix.	Managerial Remuneration	-	-	25,97,286	-	-	24,39,607
x.	Share of retirement benefits paid	-	-	-	-	-	-

Based on the figures certified by the Management.
* excluding service tax.

(C) Balance with related parties:

(Amount in ₹)

	Particulars	As at 31st March 2019			As at 31st March 2018		
		Subsidiaries	Associates	Key Management Personnel	Subsidiaries	Associates	Key Managemen t Personnel
i.	Trade receivable	58,82,914	-	-	12,15,428	-	-
ii.	Trade payable	5,48,57,566	-	-	6,85,87,130	-	-
iii.	Loans and advances	48,77,48,045	-	-	48,60,10,075	-	-

(D) i Trade receivable and Trade payable includes the following amounts due from /payable to Subsidiaries/Associate Companies:

(Amount in ₹)

	Subsidiaries	Trade receivable		Trade payable	
		Outstanding as on 31st March 2019	Outstanding as on 31st March 2018	Outstanding as on 31st March 2019	Outstanding as on 31st March 2018
i.	Keltron Component Complex Limited	13,01,158	2,20,148	16,776	1,29,277
ii.	Keltron Electro Ceramics Limited	45,81,756	9,95,280	5,48,40,790	6,84,57,853
		58,82,914	12,15,428	5,48,57,566	6,85,87,130

*

(E) ii Amount of loans and Advances to Subsidiaries/Associate Companies:

(Amount in ₹)

	Subsidiaries/Associates	Outstanding as on 31st March 2019	Outstanding as on 31st March 2018
a.	**Subsidiaries:**		
i.	Keltron Component Complex Limited.	81,05,261	72,26,062
ii.	Keltron Electro Ceramics Limited	5,15,52,777	5,06,94,006
iii.	Keltron Counters Limited**	13,12,85,459	13,12,85,459
iv.	Keltron Rectifiers Limited* (i)	9,90,06,336	9,90,06,336
v.	Keltron Power Devices Limited* (i)	19,77,98,212	19,77,98,212
	Total	48,77,48,045	48,60,10,075
	Less: Provision for doubtful advances:		
	Keltron Counters Limited(provision)	13,12,85,459	6,56,42,730
	Total	13,12,85,459	6,56,42,730
	Net Total	35,64,62,586	42,03,67,345
b.	**Associates:**		
i.	Keltron Varisters Private Limited***	-	
ii.	Sidkel Televisions Limited**	-	
iii.	Keltron Entertainments Systems Limited***	-	
iv.	Keltron Projectors Limited**	-	
	Total	-	-
	Less: Provision for doubtful advances:		
i.	Keltron Varisters Private Limited	-	
ii.	Keltron Entertainments Systems Limited	-	
iii.	Keltron Projectors Limited	-	
iv.	Sidkel Televisions Limited	-	
	Total	-	-
	Net Total	-	-
	Gross Total	**35,64,62,586**	**42,03,67,345**

(i) Included Investments pending allotment.
* are Companies are under liquidation and balances are drawn as per last available records
** are defunct Company and balances are drawn as per last available records.
*** are Companies which are non existent.

Note 39 : MANAGERIAL REMUNERATION

(Amount in ₹)

	For the year ended 31st March 2019	For the year ended 31st March 2018
1 N.Narayana Moorthy(Chairman)		
Salaries & PF	1,10,000	
Medical benefits		
	1,10,000	-
2 Hemalatha.T.R (Managing Director)		
Salaries & PF	14,67,103	13,97,042
Medical benefits		
	14,67,103	13,97,042
3 B.Bilu (Company Secretary)		
Salaries & PF	9,58,204	9,80,875
Medical benefits	61,979	61,690
	10,20,183	10,42,565

Directors Sitting Fee

Name of the Directors	For the year ended 31st March 2019	For the year ended 31st March 2018
1 K.Ramachandran	1,200.00	
2 V Narayanan		1,800.00
3 V Jayaprakash	3,000.00	3,000.00
	4,200.00	4,800.00

40. Grant and Loan from Government of Kerala:

a) The Government of Kerala vide GO(Ms) No.30/07/ID dated 12th March 2007, as a part of revival / restructure of the Company has given a grant of ₹ 6,00,00,000 during the financial year 2006-07, under the head “2885-60-190-96” and the Company accounted it as “Grant from Government of Kerala” under “Reserves and Surplus”. This was utilized for the payment of 1st installment of One Time Settlement (OTS) with consortium banks.

Later, Government vide GO(Rt) No.329/2014/ID dated 11th March 2014 has converted the aforesaid grant of ₹6,00,00,000 to Working Capital Loan with effect from the date of sanctioning of the said grant.

b) Further the GO(Rt) No.329/2014/ID dated 11th March 2014 has also mentioned about the conversion of investment loan amounting to ₹12,50,00,000 sanctioned vide GO(MS) No.98/2008/ID dated 07th July 2008 for the purpose of remittance of 3rd installment of OTS as working capital loan. The Company had provided interest on loan at the rate of 11.5% till 31st March 2010, being the effective date of conversion of this loan into equity vide GO(MS) No.183/11/ID dated 26th August 2011. The loan has already been converted in to equity and shares were also allotted to Government of Kerala.

The Company has not given effect to the Order dated 11th March 2014 in respect of (a) and (b) above.

c) An amount of ₹82,65,84,000/- is included and disclosed under Note:3-Long term Borrowings.

The Company submitted a Financial Restructuring Proposal to Government of Kerala during the month of April 2018 with the main objective of improving the net-worth position of the Company. The proposals included the following in respect of (a) to (c) above:

(i) Set-off of Investment and loan in defunct subsidiaries amounting to ₹72,00,18,157 against Government loan liability which are covered under freezing (as a part of BIFR Scheme) amounting to ₹82,65,84,000. Balance amount of ₹10,65,65,843 may be converted to equity.

(ii) The conversion of interest accrued on Government loan to the extent of ₹103,71,88,324 to equity.

(iii) Re-consideration of Government Order GO(Rt) No.329/2014/ID dated 11th March 2014 converting the OTS instalments given below:

(i)Government Grant of ₹6,00,00,000 and
(ii)Already converted Government loan to Equity of ₹12,50,00,000 again back to working capital loan.[Pending request]

The proposal has been considered by the Government of Kerala and finally approved by Public Enterprises Board (PEB), Government of Kerala on the meeting scheduled on 16th January 2020 as follows:

(i) Conversion of Government loan equivalent to the investments, loans and advances to defunct subsidiaries/associate companies into equity amounting to ₹.72,00,18,157 and interest accrued thereon of ₹ 89,79,70,429.

(ii) Conversion of working capital loans as per GO (Rt) No.329/2014/ID dated 11th March 2014 amounting to ₹18,50,00,000 and interest accrued thereon to ₹2,50,90,985 in to equity.

(iii) Increase of Authorized Share Capital of the Company to accommodate the issue of shares to the Government on accounts of (1) and (2) above, and consequent amendment in Memorandum and Article of Association.

Later on Government of Kerala vide GO(MS) No.53/2020/ID dated 15th May 2020 has approved the Financial Restructuring proposal of the Company as detailed below:

1) Conversion of Government loan of ₹72,00,18,157 to equity.

2) The working capital loan as per GO(Rt) No.329/2014/ID dated 11th March 2014 of ₹18,50,00,000 shall be converted to equity

3) Waiver of interest accrued on aforesaid loan aggregating to ₹92,30,61,414

4) Increase of Authorized Share Capital of the Company to accommodate the issue of shares to the Government on accounts of (1) and (2) above, and consequent amendment in Memorandum and Article of Association.

With respect to Sl No 3) above, the matter of interest accrued amounting to ₹89,79,70,429 and ₹2,50,90,985 on Government Loan of ₹72,00,18,157 and ₹12,50,00,000 respectively was kept in abeyance vide Government Letter No.D3/173/2018/ID dated 13th July 2020.

The matter has been considered in the 256th meeting of the Board of Directors of the Company held on 21st August 2020 and fixed the effective date of implementation of Financial Restructuring as 31st March 2020.The formalities with respect to the increase in authorized share capital will be taken up accordingly.
The Government Loan of ₹12,50,00,000 as covered under GO (Rt) No 329/2014/ID dated 11.03.2014 was included under Note -1 Share Capital, as the shares are already converted and allotted to Government of Kerala vide GO referred (b) above.

Further, to improve the net worth, the company vide letter KSEDC/FIN/201/Fin Res/21-22/104 dated 14th October 2021 has represented before Government to consider the conversion of interest accrued on Government Loan amounting to ₹92,30,61,414 to equity share capital in line with the recommendation of Public Enterprises Board which is under consideration of the Government .

41. The details of interest accrued on government loans are as under:

Sl No	Particulars	Loan & Interest outstanding as on 31 st March 20 19		Interest provided up to
		Principal	Interest(including penal interest)	
a	Interest Accrued on Loans to be converted in to equity share capital vide GO(MS) No.53/2020/ID dated 15th May 2020	₹72,00,18,157	₹89,79,70,429**	31st March 2006
b	Interest Accrued on loans not included in financial restructuring as per GO (MS) No.53/2020/ID dated 15th May 2020 mentioned in Sl. No(a) above	₹ 6,39,39,507	₹2,51,89,440	31st March 2006
c	Interest Accrued on Loan Converted To Equity vide GO (MS) No 183/11/ID dated 26.08.2011(Refer Note Below)		₹11,40,28,455***	31st March 2010
d	Loan taken vide GO(Rt)No.1538/2017/ID dt 08.11.2017-Current portion of principal & Interest accrued thereon shown under Sl.No-g	₹1,50,00,000	----	31st March 2019
e	Loan taken vide GO(Rt)No.367/2018/ID dt 28.03.2018- Current portion of principal & Interest accrued thereon shown under Sl.No-h	₹2,08,13,032		31st March 2019
	Sub Total	**₹81,97,70,696**	**₹1,03,71,88,324**	Interest accrued disclosed under Note-4-Other Long Term Liabilities
f	Loan taken vide GO (MS) No.559/12/IDdt 30.03.2012	₹6,00,00,000	₹5,62,22,494	31st March 2019
g	Loan taken vide GO(Rt)No.1538/2017/ID dt 08.11.2017(refer Sl No-d above)	₹50,00,000	₹18,74,351	31st March 2019
h	Loan taken vide GO(Rt)No.367/2018/ID dt 28.03.2018	₹1,00,00,000	₹22,76,956	31st March 2019

i	Interest Accrued on Loan taken vide GO(Rt)No.13007/2018/ID dt 24.11.2018 which has been resumed on 31.03.2019		₹15,11,732	31st March 2019
j	Loans not included in financial restructuring as per GO (MS) No.53/2020/ID dated 15th May 2020	₹ 4,26,26,336		31st March 2006
	Sub Total	**₹11,76,26,336**	**₹6,18,85,533**	Interest accrued disclosed under Note-8-Other Current Liabilities
	Grand total	**₹93,73,97,032**	**₹1,09,90,73,857**	

**Note: The Government of Kerala approved the conversion of ₹72,00,18,157 in to equity vide GO(MS) No.53/2020/ID dated 15th May 2020. Interest has been provided against this loan up to 31st March 2006 and the total interest accrued thereon is ₹89,79,70,429 as mentioned above. No further interest has been provided against this loan as the company has made representation vide letter KSEDC/FIN/201/Fin Res/21-22/104 dated 14th October 2021 to the Government for conversion of the interest accrued in to equity.

***Note: Interest of ₹11,40,28,455 had accrued on Loan amounting to ₹ 84,37,21,863 which was earlier converted to Equity vide GO (MS) No 183/11/ID dated 26.08.2011

42 Loans and Advances include

i) A sum of ₹ 17,03,74,850 is pending allotment of shares by the following subsidiary Companies:-

a) Keltron Rectifiers Limited	-	₹ 5,76,43,070
b) Keltron Power Devices Limited	-	₹11,27,31,780

Total :		₹17,03,74,850

The Hon'ble High Court of Kerala in its judgment dated 06th March 2006 and 14th November 2005 issued orders for the winding up of Keltron Rectifiers Limited and Keltron Power Devices Limited respectively and appointed the Official Liquidator. The Government of Kerala vide G.O.(MS) No. 165/08/ID dated 22nd October 2008 ordered to take over the aforesaid subsidiary companies (a) & (b) with all liabilities including future liabilities, simultaneously with its assets by the Company. Government of Kerala also filed an affidavit before the Hon. High Court of Kerala for the above take over. The Scheme for takeover of the above two subsidiary companies as per the Government G.O. is under process and hence no provision has been made in the accounts regarding the investment pending allotment in respect of these two companies.

ii) Loans and Advances outstanding from defunct Subsidiary Companies include the following:

Sl No	Name of the Company	Subsidiary /Associate	Amount Outstanding as on 31st March 2019	Remarks
1	Keltron Counters Limited	Subsidiary Company	------	The company was ordered for winding up by the Hon'ble High Court of Kerala, vide its judgment dated 26th July 2006 and the Official Liquidator took charge with effect from 26th July 2006. The Government of Kerala filed an affidavit in the Hon'ble High Court of Kerala for keeping in abeyance the liquidation proceedings. Later vide judgment in CA Nos. 396,396B and 396C of 2009 in CA No.723 of 2006 in CP No.11 of 2002 dated 08th October 2009 of the Hon'ble High Court of Kerala, release of the immovable properties owned by Keltron Counters Limited to State of Kerala in order to establish Gulati Institute of Finance and Taxation (GIFT) was permitted. The possession of above land has already been handed over as per the above direction and GIFT transferred an amount of ₹ 5,00,00,000 to M/s Keltron Counters Limited for settling of its liabilities with a condition that shortfall if any will be compensated by the Government of Kerala, which is deposited in separate account bearing interest. As there are no fixed assets available with

				Keltron Counters Limited the Company has made adjustments to account for the diminution in value of total investment in the financial year 2009-10. Keltron Counters Limited made an application to the Registrar of Companies to strike off the name of the company from the Register of Companies under Fast Track Exit Mode Scheme 2011.The Government of Kerala vide G.O.(Ms) No-21/2019/ID dated 28th February 2019 sanctioned the transfer of all existing and future liabilities of Keltron Counters Limited(KCL) to Keltron and all liabilities of KCL including future liabilities will be settled by Keltron In view of the above, the company decided to create a provision against ₹13,12,85,459 outstanding from KCL in two equal installments commencing from the financial year 2017-18. Accordingly , provision of ₹ 6,56,42,730 being 50% of loans and advances due from Keltron Counters Limited was created during the financial year 2017-18 and the balance provision of ₹6,56,42,729 is created during the current financial year and the same has been disclosed as an Exceptional Item under Note 28.Thus the total provision created against loans and advances given to Keltron Counters Limited is ₹13,12,85,459.

2	Keltron Power Devices Limited	Subsidiary Company	₹8,50,66,432	As mentioned in 41(i) above, the Hon.High Court of Kerala has ordered winding up of Keltron Power Devices Ltd (KPDL) and Keltron Rectifiers Limited (KRCL).The Company has filed an application before the Hon. High Court of Kerala on 9th October 2017 for recalling the winding up order of KPDL and KRCL, discharge the official liquidator and to take over the assets and liabilities by the holding company. As per the direction of Hon.High Court of Kerala, a Revival Scheme for the manufacturing of 100MW Solar Panel was submitted. The scheme is yet to be heard by the Hon.High Court of Kerala. Meanwhile, Government of Kerala vide GO (RT) No 883/2018/10 dated 26/07/2018 has issued Administrative Sanction towards the Budget-Support for the company for the setting up of manufacturing facilities for Solar Modules Due to the pendency of the above situation, no provision has been made in the accounts regarding the loans and advances to defunct subsidiary companies under Liquidation.
3	Keltron Rectifiers Limited	Subsidiary Company	₹ 4,13,63,266	
	Total		**₹ 12,64,29,698**	

43. The Current Accounts and Collection Accounts of Subsidiary Companies/Associate Companies are subject to confirmations from the respective companies. As per the provisions of Section 129 of the Companies Act, 2013 during the FY 2014-15 the Company has prepared the Consolidated Financial Statements incorporating the Accounts of all the subsidiary companies. However, audited Accounts of the following two subsidiaries namely Keltron Component Complex Limited, Kannur and Keltron Electro Ceramics Limited, Kuttipuram, could be incorporated in accordance with AS-21 'Consolidated Financial Statements' notified through Companies (Accounting Standards) Rules, 2006, Since the accounts of other subsidiaries viz. Keltron Counters Limited, Keltron Rectifiers Limited and Keltron Power Devices Limited are not available as these Companies are either under liquidation or are defunct. The Current Accounts and Collection Accounts of aforesaid two subsidiaries are un-reconciled for a long period of time, owing to the non accounting of debit notes raised by the holding company to respective subsidiaries on account of Interest on Current/Collection Account balances, sales commission etc in the earlier years.

The un reconciled differences in the balances with KECL & KCCL is as under:

Sl No	Particulars	KCCL	KECL	Total
1	Current Account	₹3,50,84,200	₹ (234,589)	₹3,48,49,611
2	Collection Account	₹3,04,75,882	₹13,54,405	₹3,18,30,287
	Total	**₹6,55,60,082**	**₹11,19,816**	**₹6,66,79,898**
3	Trade Receivable	₹ 5,72,585	₹ (7,59,995)	₹ (1,87,410)
4	Trade Payable	₹ 4,27,477	₹ (17,11,946)	₹(12,84,469)

As mentioned above the difference in current and collection account between the books of holding company and subsidiary companies amounting to ₹6,66,79,898 were written off in the FY 2014-15 as exceptional item and with respect to Trade Receivable /Trade Payable an amount of ₹10,97,060 was booked as an expense in the books of the holding company in the financial year 2014-15

44. Credit balance in Trade Receivable Account amounts to ₹ 86,32,954 (Previous year : ₹ 64,28,399)and debit balance in Trade Payable Account amounts to ₹2,11,86,835 (Previous year : ₹ 1,08,81,658) are subject to confirmation / reconciliation and consequent adjustments, if any, upon confirmation

45. The Company is certain that sufficient immediate future taxable income will not be available against which deferred tax asset can be realised. Hence the deferred tax asset was not recognized.

46. Every year, the Company used to provide for the amount due to increase or decrease in exchange rate on the amount due to foreign suppliers. During the year, due to increase in exchange rate, the net liability has increased by ₹4,08,101 (Previous year: decreased by ₹19,950) which has reflected in Sundry Creditors for goods supplied. The above change is accounted in exchange rate fluctuation under the head 'Other operating revenue' under Revenue from operations.

47. The company has disclosed the outstanding Trade payable to MSME in the Note No 4 and 7.There are Micro, Small and Medium Enterprises to whom the Company owes, which are outstanding for more than 45 days as at 31st March 2019 as per the terms of agreement with them. The interest due to such outstanding as per MSMED Act has not been provided in the financial statements.

48. The preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the result is known / materialized.

49. The Keltron Marketing Office – Delhi has been occupying the office space in Travancore Palace, New Delhi since 14th November 1997. But the lease agreement was not executed and rent was pending until 31st March 2016. However, as a prudence the Company has created provision for rent payable on an year on year basis aggregating to ₹ 5,44,15,359/- as on 31st March 2015. As per the request of the Company, Government of Kerala vide GO(Rt) No.1832/2017/GAD dated 21st March 2017 has fixed the rent at the rate of ₹ 35 per sq.feet for an area of 1714 sq.feet which amounts to ₹1,25,10,134/- up to 31st March 2015 and the excess provision of ₹4,19,05,225/-has been written back during the FY 2015-16 as exceptional item and rent up to 31st March 2016 has been paid during the financial year 2017-18.

As per GONo-1613/RC1/2015 dated 28th January 2016 the company was ordered to shift its office space to staff quarters behind Travancore Palace, New Delhi belonging to Government of Kerala .No rent has been fixed for this premises. As it is very difficult to ascertain the rent payable for the staff quarters, the company has not made any provision in the books of accounts for the rent payable from the financial year 2016-17 to 2018-19.The company has requested Government of Kerala to fix the rent for the premises.

50. Earnings per share (EPS)

	Basic & Diluted EPS	31st March 2019	31st March 2018
a	Profit attributable to Equity Shareholders before extraordinary items (Numerator used for calculation of diluted and basic EPS)	3,15,41,147	5,64,71,692
b	Profit attributable to Equity Shareholders (Numerator used for calculation of diluted and basic EPS)	3,15,41,147	5,64,71,692
c	Number of Equity Shares used as denominator for calculating : Basic Diluted	 2,03,55,181 2,03,55,181	 2,03,55,181 2,03,55,181
d	EPS of ₹100/- before extraordinary items Basic Diluted	₹ 1.55 ₹ 1.55	₹ 2.77 ₹ 2.77
e	EPS of ₹ 100/- each Basic Diluted	 ₹ 1.55 ₹ 1.55	 ₹ 2.77 ₹ 2.77

51. Balances under receivables, deposits, loans and advances, trade payables and current liabilities are subject to confirmation / reconciliation and consequent adjustments, if any, upon confirmation.

52. The carry forward loss and depreciation as per Return of Income filed by the Company for the financial year 2006-07 to 2016-17 amounts to ₹ 1,30,00,415 whereas the assessed losses by the Tax Department for the same period amounts to NIL only. However, the Company has preferred appeals to higher authorities against the reduction in the carry forward loss/depreciation while completing the assessment. This has resulted in a shortfall between the claim by the Company and as allowed by the Assessing Officers. Considering the appeals filed, the Company continues to treat its claim of ₹ 1,30,00,415 based on the return as the Company is confident of winning the appeals. The company has claimed additional carry forward loss and unabsorbed depreciation of ₹61,26,18,294 for the financial years 2016-17 & 2017-18. After including the loss of the current year ₹ 7,95,62,765 the total carry forward unabsorbed depreciation and loss carried forward to future assessment year is ₹ 7,051,81,474.

53. The Company has recognized the TDS credit as per 26AS. However, in certain cases, though the credit is appearing in 26AS, the Company did not receive the TDS certificate. In certain other cases, though the credit is appearing in 26AS, the Income Tax Department did not allow such tax credit while completing the assessment on which the Company has preferred appeal. While the 26AS shows a tax credit of ₹ 14,81,74,088 for the Assessment year 2007-08 to 2019-20, the Company's books of account shows the balance of ₹ 10,09,97,356 only. The Company did not account for the balance credit of ₹4,71,76,732 in the books considering the uncertainty attached in getting full tax credit while completing the assessment. The Company is confident that tax credit as per 26AS will be allowed in appeal proceedings. Hence, no provision towards doubtful of recovery is considered necessary as it is fully recoverable.

54. Consequent to the amendment made by The Payment of Bonus Act, 1965 vide The Payment of Bonus (Amendment) Act 2015 dated 31st December 2015, the threshold limit of wages of employees eligible for bonus has been increased from ₹ 10,000/- to ₹ 21,000 with retrospective effect from 01st April 2014. The Company has implemented the amended provisions in the disbursement of bonus from the financial year 2015-16 onwards. Further, the Company has estimated the extra liability of ₹ 48,00,000 pertaining to financial year 2014-15 owing to the retrospective effect of this amendment and provision has been created in the books of account, though not disbursed. However, no final decision has been taken on this by the Company as the Hon. High Court of Kerala has stayed the retrospective operation of the provisions of the Bonus Act on a petition filed by another Company and the case is still pending in the Hon. High Court.

55. The Government of Kerala vide GO(MS) No.105/17/ID dated 28th October 2017 has revised the scale of pay of the regular employees of the Company including its subsidiary Companies with retrospective effect from 01st April 2012. The arrears with respect to implementation of pay revision will be subject to the resolution of Board of Directors of the Company and the availability of fund. Accordingly, after series of discussion between the Management and Recognized Trade Unions, a consensus was arrived and signed the Memorandum of Settlement (MoS) on 30th November 2017.

However on implementation of revised scale of pay from November 2017, various anomalies such as drop in pay, stagnation in scale, duplication of scale of pay for multiple grades etc. has been noted. Moreover, 105 employees of the Company having drop in pay on implementation pay revision as per the GO stated above has filed a writ petition before the Hon'ble High Court of Kerala and obtained an interim stay in order to protect the total emoluments being drawn by them. The matter was brought to the attention of the 245th meeting of the Board of Directors of the Company held on 08th February 2018. On evaluation of matter the Board felt that pay revision shall not be negative and anomalies has to be rectified and hence constituted a committee for detailed evaluation and reporting to Government. The said report was also submitted and the Company is waiting for its outcome.

Further, with respect to the disbursement of arrears for the period from 01st April 2012 to 31st October 2017, after a series of discussion with the representatives of Recognized Trade Union, consensus was arrived and the matter has been considered in the 248th meeting of the Board of Directors of the Company held on 11th October 2018 and decided to disburse 85% of the arrears to the employees in the rolls of the Company on 01st November 2017 in 12 equal installment starting from the month of November 2018 and thereafter to the employees retired from service/expired between 01st April 2012 to 31st October 2017. However, the pre-condition before issuance of the Pay Revision Order with respect to payment of entire Government guarantee commission is yet to be satisfied.

In this regard, the pay revision arrears for the period 01st April 2012 to 31st October 2017 for employees on the rolls of the Company as on 01st November 2017 amounts to ₹6,27,93,083 and superannuated/expired employees up to 31st October 2017 amounts to ₹5,79,34,972. Accordingly the total wage revision arrears as on 31.03.2018 amounts to ₹12,07,28,055.

The pay revision arrears for the period 01st April 2012 to 31st March 2017, amounting to ₹ 10,81,14,936 has been provided in the books of accounts during the F.Y.2016-17 and the balance of ₹ 1,26,13,119 has been provided during financial year 2017-18 .

The wage revision arrears payable to employees as mentioned above was computed without taking in to consideration the decimal part of Dearness Allowance for the period from 01.04.2012 to 31.12.2018. The management decided to disburse the arrear on account of the decimal part vide order CHR/DA arrears/2020 dated 30th October 2020.Accordingly an additional provision of ₹26,98,584 was created in the books during the reporting period.

Provision of ₹15,42,433 was created in the books during the reporting period with respect to wage revision arrears of retired writ petition employees for the period 01.04.2012 to 31.10.2017.

A shortage of ₹2,38,774 identified in respect of KCC was also provided during the financial year 2018-19.

Thus ₹ 44,79,791 has been has been provided in financial year 2018-19 and disclosed under Note -23 – Employee benefit expenses and liability thereupon under Note 8 – Other Current liabilities.

The disbursement of wage revision arrears commenced from October 2018 and ₹9,96,14,133 is outstanding as on 31st March 2019.

The total wage revision arrears outstanding in the books as on 31st March 2019 including the additional provision created during the financial year 2018-19 s ₹10,40,93,924

Moreover, the differences between the figures stated above and the pay revision proposal submitted by the Company vide letter dated 23rd May 2017 in adherence with the Government guidelines and Board directives, which resulted as drop in pay/anomalies has been quantified as ₹ 2,94,80,138 and disclosed under Note 29- Contingent liabilities, since, the aforesaid anomalies paved the way to writ petition filed and consequently being contested before the Hon. High Court of Kerala by the aggrieved employees as stated above.

56. Based on accumulated loss as on 31st March 1998, the Company became a Sick Industrial Company under Section 3(O) of the Sick Industrial Companies (Special provision) Act 1985 (SICA) and BIFR vide order dated 04th July 2006 declared the Company as Sick Industrial Company. The Rehabilitation Scheme was sanctioned by the BIFR in the hearing held on 20th December 2012 and is under implementation. Further to the constitution of National Company Law Tribunal (NCLT) under Companies Act, 2013 with effect from 01st December 2016 the matter was being taken over by NCLT. The management has come to the conclusion that it will not pursue the matters before the NCLT, taking into account the fact that the company is not a sick company as per the provisions of Companies Act, 2013 nor IBC, 2016 since the company has not failed to pay its debts amounting to 50% or more of its outstanding dues with the Secured Creditors I,e: Banks and Financial Institutions.

57. Actuarial valuation of liability in respect of gratuity and leave encashment is done at corporate office level and the same is provided in the books of accounts of units/ KMO's on the basis of instructions issued by corporate office in this regard.

58. The Company has received an Order from Damodar Valley Corporation (DVC) with respect to Control and Instrumentation turnkey job for three units of Mejia Project during the financial year 1992-93 and the purchase order for 3 units amounting to ₹27.70 crore was released during 1994-95. The three units mentioned above were to be executed in different schedules as stipulated in the terms and conditions of the Order. But due to delay in finalising design Engineering and release of purchase order the schedule could not be met and thus the purchase order was altered and the period was rescheduled.

Meanwhile there were foreign exchange problems and also Banks required 100% guarantees for opening LC's. DVC issued Rs.4Crs which was disbursed in two installments of Rs.3 Crs in 12/93 and Rs.1 Cr in 1/94. This amount was utilised by Keltron for opening LC's. Keltron placed Purchase Orders for Unit I in '94 and L.C was opened in '94 with a delivery period of 10 months. Due to delay in finalising design Engineering and release of purchase order the L.C could not be opened. The company expressed inability to meet the schedule and to meet the contingencies offered 9020 analog systems to be installed to meet the schedule as decided on the meeting dated.1.07.94 between Keltron, DVC and BHEL, Order was placed.

However in 08.02.1995, Unit II +III were delinked from the contract by DVC. This was not acceptable to the company as the action for procurement of

imported materials has been initiated by the company with the concurrence of DVC. Hence, the delinking of Unit II and III has resulted in substantial losses to the Company.

Meanwhile, the DVC tried to invoke the Bank Guarantee of ₹2,77,03,048/- availed by the Company from State Bank of India towards the Security Deposit for the execution of this project. The Company has approached the Hon'ble High Court of Kerala and obtained stay against the invocation of Bank Guarantee from the Hon'ble High Court of Kerala.
Thereafter, the Company has resorted to Arbitration during the financial year 2007-08 and after a prolonged legal proceeding, the Arbitral Award was pronounced on 15th October 2018, allowing claims of DVC as well as KELTRON, squire off the claims and ordered final payment of ₹3,30,02,054/- to DVC.

The Arbitral Award was challenged by the Company in the District Court, Barasat, Kolkata and which was transferred to Commercial Court, Alipore. KELTRON had issued a total Bank Guarantee for the amount of Rs.3,30,02,054/- as per the direction of the Hon' ble Court. The appeal challenging the award is dismissed by Commercial Court, Alipore on 29th September 2021.
The matter was placed before the 260th meeting of the Board of Directors held on 06th October 2021 and informed about the status of the case to the Board and the Board had considered all the aspects of the case, has decided not to go for appeal against the Order dated 29th September 2021

Consequently, the Company is allowing DVC to invoke the Bank Guarantee of ₹3,30,02,054/-.DVC has invoked the portion of the BG amounting to ₹2,77,03,048/- on 22nd April 2022.

Accordingly, the Contingent Liability with respect to the Bank Guarantee of ₹3,30,02,054/- as reported in the Financial Statements up to 31st March 2018 has been crystalized and hence provision was created in the books of accounts during the reporting period, and the expenses is disclosed under Note-26"Other Expenses" as 'Arbitration Award' and the liability is disclosed under Note 8-"Other Current Liabilities". Also, provision for interest on award is created in the books of accounts amounting to ₹15,14,541 calculated @8.77% from 22nd September 2018 (date of award) to 31.03.2019.The interest is included "Interest & Late Fees" and disclosed under Note No-26 "Other Expenses".

Moreover, a provision is created against ₹1,62,31,897 receivable from DVC, included in the books of accounts of Keltron Controls, Aroor and the same is included and disclosed under Note No-28 - Exceptional Items in the Financial Statements during the reporting period.

59. The Company has conducted in the earlier years an evaluation of balances reflected under Trade Receivable, Trade Payable, Sundry debits and Sundry credits in the books for a period up to 31st March 2015. The assignment was entrusted to M/s.Krishna Retna & Associates, Chartered Accountants and based on their report the necessary entries for write off/write back has been passed in the books of accounts with the approval of Board of Directors. Recently, with the objective of ensuring true and fair picture for the figures reflected in the Financial Statements, the same firm of Chartered Accountants was engaged for evaluating the realizability of Trade Receivable/Sundry debits and position of Trade payable/sundry credits covering the period 2005 to 2015 covering all the major unit of KELTRON. The firm has completed the assignment and submitted the report with respect to following units;

- Keltron Equipment Complex,Karakulam
- Keltron Communication Complex,Monvila
- Keltron Controls,Aroor

The synopses of write off/write back as recommended by the firm and its impact in the Financial Statements of the Company is as follows:

Particulars	**Keltron Controls Aroor**	**Keltron Communication Complex**	**Keltron Equipment Complex**	**Total**
Write off of Trade receivables	2,81,11,019	3,08,11,424	2,73,51,525	8,62,73,968
Write off of Sundry debits/Other Assets	4,56,822	1,14,71,776	23,68,176	1,42,96,774
Write Back of Trade Payables/Sundry credits	41,24,617	15,59,310	68,06,663	1,24,90,590

Against the above, we have provision for bad & doubtful debts amounting to ₹1,82,43,090 and provision for doubtful advances amounting to ₹23,18,697.Thus the net effect in the financial statements if the write off/write back is effected is as under:

Write Off (Net of Provision)	-	₹8,00,08,955
Write Back	-	₹1,24,90,590
Net effect in the financial statements	-	₹6,75,18,365

We placed the aforementioned report on the 263rd Meeting of the Board of Directors of the Company held on 5th May 2022.The Board after a detailed discussion approved the unit wise write off and write back subject to the following:

a) For the time being write off can be implemented for the period 2005-2010

i) Write off up to ₹ 1,00,000 is approved
ii) For writing off debtors/debit balances above ₹ 1,00,000 the unit has to certify that the debtor/account cannot be realized at all

b) No debtor after 2015 has to be written off for the present. A relook on the debtors issue for the period 2010 to 2015 needs to be done for further action

As the analysis of debtors as mentioned above requires considerable time, the management decided to create provision in the books for irrecoverable debtors/debit balances during the reporting period and to effect the write off in the subsequent financial year .Accordingly, we have created additional provision of ₹6,80,30,879 for bad and doubtful debts and provision of ₹ 1,19,78,077 for doubtful advances in the reporting period .
During the reporting period we have passed necessary entries for write back of liabilities amounting to ₹1,24,90,590 as recommended in the report of M/s Krishna Retna & Associates, Chartered Accountants dated 14th April 2022 .The entries with respect to Keltron Communication Complex and Keltron Controls have been incorporated in the books of Corporate Office on behalf of respective units and will be passed on to them in the subsequent financial year.
The unit wise break up of additional provisions /write back made in the books of accounts during the reporting period on the basis of the report of M/s Krishna Retna & Associates is as detailed below:

Sl No	Name of The Unit	Provision for Bad & Doubtful debts	Provision for Doubtful Advances/Others	Write Back of Liabilities
1	Keltron Controls ,Aroor	2,81,11,019	4,56,822	41,24,617
2	Keltron Communication Complex,Manvila	3,08,11,424	99,72,326	15,59,310
3	Keltron Equipment Complex,Karakulam	91,08,436	15,48,929	68,06,663
	Grand Total	**6,80,30,879**	**1,19,78,077**	**1,24,90,590**

In addition to the above, on the basis of recommendation of branch auditors we have created provision for bad & doubtful debts and have written off/written back long pending sundry debits/sundry credits in the financial statement under Note 28 as detailed below

Name of Unit	Provision for Bad & Doubtful debts	Write off	Write back
Corporate Office		16,000	6,85,250
Keltron Equipment Complex		5,475	43,316
Keltron Marketing Office,Kolkata			91,760
Keltron Lighting Division (KLD) Mudadi	23,25,341		
Keltron Marketing Office ,Mumbai	70,15,476		

Thus during the reporting period, the Company has created provision for ₹7,73,71,696 under Bad & Doubtful debts,₹1,19,78,077under Doubtful Advances/Others, written off an amount of ₹21,475 under Bad Sundry Debits and written back an amount of ₹1,33,10,916 under Bad Sundry credits. This has been disclosed under Note 28-Exceptional Items in the Financial Statements.

60. Figures for the previous year have been regrouped/ recast wherever necessary to confirm to this year's classifications

On behalf of Board of Directors
CIN: U74999KL1972SGC002450

Per our report attached

For Sridhar & Co
Chartered Accountants,
Firm Reg: 003978S

Sd/-
N.Narayana Moorthy
Chairman and Managing Director
DIN : 05251681

Sd/-
Anoop.S
Director
DIN: 03399884

Sd/-
R.Sripriya
Partner,
Membership No.209371
UDIN:22209371AMKMYC1973

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
DGM(Finance)

Thiruvananthapuram
23rd June 2022

STATEMENT PURSUANT TO SECTION 129(3) OF THE COMPANIES ACT, 2013
PARTICULARS OF SHARES HELD BY KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED (KSEDC) TRIVANDRUM AS AT 31ST MARCH 2019

Sl.No.	Name of Subsidiary	Reporting Period	Share Capital	Reserves & Surplus	Total Assets	Total Liability	Class of Shares	Investment	Turnover	Profit before taxation	Profit after taxation	Proposed dividend	% of shareholding
1	Keltron Component Complex Limited	2018-19	34,22,81,269	(46,82,32,615)	47,32,07,688	59,91,59,034	Equity	26,18,50,320	68,44,77,782	1,91,67,893	1,91,67,893	NIL	76.54%
2	Keltron Electro Ceramics Limited	2018-19	3,18,27,820	(3,79,01,495)	18,23,81,295	18,84,54,970	Equity	3,14,44,080	15,36,35,581	(1,73,47,647)	(1,28,91,056)	NIL	98.79%
3	Keltron Rectifiers Limited	2005-06	2,74,36,470	10,20,56,347	24,12,25,895	5,40,90,008	Equity	2,74,36,410	-	(6,97,362)	(6,97,362)	NIL	99.99%
4	Keltron Power Devices Limited	2005-06	4,10,23,230	19,37,453	58,42,203	67,99,006	Equity	4,10,23,170	-	(53,01,504)	(53,01,504)	NIL	99.99%
5	Keltron Counters Limited	2011-12	4,96,90,000	10,00,000	30,06,69,515	24,99,79,515	a) Equity b) 9.5% cum Pref	4,87,98,650 1,95,500	-	(4,88,185)	(4,88,185)	NIL	98.21%

Note: The Companies mentioned in Sl No.3 & 4 are under liquidation. The Company in Sl No.5 is a defunct company which ceases its operation from the financial year 2004-05.

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

For Sridhar & Co.,
Chartered Accountants,
Firm Registration No:003978S

Sd/-
R.Sripriya
Partner
Membership No.209371
UDIN:22209371AMKMYC1973

Sd/-
N.Narayana Moorthy
Chairman & Managing Director
DIN:05251681

Sd/-
S.Anoop
Director
DIN:03399884

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
DGM (Finance)

Thiruvananthapuram
23rd June 2022

सत्यमेव जयते

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of **Kerala State Electronics Development Corporation Limited, Thiruvananthapuram** for the year ended **31 March 2019** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act), is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with 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 **06 July 2022.**

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Kerala State Electronics Development Corporation Limited, Thiruvananthapuram** for the year ended **31 March 2019** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Thiruvananthapuram
Dated:08-07-2023

ANIM CHERIAN
PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II), KERALA

CONSOLIDATED FINANCIAL STATEMENTS

1NDEPENDANT AUDITORS' REPORT

To the members of **Kerala State Electronics Development Corporation Limited**

Report on the Audit of Consolidated Financial Statements

1. Qualified opinion

a) We have audited the accompanying consolidated financial statements of KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED ("the Holding Company) and its Subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information("Consolidated financial statements").

b) In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the Subsidiary Companies, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2019, its profit and cash flows for the year ended on that date.

2. **Basis for Qualified Opinion**

c) Consolidated financial statements does not include financial statements of certain subsidiary companies; namely Keltron Counters Limited, Keltron Rectifiers Limited, Keltron Power Devices Limited and associate companies such as Keltron Projectors Limited, SIDKEL Televisions Limited, KeltronVaristers Private Limited and Keltron Entertainment Systems Limited which are either under liquidation or defunct, in the absence of financial statements. Being so, we are unable to determine the impact on non - consolidation of such companies in the consolidated financial statements (Refer Note # **1**).

d) i) The company has requested for the conversion of government loan of Rs.1066 lacs into equity in their restructuring proposal, while approving the latest financial restructuring of the company vide GO (MS) No.53/2020/ID dated 15th May 2020, government has approved conversion of government loan of Rs.7200 lacs only into equity out of the total loan of Rs.8266 lacs and thus the aforesaid Rs.1066 lacs is remaining as loan itself. No fresh relief for the payment of interest on this loan seems to have been received by the company till date. Therefore, interest is due on this loan based on the conditional relief granted on 17.06.2016 vide G.O. (Ms) No.86/16/ID for the interest upto 2020-21, as detailed in the previous paragraph and even though, the company is ineligible for the relief due to the failure in complying with the stipulated repayment condition, it has not provided any interest on this loan since FY 2016-17. On account of this, the profit of the company is overstated to the extent of interest and penal interest accrued on this loan, working out to Rs.404 lacs (Previous year Rs.277 lacs) and the current liability at the year end is understated to that extent.

ii) Note:5 - Other Long-Term Liabilities include interest accrued but not due on loans from Govt.of Kerala amounting to Rs.10,372 lacs comprising of Rs.1,140 lacs being the interest accrued up to 2005-06 on Government loan of Rs.8,437 lacs, which was converted into equity vide GO (MS)No.183/11/ED dated 26.08.2011 and Rs.9,232 lacs being the interest and penal interest accrued on the Government loan of Rs.8,266 lacs. The financial restructuring of the Company vide GO(MS) No.53/2020/ID dated 15th May 2020, approved for the waiver of interest of Rs.9,232 lacs and the order is silent about the accrued interest of Rs.1,140 lacs. The company has kept in abeyance the waiver of accrued interest of Rs.9,232 lacs and vide letter KSEDC/ FIN/ 201/ Fin-Res/21-22/104 dated 14th October 2021 represented before Government to consider the conversion of this amount to equity in line with the recommendations of the committee of Public Enterprises Board. No further action seems to have been taken by the company or GOK in respect of accrued interest of Rs.1,140 lacs. Hence, we are unable to comment on the company's classification of Rs.10,372 lacs as Long Term Liabilities, since there is no clarity on the due date for repayment of Interest (Refer Note:35).

e) Investment pending allotment of Rs.1,704 lacs (Previous year: Rs.1,704 lacs) disclosed under Note:13 "Long term loans and Advances" was made to subsidiary companies which are under liquidation. This comprise of Rs.576 lacs to Keltron Rectifiers Limited and Rs.1,127 lacs to Keltron Power devices Limited.

Advance to subsidiary companies amounting to Rs.1265 lacs (Previous year: Rs.1920 lacs) disclosed under Note:12 "Long term loans and Advances" represents the advances made to subsidiary companies, which are under liquidation, net off full provision of Rs.1312 lacs (Previous year Rs.656 lacs) against the advance to Keltron Counters Ltd. Present balance comprise of Rs.414 lacs to Keltron Rectifiers Limited (PY:Rs. 414 lacs) and Rs.851 lacs to Keltron Power Devices Limited (PY:Rs.851 lacs).

The company has stated reasons for non-provision of the above said advances to subsidiary companies (Note 36 (i) and 36 (ii)). However, in the absence of sufficient appropriate evidence to support the management's contention of recoverability of these balances, we are of the opinion that provision for non-recoverability of the Investment pending allotment of Rs.1704 lacs and Advance of Rs.1265 lacs [aggregate amount Rs.2,969 lacs] (Previous year Rs.2969 lacs). To the extent of this non-provisioning of Rs.2969 lacs, the profit of the company and Long term loans and Advances are overstated.

f) Regular write-off/write back of bad and doubtful debts/liabilities and provision for bad and doubtful debts and advances of Rs.1417 lacs (Previous year: Rs.1228 lacs) are classified as exceptional item and disclosed under Note No.29 though the items are the outcome of regular business transactions. We are of the opinion that the same should have been classified under NoteNo.27-"Other Expenses"

g) Keltron Marketing office, Mumbai of the holding company, has charged depreciation during the reporting period on straight line method (SLM). Moreover the method of charging the depreciation was changed during the previous financial year i.e. FY 2017-18 and the method was changed from WDV method to SLM. However the Mumbai Branch has not properly given retrospective effect of such change in the books of accounts in the year of change. The Mumbai Branch charged depreciation in the Previous Financial Year 2017-18 being the year of change as prospectively.

The effect of change in the method of charging depreciation is given retrospectively as required in Schedule II of the Companies Act 2013 during the current FY 2018-19. This effect ought to have been given in the previous financial year 2017-18 and as such it is not in accordance with Accounting Standards 10 "Property, Plant and Equipment "issued by Ministry of Corporate Affairs. The total impact of such change is Rs 13.70 Lacs. This being reversal in the Depreciation charge of the earlier years now routed through the Prior Period expenses and by corresponding increase in the Property Plant and Equipment of the Branch accounts. To that extent, the profits are overstated and non-current assets are under-stated

h) Un-identified credits received in Treasury Savings Bank Account maintained by head office of the company, amounting to Rs.16.71 lacs, is included in 'Current Liabilities- Other Finance disclosed under Note-9-Other Current Liabilities. This amount represents the credit entries in the bank account, which are pending to be identified with the originating units and the nature of credit and hence we are unable to comment on the fairness or otherwise of the balance of Current Liabilities-Other Finance.

i) We are unable to comment on

i) the compliance of Accounting Standards (AS)-28 on 'Impairment of Assets', in the absence of appropriate evidence. (Refer Significant Accounting Policies - Point II(b) under Profit and Loss)

ii) the compliance of AS -17 on 'Segment Reporting' in view of the claim of the Company that it is not having reportable segments (Significant Accounting Policies- Point II(i) under Profit and Loss).

j) The audited financial statements of 6 units and 7 Keltron Marketing Offices (KMOs) of the holding company, audited by the auditors of respective units/KMOs, are not in compliance with the amended provisions of disclosures of Trade Payables under Schedule III applicable from the current year, which required to disclose the (i) total outstanding dues of micro enterprises and small enterprises; and the (ii) total outstanding dues of creditors other than micro enterprises and small enterprises, separately, on the face of the Balance Sheet. However, this disclosure is included in the Consolidated Financial statement of the company as a whole and the same are included in consolidated financial statements. We are unable to comment on the correctness or otherwise of this classification under Current Liabilities, in the absence of such classification in the audited financial statements of units/KMOs considered for the preparation of the Holding company's Financial Statement and the financial impact of the same is also not ascertainable.

Interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements. (Refer Note: 45). Details relating to MSME as specified under points (a) to (e) under FA under General Instructions for preparation of Balance Sheet as per Notification bearing No.F.No.17/62/2015-CL-V Vol-I, dated 11.10.2018 was not disclosed. Since details to ascertain the financial effect of the same is not readily available with the company, we are unable to comment on the financial effect of the non-provision and non-disclosure of the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year and other disclosures specified against FA.

k) According to Section 7(3-A) of the Payment of Gratuity Act, 1972 the subsidiary company, Keltron Component Complex Limited,(KCCL) had to pay simple interest at the rate specified by the Government on delay in payment of gratuity. No interest has been provided by the company on the gratuity payable amount outstanding beyond the 30 days period as specified under section 7(3) of the Payment of Gratuity Act, 1972. In the absence of adequate details and information pertaining to these delayed payments in the gratuity account, we are unable to quantity the effect of the interest burden not provided for the company in its financial statements.

l) The subsidiary company, KCCL, did not have a Company Secretary in its full-time employment during the Financial Year 2018-19 and therefore the Subsidiary Company has not complied with the provisions of section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules ,2014 for the above-mentioned period.

m) The Audit Committee of KCCL does not comprise of a majority of Independent Directors and therefore the Company has not complied with the provisions of section 177 of the Companies Act, 2013.

n) The Fixed Assets register of KCCL includes assets, which have completed their normal useful life. However, the Company does not have a policy in place to identify assets required to be discarded /written off or to identify impairment of these fixed assets.

o) The subsidiary company, KCCL does not have any policy in place to identify Non-moving / slow moving inventories and list of items of inventories with non-moving / slow moving have not been produced for verification.

p) In accordance with the terms of supply to one of the customers of the subsidiary company, Keltron Electro Ceramics Ltd. (KECL) a liability to pay liquidated damages is incurred on account of delay in supply as against agreed timelines for each contract of supply. The customer deducts the Liquidated Damages from the value of invoice and the net amount is paid by them. However, the amount charged as damages is neither communicated by the customer nor ascertained by the company. An amount of Rs. 21.94 lakhs being Liquidated Damages pertaining up to the financial year 2014-15 has been ascertained. However, such damages have not been recognised in the financial statements. The liquidated damages were liable to be recognised as expenditure in the financial statements but not so recognised. For the periods from financial years 2015-16 to 2018-19, the Liquidated Damages have also not been ascertained. Accordingly the Loss for the period, the balance of reserves and surplus and Trade receivables would have been lower by Rs. 21.94 Lakhs in respect of period upto financial year 2014-15. In respect of the financial years from 2015-16 to 2018-19, we are unable to quantify the amount as complete data is not available with the Company to ascertain the amount.

q) We further report that:-

a) Had the quantifiable qualifications in paragraph d(i), (e) ,(f),(g) and (p) above been effected, the Profit for the year before exceptional and extra ordinary items read with our qualification in Para(h) to (o) would have been Loss for the year of Rs.3079.67 lacs, the current liabilities would have been higher by Rs.3,373 lacs, the non-current assets would have been lower by Rs.13.70 lacs, Trade receivables would have been lower by Rs.21.94 lacs and the negative balance in reserves and surplus would have been higher by Rs.4,825.67 lacs.

b) We are unable to determine the financial impact of the qualifications in points (h) to (o) in the absence of sufficient and appropriate details.

3. Emphasis of Matter:

We draw attention to the following matters in the Notes to financial Statements:

a) Note 11 of financial statements, Property, plant and equipments are physically verified by the Management and not observed by us. The title deeds of certain land and its tax paid receipts are not available for our verification and the holding Company does not have the practice of obtaining non-encumbrance and possession certificates as at year end of various landed properties.

b) Note.35 to the financial statements with regard to the approval of financial re-structuring proposal of the holding company by Government of Kerala.

c) Note 42 of the financial statements with regard to accounting for the Tax Deducted at Some by the holding company

d) Note 49 of financial statements, Implementation of wage revision scheme sanctioned by the Government of Kerala and making provision of Rs.44.79 lacs in the accounts of holding company towards pay revision arrears up to March 31, 2019 without adhering to the pre-condition of the sanction on payment of entire guarantee commission due to the Government

e) Note 41 of the financial statements with regard to the decision of the management to not to pursue the matter of earlier classification of the holding company as Sick Industry with the National Company Law Tribunal as the company is not, in the opinion of the management, a sick company as per the Act or Insolvency and Bankruptcy Code 2016.

f) Note:30 of Financial statements wherein contingent liability of KCCL has been disclosed in respect of matters disputed in appeal in respect of customs duty and Kerala State Value Added Tax.

g) Balances under Long-term borrowings (Note-4), Other long term liabilities (Note -5), Short term borrowings (Note -7), Trade payables (Note-8), Other current liabilities (Note-9), Long term loans and advances (Note-13), Trade receivables under Other non-current assets (Note-14), Trade receivables (Note-16) under Current assets, Short term loans and advances (Note - 18) are subject to confirmation/ reconciliation and consequent adjustments if any, upon confirmation/ reconciliation.

4.Other Matters:

a) We did not audit the financial statements of 5 units and 7 branches (marketing offices) of the Company, whose financial statements reflect total net assets of Rs.36,128 lacs as at March 31,2019, total revenues of Rs.36,422 lacs and net cash outflow amounting to Rs.(1122) lacs for the year-ended on that date as considered in the financial statement. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the financial statements, in so far as they relate to the amounts and disclosures included in respect of these units and branches and our report, in so far as it relates to the aforesaid units and branches, is based solely on the reports of the other auditors.

b) We did not audit the financial statements of two subsidiary companies, whose financial statement reflect total net assets of Rs. 7,401 lacs as at March 31 2019, total revenues of Rs.8,216 lacs and net cash outflow amounting Rs. (197) lacs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and in our opinion on the consolidated financial statements; in so far as it relates to the amount and disclosures included in respect of the subsidiary companies and our report in terms of sub sections(3) and (11) of Section 143 of the Act, in so far as relates to the aforementioned subsidiaries, is based solely on the reports of the auditors.

5. Information other than Consolidated Financial Statements and Auditors Report thereon.

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with the audit of these financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein we are required to communicate the matter to those charged with governance. -

6. Management Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance including cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015.

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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

7. Auditor's Responsibilities for the Audit of the Financial Statements :

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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. Tinder Sec.143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial reporting 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 auditor’s 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 auditor's report. However, future events or conditions may cause a 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.

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

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

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

8. Report on other Legal and Regulatory Requirements

1. As required by section 143(5) of the Act, we give in Annexure 1, a statement on the compliance to the Directions issued by the Comptroller and Auditor General of India.

2. As required by Sub Section 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statement of the subsidiaries as noted in the Other Matter Paragraph, we report to the extent that;

   i) We have sought and except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   ii) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, 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 and proper returns adequate for the purpose of our audit have been received from the units/marketing offices not audited by us.

   iii) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

   iv) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

   v) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to the report

   vi) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may not have any adverse effect on the functioning of the Company

vii) Being a government company, the provisions of sub section 2 of section 164 of the Companies Act, 2013 is not applicable.

viii) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph above.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements. (Refer Note:30 to the Consolidated Financial statements)

ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. No amount is required to be transferred to the Investor Education and Protection Fund by the Company.

For SRIDHAR & CO. (FRN : 003978S)
CHARTERED ACCOUNTANTS

Date : 06.07.2022
Place : Thiruvananthapuram

Sd/-
R. SRIPRIYA
PARTNER(M.NO.209371)
UDIN:22209371AMKOBL9858

Annexure 1 to the Independent Auditor's Report

Directions under section 143 (5) of Companies Act 2013

SI No	Directions under section 143(5) of the Companies Act, 2013	Report	Action Taken	Impact in accounts and Financial Statements
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts alongwith the financial implication, if any	Yes. Except in the case of KCA, unit of Holding company, wherein the Fixed assets module, tender and training fees collected not integrated and the unit have to prepare manual report of asset and GST liability for tender and training fee collected. The financial implication of above is not quantifiable. KCCL, wherein the implications of processing of accounting transactions outside the IT system are as follows: 1. EDP system of the company not able to provide as with closing stock valuation report of stock in trade (i.e. only closing stock in trade quantity can be generated) 2. It was noted that in case of PPD sales items EDP system of the comapny not able to provide us with closing stock of PPD sales item. The same was calculated manually which has direct impact on Profit and Loss account as well as Balance Sheet. 3. EDP system of the company not able to generate ageing report as 31.03.2019.	-	The financial implication is not quantifiable in the case of KCA, unit of holding company.
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.	No. However, Government of Kerala vide GO(MS) No.53/2020/ID dated 15th May 2020 has approved a Financial Restructuring proposal for KSEDC Ltd.,(Holding Company) in respect of loans issued by GOK. The matter has been considered in the 256th meeting of the Board of Directors of the Company held on 21st August 2020 and fixed the effective date of implementation of Financial Restructuring as 31st March 2020. The Holding company (KSEDC Ltd) has waived the interest and penal interest on the loan granted to KECL(Subsidiary Co.) for the financial years 2017-18 and 2018-19. The amount ofloan granted is Rs.1,35,26,650/- The interest not provided on account of such waiver is Rs.16,23,198/- for the year 2018-19 (considered at 12%.p.a simple interest)	Not Applicable	Refer Note 40 to Financial statements of 2018-19

Si No	Directions under section 143(5) of the Companies Act, 2013	Report	Action Taken	Impact in accounts and Financial Statements
3	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilised as per its term and condition? List the cases of deviation	No such cases	-	-

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

SL NO		KSEDC LTD	KCCL	KECL
A	**Agriculture and Allied Sector**	Not Applicable	Not Applicable	Not Applicable
B	**Finance Sector**	Not Applicable	Not Applicable	Not Applicable
C	**General and Social Sector**	Not Applicable	Not Applicable	Not Applicable
D	**Power Sector**	Not Applicable	Not Applicable	Not Applicable

E	**Infrastructure Sector:**	KSEDC LTD	KCCL	KECL
1	Whether the Company has taken adequate measures to prevent encroachment of idle land owned by it. Whether any land of the Company is encroached, under litigation, not put to use or declared surplus? Details may be provided.	The Company is having adequate safety measures to prevent encroachment of land. No litigation is pending with respect to encroachment as on date.	Not Applicable	Not Applicable
2	Whether the system in vogue for identification of projects to be taken up under Public Private Partnership is in line with the guidelines/ policies of the Government? Comment on deviation, if any.	The auditors of the units under this sector have reported that there are no projects identified for Public Private Partnership.	Not Applicable	Not Applicable
3	Whether a system for monitoring the execution of works vis-a-vis milestones stipulated in the agreement is in existence and the impact of cost escalation, if any, revenues/ losses from contracts, etc., have been properly accounted for in the books.	The Company is having a system of monitoring the Projects being undertaken by its units at various level, in line with the terms and conditions of respective Orders from the Customers. All impact in the cost incurred in the project are being reflected in the books.	Not Applicable	Not Applicable
4	Whether funds received/ receivable for specific schemes from Central/ State agencies were properly accounted for/utilized? List the cases of deviation.	Not Applicable	Not Applicable	Not Applicable
5	Whether the bank guarantees have been revalidated in time?	Not Applicable	Not Applicable	Not Applicable
6	Comment on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.	Not Applicable	Not Applicable	Not Applicable
7	The cost incurred on abandoned projects may be quantified and the amount actually written-off may be mentioned.	Not Applicable	Not Applicable	Not-Applicable

SL NO		KSEDC LTD	KCCL	KECL
F	**Industrial Promotion:**	Not Applicable	Not Applicable	Not Applicable

G	**Manufacturing Sector:**	KSEDC LTD	KCCL	KECL
1	Whether the Company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?	The auditors of the units under this sector have reported that based on the records of the division examined and the information and explanations given they are of the opinion that the pricing policy of the division absorbs all fixed and variable cost of production.	The company's pricing policy absorbs all the fixed and variable cost of production as well as allocation of variable overheads. However, in determining some of such costs the company uses a standard costing model. Based on our examination of the records of the company we are of the opinion that the company does not have a proper policy of revisiting such standard costs which are taken for pricing. We are informed that this exercise of revisiting the standard cost will be implemented soon, as part of implementation of new ERP software.	Company has general pricing policy which absorbs all the fixed and variable cost of production. The Company's products are manufactured against specific customer orders and against negotiated prices. However: 1) We observed that the company maintain no cost records required to ascertain the cost of production of a particular project. These include the material usage register, labour hour utilised, overhead incurred at manufacturing unit, etc. It is suggested to maintain the cost records, which also facilitates in analysing the yield from material used, profitability or in identifying if any project is incurring a loss to the company. 2) The company is not recording the value of wastage and damage incurred during manufacturing, due to which cost of production is understated. 3) The materials required for each project are issued to the production unit. However, after the order is completed, the usage of material is not matched with the materials issued from stores. The surplus material, if any, is not returned to the stores, but utilized for another forthcoming project. This dilutes the control over the cost of production of each project.
2	Whether the Company has utilized the Government assistance for technology up gradation/ modernization of its manufacturing process and timely submitted the utilization certificates.	The auditors of KLD and KEC have confirmed the utilisation of the Government assistance and timely submission of utilisation certificates while KCA and KTTC auditors have reported that there were no receipt of such assistance during reporting period.	The company has been applying and utilizing the government assistance for technology up gradation/ modernization from time to time and is complying with the sanction terms of such assistance by submitting the necessary documents/ certificates as is required under each assistance	Yes, The modernization project was completed in earlier years.
3	Whether the Company has fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence.	The auditors of the units under this sector have reported that as per the information produced, the company has fixed policies for treating normal losses and evaluation of abnormal losses.	The company has standard norms for accounting for normal losses. Abnormal losses are evaluated and remedial actions are initiated like reuse of materials etc. to bring down the overall loss component.	As mentioned in above Para 1, the control over normal and abnormal losses is diluted and is inadequately monitored.

<table>
<tr><td>4</td><td>What is the system of valuation of by-products and finished products? List out the cases of deviation from its declared policy.</td><td>The auditors of the units under this sector have reported that there are no by-products. Finished goods are valued at lower of cost or net-realisable value. It is also reported that no deviation from its declared policy is noted.</td><td>The by- products and finished products are valued at cost or market value whichever is lower. The market value is arrived at by using the retail method.</td><td>Finished products held in stock are valued at lower of cost or net realizable value. No deviations were observed.</td></tr>
<tr><td>5</td><td>Whether the effect of deteriorated stores and spares of closed units been properly accounted for in the books.</td><td>The auditors of the units under this sector have reported that no such item exist as at the year end.</td><td>The company has made adequate provision for depletion in value of stores and spares based on an internal technique evaluation of the usability of such stores and spares. The inventory carrying amount in the balance sheets as on the reporting date is after adequately accounting for such depletion in value.</td><td>Value of dead stock is taken at 10% of cost. Such stock is reportedly identified during physical verification exercise.</td></tr>
<tr><td>6</td><td>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.</td><td>The auditors of KLD and KEC confirmed the existence of effective system for physical verification, valuation of stock, treatment of non-moving items and accounting the effect of shortage/excess noticed during physical verification. While KCA auditor has reported that in their opinion, the procedure for physical verification of inventory are not adequate and reasonable in relation to the size of the division and nature of its business. KTTC auditor has reported that no effective methods exist to identify stock of consumable held as at the year end and hence no provision made for short/ excess of such consumables.</td><td>The company has an effective system in place for physical verification of inventory, making provision for non-moving inventory and accounting the effect of such shortage/excess which are noticed on physical verification.</td><td>The Company has reported an effective system for physical verification of stock. However, they have not observed the actual process of physical verification and therefore unable to comment on its effectiveness. Non moving items are identified during the verification process and are valued at 10% of cost. As regards accounting for the effect of the shortage or excess of stock noticed during the physical verification, no effect hasbeen given in the accounts as the process of reconciliation is reported to be incomplete.</td></tr>
<tr><td>7</td><td>State the extent of utilization of plant and machinery during the year vis-à-vis installed capacity.</td><td>The auditors of KCA and KTTC have reported that the manufacturing activity is based on the Customer specific Orders.KLD auditor has reported 80.37% for LED lights manufacturing and 40.67% for hearing aids.and it is reported as 100% utilisation at KEC.</td><td>The installed capacity vis-a-vis utilization of capacity of machinery is as follows:-
By considering the practical impossibility to assess machinery and component wise capacity utilization of the machineries, a study on the installed capacity and utilized capacity of products manufactured during the year is given below which gives details for the capacity of products manufactured during the year is given below which gives details for the capacity utilization of the production function as whole:
Aluminium Capacitors
<table><tr><td>Installed Capacity</td><td>Utilized Capacity</td><td>Percentage (%) of Utilization</td></tr><tr><td>15,00,00,000</td><td>8,18,03.000</td><td>54.54</td></tr></table>
Crystals
<table><tr><td>Installed Capacity</td><td>Utilized Capacity</td><td>Percentage (%) of Utilization</td></tr><tr><td>20,84,000</td><td>1,54,000</td><td>7.39</td></tr></table>
MPP Capacitors
<table><tr><td>Installed Capacity</td><td>Utilized Capacity</td><td>Percentage (%) of Utilization</td></tr><tr><td>1,00,00,000</td><td>1,18,93.000</td><td>118.93</td></tr></table>
</td><td>Current production is against confirmed order. No installed capacity is determined for the products currently produced by the company</td></tr>
</table>

<table>
<tr><td></td><td></td><td></td><td><table><tr><td colspan="3">Resistors</td></tr><tr><td>Installed Capacity</td><td>Utilized Capacity</td><td>Percentage (%) of Utilization</td></tr><tr><td>21,70,00,000</td><td>6,77,94.000</td><td>31.24</td></tr></table></td><td></td></tr>
<tr><td>8</td><td>Report on the cases of discounts/ commission in regard to debtors and creditors where the Company has deviated from its laid down policy.</td><td>The auditors of the units under this sector have reported that no such instances were observed.</td><td>Based on our examination of the discounts/ commission given to debtors and received from creditors, we report that we have not come across any deviation from the laid down policies of the company regarding such discounts/commission.</td><td>We have not noticed any deviations in the discounts/commissions as against laid down policy. In respect of Liquidated damages charged/ claimed by one of the customers of the Company, Bharat Electronics Limited, no details of such damages claimed/accepted are available from the year 2015-16 onwards. Up to the year 2014-15, the liquidated damages claimed have been ascertained at Rs. 21.94 lakhs. However no provision has been made for the same in the accounts of the Company.</td></tr>
</table>

H	Service Sector:	KSEDC LTD	KCCL	KECL
1	Whether the Company's pricing policy absorbs all fixed and variable cost of production and the overheads allocated at the time of fixation of price?	With respect to Projects undertaken by manufacturing units executed through KMOs at respective locations, the pricing may be regulated by the former units, as per the project plan decided on case to case basis. With respect to businesses executed by KMOs of their own pricing is managed by KMOs independently following internal procedures. In general, the Company's pricing policy absorbed all fixed and variable cost of production.	Not Applicable	Not Applicable
2	Whether the Company recovers Commission for work executed on behalf of Government/ other organizations that is properly recorded in the books of accounts? Whether the Company has an efficient system for billing and collection of revenue?	It is reported by the following units/KMO's that they are not generating any revenue in the form of commission from the government or other organisations during the year:-Hyderabad, Ahmedabad, Bangalore, Delhi, KCA, Kolkata, Mumbai and KEC. The following units/KMO's auditors have confirmed the recovery and record in the books of accounts: KLD, Chennai, KTTC. It is also reported that the company has an effeicient system for billing and collection of revenue.	Not Applicable	Not Applicable
3	Whether the Company regularly monitors timely receipt of subsidy from Government and is properly recording them in its books?	The auditors of the units under this sector have reported that no subsidy has been received from government during the year 2018-19.	Not Applicable	Not Applicable
4	Whether interest earned on parking of funds received for specific projects from Government was properly accounted for?	The auditors of the units under this sector have reported that no such instance has occurred during 2018-19. With respect to Plan Fund parking at Government Treasury, the interest will not accrue as per the nature of such Account.	Not Applicable	Not Applicable
5	Whether the Company has entered into Memorandum of Understanding with its Administrative Ministry, if so, whether the impact thereof has been properly dealt with in the financial statements.	The auditors of the units/KMO's under this sector have reported that they have not entered into Memorandum of Understanding with any of its Administrative Ministry during 2018-19.	Not Applicable	Not Applicable

I	Trading Sector:	KSEDC LTD	KCCL	KECL
1	Whether the Company has an effective system for recovery of dues in respect of its sales activities and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?	The auditors of the units/KMO's under this sector have reported that there is an effective system for recovery of dues in respect of its sales activities and the dues outstanding and recoveries there against have been properly recorded in the books of accounts except in the following cases: KMO Chennai: It is reported that realization of Sundry debtors is not satisfactory and debtors outstanding for more than 3 years is Rs. 93,51,920. KMO Mumbai: It is reported that there are dues outstanding for more than 3 years on the reporting period.	Not Applicable	The company has reported an effective system for recovery of dues from its sales activities. The bulk of the dues from trading activities are from the Government of Kerala or its executing agencies and programs. However, the company has no regular system of obtaining confirmation of balances from its debtors. In the absence of such a process, the effectiveness of the quality and quantity of the receivables cannot be vouchsafed. This will render the company's financial stability vulnerable to unknown doubtful debts, whose non recovery may have a deep impact of the financial condition of the company. We have observed that 263 Receivables accounts, Which have no transactions during the year with aggregate balances of Rs. 98.79 lakhs. As these dues are more than at least 365 days old, we are unable to comment on the recoverability of the same, in the absence of any confirmation of balances. We further observed that under Advance from customers aggregating Rs. 27,53,184/-, an amount of Rs. 4,61,438/- is included being receipts from an unidentifiable parties. Further, Rs.5,82,061/- is received from Bharat Electronics Ltd, where the company unable to identify the invoice against which payment is made.
2	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 auditors of the units/KMO's under this sector have reported that there is 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. While the following units/KMO's have reported as follows: KCA auditor has reported that in their opinion, the procedure for physical verification of inventory are not adequate and reasonable in relation to the size of the division and nature of its business. KM0 Bangalore auditor has reported that there are a number of slow moving items in inventory which needs periodic review by management.	Not Applicable	The company has reported an effective system for physical verification of stock. However, we have not observed the actual process of physical verification and therefore unable to comment on its effectiveness. Non moving items are identified during the verification process and are valued at 10% of cost. As regards accounting for the effect of the shortage or excess of stock noticed during physical verification, no effect has been given in the accounts as the process of reconciliation is reported to be incomplete. Normally, trading commodities are delivered by the company's vendor directly at the program locations of the Government of Kerala. However, in respect of trading commodities which are received at the company's premises, Goods Received Notes (GRN)/ Gate passé are not raised. The practice dilutes the control over inventory and may result in material misstatement of the sales and the value of inventory.
3	The effectiveness of the system followed in recovery of dues in respect of sale activities may be examined and reported	The auditors of the units/KMO's under this sector have reported that there exists an effective system to follow the recovery of dues in respect of sale activities	Not Applicable	See Para 3 above.

J	Miscellaneous Sector a) Technology Oriented	KSEDC LTD	KCCL	KECL
1	Examine and report the cases of dispute, if any, on contracts relating to supply of hardware as well as software. In the event of such assets remaining with the Company please report on its valuation and accounting in the books.	The auditors of KMO's have reported that no such instances were noted.	Not Applicable	Not Applicable
2	What is the system of recovering fees/ charges in regard to providing manpower to various agencies? Report the cases where no such recovery has been effected and accounted for.	KMO's Ahmedabad and Chennai have reported that the company has been following the terms and conditions as per the agreement in this regard while Kolkata and Mumbai auditors have reported that no such transactions were observed during the period.	Not Applicable	Not Applicable

3	What is the system of receiving revenue share from franchise, if any?	The auditors of KMO's under this sector have reported that no such revenue was received by the units.	Not Applicable	Not Applicable
4	Report the cases where software, hardware or IT enabled system is lying redundant/ outdated.	The auditors of KMO's under this sector have reported that no such instances were observed.	Not Applicable	Not Applicable
5	What is system of accounting of grants/ subsidies received from Central/ State Government or its agencies? Comment on the cases of diversion wherein the grants were not utilized for the purpose for which these were received.	The auditors of KMO's under this sector have reported that no grants / subsidies have been received from the Central /State Government or its agencies to the branch during the reporting period.	Not Applicable	Not Applicable

	Miscellaneous Sector b) Other	**KSEDC LTD**	**KCCL**	**KECL**
1	Examine-the system of effective utilization of Loans/Grant-in-Aid/ Subsidy. List the cases of diversion of funds.	The auditors of units! KMO's under this sector have reported that the unit/KM° has not taken any loans or received any grant in aid or subsidy during reporting period.	Not Applicable	No additional loans/Grant has been received during the year. Loan and grant revived in earlier years have been reported to be effectively utilised. No diversions of funds have been reported.
2	Examine the cost benefit analysis of major capital expenditure/ expansion including IRR and payback period,	No major capital expenditure /expansion was incurred during the period under report.	Not Applicable	No such cost benefit analysis is reported to be undertaken for the expansion project.
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 areas such as accounting, sales personnel information, pay roll, inventory etc. have been computerized and whether the company has evolved proper security policy for data/ software. hardware?	The auditors of units/ KMO's under this sector have reported that they have a computerised system for its financial accounting purpose and proper security measures had been taken for security of data/software/hardware,except KMO Mumbai who has reported that The unit is using tally package only for financial accounting and inventory management. The tally needs to be strengthened for stores management. It is found that the Tally system has been secured with password for all the users.	Not Applicable	Accounting, Sales, Payroll and Inventory are computerised. The data in the above area are in electronic format. No security policy document is reported to be prepared and issued. The security over data/ software and hardware are reported to be effective. However, we have not conducted a detailed system security review of the above areas.

For SR1DHAR & CO. (FRN : 003978S)
CHARTERED ACCOUNTANTS

-Sd-

R. SR1PRIYA
PARTNER (M.NO.209371)
UD1N : 22209371AMKOBL9858

Date : 06.07.2022
Place : Thiruvananthapuram

Annexure 2 to the Independent Auditor's Report

(Referred to in paragraphnl3 (e) under 'Report on Other Legal and Regulatory Requirements' section of our report)

Report on the Internal Financial Controls

(Under Clause (i) of Sub Section 3 of the section 143 of the Companies Act, 2013)

We have audited the internal financial controls over financial reporting of **KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED ("the Holding Company)** and its Subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group") as at 31 March 2019, in conjunction with our audit of the financial statement of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Companies included in the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 policies of the Group, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the internal financial controls of the Group over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by the 1CAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for qualified opinion

6. 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, 2019:

a) Unrestricted access to the Enterprise Resource Planning (ERP) Software to all employees and under utilization of ERP software without integrating with payroll and other functions.

b) Non-reconciliation of debtors with the financial records and lack of proper follow-up with debtors for recovery.

c) Deficiencies in physical control of property, plant and equipment including unique numbering, incomplete fixed assets register and absence of proper physical verification.

d) The system of internal control with respect to maintenance of adequate records of ascertainment of slow moving and non moving items of inventory of Mumbai branch was not maintained adequately for inventories records.

e) Non accounting of the possible future liability in respect of warranty obligations accepted with the sales of project in Mumbai branch.

f) Non reconciliation of the old service tax liability outstanding for more than 10 years s found in Mumbai branch

g) The internal control regarding review of long pending advances, deposits and Trade paybles needs further strengthening.

h) Information Technology (IT) System of KCCL was not operating effectively which could potentially result in the Company to forcefully perform many of its functions manually which could also possibly result in human errors and duplication. This could further lead to wrong disclosure with respect to revenue, expenditure, assets and liabilities.

i) On verification of the KCCL godown where the stock has been kept and maintained, it was noticed that adequate Fire Extinguisher or other fire preventive equipment's were not kept. This creates a substantial risk for the company w.r.t the day to day operations and a threat to the Company's assets.

j) The Fixed Asset Register (FAR) of KCCL includes assets, which have completed their normal useful life. However, the company does not have a policy in place to identify assets to discard/ write off or impairment of these assets, at regular intervals.

k) KECL's internal control system of receiving goods purchased for trading purposes has weaknesses which may result in material misstatement of the sales. Receivables, and Inventory

1) KECL's internal Control system of issue of materials to specific project has material weaknesses which may result in material misstatement of cost of production and value of Inventories

m) KECL's internal Control system of recording cost of production of a particular project/ product which may lead to a material misstatement of cost of production and, value of inventories.

n) KECL's internal Control system over Receivables has material weaknesses which may result in material misstatement of Trade Receivables and provision for doubtful receivables. 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.

Qualified Opinion

7. 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 Group has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

8. 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, 2019 consolidated financial statements of the Group, and these material weaknesses may affect our opinion on the consolidated financial statements of the Group.

For SRIDHAR & CO. (FRN : 003978S)
CHARTERED ACCOUNTANTS

-Sd-

R.SRIPRIYA
PARTNER (M.N0.209371)
UDIN: 22209371AMKOBL9858

Date : 06.07.2022
Place : Thiruvananthapuram

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2019

Particulars	Note No.	As at 31st March, 2019 ₹	As at 31st March, 2018 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share capital	2	2,03,55,18,100	2,03,55,18,100
(b) Reserves and surplus	3	(2,24,66,53,762)	(2,28,43,54,245)
Minority Interest		-	-
Non-current liabilities			
(a) Long-term borrowings	4	84,17,69,794	87,48,58,098
(b) Other long-term liabilities	5	1,11,22,92,907	1,11,42,39,906
(c) Long-term provisions	6	20,96,24,795	27,68,52,374
(d) Deferred tax liabilities (Net)		36,83,291	82,97,111
Current liabilities			
(a) Short-term borrowings	7	9,58,27,988	5,85,48,276
(b) Trade payables	8		
i)Dues to Micro,Small & Medium Enterprises	(i)	95,08,46,028	1,03,26,44,034
ii)Dues to Others	(ii)	1,72,40,04,487	1,26,88,18,034
(c) Other current liabilities	9	1,55,95,82,160	1,30,47,70,210
(d) Short-term provisions	10	17,49,85,018	17,58,69,917
TOTAL		**6,46,14,80,806**	**5,86,60,61,815**
ASSETS			
Non-current assets			
(a) Fixed assets	11		
(i) Property, plant and equipment		30,82,30,391	30,07,29,370
(ii) Intangible assets		2,05,12,592	2,09,14,867
(iii) Goodwill on consolidation		14,78,39,801	14,78,39,801
(iv) Capital work-in-progress		2,75,39,417	53,95,747
(b) Non-current investments	12	80,00,080	80,00,080
(c) Long-term loans and advances	13	33,26,34,035	40,25,59,188
(d) Other non-current assets	14	15,06,90,886	18,01,67,906
Current Assets			
(a) Inventories	15	61,68,39,308	53,87,67,178
(b) Trade receivables	16	3,82,81,52,208	3,36,76,67,587
(c) Cash and cash equivalents	17A	27,99,30,558	43,70,37,651
(d) Other bank balances	17B	38,42,08,578	25,46,34,172
(e) Short-term loans and advances	18	32,99,22,734	18,54,65,524
(f) Other current assets	19	2,69,80,218	1,68,82,744
TOTAL		**6,46,14,80,806**	**5,86,60,61,815**
Significant Accounting Policies	A		

Significant Accounting Policies and Notes 1 to 59 are integral part of this Consolidated Financial Statement.

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

Per our report attached

For Sridhar & Co	Sd/-	Sd/-
	N.Narayana Moorthy	**Anoop.S**
Chartered Accountants,	Chairman and Managing Director	Director
Firm Registration No:003978S	DIN:05251681	DIN:03399884
Sd/-	Sd/-	Sd/-
R.Sripriya	**B.Bilu**	**CA Sreejan.A.S**
Partner	Company Secretary	DGM(Finance)
Membership No.209371		
UDIN:22209371AMKOBL9858		

Thiruvananthapuram
23rd June 2022

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019

Particulars	Note No.	For the year ended 31st March, 2019 ₹	For the year ended 31st March, 2018 ₹
Gross Revenue from operations	20	5,33,19,43,883	4,73,61,65,883
Less: Excise duty		-	1,79,51,202
Net Revenue from operations		5,33,19,43,883	4,71,82,14,681
Other income	21	4,11,24,648	9,16,74,988
Total Revenue		**5,37,30,68,531**	**4,80,98,89,669**
Expenses			
Material consumed and service expenses	22	4,04,14,19,299	3,47,90,60,380
Changes in inventory of finished goods, work-in-progress and stock-in -trade	23	(5,55,11,402)	63,71,444
Employee benefits expense	24	84,33,58,147	83,46,60,739
Finance cost	25	7,34,27,462	7,29,05,256
Depreciation and amortization expense	26	5,01,26,006	5,30,34,802
Other expenses	27	24,35,98,720	19,13,64,573
Prior period adjustment	28	48,92,130	(54,90,363)
		5,20,13,10,362	**4,63,19,06,831**
Add/(Less): Consumption for captive capital items		(28,16,869)	(89,11,544)
Total Expenses		**5,19,84,93,493**	**4,62,29,95,287**
(Loss)/Profit for the year before exceptional and extraordinary items		**17,45,75,038**	**18,68,94,382**
Less : Exceptional items	29	14,11,94,960	12,38,09,184
(Loss)/Profit for the year before extraordinary items		**3,33,80,078**	**6,30,85,198**
Extraordinary items		-	-
(Loss)/Profit for the year before Tax		**3,33,80,078**	**6,30,85,198**
Current tax		1,57,229	7,06,005
Deferred tax		(46,13,820)	(37,975)
(Loss)/Profit before minority interest		**3,78,36,669**	**6,24,17,168**
Minority interest		43,19,504	9,14,922
Balance of (Loss)/Profit carried over to Balance Sheet		**3,35,17,165**	**6,15,02,246**
Earnings per share:	42		
Basic		1.65	3.02
Diluted		1.65	3.02
Nominal value per share		100	100
Significant Accounting Policies	A		

Significant Accounting Policies and Notes 1 to 59 are integral part of this Consolidated Financial Statement.

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

Per our report attached to Balance Sheet

For Sridhar & Co	Sd/-	Sd/-
	N.Narayana Moorthy	**Anoop.S**
Chartered Accountants,	Chairman and Managing Director	Director
Firm Registration No:003978S	DIN:05251681	DIN:03399884
Sd/-	Sd/-	Sd/-
R.Sripriya	**B.Bilu**	**CA Sreejan.A.S**
Partner	Company Secretary	DGM(Finance)
Membership No.209371		
UDIN:22209371AMKOBL9858		

Thiruvananthapuram
23rd June 2022

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in ₹)	(Amount in ₹)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit for the year before extraordinary items	**3,33,80,079**	**6,30,85,198**
Adjustments for :	-	-
Depreciation/amortisation	5,01,26,006	5,30,34,802
Provision for bad debts	7,73,71,696	52,67,235
Provision for loans, advances and deposits	6,56,42,729	11,36,12,682
Bad sundry debits written off	21,475	40,51,783
Bad sundry credits written back	(1,33,10,916)	(37,311)
Interest expenses	7,14,75,041	6,98,55,687
Interest income	(2,25,82,827)	(3,46,66,685)
Profit on sale of property, plant and equipment	(7,289)	-
Loss on sale of property, plant and equipment	-	54,197
Unrealised Foreign Exchange gain	5,25,333	
Transfer to reserve	(1,36,185)	(1,65,597)
Operating Profit Before Working Capital Changes	**26,25,05,142**	**27,40,91,991**
Adjustments for (increase)/decrease in operating assets:	-	-
Trade and other receivables	(63,69,28,751)	(64,99,40,319)
Inventories	(7,80,53,444)	(1,94,71,871)
Other loans and advances	(14,14,34,366)	37,37,449
Adjustments for increase/(decrease) in operating liabilities:	-	-
Trade payables and other liabilities	45,60,75,281	19,44,07,495
Cash generated from operation	**(13,78,36,138)**	**(19,71,75,255)**
Income tax paid	-	
Net Cash from operating activities	**(13,78,36,138)**	**(19,71,75,255)**
	-	-
B. CASH FLOW FROM INVESTING ACTIVITIES:	-	-
Purchase of property, plant and equipment	(6,89,04,785)	(2,03,70,366)
Proceeds from sale of property, plant and equipment	68,927	8,430
Intangible assets	(1,05,43,962)	(91,74,294)
Interest received	1,41,56,562	2,68,12,935
Term deposits with more than 1 year maturity	1,76,04,282	27,41,95,965
Sale of investment	-	-
Net cash used in investing activities	**(4,76,18,976)**	**27,14,72,670**
	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Receipt of Government loan	4,58,13,032	50,00,000
Demand loan from Bank	87,81,026	(7,72,23,463)
Equity Investment	-	-
Working Capital Revolving Fund Loan	1,99,75,423	-
Repayment of long term borrowings/grants	-	-
Interest paid	(4,42,08,179)	(4,51,83,607)
Increase/(decrease) in short term borrowings	(20,13,281)	81,55,690
Net cash used in financing activities	**2,83,48,021**	**(10,92,51,380)**
	-	-
ABSTRACT:	-	-
A. Net Cash from Operating Activities	(13,78,36,138)	(19,71,75,255)
B. Net Cash used in Investing Activities	(4,76,18,976)	27,14,72,670
C. Net Cash used in Financing Activities	2,83,48,021	(10,92,51,380)
	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(15,71,07,093)**	**(3,49,53,965)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**43,70,37,651**	**47,19,91,616**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**27,99,30,558**	**43,70,37,651**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**(15,71,07,093)**	**(3,49,53,965)**

Note:
i) As given in Standalone, KCCL and KECL.

Particulars	As at 31st March 2019	As at 31st March 2018
Cash and cash equivalents consists of:	(Amount in ₹)	(Amount in ₹)
a) Cash and stamp in hand	8,29,784	7,86,775
b) Remittance in transit	76,267	76,601
c) Balance in Scheduled Banks:		
Current account	26,92,94,814	42,34,51,307
Term deposits (less than 3 months maturity)	65,42,364	66,80,255
d) Government of Kerala - Treasury savings bank account	31,87,329	60,42,713
Total	27,99,30,558	43,70,37,651

Per our report attached to Balance Sheet

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

For Sridhar & Co
Chartered Accountants,
Firm Registration No:003978S

Sd/-
N.Narayana Moorthy
Chairman and Managing Director
DIN:05251681

Sd/-
Anoop.S
Director
DIN:03399884

Sd/-
R.Sripriya
Partner
Membership No.209371
UDIN:22209371AMKOBL9858

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
DGM(Finance)

Thiruvananthapuram
23rd June 2022

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared and presented under the historical cost convention on accrual basis as a going concern and in accordance with the Generally Accepted Accounting Principles (GAAP), Accounting Standards notified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules 2014 and relevant provisions applicable thereof.

Use of estimate

The preparation of financial statement requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the result of operations during the year. Differences between actual results and the estimates are recognized in the year in which the results are known or materialized. Examples of such estimates are; estimated useful life of assets, classification of assets/liabilities as current or non-current in certain circumstances, provision for doubtful receivables etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

BALANCE SHEET

I. a) Property, plant and equipment

Property, plant and equipment of the holding company are stated at cost as increased by revaluation in 1983-84 less depreciation. All costs (including technical know-how wherever applicable) relating to acquisition and installation of property, plant and equipment are capitalized. In the case of subsidiaries, property, plant and equipment are stated at cost.

Intangible assets are stated at acquisition cost, net of accumulated amortization. Intangible assets are amortized over the license period or five years, whichever is lower.

b) Research and Development

Research and Development expenses incurred during the year are shown under Intangible assets and are written off to Statement of Profit and Loss during the succeeding 3 years.

Research is the original and planned investigation undertaken with the prospect of gaining new scientific and technical knowledge and understanding and the expenses incurred by the Company during the research stage are charged to revenue. Development is the application of the research findings or other knowledge to a plan or design for the production of new or substantially improved material, devices, products, process, systems or services prior to the commencement of commercial production or use and the expenses incurred during the development stage will be capitalized.

II. Investments

Long term investments are stated at cost, less provisions for other than temporary diminution in value

III. Inventories

a) Raw Materials and Components

Raw materials and components are valued at cost or net realizable value whichever is lower. Cost is arrived at on weighted average basis.

In the case of Keltron Electro Ceramics Limited, Raw materials, Finished goods and work in progress have been valued at lower of cost and net realizable value. While arriving the cost of materials FIFO method has been used and AS-2 has been complied.

b) Work-in-progress

Work in progress of manufacture items is valued at lower of cost or net realizable value.

c) Finished goods

Closing stock of finished goods is valued at lower of cost including applicable excise duty payable or net realizable value.

d) Trading goods
Closing stock of trading goods is valued at lower of cost or net realizable value.

e) Consumable stores and Spares
Closing stock of Stores and Spares is valued at lower of cost or net realizable value.

f) Loose Tools and Jigs
Loose tools and jigs are stated at cost less depreciation charged at the rate of 25% on written down value basis.

The Cost of Inventory items stated above will be arrived on the basis of Weighted Average method of valuation in holding Company and Keltron Component Complex Limited. In the case of Keltron Electro Ceramics Limited, FIFO method is being used for the purpose of valuation.

Net realizable value is the estimate selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary for sale.

Those items of inventory which are technically identified as obsolete / unserviceable/ not fit for use, out of slow moving / non moving items are written down to scrap/NIL values, as estimated by the Management on the basis of technical evaluation and the excess prices, if any, realized over such estimated values on sale / disposal are reckoned as income on cash basis.

IV . Government Grant

Government Grant in the nature of promoter's contribution are classified under Capital Reserve and treated as a part of Shareholders fund.

In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as Capital Grants which are recognized as income in the Statement of Profit and Loss over the period and in proportion in which depreciation is charged.

V. Taxes on income

In compliance with AS 22 deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

VI. Operating Cycle

For the purpose of classifying the Assets and Liabilities as current and non-current, operating cycle is considered to have duration of 12 months in all cases except the cases where the customer/supplier/sub-contractor order terms include design/drawing/development/retention or any other specific condition compliance of which will result in an operating cycle beyond 12 months. In such cases, the operating cycle ends on the expiry of the mandated date in the specific condition of the order.

PROFIT AND LOSS

I. Revenue recognition

Revenue is recognized to the extent of the economic benefits which are reliably measured. If there is any uncertainty in the ultimate collectability, then revenue recognition is postponed till the uncertainty is resolved.

a) Sales on account of Manufacturing/Projects/Resale
Sales are inclusive of Excise and Octroi duty wherever applicable and are net of trade discount. Income from supply to Government Departments/Government Agencies is recognized based on dispatches/work done at project site without waiting for the completion certificate, as this is a long drawn process and sometimes it may not be feasible.

The revenue from projects undertaken which involves both supply of materials, its installation and commissioning and after sales services as per the terms of the contract, are recognized as “Project Sales” in respect of initial supply part, and the later part such as installation and commissioning, after sales services etc. under “Service Income”. The revenue from mere supply of end use products of other manufactures which are dealt by the Company are recognized as “Resale”.

b) Contract jobs
Proportionate income in respect of contract jobs is taken credit only if the percentage of completion of each job is 25% or more, while losses including those anticipated on completion of jobs are absorbed in the Statement of Profit and Loss.

c) Service income
In the case of service jobs, income is accounted on completion of jobs.
In the case of annual maintenance contracts, the income is spread evenly over the period of contract.

d) Income from Computer Training
Income from Computer training is spread evenly over the period of training.

e) Other Operating revenue
Other operational revenue represents income earned from the activities incidental to the core business and is recognized when the right to receive the income is established.

f) Other Income
Interest on Margin on Margin Money/Fixed Deposits, Rental Income, Insurance claim receivable and Sales Commission are recognized on the accrual basis. Dividends from Companies are accounted in the year in which they are declared. Income in respect of sale of agriculture produce etc. is accounted on cash basis.

II. Expenses

a) Depreciation
Depreciation on property, plant and equipment has been provided on straight line method on the basis of useful life as specified in Part-C of Schedule II of the Companies Act 2013, except on those assets whose useful lives are determined based on the technical evaluation made by the Company and in the manner provided therein.

The depreciation on additions during the year is calculated on pro-rata basis depending on number of days put into use and the additions to property, plant and equipment costing ₹ 5000/- or less are fully depreciated in the year of acquisition itself, irrespective of date from which it is put to use.

In case of sale/disposal of asset depreciation will not be charged during the year in which the asset has been disposed.

In respect of transfer of asset between units within the Company the depreciation will be provided in the books of transferee unit for the whole year.

The Company has opted for adopting a residual value of ₹ 1/- per asset until disposal or discarding of the asset.

b) Impairment of Assets

An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss of prior accounting period is increased/ reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the asset's net selling price or determined value

c) Excise duty

Excise duty on goods is accounted at the time of removal of goods from the factory custom boundary.

d) Retirement Benefits

i) Gratuity

Liability in respect of defined benefit fund is provided on the basis of actuarial valuation as on the date of Balance Sheet. The method of actuarial valuation adopted is the Projected Unit Credit method.

In respect of employees covered under plan with Life Insurance Corporation of India, the liability for payment of gratuity is determined by actuarial valuation as per Accounting Standard-15 (Revised).

ii) Leave encashment

Liability towards accrued leave encashment at the time of retirement is provided in accordance with AS 15 based on actuarial valuation as at the Balance sheet date.

iii) Defined Contribution Plans

Company's contribution during the year towards General Provident Fund, Family Pension Fund, Employees State Insurance Corporation and Labour Welfare Fund are charged to the Profit and Loss account as and when incurred.

e) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of transaction or at the exchange rate under the related foreign exchange contracts when covered by such contracts. Assets and liabilities relating to foreign currency transaction outstanding at the end of the year are converted at contract rates when covered by forward exchange contracts and in other cases at the rate at which they have been since settled and if not settled till the finalisation of accounts, they are converted at the year end rates. In respect of exchange differences on settlement / conversion if any are adjusted to the Profit and Loss account.

f) Warranties and indemnities

The Provision for warranty is created considering the estimate cost of repairs or replacement of products / systems etc. supplied by the Company, which fail to perform satisfactorily during the warranty period. Such cost is reckoned exclusive of cost of inventory items purchased along with products to be used for undertaking the service jobs and carried forward in stock at cost.

The Warranty cost is provided for in the accounts on effecting sale of product or service, and such cost is spread over the period of warranty on the basis of technical assessment of the estimate of cost expected to be incurred during each year of warranty period. Such estimates are arrived at based on historical data maintained by the companies.

g) Provision and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for contingent liabilities made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation /present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) Borrowing Cost

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost are charged to Statement of Profit and Loss.

i) Segment Reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services that is subject to risks and returns that are different from those of other business segments, and a geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. AS 17 envisages as a reportable segment is a business segment or a geographical segment identified on the basis mentioned above for which segment information is required to be disclosed by this statement. Thus there are no reportable segments either business or geographic, which is subject to the risk and returns different from those for the business as a whole since there is only one product being dealt with by the company viz. the electronic components where the selling rates and other conditions both in business as well as geographical areas are similar.

NOTE 1: BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

I. The Consolidated Financial Statements (CFS) consists of Kerala State Electronics Development Corporation Limited ("the Company") and its subsidiary companies (collectively referred to as "the Group"). The CFS have been prepared to comply in all material aspects with applicable Generally Accepted Accounting Principles in India (Indian GAAP), the applicable Accounting Standards prescribed under Section 133 of Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules 2014, the provisions of the Act (to the extent notified) and in particular the Accounting Standard 21 (AS 21) - 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

II.

a) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulted in unrealized profits or losses.

b) The difference between the cost of investment in the subsidiaries and the group's share of net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

c) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in a subsidiary.

d) Minority interest's share of net profit/ (loss) of consolidated subsidiaries for the year is identified and adjusted against the profit after tax of the Group in order to arrive at the net profit/ (loss).

e) Minority interest in the net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders. Minority interest in the net asset of consolidated subsidiaries consists of :

- The amount of equity attributable to minority on the date of last audited Balance sheet of the subsidiary in which investment is made. However the minority share of movements in equity since the date the parent subsidiary relationship came into existence has not been considered as these are very old and in the absence of complete details.

f) In case of losses applicable to the minority in a consolidated subsidiary exceeds the minority interest in the equity of the subsidiary, such excess and any further losses applicable to the minority as adjusted against the majority interest except to the extent that the minority has a binding obligation to and is able to make good the losses.

g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements. The accounting policies adopted in the preparation of Financial Statements are consistent with those of previous years except where indicated.

h) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

III. The list of subsidiary companies which are included in the consolidation and the Groups holdings therein are as under:

Name of the subsidiaries	Proportion (%) of shareholding as on 31st March, 2019 and number of shares held	Proportion (%) of shareholding as on 31st March, 2018 and number of shares held
Keltron Component Complex Limited [KCCL]	76.54% 2,61,90,833 equity shares of ₹ 10 each fully paid up	76.54% 2,61,90,833 equity shares of ₹ 10 each fully paid up
Keltron Electro Ceramics Limited [KECL]	98.79% 31,44,408 equity shares of ₹ 10 each fully paid up	98.79% 31,44,408 equity shares of ₹ 10 each fully paid up

Apart from the aforesaid subsidiaries, the Company is having three other subsidiary companies and three associate companies which are presently defunct and under liquidation. The details are as follows:

Name of the subsidiaries	Proportion (%) of shareholding as on 31st March 2019 and number of shares held	Present Status of the Subsidiaries/Associated Companies
Subsidiaries		
Keltron Counters Limited	99.20% 48,79,865 equity shares of ₹ 10 each fully paid up & 1,955 preference shares	The Company has close down its operation during the FY 2004-05. The landed property of the Company transferred to Gulati Institute of

Name of the subsidiaries	Proportion (%) of shareholding as on 31st March 2019 and number of shares held	Present Status of the Subsidiaries/Associated Companies
	of ₹ 100 each fully paid up	Taxation and the liabilities has been settled by Advocate Commission appointed by Hon.High Court of Kerala. The latest audited Financial Statement was FY 2003-04.
Keltron Rectifiers Limited	100% 27,43,641 equity shares of ₹ 10 each fully paid up	The Official Liquidator has taken over the possession of the effects of the Company. The latest available audited Financial Statements was for the FY 2006-07.
Keltron Power Devices Limited	100% 41,02,317 equity shares of ₹ 10 each fully paid up	The Official Liquidator has taken over the possession of the effects of the Company. The latest available audited Financial Statements was for the FY 2006-07.
Associated Companies		
Keltron Projectors Limited	50% 19,567 equity shares of ₹ 10 each fully paid up	The Company was Ordered to be liquidated by Hon.High Court of Kerala vide Order dated 29th September 2005.
SIDKEL Televisions Limited	31.82% 1,05,000 equity shares of ₹ 10 each fully paid up	The proceeding for the striking off the name of the Company as per the Fast Track Exit Scheme of Ministry of Corporate Affairs. The latest audited Accounts are available up to 1999-2000.

Name of the subsidiaries	Proportion (%) of shareholding as on 31st March 2019 and number of shares held	Present Status of the Subsidiaries/Associated Companies
Keltron Varisters Private Limited	45 equity shares of ₹1000 each fully paid up (% of shareholding not available)	Defunct Company

The audited Financial Statements of such defunct subsidiaries/associate Companies are not available as on the reporting date. Further, as a part of Sanctioned Scheme by BIFR, the Company has moved a proposal before Government of Kerala for the adjusting the investments, loans and advances to these subsidiaries/associates which are under liquidation against the liability of the Company in respect of Loans from Government of Kerala which is under the consideration of Government. Hence, as envisaged in the Para 11 of AS – 21, the consolidation of such defunct subsidiaries/associates are excluded from consolidation and treated as nil value investment in respective companies as per AS-13, "Accounting for Investments".

Additional information as required by Paragraph 2 of the General Instruction for preparation of Consolidated Financial Statements to Schedule III of the Companies Act, 2013.

Name of Entity	Net Assets		Share in profit/(loss)	
	As % of consolidated Net Assets	Amount in (₹)	As % of consolidated Profit/(Loss)	Amount in (₹)
Parent				
KSEDC.Ltd	38.58%	(8,14,59,958)	146.82%	4,92,09,556
Subsidiaries				
KCCL	45.25%	(9,54,43,249)	61.13%	2,04,89,567
KECL	16.21%	(3,42,32,453)	-120.84%	(4,05,01,462)
Minority Interest	-	-	12.89%	43,19,504
Total	**100%**	**(21,11,35,660)**	**100%**	**3,35,17,165**

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2019

Note 2 : SHARE CAPITAL	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs)	(Amount in Rs)
Authorised Share Capital		
2,10,00,000 equity shares of Rs100/- each (Previous year : 2,10,00,000 equity shares of Rs 100/- each)	2,10,00,00,000	2,10,00,00,000
Issued, subscribed and paid up		
2,03,55,181 equity shares of Rs 100/- each fully paid up (Previous year : 2,03,55,181 equity shares of Rs100/- each)	2,03,55,18,100	2,03,55,18,100
Total	**2,03,55,18,100**	**2,03,55,18,100**

(a)

Reconcilation of number of shares outstanding:	As at 31st March 2019		As at 31st March 2018	
	No of Shares	Amount in Rs	No of Shares	Amount in Rs
Shares outstanding at the beginning of the year	2,03,55,181	2,03,55,18,100	2,03,55,181	2,03,55,18,100
Shares outstanding at the end of the year	2,03,55,181	2,03,55,18,100	2,03,55,181	2,03,55,18,100

(b) **Rights, preference and restrictions attached to shares:**

i. The holding Company has only one class of equity shares having a par value of Rs 100 per share.

ii. Upon show of hand every member present in person shall have one vote and upon a poll every member present in person or by proxy or duly authorised representative shall have voting right in proportion to his share of paid up capital of the holding Company.

iii. In case of joint registered holders of any shares, any one person may vote at any meeting either personally or by proxy, in respect of such shares and such person shall be determined in the order in which the name stands first in the register of members.

iv. The Company in the General Meeting may declare dividend, but no dividend shall exceed the amount recommended by the Board of Directors. The Company from time to time pay to members such interim dividend as may be decided by them having regard to the position of the Company.

v. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, if any, in proportion to their shareholding.

(c) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at 31st March 2019		As at 31st March 2018	
	No of Shares	% holdings	No of Shares	% holdings
Government of Kerala	1,99,55,181	98%	1,99,55,181	98%

(d) **Shares allotted as fully paid by way of bonus shares/pursuant to contract(s) without payment being received in cash.**
During the period of five years immediately preceeding 31st March 2019, no shares were allotted as fully paid up by way of bonus shares or pursuant to contract(s) without payment being received in cash.

(e) Refer Note No.35

Note 3 : RESERVES AND SURPLUS	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs)	(Amount in Rs)
(i) Capital Reserve		
a) Investment subsidy for Controls Division	15,00,000	15,00,000
b) Subsidy for Printed Circuit Board Division	5,19,630	5,19,630
c) Grant from Government of Kerala	6,00,00,000	6,00,00,000
d) Grant from Government of Kerala for Co-operative projects	9,30,000	9,30,000
e) Forfeited shares in Keltron Component Complex Limited (Refer Note No.37)	75,239	75,239
f) Consideration for Shares of Keltron Component Complex lower than par value	58,010	58,010
	6,30,82,879	**6,30,82,879**
(ii) Revenue Reserve	**1,34,87,776**	**1,36,22,319**
(iii) Surplus/(Deficit) as per Statement of Profit and Loss.		
Balance of Loss as per last Balance Sheet	(2,36,10,59,443)	(2,42,34,74,614)
Add : Net (Loss)/Profit for the year	3,35,17,165	6,15,02,246
Add: Minorities share of losses absorbed	43,17,861	9,12,925
Net balance of loss	**(2,32,32,24,417)**	**(2,36,10,59,443)**
Total [(i) + (ii)+(iii)]	**(2,24,66,53,762)**	**(2,28,43,54,245)**

(a) The amount in Item No.(f) under Capital Reserve above pertains to the consideration paid for shares of Keltron Component Complex Limited transferred to the holding Company which is lower than the par value of shares in the earlier years.

(b) Share of minority interest has been computed as per stipulations in AS 21 in as much as that the losses applicable to the minority in excess of minority interest in the equity of subsidiary have been adjusted against the majority interest and disclosed separately in Reserves & Surplus.

(c) Refer Note No.35

Note 4 : LONG-TERM BORROWINGS	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs)	(Amount in Rs)
Unsecured		
Loan from Government of Kerala	84,17,69,794	87,48,58,098
Total	**84,17,69,794**	**87,48,58,098**

(a) As a part of rehabilitation of the holding company, Government of Kerala has frozen the interest and granted moratorium on repayment of principal on Government Loan amounting to Rs.82,65,84,000 up to the financial year 2015-16. During the financial year 2016-17, the Government of Kerala has extended the relief and concession with respect to freezing of interest on aforesaid loan and penal interest on interest accrued up to 2020-21 vide G.O. (Ms) No.86/16/ID dated 17th June 2016. Subject to the condition that the principal amount should be repaid in 10 annual installments besides creation of no subsidiary and post till the liabilties are settled. The Company has requested Government for the extension of morotorium up to 2020-21 considering prevailing liquidity position. Later on the Company has submitted a comprehensive proposal for Financial Restructuring, which includes the offset of aforesaid Government loans against the investments in defunct subsidiary/associate Companies aggregating to Rs.72,00,18,157 and the conversion of balance to equity. The Government of Kerala vide GO (MS) No.53/2020/ID dated 15th May 2020 approved the conversion of Government loan of Rs.72,00,18,157 to equity and the same is disclosed under Long Term Borrowings.With regard to government loan of Rs.10,65,65,843 for which conversion in to equity has not been approved the non current portion amounting to Rs.6,39,39,507 is shown under Long Term Borrowings.
During the financial year 2017-18,the holding company received loan of Rs4,00,00,0000 vide GO(Rt) No.367/2018/ID for modernisation and expansion of manufacturing units.The Government resumed Rs.4,00,00,0000 vide GO (P) No-51/2018/Fin dated 28.03.2018 on 31st March 2018 and subsequently refunded the same on 30th August 2018.On 31st March 2019 the Government of Kerala resumed Rs.91,86,968 and the balance outstanding against this loan on reporting date is ₹3,08,13,032.Out of which the non current portion of Rs. 2,08,13,032 is shown under Long Term Borrowings.During the financial year 2017-18 company received loan of ₹2,00,00,000 vide GO(Rt)No.1538/2017/ID dated 08.11.2017 for modernisation and expansion of manufacturing units.The Government resumed Rs. 1,50,00,000 vide GO (P) No-51/2018/Fin dated 28.03.2018 on 31st March 2018 and subsequently refunded the same on 30th August 2018.The balance outstanding against this loan on 31st March 2019 is Rs.2,00,00,000.Out of which the non current portion of Rs.1,50,00,000 is shown under Long Term Borrowings.During the financial year 2018-19 company received loan of Rs.5,00,00,0000 vide GO(Rt)No.13007/2018/ID dt 24.11.2018 for setting up of Manufacturing facility for Laptops and Servers and the Government resumed the same on 31.03.2019

(b) The Keltron Component Complex Limited has availed working capital loan @ 13.5% from Government of Kerala amounting to ₹9,50,00,000 repayable in 5 years and the entire loan amount is outstanding as on 31.03.2019 . The non current portion amounting to ₹ 1,22,24,098 is shown under Long Term Borrowings.

(c) KECL received term loan amounting to ₹47,00,000 from Government of Kerala 13-11-2009 for setting up of additional manufacturing facility for transducers.The period of loan is 5 years.The rate of interest is @ 11.50% pa.Terms of repayment is in equal quarterly instaments.The rate of penal interest is 2.5%.From the year 2018-19 onwards the Government of Kerala has reduced rate of interest on all loans to 9.50% compounding annually vide GO 169/2018/Fin dated 16-06-2018.

(d) KECL received working capital loan amounting to ₹ 1,45,00,000 from Government of Kerala 29-12-2015 for establishing infrastructure and testing facilities for manufacture of transducers.The period of loan is 5 years.The rate of interest is @ 13.50% pa.Terms of repayment is in equal quarterly instaments.The rate of penal interest is 2.5%.From the year 2018-19 onwards the Government of Kerala has reduced rate of interest on all loans to 9.50% compounding annually vide GO 169/2018/Fin dated 16-06-2018.The non current portion amounting to ₹ 50,75,000 is shown under Long Term Borrowings

(e) Current maturities of long term borrowings are disclosed under Note-9 Other Current Liabilities.

(f) Refer Note No.35

Note 5 : OTHER LONG-TERM LIABILITIES	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
i) Dues to MSME		
Trade Payable for supplies*	18,84,616	16,00,690
Trade Payable for services*	11,86,791	-
ii) Dues to Others		
Trade Payable for supplies*	1,98,67,958	1,92,87,771
Trade Payable for services*	43,34,598	34,46,630
Long-term liability-other finance	3,87,45,173	4,22,77,774
Interest accured but not due on loans-Government of Kerala	1,04,31,18,158	1,04,25,54,158
Interest accued on Loan - Malabar Cements Limited	31,55,613	50,72,883
Total	**1,11,22,92,907**	**1,11,42,39,906**

* Dues to Micro, Small and Medium enterprise . Refer Note No.45
The previous year figures have been re-grouped in 'Long-term liability-other finance' in line with the current year classification.

Note 6 : LONG TERM PROVISIONS		As at 31st March, 2019	As at 31st March, 2018
		(Amount in Rs.)	(Amount in Rs.)
Provision for gratuity	(Refer Note No.31 & 53)	15,11,65,112	19,58,89,368
Provision for leave encashment	(Refer Note No.31 & 53)	5,84,19,173	6,97,15,056
Provision for warranty		-	1,12,07,440
Provision others		40,510	40,510
Total		**20,96,24,795**	**27,68,52,374**

Note 7 : SHORT TERM BORROWINGS	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Secured		
Cash Credit from :		
Punjab National Bank	80,47,092	1,00,60,373
State Bank of India	4,52,58,461	2,07,14,182
Catholic Syrian Bank	92,91,192	56,79,444
Canara Bank	1,27,55,820	2,15,94,277
Kerala Financial Corporation-Working Capital Revolving Fund Loan	2,04,75,423	5,00,000
Total	**9,58,27,988**	**5,85,48,276**

(a) The holding Company has availed cash credit facility of Rs. 7,50,00,000 from Punjab National Bank secured by hypothecation of inventories of the Company and it is further secured by mortgage of 268.37 cents of land and building in re-survey no.2 Thycaud village of Thiruvananthapuram district as collateral security.This cash credit facility carries an interest of 10.95% p.a. as on 31st March 2019. Further, the holding company has non fund based cash credit facility of Rs.3,75,00,000 subject to the overall limit of Rs.10,00,00,000.

(b) The Company has availed a Working Capital Revolving Fund loan from Kerala Financial Corporation (KFC), amounting to Rs.12,50,00,000 during the FY 2013-14. This credit facility was secured by the mortgage of land to the extent of 373 cents in survey No.463 and 466 at Attipara village, Thiruvananthapuram together with building, plant and machinery and other equipments of Keltron Communication Complex, Monvila, Thiruvananthapuram for which charge was already created in favour of KFC. The credit facility is being renewed annually and can be renewed for a period of 5 years from the date of first disbursement. On expiry of 5 year term, the facility was closed and the same facility has been availed with effect from 22nd February 2018 for a reduced limiIt of Rs.11,75,00,000 with the same terms and conditions stated above. It is to be repaid in 12 monthly installment if not renewed.
During the financial year 2018-19,the holding company requested Kerala Financial corporation to release 63 cents in Sy No 463/1 of Attipra Village and the PCB Buildings therein for leasing it to M/s Coconics (P) Ltd.Accordingly KFC released 63 cents of land and reduced the sanctioned limit to Rs.9,50,00,000 .Therafter the extent of mortgaged land stated above was reduced to 310 cents.

(c) Keltron Component Complex Limited has availed cash credit facility of Rs.9,00,00,000 from State Bank of India and it secured by the hypothecation of process stock, finished goods, and other assets and mortgage of the 10.90 acres of land and factory building of the Company .This cash credit facility carries an interest @ 12.60%.p.a.as on 31st March 2019.Further, the company has non fund based cash credit facility of Rs.11,00,00,000 with State Bank of India .

(d) Keltron Component Complex Limited has availed cash credit facility of Rs.2.25,00,000 from Catholic Syrian Bank Limited. The entire current assets are secured on pari passu basis with Catholic Syrian Bank.This cash credit facility carries an interest @12.20%p.a. as on 31st March 2019.Further, the company has non fund based cash credit facility of Rs.1,75,00,000 with Catholic Syrian Bank.

(e) The Cash Credit from Canara Bank, Valancherry amounting to Rs.1,50,00,000 availed by Keltron Electro Ceramics Limited is secured by hypothecation of inventories and book debts of the Company and it is further secured by mortgage of 10.75 acres of land as collateral security. This cash credit facility carries an interest of 10.25% p.a.

Note 8 : TRADE PAYABLES	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
i)Due to MSME		
Supplies	91,43,36,093	1,01,06,75,511
Services	3,65,09,935	2,19,68,523
Total(i)	95,08,46,028	1,03,26,44,034
ii)Due to Others		
Supplies	1,52,70,16,262	1,09,55,16,104
Services	19,69,88,225	17,33,01,930
Total(ii)	1,72,40,04,487	1,26,88,18,034
Total	**2,67,48,50,515**	**2,30,14,62,068**

* Dues to Micro, Small and Medium enterprise. Refer Note 45
The previous year figures have been re-grouped in line with the current year classification.

Note 9 : OTHER CURRENT LIABILITIES		As at 31st March, 2019	As at 31st March, 2018
		(Amount in Rs.)	(Amount in Rs.)
Current maturities of long term debts			
Loan from Government of Kerala	(a)	28,89,90,893	21,00,89,557
Loan from Kerala Minerals and Metals Limited	(b)	4,50,00,000	4,50,00,000
Loan from Travancore Titanium Products Limited	(c)	12,00,000	12,00,000
Loan from Malabar Cements Limited	(d)	4,00,00,000	4,00,00,000
Interest accrued and due - Government of Kerala		6,79,45,420	5,27,75,025
Interest accrued and due - Travancore Titanium Products Limited.		34,54,239	32,79,879
Interest accrued and due-Malabar Cements Limited		2,16,85,950	1,86,42,353
Interest accrued and due on loan from Department of Electronics		60,97,000	60,97,000
Interest accrued on Working Capital Loan-Government of Kerala		1,64,36,434	1,33,18,812
Interest accrued on Capacity Enhancement Loan		3,13,49,148	2,72,41,643
Interest accrued on Modernisation Loan		3,34,54,850	2,52,27,648
Interest accrued on working capital loan		4,12,34,481	2,91,26,553
Advance from customers		16,78,25,255	17,46,48,350
Income received in advance		2,38,62,092	1,89,23,627
Current liabilities - Other finance		73,80,44,344	63,91,99,763
Arbitration Award Payable		3,30,02,054	-
Total		**1,55,95,82,160**	**1,30,47,70,210**

(a)(i) During the financial year 2012-13, the holding company received a loan of Rs. 6,00,00,000 vide GO (Rt) No 559/12/ID dated 30.03.2012 which is repayable in 5 years commencing from April 2013 bearing an interest at 11.50% per annum.The balanace outstanding as on reporting date is Rs.6,00,00,000 and the same is shown under Other Current Liabilities.During the financial year 2017-18,the holding company received loan of Rs.4,00,00,0000 vide GO(Rt) No.367/2018/ID for modernisation and expansion of manufacturing units.The Government resumed Rs.4,00,00,0000 vide GO (P) No-51/2018/Fin dated 28.03.2018 on 31st March 2018 and subsequently refunded the same on 30th August 2018.The balance outstanding against this loan on 31st March 2019 is Rs.3,08,13,032.Out of which the current portion of Rs. 1,00,00,000 is shown under Other Current Liabilities.During the financial year 2017-18,the holding company received loan of Rs.2,00,00,000 vide GO(Rt)No.1538/2017/ID dated 08.11.2017 for modernisation and expansion of manufacturing units.The Government resumed Rs.1,50,00,000 vide GO (P) No-51/2018/Fin dated 28.03.2018 on 31st March 2018 and subsequently refunded the same on 30th August 2018.The balance outstanding against this loan on 31st March 2019 is ₹2,00,00,000.Out of which the current portion of Rs.50,00,000 is shown under Other Current Liabilities.As a part of rehabilitation of the Company, Government of Kerala has frozen the interest and granted moratorium on repayment of principal on Government Loan amounting to Rs.82,65,84,000 upto 31st March 2016 under order dated GO (MS) No.183/11/1D dt 26.08.2011.During the financial year 2016-17, the Government of Kerala vide GO (MS) No.86/16/ID dated 17.06.2016 has extended the relief and concessions as a part of rehabilitation up to 31st March 2021 subject to the condition that the principal amount should be repaid in 10 annual instalments.The Government of Kerala vide GO (MS) No.53/2020/ID dated 15th May 2020 approved the conversion of Government loan of ₹72,00,18,157 to equity.The government loan of ₹10,65,65,843 for which conversion in to equity has not been approved is outstanding and the current portion of the same amounting to ₹4,26,26,336 is shown under Other Current Liabilities.

(ii) Keltron Component Complex Limited has availed working capital loan @ 13.5% and investment loan @ 11.5% from Government of Kerala amounting to Rs.9,50,00,000 and ₹9,25,00,000 respectively repayable in 5 years.The balance outstanding against the working capital loan and investment loan as on 31.03.2019 is Rs.9,50,00,00 and Rs.7,91,63,655 respectively.Out of which the current portion of working capital loan is Rs.8,27,75,902 and that of investment loan is Rs.7,91,63,655 and is shown under Other Current Liabilities.

(iii) KECL received working capital loan amounting to Rs. 1,45,00,000 from Government of Kerala 29-12-2015 for establishing infrastructure and testing facilities for manufacture of transducers.The period of loan is 5 years.The rate of interest is @ 13.50% pa.Terms of repayment is in equal quarterly instaments.The rate of penal interest is 2.5%.From the year 2018-19 onwards the Government of Kerala has reduced rate of interest on all loans to 9.50% compounding annually vide GO 169/2018/Fin dated 16-06-2018.The non current portion amounting to Rs. 94,25,000 is shown under Other Current Liabilities

(b) Kerala Minerals & Metals Limited released a loan of Rs. 500,00,000 to the holding Company on 18th December 1998 as directed by Government of Kerala vide G.O.(Ms) No. 184/98/ID dated 16th December 1998 . The balance payable in our books as on 31st March 2019 and as confirmed by KMML is Rs.4,50,00,000/- and is overdue. Since the Government Vide G.O.(Rt) No. 641/2004 /ID dated 05th July 2004 directed that this loan be treated as interest free and hence no interest has been provided in the accounts.

(c) The holding Company has availed a loan amount of Rs.12,00,000 for an interest of 14.53% p.a from Travancore Titanium Products Limited during the financial year 1999-2000. Later, Government vide letter No. 32113/H3/2003/ID dated 13th October 2003 directed the Company to repay the loan amount of Rs.12,00,000 availed from Travancore Titanium Products Ltd., with interest, to the State Government and is pending to be settled.

(d) The Government vide GO(MS)No.146/2010/ID dated 30.06.2010 accorded sanction to the Company to avail fund from Malabar Cements Limited for the implementation of Mini Tool Room cum Training Centre at Kuttippuram, Rs.4,00,00,000 in the form of Equity and ₹4,00,00,000 as interest bearing loan which carries

(e) KECL has disclosed ₹60,59,887 being interest accrued on loan specified in Note No.4(d) under 'Other Long Term Liabilities'.This has been been reclassified here under "Other Current Liabilities"

(f) The previous year figures has been re-grouped in 'Current liability-other finance' in line with the current year classification.

The details of defaulted loans and interest thereon as on reporting date:

			(Amount in Rs.)
Particulars of defaulted loans and interest thereon		Period of default	Defaulted amount
Loan from Government of Kerala	KSEDC	less than 6 year	6,30,00,000
Loan from Government of Kerala	KSEDC	less than 3 year	3,19,69,752
Interest accrued and due Government of Kerala	KSEDC	less than 6 year	5,62,22,494
Interest accrued and due Government of Kerala	KSEDC	less than 1 year	56,63,039
Loan from Kerala Minerals and Metals Limited	KSEDC	19 years	4,50,00,000
Loan from Travancore Titanium Products Limited	KSEDC	19 years	12,00,000
Interest accrued on loan from Travancore Titanium Products Limited	KSEDC	19 years	34,54,239
Loan from Malabar Cements Limited	KSEDC	8 years	4,00,00,000
Interest accrued on loan from Malabar Cements Limited	KSEDC	8 years	2,16,85,950
Loan from Government of Kerala	KCCL	2-5 years	14,25,64,557
Interest accrued and due Government of Kerala	KCCL	1-5 years	12,24,74,913
Interest accrued on loan from Department of Electronics	KCCL	less than 11 years	60,97,000
Loan from Government of Kerala	KECL	2-9 years	1,92,00,000
Interest accrued and due Government of Kerala	KECL	2-9 years	1,19,89,721

Note 10 : SHORT-TERM PROVISIONS		As at 31st March, 2019	As at 31st March, 2018
		(Amount in Rs.)	(Amount in Rs.)
Provision for gratuity	(Refer Note No.31 & 53)	10,17,44,035	10,33,71,095
Provision for leave encashment	(Refer Note No.31 & 53)	2,29,87,029	2,18,43,908
Provision for warranty		3,75,77,609	2,97,81,036
Provision - others		1,26,76,345	2,08,73,878
Total		**17,49,85,018**	**17,58,69,917**

Note 11 : FIXED ASSETS

FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Total Cost as on 01.04.2018	Additions during the year	Sales / Transfer & Adjustment	Total Cost as on 31.03.2019	Provision up to 01.04.2018	Provided during the year	Transfer to Profit & Loss	Sales / Transfer & Adjustment	Total provision up to 31.03.2019	Written down value as on 31.03.2019	Written down value as on 31.03.2018
I.Property, plant and equipment:											
Land	1,65,27,928	-	-	1,65,27,928	-	-	-	-	0	1,65,27,928	1,65,27,928
Building	20,20,88,248	1,41,37,694	-	21,62,25,942	11,30,97,576	42,02,318	-	9,89,646	11,63,10,248	9,99,15,694	8,89,90,672
Electrical Fittings	4,44,03,451	6,13,327	72,522	4,49,44,256	3,23,90,931	27,04,560	-	(85,653)	3,51,81,144	97,63,112	1,20,12,520
Plant & Machinery	44,92,51,593	1,80,25,883	1,46,578	46,71,30,898	32,31,53,625	1,62,59,864	-	1,39,356	33,92,74,133	12,78,56,765	12,60,97,968
Test Instruments	7,25,13,221	75,89,469	-	8,01,02,690	4,32,06,513	44,86,381	-	11	4,76,92,883	3,24,09,807	2,93,06,708
Air Conditioner	1,13,77,202	12,34,636	-	1,26,11,838	71,98,192	9,05,377	-	36,855	80,66,714	45,45,124	41,79,010
Furniture & Fixtures	4,68,46,895	20,17,711	1,83,310	4,86,81,296	3,70,20,543	28,90,921	-	(5,93,320)	4,05,04,784	81,76,512	98,26,352
Office Equipments	2,39,36,030	9,32,401	8,08,446	2,40,59,985	2,00,60,579	16,34,237	-	6,13,275	2,10,81,541	29,78,444	38,75,451
Computer & data processing units	7,43,10,817	21,77,757	-	7,64,88,574	6,65,31,778	57,39,450	-	(3,00,762)	7,25,71,990	39,16,584	77,79,039
Service Equipment	3,28,102	-	0	3,28,102	3,25,888	-	-	(2,158)	3,28,046	56	2,214
Canteen Utensils	27,37,269	15,448	-	27,52,717	13,35,708	1,95,338	-	1	15,31,045	12,21,672	14,01,561
Library Books	19,803	-	-	19,803	19,733	-	-	-	19,733	70	70
Fire extinguishers	8,46,971	-	-	8,46,971	4,69,877	35,043	-	0	5,04,920	3,42,051	3,77,094
Water supply installations	18,41,667	3,53,748	-	21,95,415	15,92,572	64,139	-	-	16,56,711	5,38,704	2,49,095
Vehicle	50,85,014	-	73,592	50,11,422	49,99,921	57,284	-	69,913	49,87,292	24,130	85,093
Transit house equipments	45,034	-	-	45,034	26,439	4,857	-	-	31,296	13,738	18,595
Sub total	95,21,59,245	4,70,98,074	12,84,448	99,79,72,871	65,14,29,875	3,91,79,769	-	8,67,164	68,97,42,480	30,82,30,391	30,07,29,370
II. Intangible Assets:											
Software/Licenses	42,23,050	15,82,300	-	58,05,350	31,45,117	5,19,932	-	-	36,65,049	21,40,301	10,77,933
Research &development expenses	7,52,44,330	87,49,798	-	8,39,94,128	5,82,91,142	91,12,666	-	-	6,74,03,808	1,65,90,320	1,69,53,188
Technical knowhow	2,31,48,424	2,11,864	(2,50,000)	2,36,10,288	2,02,64,678	13,13,639	-	(2,50,000)	2,18,28,317	17,81,971	28,83,746
Sub total	10,26,15,804	1,05,43,962	(2,50,000)	11,34,09,766	8,17,00,937	1,09,46,237	-	(2,50,000)	9,28,97,174	2,05,12,592	2,09,14,867
III. Captal work in progress											
Asset under erection	44,39,902	-	-	44,39,902	-	-	-	-	0	44,39,902	44,39,902
Building under construction	-	2,04,49,294	-	2,04,49,294	-	-	-	-	0	2,04,49,294	-
Project Expenses not capitalised	9,55,845	45,81,373	28,86,996	26,50,222	-	-	-	-	0	26,50,221	9,55,845
Sub total	53,95,747	2,50,30,667	28,86,996	2,75,39,418	-	-	-	-	0	2,75,39,417	53,95,747
TOTAL	**1,06,01,70,796**	**8,26,72,703**	**39,21,444**	**1,13,89,22,055**	**73,31,30,812**	**5,01,26,005**	**-**	**6,17,164**	**78,26,39,654**	**35,62,82,401**	**32,70,39,984**
Previous Year	1,03,13,97,507	3,39,94,087	52,20,798	1,06,01,70,796	68,08,12,496	5,30,34,802	-	7,16,489	73,31,30,811	32,70,39,984	35,05,85,011

i. The land to the extent of 268.37 cents (Re-survey No. 2) at Thycaud village of Thiruvananthapuram district was mortgaged with Punjab National Bank, Thiruvananthapuram for arranging Fund and Non-fund based credit facility.
ii. The land to the extent of 310 cents (Survey No. 463 & 466) at Attipra village, Thiruvananthapuram district was mortgaged with Kerala Financial Corporation Limited for Working Capital Revolving Fund facility.
iii. The land to the extent of 1090 cents (Survey No.385) at Kannur Taluk and the factory building of KCCL was mortgaged with State Bank of India for the credit facility.
iv. The land to the extent of 10.75 acres at Kuttipuram was mortgaged with Canara Bank, Valanchery.
v. Capital WIP (Development expenditure) relates to Capacity enhancement project.
vi. The above property, plant and equipment have been physically verified by the Management during the year.
vii. The Companies are in possession of all land. However, with regard to holding Company, out of the 15.62 cents of land in possession of Keltron Equipment Complex,Karakulam title deed of only 1.17 acres is available.In accordance with the survey conducted by Nedumangad Taluk it is confirmed that 10.22 acres of land is held by holding company and is recommended by Taluk for regularisation of the same and also they have recommended for mutation of 4.94 acres of land under Rule 28 transfer of Registry Rules and the regularisation is pending.

Note 12 : NON-CURRENT INVESTMENT (Traded at Cost)

(Amount in Rs.)

Sl No	COMPANY NAME	Type of shares	COST			PROVISION FOR DIMINUTION			NET VALUE	
			Total cost as at 01.04.2018	Additions during the year	Total Cost as at 31.03.2019	Provision upto 01.04.2018	Provision for the year	Total provision upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
	A. Investment in Subsidiary Companies									
						-		-	-	-
1	KELTRON COUNTERS LIMITED (48,79,865 Nos of face value Rs.10/- each fully paid up	Equity	4,87,08,049	-	4,87,08,049	4,87,08,049	-	4,87,08,049	-	-
2	KELTRON COUNTERS LIMITED (1955 Nos of face value Rs.100/- each fully paid up)	9.5% Cumulative redeemable Preference Shares	1,95,500	-	1,95,500	1,95,500	-	1,95,500	-	-
3	KELTRON RECTIFIERS LIMITED (27,43,641Nos of face value Rs.10/- each fully paid up)	Equity	2,74,36,410	-	2,74,36,410	2,74,36,410	-	2,74,36,410	-	-
4	KELTRON POWER DEVICES LIMITED (41,02,317 Nos of face value Rs.10/- each fully paid up)	Equity	4,10,23,170	-	4,10,23,170	4,10,23,170	-	4,10,23,170	-	-
	TOTAL (A)		11,73,63,129	-	11,73,63,129	11,73,63,129	-	11,73,63,129	-	-
	B. Investments in Other Companies							-	-	-
	QUOTED			-				-	-	-
1	AGC Networks Limited (Formerly AVAYA GLOBALCONNECT LIMITED.) (64,000 Nos of face value ₹10/- each fully paid up) Market Value as on 31st March 2019- Rs.72,25,600/-	Equity	80,00,080	-	80,00,080	-	-	-	80,00,080	80,00,080
	UNQUOTED		-	-						
1	KELTRON PROJECTORS LIMITED. (19,567 Nos of face value Rs.10/- each fully paid up)	Equity	1,95,670	-	1,95,670	1,95,670	-	1,95,670	-	-
2	SIDKEL TELEVISIONS LIMITED (1,05,000 Nos of face value Rs.10/- each fully paid up)	Equity	10,50,000	-	10,50,000	10,50,000	-	10,50,000	-	-
3	KELTRON VARISTERS PRIVATE LIMITED (45 Nos of face value Rs.1000/- each fully paid up)	Equity	45,000	-	45,000	45,000	-	45,000	-	-
4	ELCERA SUBSTRATES LIMITED (2,80,500 Nos of face value Rs.10/- each fully paid up)	Equity	28,05,000	-	28,05,000	28,05,000	-	28,05,000	-	-
	TOTAL (B)		1,20,95,750	-	1,20,95,750	40,95,670	-	40,95,670	80,00,080	80,00,080
	GRAND TOTAL (A+B)		12,94,58,879	-	12,94,58,879	12,14,58,799	-	12,14,58,799	80,00,080	80,00,080
	Previous year		12,94,58,879	-	12,94,58,879	12,14,58,799	-	12,14,58,799	80,00,080	80,00,080

Note:

1. AGC Networks Limited - Diminution in value is temporary in nature.

Note 13 : LONG-TERM LOANS AND ADVANCES	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Unsecured - Considered good		
Advance-Employees	1,18,976	96,366
Subsidiary Companies*	12,67,02,216	19,23,44,945
Investments pending allotment **	17,03,74,850	17,03,74,850
MAT credit as per Income Tax Act	11,82,990	11,82,990
Deposit with Customs authorities	13,200	1,380
Deposit with Central Excise Department	5,18,878	5,18,878
Excise duty paid under protest	1,27,232	1,27,232
Other Advances and Deposits	3,35,95,693	3,79,12,547
	33,26,34,035	**40,25,59,188**
Unsecured-Considered doubtful	15,22,86,876	91,55,213
Less: Provision for doubtful advances	15,22,86,876	91,55,213
Total	**33,26,34,035**	**40,25,59,188**

* Loans and advances includes amount due from Subsidiaries/Associates Companies which are defunct/under liquidation.Refer Note No-36(ii)2&3

* The holding company had over a period of time given loans and advances to its subsidiary company, Keltron Counters Limited (KCL).The total amount due from KCL as on 31.03.2018 is Rs.13,12,85,459. KCL is under winding up process and the chances of recoverability of the outstanding amount is very remote .Hence it has been decided by the holding company to create provision against the amount due from KCL in two equal installments commencing from FY 2017-18.Accordingly,provision of Rs.6,56,42,730 being 50% of loans and advances due from KCL was created during the previous financial year 2017-18 and the balance provision of Rs. 6,56,42,729 is provided during the current financial year 2018-19. Refer Note 36(ii)(1)

** The Investment pending allotment pertains to the pending allotment of shares by the subsidiary companies.Refer Note 36(i)

Note 14 : OTHER NON-CURRENT ASSETS	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
(a)Trade receivable		
Unsecured:		
Considered good; outstanding for more than six months from the date they are due for payment	7,80,17,100	8,91,99,673
Considered doubtful; outstanding for more than six months from the date they are due for payment	10,61,43,078	1,98,69,110
Less : Provision for bad & doubtful debts	(10,61,43,078)	(1,98,69,110)
Total	7,80,17,100	8,91,99,673
(b) Non-current Bank balance:		
Term Deposits with banks (more than 12 months maturity)*	45,79,234	74,36,226
Margin on Bank Guarantee**	6,40,06,555	7,87,53,845
Total	6,85,85,789	8,61,90,071
(c) Others: Accrued Income	40,87,997	47,78,162
Total [a + b + c]	**15,06,90,886**	**18,01,67,906**

* Refer to Note No.17 for the term deposits having maturity of not more than 12 months as on reporting date.

** Term Deposit Receipts are kept as margin for sanctioning letter of credit and bank guarantee with banks.

Note 15 : INVENTORIES	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Loose tools and jigs	49,67,108	44,11,158
Consumable stores and spares	1,66,10,155	1,24,74,528
Work-in-progress	13,78,87,276	10,09,49,049
Raw materials and components	36,18,68,068	33,03,84,491
Goods-in-transit	1,21,46,163	2,25,48,701
Goods purchased for resale	3,01,90,193	1,90,51,033
Finished goods	5,31,70,345	4,89,48,218
Total	**61,68,39,308**	**53,87,67,178**

For mode of valuation refer point III-Inventories under Balance Sheet items of Significant Accounting Policies.
Refer Note 58

Note 16 : TRADE RECEIVABLES	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Unsecured considered good:		
Outstanding for a period exceeding six months from the date they are due for payment	1,46,72,06,839	1,33,90,74,101
Receivables outstanding for a period less than six months	2,36,09,45,369	2,02,85,93,486
Considered doubtful; outstanding for a period exceeding six months from the date they are due for payment	3,54,39,513	4,46,22,904
Less : Provision for bad and doubtful debts	(3,54,39,513)	(4,46,22,904)
Total	**3,82,81,52,208**	**3,36,76,67,587**

(a) Trade receivable does not include any amount receivable from Directors or Other Officers of the Company.

Note 17 : CASH AND BANK BALANCES	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
A. Cash and Cash Equivalents:		
Cash and stamp in hand	8,29,784	7,86,775
Remittance in transit	76,267	76,601
Balance in Scheduled Banks:	-	-
Current account	26,92,94,814	42,34,51,307
Term deposits (less than 3 months maturity)	65,42,364	66,80,255
Government of Kerala - Treasury savings bank account	31,87,329	60,42,713
Total (A)	27,99,30,558	43,70,37,651
B. Other Bank balances:	-	-
In Term deposit with maturity of more than 3 months but less than 12 months *	1,30,51,817	6,93,800
Margin on Letter of Credit	11,52,65,590	5,14,65,124
Margin on Bank Guarantee	25,58,91,171	20,24,75,248
Total (B)	38,42,08,578	25,46,34,172
Total (A+B)	**66,41,39,136**	**69,16,71,823**

Cash and cash equivalents as above meet the definition of cash and cash equivalents as per Accounting Standard 3 'Cash Flow Statement'.
Term Deposit Accounts which have maturity of more than 12 months are disclosed in Note No.14 'Other Non-current Assets'
* Term deposit receipts are kept as margin for arranging letter of credits and bank guarantee with banks.
Cash and stamp in hand include bank balances in the name of the site-in-charges of the Company and is not material.

Note 18 : SHORT-TERM LOANS AND ADVANCES	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
a) Unsecured - considered good		
Advance-Employees	40,52,881	33,01,466
Advance - Others	17,50,57,015	5,05,62,312
Deposit with Customs authorities	8,60,063	7,88,929
Deposit with Central Excise Department	9,736	9,736
Other deposits	4,33,30,595	4,80,05,228
Keltron Toolroom Research and Training Centre (KELTRAC)	5,02,128	6,57,724
Income tax refund due	10,09,97,356	7,96,88,569
GST TDS receivable	26,61,401	-
MAT Credit (Refer Note.43)	24,51,559	24,51,560
Total	**32,99,22,734**	**18,54,65,524**

(a) Current maturities of deposits, loan and advances are disclosed in this Notes and non current maturities are disclosed under Note No.13 'Long term loans and advances' above.

(b) Loans and advances includes amount due from Subsidiaries/Associates Companies which are defunct/under liquidation. The unreconciled balance of Rs.6,66,79,898 in Current Account and Collection Account balances in respect of Keltron Component Complex Limited and Keltron Electro Ceramics Limited has been written off in the books of holding Company in the FY 2014-15. Refer Note No.33.

(c) Advances - Others includes pre-paid expenses of Keltron Component Complex Limited amounting to Rs. 7,99,088 classified under Other Current Assets, has been re-classified under this Note in order to maintain uniformity with holding company and subsidiaries.

Note 19 : OTHER CURRENT ASSETS	As at 31st March, 2019	As at 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Accrued income	2,48,49,391	1,61,22,543
Others*	21,30,827	7,60,201
Total	**2,69,80,218**	**1,68,82,744**

*Refer Note No.18(c) above.

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Note 20 : REVENUE FROM OPERATIONS	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
a. Sales		
Manufacturing sales	1,33,33,30,920	1,31,68,26,948
Project sales	2,77,62,06,950	1,61,49,12,780
Trading sales	32,12,52,276	1,00,05,42,374
Sub total	**4,43,07,90,146**	**3,93,22,82,102**
b. Services		
Income from servicing	64,82,23,341	53,89,96,186
Income from training	16,71,05,008	20,27,16,911
Income from manpower supply	4,21,80,805	3,59,55,009
Income from data entry	-	-
Sub total	**85,75,09,154**	**77,76,68,106**
c. Other operating revenue	-	
Cash discount on purchase	9,57,400	1,08,130
Scrap sales	14,13,263	9,16,745
Freight and forwarding collected	1,11,72,927	1,21,49,846
Warranty written back	2,44,09,371	98,39,275
Exchange rate fluctuation	12,06,160	19,950
Others	44,85,462	31,81,729
Sub total	**4,36,44,583**	**2,62,15,675**
Total	**5,33,19,43,883**	**4,73,61,65,883**

Note 21 : OTHER INCOME	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Interest	2,25,82,827	3,47,26,665
Rent	90,46,422	1,04,12,260
Profit on sale of property, plant and equipment	7,289	-
Other sundry receipts/adjustments	32,76,659	32,62,799
Insurance claim received	8,03,683	69,608
Unadjusted credit in creditors written back	46,34,074	4,22,72,416
Matching grant	1,36,185	1,65,597
Miscellaneous income	6,37,509	7,65,643
Total	**4,11,24,648**	**9,16,74,988**

Write back in Keltron Component Complex Limited re-classified under Exceptional Items to maintain uniformity.

Note 22 : MATERIAL CONSUMED AND SERVICE EXPENSES	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
a. Material Consumed		
Opening stock	33,03,84,491	28,55,18,561
Add: Purchases	3,16,02,32,798	2,11,78,92,789
	3,49,06,17,289	2,40,34,11,350
Less:Closing stock	36,18,68,068	33,03,84,491
	3,12,87,49,221	2,07,30,26,859
Add:Stores and spares consumed	88,59,667	3,17,79,581
Total	**3,13,76,08,888**	**2,10,48,06,440**
b. Service expenses		
Sub contracting charges	41,72,61,956	29,94,25,530
Erection and commissioning	23,65,462	21,24,180
Testing and quality control	36,34,911	12,13,878
Warranty expenses	1,80,19,212	1,64,35,280
Computer /project training	13,23,40,772	16,04,09,785
After sales service	2,84,355	4,85,492
Total	**57,39,06,668**	**48,00,94,145**
c. Purchase for resale	**32,99,03,743**	**89,41,59,795**
Total (a+b+c)	**4,04,14,19,299**	**3,47,90,60,380**

Note 23 : CHANGE IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Closing Stock:		
Finished goods:		
Manufacturing items	5,31,70,345	4,89,96,718
Trading items	3,01,90,193	1,57,90,645
Work-in-progress:	13,78,87,276	10,09,49,049
Total	**22,12,47,814**	**16,57,36,412**
Less:		
Opening Stock -		
Finished goods:		
Manufacturing item	4,89,96,718	6,61,92,907
Trading item	1,57,90,645	3,13,12,731
Work-in-progress:	10,09,49,049	7,46,02,218
Total	**16,57,36,412**	**17,21,07,856**
Net	**5,55,11,402**	**(63,71,444)**

Note 24 : EMPLOYEE BENEFITS EXPENSE	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Salaries, wages and bonus	65,22,33,993	64,17,71,511
Gratuity	5,59,41,822	5,08,92,264
Leave encashment	2,06,93,179	1,82,73,033
Employer's contribution to PF and other funds	7,16,43,132	7,33,94,833
Leave travel concession	1,00,201	76,080
Canteen expenses	1,22,84,338	1,27,59,424
Uniforms	3,31,569	4,10,162
Staff training expenses	2,62,310	4,69,297
Maternity benefit	10,82,639	10,92,401
Other staff welfare expenses	2,87,84,964	3,55,21,734
Total	**84,33,58,147**	**83,46,60,739**

Note 25 : FINANCE COST	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Interest on Government loan	4,34,12,960	4,47,76,662
Interest on KFC loan	65,57,563	31,05,532
Interest on loans (Government Companies)	34,37,826	34,19,648
Interest on cash credit and overdraft from banks	81,02,541	83,56,612
Interest -Others	71,45,106	75,15,335
Bank charges	47,71,466	57,31,467
Total	**7,34,27,462**	**7,29,05,256**

Note 26 : DEPRECIATION AND AMORTIZATION EXPENSE	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Depreciation on property, plant and equipment	3,91,79,769	4,06,19,511
Amortization on intangible assets	1,09,46,237	1,24,15,291
Total	**5,01,26,006**	**5,30,34,802**

Note 27 : OTHER EXPENSES	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Power, fuel and water	3,48,69,178	3,32,28,134
Rent	29,85,548	25,48,000
Rates and taxes	31,76,941	26,24,130
Interest and Late Fees	18,12,813	-
Arbitration Award	3,30,02,054	-
Insurance charges	43,68,957	37,74,802
Repair and maintenance:	-	-
Vehicles	18,04,681	16,88,723
Building	9,19,848	19,84,321
Plant and Machinery	72,73,118	40,66,518
Others	1,12,88,846	99,23,097
Travelling expenses	3,36,34,654	3,16,24,428
Travelling expenses-Directors	7,28,656	8,42,425
Sales and business promotion expenses	2,63,83,152	2,25,00,913
Freight and forwarding charges	1,73,56,854	1,82,36,505
Audit fee and expenses	-	-
Statutory audit fee	12,18,500	10,41,750
Tax audit fee	3,65,400	3,18,450
GST audit fee	4,73,600	3,20,300
Reimbursement of expenses	6,32,875	3,91,580
Internal audit fee	9,23,538	8,57,400
Cost audit fee and other services	1,25,000	3,08,546
Director's sitting fee	4,600	6,400
Legal charges	21,64,653	41,19,379
Printing and stationery	53,34,068	56,03,650
Royalty	55,68,478	43,17,140
Postage, telegram, telephone and telex charges	1,35,11,999	1,00,30,118
Security charges	1,31,62,886	1,46,80,168
Exchange rate/customs duty variation	5,54,796	6,00,709
Recruitment expenses	11,17,505	3,87,206
Consumption stores and spares	26,06,002	24,69,854
Moulds, tools and jigs written off	16,63,923	14,73,161
Loss on sale/discarding of property, plant and equipment	58,877	54,197
Research and development expenses	21,95,031	11,35,873
Miscellaneous expenses	1,23,11,689	1,02,06,696
Total	**24,35,98,720**	**19,13,64,573**

Note 28 : PRIOR PERIOD ADJUSTMENT	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Prior period expenses	94,00,883	1,08,22,240
	-	-
Less:Prior period income	45,08,753	1,63,12,603
Total	**48,92,130**	**(54,90,363)**

Note 29 : EXCEPTIONAL ITEMS	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	(Amount in Rs.)	(Amount in Rs.)
Sundry debits written off	21,475	3,61,464
Sundry credits written back	-13819017	(1,65,706)
Bad and doubtful debts wirtten off	0	47,33,509
Provision for bad and doubtful debts and advances	7,73,71,696	52,67,235
Provision for loans and advances	6,56,42,729	11,36,12,682
Provision for other loans and advances	1,19,78,077	-
Total	**14,11,94,960**	**12,38,09,184**

Exceptional Items includes the write off/provision of long pending trade receivable, loans and advances for which separate disclosure is required to depict the performance of the Company for the reporting period.

The unrealisable trade receivables owing to liquidated damages, sundry debits etc has been written off in the reporting period and provision for bad debts/advances/deposits in the Financial Statements has been created.

During the reporting period we have written back liabilities /credit balances which are outstanding for a long period of time.

Sundry credits written back includes, write back in Keltron Components Complex Limited which was classified under 'Other Income', re-classified here for maintaining uniformity with holding company.

Note 30 CONTINGENT LIABILITIES NOT PROVIDED FOR		As at 31st March 2019 (Amount in Rs)	As at 31st March 2018 (Amount in Rs)
i)	Guarantees issued by the Banks on behalf of the Company for which counter guarantees have been issued by the Company	22,27,93,858	18,58,11,957
ii)	Letter of credit issued by the banks on behalf of the Company and outstanding.	7,44,71,941	10,69,36,155
iii)	Indemnity Bonds executed in favour of:		
	a) Customers for advances/performance	35,19,97,280	30,15,03,567
	b) Sales tax authorities	13,72,000	13,72,000
iv)	Claims against the Company not acknowledged as debts as debts		
	a) On account of Central Excise demands pending on appeal	4,72,67,175	4,23,68,746
	b) Sales tax - Central and State under dispute	1,27,49,881	1,59,29,881
	c) PF interest and damages pertaining to Central Tool Room case pending with PF Tribunal.	1,81,16,584	1,81,16,584
	d) On account of interest and service tax	16,54,18,918	16,50,75,511
	e) On account of KVAT	56,47,165	81,15,519
	f) Official liquidator High Court of Madras in respect of liquidation of M/s FD Stewart Private Limited	10,859	10,859
	g) Customs duty pending on appeal	11,03,846	11,03,846
	h) VAT appeal pending	4,31,538	-
	i) License fee payable as per the Order of Arbitration in respect of South Central Railways Project.	14,52,000	14,52,000
	j) On account of Pay Revision anomalies under dispute	2,94,80,138	3,39,59,928
	k) Others	2,01,96,682	2,15,57,394

* Note:

During 2008-09, the Holding Company received an order from South Central Railway for implementation of CCTV and allied works vide agreement dated 22nd September 2008.As per the terms of agreement the holding company should pay license fee to South Central Railway upon which they will provide connectivity and central server to carry out CCTV operations.Even though theholding company paid the first installment of license fee,South Central Railway failed to provide technical facilities .Since the project could not be completed as per the terms of agreement, the holding Company approached the Hon'ble High Court of Andhra Pradesh disputing the payment of second installment. As per the direction of the Court, the holding Company had to pay the second installment.Disputing the payment of third and final installment, Company approached the Arbitrator for non performance of the agreement by South Central Railway. The Arbitrator has passed an award against the holding Company and the holding Company has preferred an Appeal before the City Civil Court, Hyderabad, which is pending.

Note 31

(Amount in Rs)

PROVISION FOR GRATUITY & LEAVE ENCASHMENT	Gratuity		Leave encashment	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
Balance at the beginning of the year	29,92,60,463	36,16,28,588	9,15,58,964	11,57,23,859
Less: Paid during the year on account of retirement /resignation	9,70,52,987	10,50,43,891	3,66,43,608	4,51,77,333
Add: Provided during the year	5,60,58,962	5,01,55,429	2,64,90,846	2,10,12,438
Less: Contribution to Plan Asset with LIC of India	53,57,291	74,79,663	-	-
Balance at the end of the year	**25,29,09,147**	**29,92,60,463**	**8,14,06,202**	**9,15,58,964**
Classified as Non-Current	15,11,65,112	19,58,89,368	5,84,19,173	6,97,15,056
Classified as Current	10,17,44,035	10,33,71,095	2,29,87,029	2,18,43,908

Note 32 : Related party disclosures

	Particulars	For the year ended 31st March 2019 (Amount in Rs)	For the year ended 31st March 2018 (Amount in Rs)
	Kerala State Electronics Development Corporation Limited		
1	N.Narayana Moorthy(Chairman)		
	Salaries & PF	1,10,000	
	Medical benefits	-	
		1,10,000	-
2	Hemalatha.T.R (Managing Director)		
	Salaries & allowances	14,67,103	13,97,042
	Medical benefits	-	-
		14,67,103	13,97,042
3	B.Bilu (Company Secretary)		
	Salaries & allowances	9,58,204	9,80,875
	Medical benefits	61,979	61,690
		10,20,183	10,42,565
	Directors Sitting Fee		
1	K.Ramachandran	1,200	
2	V Narayanan	-	1,800
3	V Jayaprakash	3,000	3,000
		-	-
		4,200	4,800
	Keltron Component Complex Limited		
1	Krishna Kumar.K.G (Managing Director- from October 2016)		
	Salaries & allowances	14,38,092	6,74,750
		14,38,092	6,74,750
2	Sowmini.P (upto 31.05.2017)		
	Salaries & allowances		11,83,682
	Medical benefits		15,378
			11,99,060
3	Jose Joseph		
	Salaries & allowances	8,35,532	7,62,570
		8,35,532	7,62,570
4	Alma M S (Upto 14.08.2017)		
	Salaries & allowances		1,77,761
		-	1,77,761
	Keltron Electro Ceramics Limited		
1	K.Vijayakumar (Managing Director)		
	Salaries & allowances	6,37,589	6,69,798
		6,37,589	6,69,798

33. As per the Para 16 of AS-21, the intra group balances should be eliminated in full, since the Current Accounts and Collection Accounts of aforesaid two subsidiaries are un-reconciled for a longer period of time, owing to the non accounting of debit notes raised by the holding company to respective subsidiaries on account of Interest on Current/Collection Account balances, sales commission etc in the earlier years. The difference between the books of holding company with subsidiaries is as follows:

Sl No	Particulars	KCCL	KECL	Total
1	Current Account	Rs.3,50,84,200	Rs. (234,589)	Rs.3,48,49,611
2	Collection Account	Rs.3,04,75,882	Rs.13,54,405	Rs.3,18,30,287
	Total	**Rs.6,55,60,082**	**Rs.11,19,816**	**Rs.6,66,79,898**
3	Trade Receivable	Rs. 5,72,585	Rs. (7,59,995)	Rs. (1,87,410)
4	Trade Payable	Rs. 4,27,477	Rs. (17,11,946)	Rs. (12,84,469)

As mentioned above the difference in current and collection account between the books of holding company and subsidiary companies amounting to Rs.6,66,79,898 were written off in the FY 2014-15 as exceptional item and with respect to Trade Receivable /Trade Payable an amount of Rs.10,97,060 was booked as an expense in the books of the holding company in the financial year 2014-15.

34. The price paid for acquisition of the shares in the subsidiary companies over and above the net value of assets in the subsidiaries as on the date of each investment made by the holding company and excess amounts so paid have been disclosed under goodwill in the consolidated financial statements. The break-up details of goodwill as at 31.03.2019 is as under based on the cost in respect of each of the investment made in the subsidiaries. Wherever, the investment has been made during a financial year the profit or loss for the period prior to the date of acquisition has been reckoned as a part of pre-acquisition cost for the purposes of working out goodwill / capital reserve as on the date of each investment.

KECL - Goodwill Rs.6,87,64,731 (Previous year : Goodwill: Rs.6,87,64,731)
KCCL - Goodwill Rs.7,90,75,070 (Previous year : Goodwill: Rs.7,90,75,070)

The Company has not gone into the actual valuation of goodwill with reference to the net asset backing of the subsidiaries for the above purpose considering the present market value of landed properties owned and carried forward in the books of subsidiaries.

35. Grant and Loan from Government of Kerala in the books of the holding company-:

a) The Government of Kerala vide GO(Ms) No.30/07/ID dated 12th March 2007, as a part of revival / restructure of the Company has given a grant of Rs.6,00,00,000 during the financial year 2006-07, under the head "2885-60-190-96" and the holding company accounted it as "Grant from Government of Kerala" under "Reserves and Surplus". This was utilized for the payment of 1st installment of One Time Settlement (OTS) with consortium banks.

Later, Government vide GO(Rt) No.329/2014/ID dated 11th March 2014 has converted the aforesaid grant of ₹6,00,00,000 to Working Capital Loan with effect from the date of sanctioning of the said grant.

b) Further the GO(Rt) No.329/2014/ID dated 11th March 2014 has also mentioned about the conversion of investment loan amounting to Rs.12,50,00,000 sanctioned vide GO(MS) No.98/2008/ID dated 07th July 2008 for the purpose of remittance of 3rd installment of OTS as working capital loan. The holding company had provided interest on loan at the rate of 11.5% till 31st March 2010, being the effective date of conversion of this loan into equity vide GO(MS) No.183/11/ID dated 26th August 2011. The loan has already been converted in to equity and shares were also allotted to Government of Kerala.

The holding company has not given effect to the Order dated 11th March 2014 in respect of (a) and (b) above.

c) An amount of Rs.82,65,84,000/- is included and disclosed under Note:3-Long term Borrowings.

The holding company submitted a Financial Restructuring Proposal to Government of Kerala during the month of April 2018 with the main objective of improving the net-worth position of the holding company. The proposals included the following in respect of (a) to (c) above:

(i) Set-off of Investment and loan in defunct subsidiaries amounting to Rs.72,00,18,157 against Government loan liability which are covered under freezing (as a part of BIFR Scheme) amounting to Rs.82,65,84,000. Balance amount of Rs.10,65,65,843 may be converted to equity.

(ii) The conversion of interest accrued on Government loan to the extent of Rs.103,71,88,324 to equity.

(iii) Re-consideration of Government Order GO(Rt) No.329/2014/ID dated 11th March 2014 converting the OTS instalments given below:

(i)Government Grant of Rs.6,00,00,000 and
(ii)Already converted Government loan to Equity of Rs.12,50,00,000 again back to working capital loan.[Pending request]

The proposal has been considered by the Government of Kerala and finally approved by Public Enterprises Board (PEB), Government of Kerala on the meeting scheduled on 16th January 2020 as follows:

(i) Conversion of Government loan equivalent to the investments, loans and advances to defunct subsidiaries/associate companies into equity amounting to Rs.72,00,18,157 and interest accrued thereon of Rs. 89,79,70,429.

(ii) Conversion of working capital loans as per GO (Rt) No.329/2014/ID dated 11th March 2014 amounting to ₹18,50,00,000 and interest accrued thereon amounting to Rs.2,50,90,985 in to equity.

(iii) Increase of Authorized Share Capital of the holding company to accommodate the issue of shares to the Government on accounts of (1) and (2) above, and consequent amendment in Memorandum and Article of Association.

Later on Government of Kerala vide GO(MS) No.53/2020/ID dated 15th May 2020 read with Government Letter No.D3/173/2018/ID dated 13th July 2020 has approved the Financial Restructuring proposal of the Company as detailed below:

1) Conversion of Government loan of Rs.72,00,18,157 to equity.

2) The working capital loan as per GO(Rt) No.329/2014/ID dated 11th March 2014 of Rs.18,50,00,000 shall be converted to equity

3) Waiver of interest accrued on aforesaid loan aggregating to Rs.92,30,61,414

4) Increase of Authorized Share Capital of the Holding Company to accommodate the issue of shares to the Government on accounts of (1) and (2) above, and consequent amendment in Memorandum and Article of Association.

With respect to Sl No 3) above, the matter of interest accrued amounting to ₹89,79,70,429 and Rs.2,50,90,985 on Government Loan of Rs.72,00,18,157 and ₹12,50,00,000 respectively was kept in abeyance vide Government Letter No.D3/173/2018/ID dated 13th July 2020.

The matter has been considered in the 256th meeting of the Board of Directors of the Company held on 21st August 2020 and fixed the effective date of implementation of Financial Restructuring as 31st March 2020.The formalities with respect to the increase in authorized share capital will be taken up accordingly.

The Government Loan of Rs. 12,50,00,000 as covered under GO (Rt) No 329/2014/ID dated 11th March 2014 was included under Note -1 Share

Capital, as the shares are already converted and allotted to Government of Kerala vide GO referred (b) above.

Further, to improve the net worth, the company vide letter KSEDC/FIN/201/Fin Res/21- 22/104 dated 14th October 2021 has represented before Government to consider the conversion of interest accrued on Government Loan amounting to Rs.92,30,61,414 to equity share capital in line with the recommendation of Public Enterprises Board which is under consideration of the Government .

With regard to government loan of Rs.72,00,18,157 which has been converted in to equity vide GO(MS) No.53/2020/ID dated 15th May 2020 interest has been provided only up to 31st March 2006.The total interest accrued thereon is Rs.89,79,70,429.No further interest has been provided on this loan as the holding company has made representation vide letter KSEDC/FIN/201/Fin Res/21-22/104 dated 14th October 2021 to the Government for conversion of the interest accrued in to equity as mentioned above.

36. Loans and advances of the Holding company include:

(i) A sum of Rs.17,03,74,850 is pending allotment of shares by the following subsidiary Companies:-

a) Keltron Rectifiers Limited	-	Rs. 5,76,43,070
b) Keltron Power Devices Limited	-	Rs.11,27,31,780
Total :		Rs.17,03,74,850

The Hon'ble High Court of Kerala in its judgment dated 06th March 2006 and 14thNovember 2005 issued orders for the winding up of Keltron Rectifiers Limited and Keltron Power Devices Limited respectively and appointed the Official Liquidator. The Government of Kerala vide G.O.(MS) No. 165/08/ID dated 22nd October 2008 ordered to take over the aforesaid subsidiary companies (a) & (b) with all liabilities including future liabilities, simultaneously with its assets by the Company. Government of Kerala also filed an affidavit before the Hon. High Court of Kerala for the above take over. The Scheme for takeover of the above two subsidiary companies as per the Government G.O. is under process and hence no provision has been made in the accounts regarding the investment pending allotment in respect of these two companies.

(ii) Loans and Advances outstanding from defunct Subsidiary Companies include the following:

Sl No	Name of the Company	Subsidiary /Associate	Amount Outstanding as on 31st March 2019	Remarks
1	Keltron Counters Limited	Subsidiary Company	---	The company was ordered for winding up by the Hon'ble High Court of Kerala, vide its judgment dated 26th July 2006 and the Official Liquidator took charge with effect from 26th July 2006. The Government of Kerala filed an affidavit in the Hon'ble High Court of Kerala for keeping in abeyance the liquidation proceedings. Later vide judgment in CA Nos. 396,396B and 396C of 2009 in CA No.723 of 2006 in CP No.11 of 2002 dated 08th October 2009 of the Hon'ble High Court of Kerala, release of the immovable properties owned by Keltron Counters Limited to State of Kerala in order to establish Gulati Institute of Finance and Taxation (GIFT) was permitted. The possession of above land has already been handed over as per the above direction and GIFT transferred an amount of Rs. 5,00,00,000 to M/s Keltron Counters Limited for settling of its liabilities with a condition that shortfall if any will be compensated by the Government of Kerala, which is deposited in separate account bearing interest. As there are no

				fixed assets available with Keltron Counters Limited the Company has made adjustments to account for the diminution in value of total investment in the financial year 2009-10. Keltron Counters Limited made an application to the Registrar of Companies to strike off the name of the company from the Register of Companies under Fast Track Exit Mode Scheme 2011.The Government of Kerala vide G.O.(Ms) No-21/2019/ID dated 28th February 2019 sanctioned the transfer of all existing and future liabilities of Keltron Counters Limited(KCL) to Keltron and all liabilities of KCL including future liabilities will be settled by Keltron In view of the above, the holding company decided to create a provision against Rs.13,12,85,459 outstanding from KCL in two equal installments commencing from the financial year 2017-18. Accordingly , provision of Rs. 6,56,42,730 being 50% of loans and advances due from Keltron Counters Limited was created during the financial year 2017-18 and the balance provision of Rs.6,56,42,729 is created during the current financial year and the same has been disclosed as an Exceptional Item. Thus the total provision created against

				loans and advances given to Keltron Counters Limited is Rs.13,12,85,459.
2	Keltron Power Devices Limited	Subsidiary Company	Rs.8,50,66,432	As mentioned in 41(i) above, the Hon.High Court of Kerala has ordered winding up of Keltron Power Devices Ltd (KPDL) and Keltron Rectifiers Limited (KRCL).The Company has filed an application before the Hon. High Court of Kerala on 9th October 2017 for recalling the winding up order of KPDL and KRCL, discharge the official liquidator and to take over the assets and liabilities by the holding company. As per the direction of Hon.High Court of Kerala, a Revival Scheme for the manufacturing of 100MW Solar Panel was submitted. The scheme is yet to be heard by the Hon.High Court of Kerala. Meanwhile, Government of Kerala vide GO (RT) No 883/2018/10 dated 26/07/2018 has issued Administrative Sanction towards the Budget-Support for the company for the setting up of manufacturing facilities for Solar Modules Due to the pendency of the above situation, no provision has been made in the accounts regarding the loans and advances to defunct subsidiary companies under Liquidation.
3	Keltron Rectifiers Limited	Subsidiary Company	Rs. 4,13,63,266	
	Total		**Rs. 12,64,29,698**	

37. The subsidiary company, KCCL has forfeited 12800 Nos. of Equity Shares to the extent of Rs. 75,239 (paid up value) as per the Board Resolution dated 04th September 2007. The amount of forfeited shares as mentioned above has been added to the Share Capital Account in the financial statement of subsidiary has been accounted under Capital Reserve in the consolidated financial statements for the purposes of better presentation / disclosure.

38. The Company is primarily dealing with the manufacturing, supply, installation and maintenance of electronic systems on the basis of customer specific orders which are mainly Government Departments/Public Sector Undertakings. As envisaged in AS-17 there is no distinguishable business segment or geographical segment for the Company which was subject to risk and return different from those of other segments. The allied activities undertaken by the Company doesn't constitute a reportable segment as per AS-17. Hence, segment reporting in accordance with AS 17 is not applicable to the Company.

39. The preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the result is known / materialized.

40. Earnings per share (EPS)

Basic & Diluted EPS	**31.03.2019**	**31.03.2018**
Profit attributable to Equity Shareholders before extraordinary items (Numerator used for calculation of diluted and basic EPS in Rs.)	3,33,80,079	6,30,85,197
Profit attributable to Equity Shareholders (Numerator used for calculation of diluted and basic EPS in Rs.)	3,35,17,165	6,15,02,245
Number of Equity Shares used as denominator for calculating :		
Basic	2,03,55,181	2,03,55,181
Diluted	2,03,55,181	2,03,55,181
EPS of Rs. 100/- each before extraordinary items		
Basic in Rs.	1.64	3.10
Diluted in Rs.	1.64	3.10
EPS of Rs. 100/- each		
Basic in Rs.	1.65	3.02
Diluted in Rs.	1.65	3.02

41. Based on accumulated loss as on 31st March 1998, the Holding Company became a Sick Industrial Company under Section 3(O) of the Sick Industrial Companies (Special provision) Act 1985 (SICA) and BIFR vide order dated 04th July 2006 declared the Company as Sick Industrial Company. The Rehabilitation Scheme was sanctioned by the BIFR in the hearing held on 20th December 2012 and is under implementation. Further to the constitution of National Company Law Tribunal (NCLT) under Companies Act, 2013 with effect from 01st December 2016 the matter was being taken over by NCLT. The management has come to the conclusion that it will not pursue the matters before the NCLT, taking into account the fact that the company is not a sick company as per the provisions of Companies Act, 2013 nor IBC, 2016 since the company has not failed to pay its debts amounting to 50% or more of its outstanding dues with the Secured Creditors I,e: Banks and Financial Institutions.

42. The Holding Company has recognized the TDS credit as per 26AS. However, in certain cases, though the credit is appearing in 26AS, the Company did not receive the TDS certificate. In certain other cases, though the credit is appearing in 26AS, the Income Tax Department did not allow such tax credit while completing the assessment on which the Company has preferred appeal. While the 26AS shows a tax credit of Rs.14,81,74,088 for the Assessment year 2007-08 to 2019-20, the Company's books of account shows the balance of Rs.10,09,97,356 only. The Company did not account for the balance credit of Rs.4,71,76,732 in the books considering the uncertainty attached in getting full tax credit while completing the assessment. The Company is confident that tax credit as per 26AS will be allowed in appeal proceedings. Hence, no provision towards doubtful of recovery is considered necessary as it is fully recoverable.

43. The KECL is having total amount of MAT credit available on account of the tax paid U/s 115JB of the Income Tax Act for the financial years 2013-14 and 2014-15 were Rs.9,33,508 and Rs.2,39,888 respectively. An amount of Rs.1,79,612 was utilized in the financial year 2015-16. During the year 2016-17 and 2017-18 MAT credit of Rs.3,50,736 and Rs.11,07,040 were paid respectively. Total amount of MAT credit available at the end of financial year 2018-19 is Rs.24,51,559.

44. The main customers of the KECL, the BEL, Bangalore has charged liquidation damages amounting to Rs.21,94,712 on account of delay in supply of goods. But liquidated damage is not recognized in the books as there is still correspondence going on with BEL authorities regarding this.

45. The company has disclosed the outstanding Trade payable to MSME in the Note No 5 and 8.There are Micro, Small and Medium Enterprises to whom the Company owes, which are outstanding for more than 45 days as at 31st March 2019 as per the terms of agreement with them.
KECL has 14 suppliers falling under MSME category and Rs.1,05,18,253 is payable to these MSME suppliers as on 31st March 2019 as on reporting date.
KCCL has 14 suppliers falling under MSME category and Rs.33,04,894 is payable to these MSME suppliers as on 31st March 2019 as on reporting date.

The interest due to such outstanding as per MSMED Act has not been provided in the financial statements.

46. The Deferred Tax Liability of in the Financial Statements pertains to Keltron Electro Ceramics Limited which is arrived as per AS-22. The details are as follows:

(Amount in Rs.)

Particulars	As on 31st March 2019	As on 31st March 2018
Deferred tax asset	56,80,436	1,57,71,587
Deferred tax liability	19,97,145	74,74,476
Net deferred tax liability	(36,83,291)	(82,97,111)

The Holding company and KCCL is certain that sufficient immediate future taxable income will not be available against which deferred tax asset can be realised. Hence the deferred tax asset was not recognized in their financial statements.

47. Note No.1-III regarding disharmony in the Accounting Policy for valuation of inventory by the subsidiary company KECL, which has been done on first in first out method as against the weighted average method followed by the holding company. However, as disclosed in the Notes effect of non-harmonization of the Accounting Policy in this regard is noted to be not material considering the value of inventory held in KECL as at 31.03.2019 is only Rs.1,39,04,625 only (Previous year Rs.2,42,51,678)

48. The Company has received an Order from Damodar Valley Corporation (DVC) with respect to Control and Instrumentation turnkey job for three units of Mejia Project during the financial year 1992-93 and the purchase order for 3 units amounting to Rs.27.70 crore was released during 1994-95. The three units mentioned above were to be executed in different schedules as stipulated in the terms and conditions of the Order. But due to delay in finalising design Engineering and release of purchase order the schedule could not be met and thus the purchase order was altered and the period was rescheduled.

Meanwhile there were f oreign exchange problems and also Banks required 100% guarantees for opening LC's. DVC issued Rs.4Crs which was disbursed in two installments of Rs.3 Crs in 12/93 and Rs.1 Cr in 1/94. This amount was utilised by Keltron for opening LC's. Keltron placed Purchase Orders for Unit I in '94 and L.C was opened in '94 with a delivery period of 10 months. Due to delay in finalising design Engineering and release of purchase order the L.C could not be opened. The company expressed inability to meet the schedule and to meet the contingencies offered 9020 analog systems to be installed to meet the schedule as decided on the meeting dated.1.07.94 between Keltron, DVC and BHEL, Order was placed.

However in 08.02.1995, Unit II +III were delinked from the contract by DVC. This was not acceptable to the company as the action for procurement of imported materials has been initiated by the company with the concurrence of DVC. Hence, the delinking of Unit II and III has resulted in substantial losses to the Company.

Meanwhile, the DVC tried to invoke the Bank Guarantee of Rs.2,77,03,048/- availed by the Company from State Bank of India towards the Security Deposit for the execution of this project.The holding company has approached the Hon'ble High Court of Kerala and obtained stay against the invocation of Bank Guarantee from the Hon'ble High Court of Kerala.

Thereafter, the Company has resorted to Arbitration during the financial year 2007-08 and after a prolonged legal proceeding, the Arbitral Award was pronounced on 15th October 2018, allowing claims of DVC as well as KELTRON, squire off the claims and ordered final payment of Rs.3,30,02,054/- to DVC.

The Arbitral Award was challenged by the Company in the District Court, Barasat, Kolkata and which was transferred to Commercial Court, Alipore. KELTRON had issued a total Bank Guarantee for the amount of Rs.3,30,02,054/- as per the direction of the Hon' ble Court. The appeal challenging the award is dismissed by Commercial Court, Alipore on 29th September 2021.

The matter was placed before the 260th meeting of the Board of Directors held on 06th October 2021 and informed about the status of the case to the Board and the Board had considered all the aspects of the case, has decided not to go for appeal against the Order dated 29th September 2021.

Consequently, the Company is allowing DVC to invoke the Bank Guarantee of Rs.3,30,02,054/-.DVC has invoked the portion of the BG amounting to Rs.2,77,03,048/- on 22nd April 2022.

Accordingly, the Contingent Liability with respect to the Bank Guarantee of Rs.3,30,02,054/- as reported in the Financial Statements up to 31st March 2018 has been crystalized and hence provision was created in the books of accounts during the reporting period, and the expenses is disclosed under Note-26"Other Expenses" as 'Arbitration Award' and the liability is disclosed under Note 8-"Other Current Liabilities". Also, provision for interest on award is created in the books of accounts amounting to Rs.15,14,541 calculated @8.77% from 22nd September 2018 (date of award) to 31.03.2019.The interest is included "Interest & Late Fees" and disclosed under Note No-26 "Other Expenses".

Moreover, a provision is created against Rs.1,62,31,897 receivable from DVC, included in the books of accounts of Keltron Controls, Aroor and the same is included and disclosed under NoteNo-29- Exceptional Items in the Financial Statements during the reporting period.

49. The Government of Kerala vide GO(MS) No.105/17/ID dated 28th October 2017 has revised the scale of pay of the regular employees of the KELTRON Group Companies with retrospective effect from 01st April 2012. The arrears with respect to implementation of pay revision will be subject to the resolution of Board of Directors of the Company and the availability of fund. Accordingly, after series of discussion between the Management and Recognized Trade Unions, a consensus was arrived and signed the Memorandum of Settlement (MoS) on 30th November 2017.

    However on implementation of revised scale of pay from November 2017, various anomalies such as drop in pay, stagnation in scale, duplication of scale of pay for multiple grades etc. has been noted. Moreover, 127 employees of the group companies having drop in pay on implementation of pay revision as per the GO stated above has filed a writ petition before the Hon'ble High Court of Kerala and obtained an interim stay in order to protect the total emoluments being drawn by them. The matter was brought to the attention of the 245th meeting of the Board of Directors of the Company held on 08th February 2018. On evaluation of matter the Board felt that pay revision shall not be negative and anomalies has to be rectified and hence constituted a committee for detailed evaluation and reporting to Government. The said report was also submitted and the Company is waiting for its outcome.

Further, with respect to the disbursement of arrears for the period from 01st April 2012 to 31st October 2017, after a series of discussion with the representatives of Recognized Trade Unions, consensus was arrived and the matter has been considered in the 248th meeting of the Board of Directors of the Company held on 11th October 2018 and decided to disburse the arrears to the employees in the rolls of the Company on 01st November 2017 in 12 equal installment starting from the month of November 2018 and thereafter to the employees retired from service/expired between 01st April 2012 to 31st October 2017. However, the pre-condition before issuance of the Pay Revision Order with respect to payment of entire Government guarantee commission is yet to be satisfied.

The pay revision arrears for the period 01st April 2012 to 31st October 2017, with respect to Holding Company amounts to Rs.12,07,28,055, KCCL amounts to Rs.5,22,76,087 and KECL amounts to Rs.92,87,412, has been provided as expense during the financial year 2017-18 and disclosed under Note -24 – Employee benefit expenses and liability thereupon under Note 9 – Other Current liabilities in the Consolidated Financial Statements.

During the reporting period the holding company has created an additional provision of Rs.44,79,791 towards wage revision arrears.The total wage revision arrears outstanding in the books of the holding company as on 31st March 2019 including the additional provision created as mentioned above is Rs.10,40,93,924.

Moreover, the differences between the figures stated above and the pay revision proposal submitted by the Company vide letter dated 23rd May 2017 in adherence with the Government guidelines and Board directives, which resulted as drop in pay/anomalies has been quantified by holding company as Rs.2,94,80,138 and disclosed under Note 31- Contingent liabilities, since, the aforesaid anomalies paved the way to writ petition filed and consequently being contested before the Hon.High Court of Kerala by the aggrieved employees as stated above.

The total wage revision arrears outstanding in the books of KECL & KCCL as on 31st March 2019 is Rs.72,04,710 and Rs.4,18,60,451 respectively

50. The Keltron Marketing Office – Delhi has been occupying the office space in Travancore Palace, New Delhi since 14th November 1997. But the lease agreement has not been executed and rent was not paid so far. However, as a prudence the Company has created provision for rent payable on an year on year basis aggregating to Rs.5,44,15,359/- as on 31st March 2015. As per the request of the Company, Government of Kerala vide G.O.(Rt)

No.1832/2017/GAD dated 21st March 2017 has fixed the rent at the rate of ` 35 per sq.feet for an area of 1714 sq.feet which amounts to Rs.1,25,10,134/- up to 31st March 2015 and the excess provision of Rs.4,19,05,225/-has been written back during the FY 2015-16 as exceptional item and rent up to 31st March 2016 has been paid during the financial year 2017-18.

As per GONo-1613/RC1/2015 dated 28th January 2016 the company was ordered to shift its office space to staff quarters behind Travancore Palace, New Delhi belonging to Government of Kerala .No rent has been fixed for this premises. As it is very difficult to ascertain the rent payable for the staff quarters, the company has not made any provision in the books of accounts for the rent payable from the financial year 2016-17 to 2018-19.The company has requested Government of Kerala to fix the rent for the premises.

51. The holding Company has in the earlier years conducted an evaluation of balances reflected under Trade Receivable, Trade Payable, Sundry debits and Sundry credits in the books for a period up to 31st March 2005. The assignment was entrusted to M/s.Krishna Retna & Associates, Chartered Accountants and based on their report the necessary entries for write off/write back has been passed in the books of accounts with the approval of Board of Directors. Recently, with the objective of ensuring true and fair picture for the figures reflected in the Financial Statements, the same firm of Chartered Accountants was engaged for evaluating the realizability of Trade Receivable/Sundry debits and position of Trade payable/sundry credits covering the period 2005 to 2015 covering all the major units of the holding company.

The synopses of write off/write back as recommended by the firm and its impact in the Financial Statements of the Holding Company is as follows:

Particulars	**Keltron Controls Aroor**	**Keltron Communication Complex**	**Keltron Equipment Complex**	**Total**
Write off of Trade receivables	2,81,11,019	3,08,11,424	2,73,51,525	8,62,73,968
Write off of Sundry debits/Other Assets	4,56,822	1,14,71,776	23,68,176	1,42,96,774
Write Back of Trade Payables/Sundry credits	41,24,617	15,59,310	68,06,663	1,24,90,590

Against the above, the holding company has provision for bad & doubtful debts amounting to Rs.1,82,43,090 and provision for doubtful advances amounting to Rs.23,18,697.Thus the net effect in the financial statements if the write off/write back is effected is as under:

Write Off (Net of Provision)	- Rs.8,00,08,955
Write Back	- Rs.1,24,90,590
Net effect in the financial statements	- Rs.6,75,18,365

The holding company placed the aforementioned report on the 263rd Meeting of the Board of Directors of the Company held on 5th May 2022.The Board after a detailed discussion approved the unit wise write off and write back subject to the following:

a) For the time being write off can be implemented for the period 2005-2010

i) Write of up to Rs. 1,00,000 is approved

ii) For writing off debtors/debit balances above Rs. 1,00,000 the unit has to certify that the debtor/account cannot be realized at all

b) No debtor after 2015 has to be written off for the present. A relook on the debtors issue for the period 2010 to 2015 needs to be done for further action

As the analysis of debtors as mentioned above requires considerable time, the holding company decided to create provision in the books for irrecoverable debtors/debit balances during the reporting period and to effect the write off in the subsequent financial year .Accordingly, additional provision of ₹6,80,30,879 for bad and doubtful debts and provision of Rs. 1,19,78,077 for doubtful advances was made in the books of the holding company during the reporting period .

During the reporting period the holding company passed necessary entries for write back of liabilities amounting to Rs.1,24,90,590 as recommended in the report of M/s Krishna Retna & Associates, Chartered Accountants dated 14th April 2022 .

The unit wise break up of provisions /write back made in the books of accounts during the reporting period on the basis of the report of M/s Krishna Retna & Associates is as detailed below:

Sl No	Name of The Unit	Provision for Bad & Doubtful debts	Provision for Doubtful Advances/Others	Write Back of Liabilities
1	Keltron Controls ,Aroor	2,81,11,019	4,56,822	41,24,617
2	Keltron Communication Complex,Manvila	3,08,11,424	99,72,326	15,59,310
3	Keltron Equipment Complex,Karakulam	91,08,436	15,48,929	68,06,663
	Grand Total	**6,80,30,879**	**1,19,78,077**	**1,24,90,590**

In addition to the above, on the basis of recommendation of branch auditors the holding company created provision for bad & doubtful debts and have written off/written back long pending sundry debits/sundry credits in the financial statement under Note 29 as detailed below

Name of Unit	Provision for Bad & Doubtful debts	Write off	Write back
Corporate Office		16,000	6,85,250
Keltron Equipment Complex		5,475	43,316
Keltron Marketing Office,Kolkata			91,760
Keltron Lighting Division (KLD) Mudadi	23,25,341		
Keltron Marketing Office ,Mumbai	70,15,476		

During the financial year 2018-19 the holding company has created a provision of Rs.6,56,42,729 being the balance 50% provision against loans and advances due from Keltron Counters Limited and the same has been disclosed as an Exceptional Item under Note-29.

During the year KCCL has written back an amount of Rs.5,08,101 towards excess provisions/unclaimed credits.

Thus during the reporting period we have disclosed provision for Bad & Doubtful debts Rs.7,73,71,696, provision for doubtful advances/others Rs.1,19,78,077,provision for loans and advances-subsidiary company

Rs.6,56,42,729 , sundry debits written off Rs.21,475 and sundry credits written back Rs.1,38,19,017 under Note No-29 Exceptional Item.

52. Balances under receivables, deposits, loans and advances, trade payables and current liabilities are subject to confirmation / reconciliation and consequent adjustments, if any, upon confirmation.

53. With respect to the holding company, the actuarial valuation of liability in respect of gratuity and leave encashment is done at corporate office level and the same is provided in the books of accounts of units/ KMO's on the basis of instructions issued by corporate office in this regard.

54. Accrued Liability of KECL includes Rs. 2,03,253 being the ESI due as on 31/03/1998.No remittance could be made to ESIC during the reporting period owing to the Stay Order issued by Honourable High Court of Kerala in the matter of extending the provisions under the amended ESI Act.

55. In case of subsidiary company, KECL ,management noticed shortage of copper scrap valued at Rs. 7,12,029 on 09.02.2007 and the same has not been given effect to in the accounts, as the Police investigation is still in progress and the income from scrap is recognized at the moment of sale only. No further loss is expected by KECL on this account.

56. With regard to KECL, varistors were imported at Nil rate of customs duty and Customs Authorities issued a show cause notice, demanding differential duty of Rs.11,03,846 against which an appeal was filed before the appellate Tribunal, Chennai by pre-depositing an amount of Rs.3,50,000.Matter is now pending before the Division Bench of CESTAT. The duty demanded is disclosed as Contingent Liability.

    During the financial year 2018-19,two appeals on VAT were filed by KECL for the year 2010-11 and 2015-16 on account of notice issued from Sales Tax Department in connection with C-form submission and fixed asset transfer for which advance amounting to Rs.33,480 and Rs.21,196 respectively was paid.

57. In case of KECL ,matching income of Rs. 1,36,185 is considered equivalent to depreciation on assets purchased and capitalized out of government grant for setting up of Transducer Project for financial year 2018-19 as per AS-12.

58. Plant and Machinery of KECL includes 81 moulds cost of which amounts to Rs.93,05,302. The WDV of the moulds held with third parties amounts to Rs.61,68,381 as on 31.03.2019.

59. Figures for the previous year have been regrouped / recast wherever necessary to confirm to this year's classifications

On behalf of Board of Directors
CIN: 74999KL1972SGC002450

Per our report attached

	Sd/-	Sd/-
For Sridhar & Co., Chartered Accountants, Firm Registration No. 003978S	**N.Narayana Moorthy** Chairman and Managing Director DIN : 05251681	**Anoop.S** Director DIN: 03399884
Sd/-	Sd/-	Sd/-
R.Sripriya Partner, Membership No.209371 UDIN:22209371AMKOBL9858	**B.Bilu** Company Secretary	**CA Sreejan.A.S** DGM(Finance)

Thiruvananthapuram
23rd June 2022

सत्यमेव जयते

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED, THIRUVANANTHAPURAM FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of consolidated financial statements of **Kerala State Electronics Development Corporation Limited, Thiruvananthapuram** for the year ended **31 March 2019** in accordance with the financial reporting framework prescribed under the Companies Act, 2013, (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) 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 **06 July 2022.**

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit of the consolidated financial statements of **Kerala State Electronics Development Corporation Limited, Thiruvananthapuram** for the year ended **31 March 2019** under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of **Kerala State Electronics Development Corporation Limited, Thiruvananthapuram and Keltron Component Complex Limited, Kannur** but did not conduct supplementary audit of the financial statements of **Keltron Electro Ceramics Limited, Kuttipuram** for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

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

Thiruvananthapuram
Dated:07-07-2023

ANIM CHERIAN
PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II), KERALA

REGISTERED OFFICE

Keltron House, Vellayambalam, Trivandrum

SUBSIDIARY COMPANIES

Keltron Component Complex Limited, (KCCL)
Kannur

Keltron Electro Ceramics Limited, (KECL)
Malappuram

UNITS / DIVISIONS

IT Business Group (ITBG), Vellayambalam, Trivandrum

Keltron Controls, Aroor, Alleppey

Keltron Communication Complex (KCC)
Monvila, Trivandrum

UNITS / DIVISIONS

Keltron Equipment Complex (KEC), Karakulam, Trivandrum

Keltron Tool Room cum Training Centre,
Kuttippuram Malappuram

Keltron Lighting Division
Moodadi Calicut

OUR BUSINESS DOMAIN

Defence Electronics

- Processor Based Ground Mine
- Echosounder, EM Actuators
- EM Log & Re Transmission Unit
- Under Water Communication System
- Own Noise Analyser , Sonar Simulator
- Steering Gear Control System
- Distress Sonar system
- Data Distribution Unit (DDU)
- Expendable Bathy thermograph (**XBT**)
- Towed Array Systems

Power Electronics

- UPS Systems Commercial and industrial grade
- Rectiformers upto 10000A
- Battery Chargers upto 3000A
- Variable Freq.Drives upto 500KVA
- Active Harmonic Filters, Distribution Boards
- Power Conditioning Unit
- Frequency Converter upto 1000KVA
- Solar Power Plants

Space Electronics

- Harnessing of electrical distribution systems used in Launch vehicles and satellites
- Fabrication, Testing & Evaluation of Electronic Packages, Transducer Assembly & Testing

Security and Surveillance Systems

- Integrated Electronic Security System
- Biometric and Smart Card based Access Control System
- RFID Library Automation, Vehicle Identification System
- GPS Clocks, Tracking Devices etc
- Analog and Mobile Radio Communication System
- Emergency Operational Response Systems

Traffic & Enforcement Systems

- Intelligent Traffic Management System
- Computerized Vehicle Testing Station
- Computerized Driving Testing Track
- Integrated Vehicle Accident Reduction Program
- City Surveillance & Traffic Monitoring System
- Geographic Information System (GIS) Projects

Information Technology

- IT Products and Infrastructure Services
- Networking Solutions
- Video Conferencing Solutions
- E-Governance & Process Automation Solutions
- ERP Solutions
- Consultancy Services, Hosting Services
- Email Solutions, Mobile Applications
- Website Design & Development, Digitization
- Skill Development programs in accordance with the industrial requirements
- Certified Courses, Diploma Courses, Advanced Diploma Courses and Post Graduate Diploma Courses

Other verticals

- Pneumatic actuators & accessories/spares
- Process Control & Instrumentation
- LED lighting products
- ID Card projects
- **Smart City Projects**
- **Digital Hearing Aid**
- Products for physically challenged
- PCB Job works, Machine works

Kerala State Electronics Development Corporation Ltd.

www.keltron.org