KELTRON®

Kerala State Electronics Development Corporation Limited

51st ANNUAL REPORT 2022-23

51st ANNUAL REPORT
2022 -23

KELTRON®

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

CONTENTS

CORPORATE INFORMATION..... 4
FINANCIAL INDICATORS..... 5
DIRECTORS' REPORT AND ANNEXURES..... 8

STANDALONE FINANCIAL STATEMENTS
INDEPENDENT AUDITORS REPORT..... 83
FINANCIAL STATEMENTS..... 203
SIGNIFICANT ACCOUNTING POLICIES AND
NOTES ON FINANCIAL STATEMENTS..... 206
COMMENTS OF C & AG..... 259

CONSOLIDATED FINANCIAL STATEMENTS
INDEPENDENT AUDITORS REPORT..... 262
FINANCIAL STATEMENTS..... 335
SIGNIFICANT ACCOUNTING POLICY, BASIS OF
PREPARATION AND NOTES ON FINANCIAL STATEMENTS..... 338
COMMENTS OF C & AG ON CFS..... 392

CORPORATE INFORMATION

Chairman & Managing Director : Shri N Narayanamoorthy

Board of Directors (as on 31.03.2023)

1. Shri N Narayanamoorthy - Chairman & Managing Director
2. Shri V Jayaprakash - Director
3. Shri V Narayanan - Director
4. Shri S Anoop - Director
5. Shri Suresh Mohan - Director
6. Shri S Hemachandran - Director
7. Shri K N Madhusoodanan - Director

COMPANY SECRETARY:
Shri. B Bilu, F.C.S

GENERAL MANAGER i/c, FINANCE
Shri Sreejan A.S, F.C.A, A.C.S

STATUTORY AUDITORS:
Issac & Suresh
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)

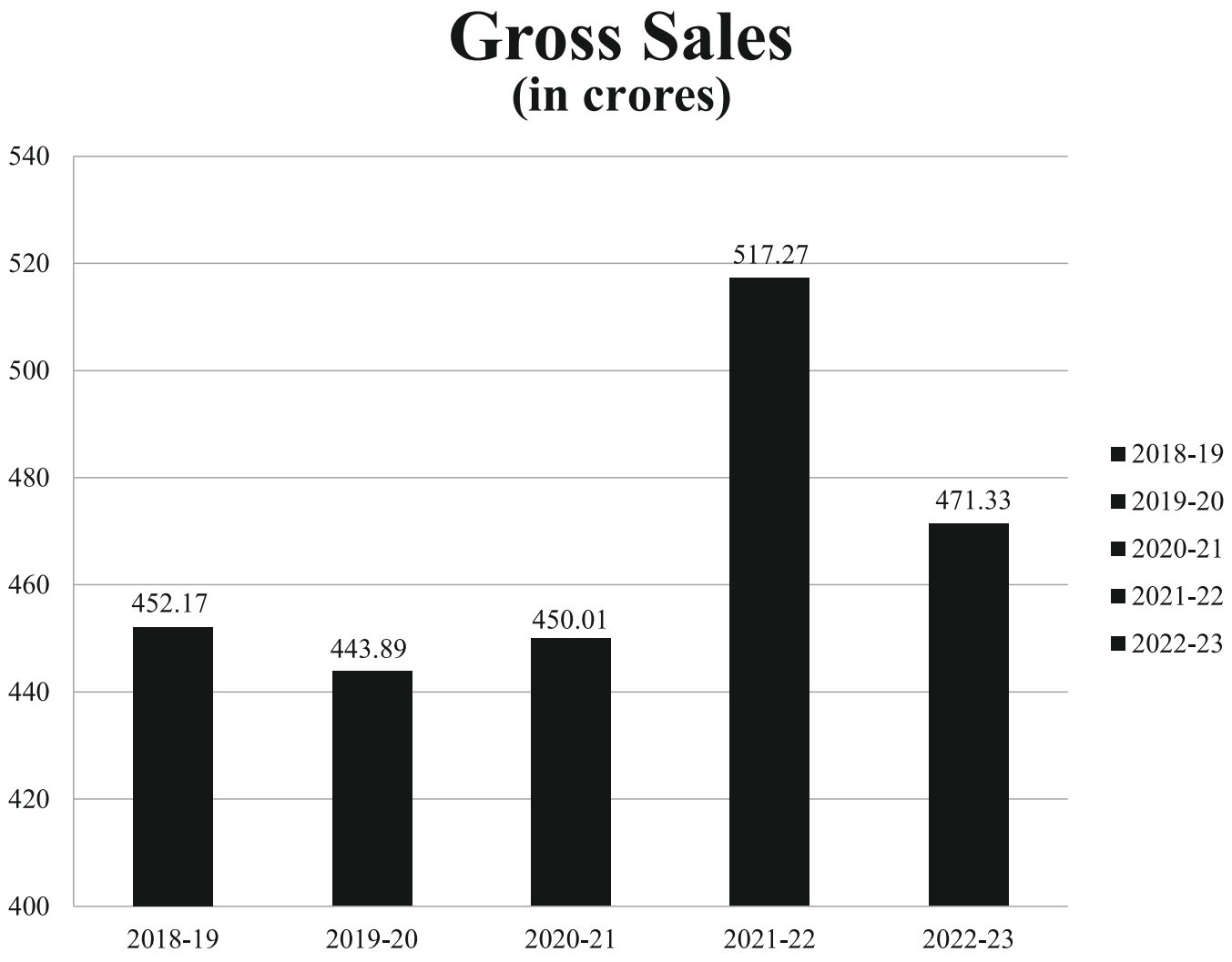
₹ in lakhs

Balance Sheet	2018-19	2019-20	2020-21	2021-22	2022-23
Fixed Assets	2,639.52	2,785.10	2,759.90	2,996.89	3,851.40
Investments	3,012.94	3,272.94	3,272.94	3,205.44	3,464.11
Net Asset (Current &Non-Current)	5,543.10	18,350.23	18,591.99	22,661.53	26,379.78
Total	**11,195.56**	**24,408.27**	**24,624.83**	**28,863.86**	**33,695.29**
Share Capital	20,355.18	20,355.18	20,355.18	20,355.18	37,385.98
Share money pending allotment		17,030.80	17,030.80	17,030.80	
Reserves & Surplus	(19,680.81)	(19,757.45)	(19,423.30)	(14,954.86)	(12,697.46)
Loan Funds	10,521.19	6,779.74	6,662.15	6,432.74	9,006.77
Total	**11,195.56**	**24,408.27**	**24,624.83**	**28,863.86**	**33,695.29**

FINANCIAL PERFORMANCE
(Based on Statement of Profit & Loss)

₹ in lakhs

Statement of Profit & Loss	2018-19	2019-20	2020-21	2021-22	2022-23
Net Sales	45,216.60	44,389.50	45,001.05	51,727.49	47,133.36
Profit/(Loss) for the year before exceptional and extra ordinary items	1,732.44	491.99	385.90	4,019.37	2,658.08
Profit before taxation	315.41	523.36	334.14	2,910.95	2,131.68
Profit after taxation	315.41	523.36	334.14	4,468.45	2,257.40
Earnings Per Share	1.55	2.57	1.64	21.95	10.56


Gross Sales
(in crores)
540
520
500
480
460
440
420
400
452.17
443.89
450.01
517.27
471.33
2018-19
2019-20
2020-21
2021-22
2022-23
2018-19
2019-20
2020-21
2021-22
2022-23

DIRECTORS' REPORT 2022- 2023

To the Shareholders

Your Board of Directors has immense pleasure in presenting the 51st Annual Report of your Company together with Audited Accounts for the year ended 31st March 2023.

FINANCIAL RESULTS:

During the year under review, the Company registered a turnover of ₹ 471.3 3Crores as against ₹ 517.27 Crores during the previous year. The operating profit for the year under review was ₹ 39.68 Crores as against ₹ 51.30 Crores during the previous year, but posted a net profit of ₹ 22.57 Crores against ₹ 44.68 Crores in the corresponding previous year. The net profit for the year under review is after adjusting extra ordinary items of ₹ 5.26 Crores and deferred tax adjustment of ₹1.25 Crores.

Financial results of the Company for the year 2022-23 and the year 2021-22 are given below:

	(₹ in Lakhs)	
	2022-23	**2021-22**
Net Sales	47,133.36	51,727.49
Gross Operating Profit	3,967.81	5,130.47
Less:		
1. Financing Charges	931.55	771.16
2. Depreciation	378.18	339.94
Profit/(Loss) for the year	2,658.08	4019.97
Extra ordinary/ Exceptional	(526.40)	(1108.42)
Profit/ Loss before taxation	2,131.68	2910.95
Provision for Income Tax	-	-
Deferred Tax Adjustment	125.72	1557.50
Profit/ Loss after taxation	2257.40	4468.45
Brought forward Loss	(14,984.36)	(19,452.81)
Balance (Loss) carried to Balance Sheet	(12,726.96)	(14,984.36)

Notable achievements during the financial year 2022-23:

1. On 11th January 2023, Hon'ble Chief Minister Sri. Pinarayi Vijayan unveiled the Keltron Golden Jubilee Commemorative.
2. Government of Kerala has given NOC to KELTRON and M/s Krasny Defense Technologies Limited to form a Joint Venture in Defense Electronics Manufacturing Sector.
3. KELTRON has been empaneled by CERT-In as an Information Security Auditing Organization.
4. During 2022-2023 we had inducted 87 personnel through recruitment on regular cadre to various posts. We had also recruited 63 personnel on contract basis for the execution of various projects.
5. During the FY 2022-23, KSIDC has sanctioned four project specific working capital loan aggregating to ₹1,276 lakhs.
6. The Government of Kerala approved the Financial Restructuring proposal of the company and sanctioned the conversion of Government loan of ₹7,200.00 lakhs and government grant of ₹600.00 lakhs.
7. We had opted for bunching of accounts from financial year 2018-19 to 2020-21 to clear the backlog of pending accounts/audits. The Statutory Audit of Standalone and Consolidated Financial Statements of the Company for Financial Years 2018-19, 2019-20 & 2020-21 was completed during the financial year 2022-23.

CAPITAL STRUCTURE:

As on 31.03.2023 the authorized capital of the company stood at ₹375 Crore sand paid-up capital at ₹373.85 Crores.

LOANS AND BORROWINGS:

During the year the secured loans have increased from ₹18.59 Crores to ₹ 39.73 Crores and the unsecured loans have stood at ₹50.34 Crores. The Company was having fund based credit facility of ₹20.00 Crores and non fund based Credit facility of ₹20.00 Crores with Punjab National Bank and was having loan from KFC to the extent of ₹9.45crores for meeting its working capital requirement. Further the company availed various project specific working capital loans from KSIDC to the extent of ₹12.76 Crores.

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 ₹33.26 Crores by way of duty, taxes and other levies.

SUBSIDIARY COMPANIES:

Keltron Component Complex Limited (KCCL), Kannur

Notable achievements during the financial year 2022-23:

In Financial year 2022-23, KCCL achieved a record Turnover of ₹.94.96 Crores with a Net Profit of ₹4.63 Crores.After a long period, company's Net worth became positive (₹6.36 Crores) in 2021-22. The net worth of the Company for the FY 2022-23 is ₹17.50 Crores.

KCCL was selected for the PLI Incentive Scheme of the Central Government. KCCL is one of the 32 companies in India approved for PLI Scheme. According to this, the company will receive 5% to 3% incentive from the Central Government depending on the incremental turnover for the next 4 years from 2022-23 onwards.

KCCL was approved for the M-SIPS Incentive Scheme of the Central Government during 2014. But the investment timeline was the years 2014 and 2015.The company could not make the minimum threshold investment of ₹5 Crores in 2014 & 2015 and thus the incentive would have been cancelled. However, due to the stringent efforts of the company, MeiTY (Ministry of Electronics and Information Technology) Government of India extended the investment timeline from 2 years to 10 years (ie; till March 2024) as per Approval letter No: 27(64)/2014- IPHW dated 06-03-23. Thus, the company will receive 20-25% incentive for the approved investments during 2014 to 2024.

Details of developmental initiatives during 2022-23 given below:

(1) New MPP Rectangular Capacitor Plant at an investment of ₹2 Crores was commissioned by the Honourable Minister for Industries Sri. P.Rajeev in November 2022.

(2) Expansion Electrolytic Capacitor Plant, including Storage Facility (warehouse) at an investment of ₹2 Crores was completed and inaugurated by the Honourable Minister for Industries Sri. P.Rajeev in November 2022.

(3) During 2021-23, KCCL received ₹16.72 Crores as Equity investment from Government of Kerala, which is being utilized for the development projects.

Financial Results of KCCL for the year 2022-23 & 2021-22 are given below:

	(₹ in Lakhs)	
	2022-23	**2021-22**
Net Sales	9,496.24	8,132.35
Gross Operating Profit	**1,182.52**	**899.48**
Less:		
1. Financing Charges	530.13	488.56
2. Depreciation	96.37	103.59
Profit/(Loss) for the year	556.02	307.33
Extra ordinary income		0.00
Profit before taxation	556.02	307.33
Provision for Income Tax	(92.81)	(51.30)
Profit after taxation	**463.21**	**256.03**
Brought forward Loss	4,170.77	4426.81
Balance (Loss) carried to Balance Sheet	3,707.56	4170.77

Keltron Electro Ceramics Limited (KECL), Kuttipuram

During the year 2022-23, KECL could achieve a sales turnover of ₹1577.07 Lakh. The Company sold 113 pcs. of Token Display units, 58 pcs. of UPS/Power Backup Systems and 2892 pcs. of Transducers. The profit/(loss) after tax during the year was ₹135.24 Lakhs against the profit of ₹ 40.40 Lakhs during the previous period.

Company has already started the production of Small Capacity UPS, for which there are requirement from various customers including holding company KSEDC. Our company Keltron Electro Ceramics Limited is one of the renowned manufactures of underwater sensors and Transmitters in India, using piezo electric technology in various defense sectors. The company has already executed transducer orders worth around 90Crores for major customers like NPOL – Kochi, BEL – Bangalore, NIOT – Chennai, BDL – Vizag, NSTL – Vizag, IIT – Delhi, NIT – Calicut, CUSAT, and so on. The company is expanding its manufacturing capacity with new equipment and test facilities to meet the new requirements of our customers using better technologies. With the revised policy of Government of India 'Atma Nirbhar Bharat' program which encourages domestic companies to develop and research their own products. KECL is in a position to fetch the benefits of the Atma Nirbhar Bharat program in many ways. Company in future is planning to build in-house facility for production of major raw material components of transducers which will further increase the profit margin.

Financial Results of the Company for the year 2022-23 & 2021-22 are given below:

	(₹ in Lakhs)	
	2022-23	**2021-22**
Net Sales	1708.40	1396.89
Other Income	8.66	5.83
Total Income	**1717.06**	**1402.72**
Gross Operating Profit	**305.13**	**157.73**
Less:		
1. Financing Charges	107.31	96.03
2. Depreciation	48.15	47.88
Profit for the year	149.67	13.82
Extra ordinary income		0.00
Profit before taxation	149.67	13.82
Provision for Income Tax/Deferred Tax	(14.43)	26.58
Profit after taxation	**135.24**	**40.40**
Brought forward Loss	(301.14)	(341.54)
Balance (Loss) carried to Balance Sheet	(165.90)	(301.14)

KSEDC BOARD OF DIRECTORS:

One new Director was appointed during the financial year. No Director was ceased from directorship during the year under report.

NUMBER OF BOARD MEETINGS:

The company has convened 5 Board Meetings (05/05/2022, 23/06/2022, 24/09/2022, 18/11/2022, 10/03/2023) 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 31.03.2023 the Audit Committee composes as follows:

1. CA R Suresh Mohan, Director & Chairperson of Audit Committee

2.Shri. Anoop S, Director & Member of Audit Committee

3. Shri N Narayanamoorthy, CMD, Special Invitee

4. Shri. Premnath Ravindranath, Special Invitee, Representative from KFC

STATUTORY AUDITORS:

The Comptroller & Auditor General of India has appointed M/s Issac & Suresh, Chartered Accountants, Thiruvananthapuram as Statutory Auditors of the Company for the year 2022-23.

HUMAN RESOURCES:

In the FY 2022-23, 24 employees retired from the service on attaining superannuation. Total staff strength as on 31.03.2023 was 643. Company recognizes that key resources for achieving high levels of excellence are its people who need to be motivated and developed. During FY 2022-23, training was imparted to 846 various categories of employees, through different training programmes and promotion given to 33 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 (SPIO), Assistant State Public Information Officers (APIO) and Appellate Authority (AA) 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 applications received under RTI.

PARTICIPATIVE MANAGEMENT:

The Company believes in participative management. The rich experience of its officers was 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 are available on the website of the Company: https://keltron.org/index.php/home/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

Thiruvananthapuram
Dated:29.01.2025

ANNEXURE - TO DIRECTORS' REPORT 2022-23

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** – In this year, ITBG had fixed energy efficient air conditioner, fans, lights and electrical equipment's. **KCA** – KCA have replaced old Tube lights with LED lights (More than 200 Nos.). Proper service of equipments and machinery done. Solar Water Heater installed at Canteen Building. **KCC** - Converted 26 Split Air conditioners in KCC to star rated AC's. resulted in cost saving of ₹ 6.2 L / Year Converted 200 Nos T8 (40W) Florescent tubes to 200 Nos LED Tubes resulted in cost saving of ₹ 1.12 L /Year Safety Audit completed in Sep 2022
(ii) the steps taken by the company for utilising alternate sources of energy;	**ITBG** – ITBG have been maintaining 20Kva Solar Plant. **KCA** – KCA have planned to install 80 KW Rooftop Solar Power Plant. **KCC**- Solar Power Plant with 50kWp capacity installed at KCC without any investment under Smart City Initiatives of Trivandrum Corporation.

(iii) the capital investment on energy conservation equipments.	**ITBG**- ITBG had invested an amount 10 Lakhs approximately on energy conservation equipments. **KCA** – ₹9.00 Lakhs
2) Technology Absorption : (i) the efforts made towards technology absorption;	**ITBG** – ITBG is under process of training the personnel who are engaged in the energy conservation technology and allied areas. **KCA** - KCA have indigenously developed a system called Cavitation Meter (Value: 1.25 Crs) for measuring the occurrence of Cavitation near the Submarine propeller. This product we have developed through technology absorbed from NPOL and we are in the final stage of awarding TOT for the system. Also KCA have received more than 4crs order for the same. **KCC** • KCC - TSD R & D Team has developed "i-Trams" (Intelligent Traffic Management Sensors) I-trams is Cost effective Artificial Intelligence (AI) based vehicle presence detection for Area Traffic Control System

	• MoA with CDAC Trivandrum for Transfer of Techno logy(ToT) for Adaptive Traffic Control system Software Composite Signal Control Strategy – Enhanced Version "CoSiCoSt-EnV" and Traffic Signal Monitoring and Management Software- Enhanced Version "TraMM-EnV" • Initiated the Process of Transfer of Technology(ToT) from CDAC Trivandrum for Latest ATCS Controller-"CUTE - CDAC Urban Traffic control Equipment" • **CPG-** Steps have been initiated for the development of a single Automatic Number Plate Recognition (ANPR) camera solution capable of supporting multiple lane roads
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	**KCA** – KCA have indigenized all the PCBs (8types of PCBs, including 2 imported PCBs) in the Towed Array Sonar . KCA could reduce the material purchase expense by 50%. We have delivered systems of value more than 30crs for the same.

(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 i. Export of Goods ii. Others	 ₹ 8,17,671 ₹ 10,17,114
b) Foreign exchange outgo i. CIF value of imports ii. Others	 ₹ 11,42,93,979 ₹ 30,817

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY FOR THE FINANCIAL YEAR 2022-23

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://keltron.org/index.php/home/csr

II. CSR Committee:

Not Applicable.

The Board in its 258 th meeting decided to avail the exemption provided through Companies (Amendment) Act, 2020 in relation to constitution of mandatory CSR Committee.

As per the Amendment if the requirement of CSR spending under section 135(5) of the Act does not exceed ₹50 lakh in a financial year, such companies, the functions of CSR Committee as provided under section 135 of the Act shall be discharged by the Board of Directors of such company.

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

₹14.04 Crore

IV. Prescribed CSR Expenditure:

₹27.05 Lakhs

V. Details of CSR spending during the financial year:

a) Total amount to be spent for the financial year: **27, 05,000 /-**
b) Amount un -spent if any: **N/A**

Manner in which the amounts spend during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SL. No.	CSR Project or activity iden tified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or Programs was undertaken	Amount outlay (budget) project or program -wise	Amount spent on the projects or progra ms Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implem enting agency*
1.	To Govt. High School, Kachani for setting up of 2 smart class rooms.	Promoting Education	Trivandrum	₹ 1,64,952	₹1,64,952	₹1,64,952	Directly
2.	Three laptops donated to Fort High School, Trivandrum	Promoting Education	Trivandrum	₹55,389	₹55,389	₹55,389	Directly
3.	To M/s. ABHAYA	Promoting health care and women empower ment	Trivandrum	₹ 2,00,000	₹ 2,00,000	₹ 2,00,000	Directly
4.	To Govt. UP School, Karakulam	Promoting Education	Trivandrum	₹ 42,797	₹ 42,797	₹ 42,797	Directly
5.	To Hands Charitable Trust	Promoting health care including preventive health care	Trivandrum	₹ 1,00,000	₹ 1,00,000	₹ 1,00,000	Directly

6.	To Govt. Higher Secondary School, Aruvikkara	Rural Development	Trivandrum	₹1,00,000	₹1,00,000	₹1,00,000	Directly
7.	To VYBe Charitable Society	Promoting Education & Skill Development & Empowering women	Trivandrum	₹10 ,00,000	₹10 ,00,000	₹10,00,000	Directly
8.	To Karakulam Grama Panchayath	Rural Development	Trivandrum	₹3,50,000	₹3,50,000	₹3,50,000	Directly
9.	To Ernakulam District Library Council	Rural Development	Ernakulam	₹5,24,760	₹5,24,760	₹5,24,760	Directly
10	To Thuravoor Block Resource Centre	Promoting Education	Ernakulam	₹1,17,411	₹1,17,411	₹1,17,411	Directly
11	To Bus Shelter maintenance	Social Development	Trivandrum	₹50,000	₹50,000	₹50,000	Directly
	TOTAL			**₹27,05,309**	**₹27,05,309**	**₹27,05,309**	

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

Not Applicable

VII. Responsibility statement of the CSR Committee:

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

Sd/-
Managing Director

Place: Thiruvananthapuram
Date: 29.01.2025

ANNEXURE TO DIRECTORS' REPORT 2022-23

Form No.MGT-9

EXTRACT OFANNUAL RETURN AS ON THE FINANCIALYEAR ENDED ON 31.03.2023

[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	25
2	Trade – Retail Trading	DIVISION 47 4741	8
3	Information and communication – Other information & communication service activities	DIVISION 61,63 6190 6399	50
4	Professional, Scientific and Technical – Other professional, scientific and technical activities	DIVISION 70,74 74909	14
5	Education	DIVISION 85 8550	3

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**	**36,985,974**	**36,985,974**	**98.93**	**.93**
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**	**36,985,974**	**36,985,974**	**98.93**	**.93**
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 Institution									

s									
a) Bodies Corp. **Indian:** **Overseas:**	**0**	**4,00,000**	**4,00,000**	**2**	**0**	**4,00,000**	**4,00,000**	**1.07**	**.93**
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**	**1.07**	**.93**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**0**	**400,002**	**400,002**	**2**	**0**	**400,002**	**400,002**	**1.07**	**.93**
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**	**37385976**	**37385976**	**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 compa	%of Shares Pledged / encumbered to total	% change in share holding during the year
1.	State Government	19,955,179	98	0	36,985,974	98	0	**0**
	Total	**19,955,179**	**98**	**0**	**36,985,974**	**98**	**0**	**0**

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

There is 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	36,985,974	98.93
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Conversion of Government Loan.			
	At the End of the year			36,985,974	98.93

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	18,59,08,550	45,73,65,843		64,32,74,393
ii) Interest due but not paid	13,14,169	24,14,26,964		24,27,41,133
iii) Interest accrued but not		11,41,26,910		11,41,26,910
Total (i+ii+iii)	**18,72,22,719**	**81,29,19,717**		**1,00,01,42,436**
Change in Indebtedness during the financial year				
- Addition	22,01,91,140	10,16,56,995		32,18,48,135
- Reduction	(63,40,452)	(40,00,000)		(1,03,40,452)
Net Change	**(21,38,50,688)**	**9,76,56,995**		**31,15,07,683**
Indebtedness at the end of the financial year				
i) Principal				

Amount **ii)** Interest due but not paid **iii)** Interest accrued but not due	39,73,11,531 37,61,876	50,33,65,843 29,30,83,959 11,41,26,910		90,06,77,374 29,68,45,835 11,41,26,910
Total (i+ii+iii)	**40,10,73,407**	**91,05,76,712**		**1,31,16,50,119**

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.	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	**Shri. N.Narayanamoorthy,Chairman & Managing Director** 15,34,422		15,34,422
2.	Stock Option			
3.	Sweat Equity			
4.	Commission			

	- as % of profit - Others, specify…			
5.	Others, please specify			
6.	**Total(A)**	15,34,422		15,34,422
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. No.	**Particulars of Remuneration**	**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	R SURESH MOHAN ₹.14200/-					₹14200/-
	Total(2)	₹14200/-					₹14200/-
	Total(B)=(1+2)	₹14200/-					₹14200/-
	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	NIL	NIL	NIL	NIL

	Act,1961 (c)Profits in lieu of salary under section 17(3)Income-tax Act,1961				
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 2022 – 2023

Sl. No.	Comments of Statutory Auditor	Management's Response
	Basis for Qualified Opinion	
1.	**Other Long-Term Liabilities (Note:5)**	
1.1	Trade payables as per Note No. 5 "Other long term liabilities" includes ₹2,502.50 lakhs and trade receivables as per Note No.14 'other non-current assets' includes ₹21,520.16 lakhs (net of provision).Point no.7.1.3 and 7.1.1 of the guidance note on the Schedule III of Companies Act,2013 issued by the Institute of Chartered Accountants of India lays down the criteria for classifying liability and asset as current. On verification of branch audit reports, it was observed that the company has treated items falling under this criteria as non-current. The wrong classification has resulted in over statement of non-current asset/liability and understatement of current asset /liability.	It may be noted that out of the ₹2,502.50 lakhs of Trade Payable under Note - 5 "Other Long-Term Liabilities" includes ₹2,183.62 lakh pertaining to Keltron Communication Complex, Monvila (KCC). Further, out of the ₹21,520.16 lakhs of Trade Receivable under Note-14 "Other Non-Current Assets", ₹20,280.71 lakh also pertains to KCC. KCC has classified each line items of Trade Receivable and Trade payable into current and non-current in accordance with the General Instructions for preparation of Balance Sheet as contained in the Schedule III of the Companies Act 2013. Accordingly, the unit has classified the Trade Receivable which are outstanding beyond a period of one year as non – current and such Trade Receivables are disclosed under Note – 14 - Other non-current assets in the Financial Statements for the year ended 31st March 2023. Similarly Trade Payable due after a period of one year has been classified under Note -5 Other Long-Term Liabilities.

Sl. No.	Comments of Statutory Auditor	Management's Response
		Moreover, the Company has disclosed as a footnote to Note - 14 of the Standalone Financial Statements, the methodology adopted for current and non-current classification as "Trade Receivable includes, long outstanding dues from customers which are beyond normal operating cycle of business, which are being followed up and the same is expected to be realize in future years". For instance, in the matter of receivable with respect to Safe Kerala Project from Motor Vehicle Department, Government of Kerala, as per the payment terms, realisation of Trade Receivable is spread over a future period of time. Since, this project being the one with back to back payment terms, the corresponding Trade Payables to the implementation partners will be due only on receipt of the collection from the end customer. Hence, the company has complied with the General Instructions for preparation of Balance Sheet as contained in the Schedule III of the Companies Act 2013.
1.2	Other long term liabilities include interest accrued but not due on loans from Govt. of Kerala amounting to ₹1,141.27 lakhs comprising of ₹889.37 lakhs being the interest accrued until 31.03.2010 on Government loan of ₹7,187 lakhs, which was converted into equity vide GO (MS) No.183/11/ID dated 26.08.2011 and ₹251.90 lakhs being the interest and penal interest accrued until 31.03.2006 on the Government loan of ₹1066 lakhs. No action seems to have been taken by the company or GOK in	Interest accrued on Government Loan disclosed under Note 5 – 'Other Long-Term Liabilities' comprises of the following: (i) ₹252 lakhs being the Interest accrued on Loans not converted in to equity vide G.O. (Ms) No.53/2020/ID dated 15th May 2020. The Government of Kerala approved the conversion of Government Loan of ₹7200 lakhs in to equity vide G.O. (Ms) No.53/2020/ID dated 15th May

Sl. No.	Comments of Statutory Auditor	Management's Response
	respect of accrued interest of ₹1,141.27 lakhs. Hence, we are unable to comment on the company's classification of ₹1,141.27 lakhs as Long Term Liabilities, since there is no clarity on the due date for repayment of Interest (Refer Note: 42 & 43).	2020. Further to improve the net worth, the company vide letter KSEDC/FIN/201/Fin Res/21-22/104 dated 14th October 2021 represented before Government to consider the conversion of interest accrued on Government Loan amounting to ₹9230.61lakhs to equity share capital in line with the recommendation of Public Enterprises Board. This has been 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. (ii) Regarding ₹889 lakhs, it is the interest accrued on Government loan aggregating to ₹7187.56 lakhs converted to Equity Share Capital vide GO(MS)No. 183/11/ID dated 26th August 2011, as a part of Financial Restructuring in connection with the Sanctioned Scheme of BIFR. As observed by the Statutory Auditor we have classified the interest accrued amounting to ₹1,141 lakhs as non-current on the assumption that the same is not repayable in the near future. This fact has already been disclosed under Note 42 and 43 forming part of Financial Statements for the reporting period.
1.3	Long term liability – other finance includes ₹16.20 lakhs being sundry creditors for expenses for which disclosure is not made regarding ageing and payable to MSME.	We have noted the observation of the Statutory Auditor, and has taken necessary measures to include the 'Sundry creditors for expenses' classified under Current liabilities – Other finance &

Sl. No.	Comments of Statutory Auditor	Management's Response
		statutory dues for the purpose of MSME disclosure, in the Financial Statements from the financial year 2023-24 onwards.
2.	**Short term Borrowings (Note No.7)**	
	Current portion of Government of Kerala loan to be disclosed under Current maturities of Long-term borrowings (unsecured) ₹560.77 lakhs. However Company disclosed Government loan wholly due for payment amounting to ₹2,443.91 lakhs along with current maturity of Government of Kerala loan under Current maturities of Long-term borrowings (unsecured).	As per the General Instructions in the preparation of Balance Sheet contained in the Schedule III of the Companies Act, 2013, under the clause "Short-term borrowings" it specifically mentioned that the 'Current maturities of long-term borrowings shall be disclosed'. In accordance with instructions of Schedule III read with the Guidance Note issued by ICAI, the Company has rightly classified the current portion of Government Loan installments aggregating to ₹3,004.68 lakh under Note 7 – Short-term borrowings mentioning the line item as "Current maturities of Long Term Borrowings – Loan from Government of Kerala", with detailed disclosure by giving footnote (Note 7(g)), which are forming part of Financial Statements.
3.	**Other Current Liabilities Note No.9**	
	Current liabilities - Other finance & statutory dues includes ₹915.68 lakhs being sundry creditors for expenses for which disclosure is not made regarding ageing and payable to MSME.	We have noted the observation of the Statutory Auditor and have taken necessary measures to include the 'Sundry creditors for expenses' classified under Current liabilities – Other finance & statutory dues for the purpose of MSME disclosure, in the Financial Statements from the financial year 2023-24

Sl. No.	Comments of Statutory Auditor	Management's Response
4.	**Non-Current Investments (Note No.12)**	
	Company is holding investment in the shares of its subsidiaries, Keltron Component Complex Limited (KCCL) to the tune of ₹2,618.50 lacks (Previous year ₹2,618.50 lakhs),Keltron Electro Ceramics Limited (KECL) to the tune of ₹585.61 lakhs (Previous year ₹314.44 lakhs) and associate, Coconics private Ltd to the tune of ₹260 lakhs ((Previous year ₹260 lakhs). Book value per share of Keltron Component Complex Limited (KCCL) and Keltron Electro Ceramics Limited (KECL) is ₹3.90 and ₹7.88 respectively against face value of ₹10/- per share and the net worth of Coconics Private Limited is negative based on the audited financial statement of the said companies as on 31st March, 2023. Hence there is erosion in the net worth of these subsidiaries and associate and there is diminution in the value of investments to the extent of ₹1981.01 lakhs. 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 and associate. However, the company has not made provision for the diminution of ₹1981.01 lakhs and to that extent, the company has not complied with Accounting Standard: 13 resulting in overstatement of profit by ₹1981.01 lakhs and understatement of short term provisions (Note: 10) by ₹1981.01 lakhs.	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 Revenue from Operations and Profits of both the Subsidiary Companies has increased compared to the previous yea₹ The trend in profitability of both the Subsidiary Companies has shown a growth pattern. Moreover, KCCL is in the growth trajectory by setting up of Super Capacitor Production Plant, R&D facility and modernization of existing production line. These initiatives will enable the Company enhance the production capacity as well as the efficiency in production process. As observed by the Statutory Auditor, the net-worth of Coconics Private Limited (Coconics), the Associate Company under KELTRON Group was negative on the reporting date. This circumstance has arisen owing to the reason that, there was no mechanism available for the Coconics to procure Orders from Government Sectors on priority basis. Considering these aspects, based on the due diligence study conducted on Coconics, a proposal for investment restructuring was given by KELTRON to Government of Kerala was approved vide Government vide GO

Sl. No.	Comments of Statutory Auditor	Management's Response
		(MS) No.20/2023/ID dated 20th March 2023. Accordingly, the equity investment of KELTRON in Coconics Private Limited was increased from 26% to 28.90% by the conversion of rent receivable to equity share capital. This has resulted in the holdings by State PSUs in the SPV, ie KELTRON and KSIDC together as 51%, and hence the Coconics become a 'Deemed Government Company" . Further the control and management of Coconics has also been taken over by KELTRON. With these focused efforts turnaround of Coconics is foreseen. In view of the above, the Company has considered the diminution in the value of our investment in Coconics is of temporary in nature as envisaged in the Accounting Standard -13 – 'Accounting for Investments' and hence no provision has been created in the Financial Statements against our investment in Equity Shares.
5.	**Long term loans and advances Note No.13**	
5.1	Investment pending allotment of ₹1744.61 lakhs (Previous year: ₹1,974.92 lakhs) disclosed under Note: 13 "Long term loans and Advances "includes ₹1,703.75lacs which was made to subsidiary companies which are under liquidation(Keltron Rectifiers Limited – ₹576.43 lakhs and Keltron Power Devices Limited-₹1127.32 lakhs) and ₹40.86 lakhs made by the company in Coconics private Ltd . The company has stated reasons for non-provision of the	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 with all liabilities including future liabilities, simultaneously with its assets by the

Sl. No.	Comments of Statutory Auditor	Management's Response
	above said investment pending allotment to subsidiary companies vide Note 44 (i). In the absence of sufficient appropriate evidence to support the management's contention of recoverability of these balances, provision need to be created for non-recoverability of the Investment pending allotment of ₹1744.61 lakhs. The non provision of the same has resulted in overstatement of profit and Long term loans and advances to the tune of ₹1744.61 lakhs.	Company. The Government of Kerala also filed an affidavit before the Hon. High Court of Kerala for the above take over. As mentioned in Note 44(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. 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. But the Hon'ble High Court of Kerala has dismissed the petition vide Order dated 31st July 2023 with a direction to file the Scheme of Revival of those subsidiary companies in the statutory formats as per the provision of the relevant law. Subsequently a meeting has been convened by Government of Kerala chaired by the Principal Secretary, Industries department on 4th January 2024 and directed the following: a) Keltron has to file fresh application for the retrieval of land.

Sl. No.	Comments of Statutory Auditor	Management's Response
		b) Submit a viable proposal other than Solar Project, for filing before Hon'ble High court after approval of GOK. Accordingly, Keltron has prepared a DPR for the setting up of manufacturing facility for Specialised Towed Array for underwater applications and submitted to Government on 24th November 2024 for approval and thereafter it will be submitted to Hon'ble High Court. At present, the Company is in the process of filing the application before the Hon'ble High Court of Kerala in the format as mentioned in Sec.391 to Sec.394 of the Companies Act, 1956. KELTRON is working closely with National Institute of Oceanography (NIO), Goa, National Technical Research Organisation (NTRO) as well as Indian Navy towards exploring feasibility of the repairs/refurbishment of the Large Acoustic Arrays in use by these Organizations. Since the Company has expertise and is already been in the business of Naval applications, the manufacture of similar arrays for NIO and NTRO is also being explored. For undertaking the above activities facilities such as a test bench coupled with oil filling, shock vibration tests, acoustic testing etc. needs to be setup for which the landed property of KPDL and KRCL can be utilized effectively. In view of the above, no provision has been made in the accounts regarding the loans and advances to defunct

Sl. No.	Comments of Statutory Auditor	Management's Response
		subsidiary companies under Liquidation. However, the Company will ensure that necessary book adjustments with respect to the said 'Long term Loan and Advances' will be dealt with, once the subject matter reaches finality as envisaged in the Revival Scheme. This fact was also been disclosed under Note 44(ii) forming part of Financial Statements.
5.2	Advance to subsidiary companies amounting to ₹1264.30 lakhs (Previous year. ₹1264.30lakhs) disclosed under Note: 13 "Long term loans and Advances" represents the advances made to subsidiary companies, which are under liquidation. This includes advance of ₹413.63 lakhs to Keltron Rectifiers Limited (PY: ₹413.63lakhs) and ₹850.67lakhs to Keltron Power Devices Limited (PY: ₹850.67lakhs). The company has stated reasons for non-provision of the above said advances to subsidiary companies vide Note No. 44 (ii). However, in the absence of sufficient appropriate evidence to support the management's contention of recoverability of these advances provision need to be created for ₹1264.30 lakhs. To the extent of this non-provisioning of ₹1264.30 lakhs, the profit of the company and Long term loans and Advances are overstated.	As mentioned in para 5.1 above, the Company is in the process of filing the application before the Hon'ble High Court of Kerala in the format as mentioned in Sec.391 to Sec.394 of the Companies Act, 1956. KELTRON is working closely with National Institute of Oceanography (NIO), Goa, National Technical Research Organisation (NTRO) as well as Indian Navy towards exploring feasibility of the repairs/refurbishment of the Large Acoustic Arrays in use by these Organizations. 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 with respect to the said 'Long term Loan and Advances' will be dealt with, 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 44(ii) forming part of Financial Statements.

Sl. No.	Comments of Statutory Auditor	Management's Response
6.	**Short Term Loans and Advance- Note: 18**	
6.1	Advance to subsidiary companies of ₹408.30 lakhs (Previous Year: ₹396.88 lakhs) disclosed under Note: 18-Short Term Loans and Advances, comprise of ₹299.07 lakhs (PY: ₹287 lakhs) to Keltron Electro Ceramics Limited (KECL) and ₹109.23 lakhs (PY:₹109.88 lakhs) to Keltron Component Complex Limited (KCCL). Though company could not reasonably establish that the decline in net worth is of temporary nature, no provision has been made towards non-recoverability of this advance of ₹408.30 lakhs. To this extent the profit of the company and Short Term Loans and Advances are overstated. Advance to subsidiary companies are subject to confirmation	Regarding the loans and advances to Keltron Component Complex Ltd. (KCCL) and Keltron Electro Ceramics Ltd. (KECL), it is submitted that these entities are going concerns and the Company expects that these Subsidiary Companies will continue to operate in the foreseeable future. As explained in the earlier paragraph in the matter of diminution in the value of investment, the Company has considered the decline in value of share as a temporary in nature in terms of AS-13 – Accounting for Investment. In view of the above, similar treatment has also been adopted for Short term loans and advances extended to both the Subsidiary Companies and hence no provision has been created in the books of accounts.
6.2	As per Note No.57, company disclosed that "The Company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,376.27 lakhs for the Assessment year 2007-08 to 2023-24, the Company's books of account shows the balance of ₹999.77 lakhs only. The Company did not account for the balance credit of ₹1,376.50 lakhs in the books considering the uncertainty attached in getting full tax credit while completing the assessment."	In the earlier years, in accordance with the provision of Income Tax Act, 1961 with respect to accounting for TDS credits, the Company used to account the TDS credits based on the Form 16A issued by the Customers. It may be noted that most of the Customers of the Company are Government Departments. Since, the TDS Certificates in Form 16A are not issu ed to the Company in a timely manner, there is an understatement in the 'IT deducted Account' which is grouped under Note 18- Short term loans and advances and corresponding Trade Receivables under Note 16 are also

Sl. No.	Comments of Statutory Auditor	Management's Response
	However, no details/reconciliation is available to substantiate the same.	overstated. However, with respect to the filing of Income Tax Returns and Assessment proceedings, the Company used to consider the entire credit available in the 26AS Statements of respective years. In order to mitigate these anomalies in the Accounts, the Company has modified the Accounting Policy with effect from financial year beginning from 01st April 2021, in order to account the TDS credits reflected in the 26AS Statement after tracing the same with the Customer Accounts under Trade Receivables, on a quarterly basis. This system seems to be effective, and over a period of time the wide variation in the reconciliation between IT deducted Account and 26AS Statements will be reduced. As observed by the Statutory Auditors, this matter has already been disclosed by Note 57 forming part of Financial Statements.
6.3	As per Note No. 53 Company disclosed that "KELTRAC is an autonomous body registered as a society under the control of Government of Kerala, which is operating in the portion of premises of Keltron Controls Aroor (KCA). As per the agreement dated 7th January 2008 regarding sharing of facilities and services of KCA with KELTRAC, charges for the building /space provided at the normal rate of ₹2/-sq.ft for 31,505 sq.ft is payable by KELTRAC. Further, the agreement also contains a clause that the aforesaid service charge may be waived off provided the work requirement of KCA shall be executed by KELTRAC on priority basis at cost. In view of the above and considering the precarious financial condition	KELTRAC is an autonomous body registered as a society under Government of Kerala and the affairs are managed through the Governing Council and Executive Committee chaired by respected Minster for Industries and Commerce and the Principal Secretary, Industries Department, Government of Kerala respectively. As mentioned in Note No-53, "KELTRAC is operating in the portion of premises of Keltron Controls Aroor (KCA) and the charges for the building /space provided at the normal rate of ₹2/-sq.ft for 31,505 sq.ft is payable by KELTRAC vide the agreement dated 7th January 2008. However, considering the association of

Sl. No.	Comments of Statutory Auditor	Management's Response
	of KELTRAC the rent for the premises used by them was not being charged." As per note no 18, the total advance paid to KELTRAC is ₹110.01 lakhs. No supporting documents such as government order/Board meeting minutes to substantiate such payments have been provided by the Company. However, company had not entered into any agreement with KELTRAC specifying the conditions, repayment schedule, repayment term, mode of repayment and action in case of non payment, etc. and the company has not taken any steps to recoup the advance amount as on date. The recoverability of this advance is remote. The company has not made any provision for the same which has resulted in overstatement of profit and Long term loans and advances to the tune of ₹110.01 lakhs.	KELTRAC with Government of Kerala through its governing mechanism, coupled with the precarious financial position the rent of the premised being used by them was waived off since long. It may be noted that, KELTRON is also having a role in KELTRAC through the representation in its Governing Council/Executive Committee by virtue of its Memorandum of Association/Rules and Regulations approved by Government of Kerala. It is anticipated that, with the valuable support of KELTRON, this organisation under Government of Kerala can be revived. In view of the above, the Company has provided financial assistance to the tune of ₹110.01 lakhs to KELTRAC for meeting its urgent requirements and we are hopeful that the organisation will revive in near future and the advances will be repaid. Hence no provision has been made against such advances classified under Note-18 - Short term Loan and Advances.
7.	**Expenses:-**	
7.1	Regular write off /write back of bad and doubtful debts / liabilities and provision for bad and doubtful debts and advances of ₹42.66 lakhs are classified as exceptional item and included and disclosed under Note No.29 though the items are the outcome of regular	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

Sl. No.	Comments of Statutory Auditor	Management's Response
	business transactions. We are of the opinion that the same should have been classified under Note. No.27 – "Other expenses".	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 accounting treatment is in line with Para 12 to 14 of Accounting Standard – 5 – 'Net Profit or Loss for the period, Prior period items and changes in Accounting Policies'. This fact was also been disclosed in Note 29-Exceptional Items as foot notes.
7.2	As per Board meeting minutes 273/22(Mn.No.6200) company approved the submission of proposal to Government in connection with the dispersal of difference in gratuity, half pay leave and earned leave on surrender on account of implementation of wage revision with effect from 01/11/2017 to the 699 retired employees from 01/04/2012 to 31/10/2017 on instalment basis on the basis of judgement of Honorable High court of Kerala division bench in respect of petition filed by 3 retired employees and dismissal of special leave petition by the company by Supreme court. The managing director is authorized to decide on the number of instalments based on the financial position of the company. The company has not made any provision for the same, which has resulted in over statement of profit and understatement of short term provision for ₹400 lakhs.	The 273rd Board Meeting held 20th June 2024 approved the submission of proposal to Government in connection with the disbursal of difference in Gratuity, half pay leave and earned leave on account of implementation of wage revision to the retired employees from 01-04-2012 to 31-10-2017 on installment basis. As the Board approval is for submission of proposal to Government for the final approval, no provision was made in the Financial Statements for the year ended 31st March 2023. During the financial year 2023-24, based on the approval of Government of Kerala, we have ascertained the actual liability of ₹380.28 lakhs and provided in the books of accounts the difference in enhanced gratuity, earned leave and half pay leave in the books of Corporate Office on behalf of respective units.

Sl. No.	Comments of Statutory Auditor	Management's Response
8.	**Accounting standards**	
	We are unable to comment on	
a.	The compliance of Accounting Standard-16 (AS-16) 'Borrowing Cost' issued by the Institute of Chartered Accountants of India in the absence of necessary information. (Refer Significant Accounting Policies Point II(h) of expenses under Profit and Loss)	The company has complied with the provisions Accounting Standard – 16 (AS–16) 'Borrowing Cost' issued by the Institute of Chartered Accountants of India read with the Significant Accounting Policy in this regard.
b.	The compliance of Accounting Standard-17(AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India in view of the claim of the Company that it is not having reportable segments (Significant Accounting Policies Point VIII 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.
c.	The compliance of Accounting Standard-28 (AS)-28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, 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.
9.	Interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements. (Refer Note:50).General Instructions for preparation of Balance Sheet as per Notification bearing No.F.No.17/62/2015-CL-V Vol-1, dated 11.10.2018 requires companies to disclose points (a) to (e) under FA. The company has disclosed the principal amount payable	There are Micro, Small and Medium Enterprises to whom the Company owes, which are outstanding for more than 45 days as at 31st March 2023 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

Sl. No.	Comments of Statutory Auditor	Management's Response
	to MSME suppliers .Since details to ascertain the financial effect of the interest portion 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 same remaining unpaid to any supplier at the end of each accounting year and other disclosures specified against FA. The company has not filed MSME-1 as required under MSMED Act.	disclosed in the Note 49 forming part of Financial Statements for the reporting period.
10.	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-I to this report. The effect of changes if any, made by the Company in respect of the Units and KMO's audited in Corporate office after branch audit has not been considered.	In the preparation of Standalone Financial Statement for the year ended 31st March 2023, the Company has considered the observations of Branch Auditors to the extent possible. For remaining points, it is ensured that the observations will be considered as guidance for future.
11.	We further report that:-	
a.	The aggregate effect of our qualifications described above in Point No and Point 1.1,4 , 5, 6.1, 6.3, 7.2 is that assets are overstated by ₹3527.22 Lakhs, Liabilities are understated by ₹2381.01 Lakhs, Profit / Reserves are overstated by ₹5908.23 Lakhs.	Refer to the Management's Response to the respective observations stated above.
b.	We are unable to determine the financial impact of the qualifications in points 1.2, 1.3, 2, 3, 6.2 ,7.1and8 to 10 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 2022 – 2023

Sl. No.	Comments of Statutory Auditor	Management's Response
	Basis for Qualified Opinion	
1.	Consolidated Financial Statement does not include financial statements of certain subsidiary companies; namely Keltron Rectifiers Limited, Keltron Power Devices Limited and associate companies such as, SIDKEL Televisions Limited, and Keltron Entertainment Systems Limited which are either under liquidation or defunct. Hence, we are not in a position to determine the impact of non-consolidation of such companies in the Consolidated Financial Statements. Note No.1 (III) of consolidated financial statements is silent about the non consolidation of Keltron Counters Limited (Subsidiary company) and Keltron Entertainment Systems Limited (Associate Company). Further above note has disclosed that the financial statements of associate companies such as Keltron Varisters private limited and Keltron Projectors limited are not Consolidated. However as per Note No.74 company disclosed these two companies as struck off which is contrary to the disclosure made by company in Note No.1 (III).	The Subsidiaries/Associate Companies mentioned by the auditors are either defunct or under liquidation and hence the Audited Financial Statements of these companies 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 read with GO(Rt) No:108/2022/ID dated 18th October 2022. 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".

Sl. No.	Comments of Statutory Auditor	Management's Response
2.	**Other Long-Term Liabilities (Note:6)**	
a.	Trade payables as per Note No. 6 "Other long term liabilities" includes ₹2,502.50 lakhs and trade receivables as per Note No.15 'other non-current assets' includes ₹21,520.16 lakhs (net of provision). Point no.7.1.3 and 7.1.1 of the guidance note on the Schedule III of Companies Act,2013 issued by the Institute of Chartered Accountants of India lays down the criteria for classifying liability and asset as current. On verification of branch audit reports, it was observed that the holding company has treated items falling under this criteria as non-current. The wrong classification has resulted in over statement of non current asset/liability and understatement of current asset /liability.	It may be noted that out of the ₹2,502.50 lakhs of Trade Payable under Note - 6 "Other Long-Term Liabilities", ₹2,183.62 lakh pertain to Keltron Communication Complex, Manvila (KCC). Further, out of the ₹21,520.16 lakhs of Trade Receivable under Note-15 "Other Non-Current Assets" ₹ 20,280.71 lakh also pertain to KCC. KCC has classified each line items of Trade Receivable and Trade payable into current and non-current in accordance with the General Instructions for preparation of Balance Sheet as contained in the Schedule III of the Companies Act 2013. Accordingly, the unit has classified the Trade Receivable which are outstanding beyond a period of one year as non – current and such Trade Receivables are disclosed under Note – 15 - Other non-current assets in the Consolidated Financial Statements for the year ended 31st March 2023. Similarly Trade Payable due after a period of 1 year has been classified under Note - 6 Other Long-Term Liabilities. Moreover, the Company has disclosed as a footnote to Note – 15 of the Consolidated Financial Statements, the methodology adopted for current and non-current classification as "Trade Receivable includes, long outstanding dues from customers which are beyond normal operating cycle of business, which are being

Sl. No.	Comments of Statutory Auditor	Management's Response
		followed up and the same is expected to be realize in future years". For instance, in the matter of receivable from Motor Vehicle Department, Government of Kerala with respect to Safe Kerala Project, as per the payment terms, realisation of Trade Receivable is spread over a future period of time. This a project with back to back payment terms, i.e, the payment will be due to the supplier only on receipt of the collection from the end customer. Hence, the Company has complied with the General Instructions for preparation of Balance Sheet as contained in the Schedule III of the Companies Act 2013.
b.	Other long term liabilities include interest accrued but not due on loans from Govt. of Kerala amounting to ₹1,141.27 lakhs comprising of ₹889.37 lakhs being the interest accrued until 31.03.2010 on Government loan of ₹7,187 lakhs, which was converted into equity vide GO (MS) No.183/11/ID dated 26.08.2011 and ₹251.90 lakhs being the interest and penal interest accrued until 31.03.2006 on the Government loan of ₹1066 lakhs. No action seems to have been taken by the holding company or GOK in respect of accrued interest of ₹1,141.27 lakhs. Hence, we are unable to comment on the company's classification of ₹1,141.27 lakhs as Long-Term Liabilities, since there is no clarity on the due date for repayment of Interest.	Interest accrued on Government Loan disclosed under Note 6 – 'Other Long-Term Liabilities' comprises of the following: (i) ₹252 lakhs being the Interest accrued on Loans not converted in to equity vide G.O. (Ms) No.53/2020/ID dated 15th May 2020. The Government of Kerala approved the conversion of Government Loan of ₹7200 lakhs in to equity vide G.O. (Ms) No.53/2020/ID dated 15th May 2020. Further to improve the net worth, the company vide letter KSEDC/FIN/201/Fin Res/21-22/104 dated 14th October 2021 represented before Government to consider the conversion of interest accrued on Government Loan amounting to ₹9230.61lakhs to equity share capital in line with the recommendation of Public Enterprises Board.

Sl. No.	Comments of Statutory Auditor	Management's Response
		This has been 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. (ii) Regarding ₹889 lakhs, it is the interest accrued on Government loan aggregating to ₹7187.56 lakhs converted to Equity Share Capital vide GO(MS)No 183/11/ID dated 26th August 2011, as a part of Financial Restructuring with respect to the Sanctioned Scheme of BIFR. As observed by the Statutory Auditor we have classified the interest accrued amounting to ₹1,141 lakhs as non-current on the assumption that the same is not repayable in the near future.
c.	Long term liability – other finance includes ₹16.20 lakhs being sundry creditors for expenses for which disclosure is not made by the holding company regarding ageing and payable to MSME.	We have noted the observation of the Statutory Auditor, and have taken necessary measures to include the 'Sundry Creditors for Expenses' classified under Current liabilities – Other finance & statutory dues for the purpose of MSME disclosure, in the Financial Statements from the financial year 2023-24 onwards.
3.	**Short term Borrowings (Note No.8)**	
	Current portion of Government of Kerala loan to be disclosed under Current maturities of Long-term borrowings (unsecured) of	As per the General Instructions in the preparation of Balance Sheet contained in the Schedule III of the Companies Act, 2013, under

Sl. No.	Comments of Statutory Auditor	Management's Response
	holding company is ₹560.77lakhs. However holding Company disclosed Government loan wholly due for payment amounting to ₹2,443.91lakhs along with current maturity of Government of Kerala loan under Current maturities of Long-term borrowings (unsecured).	the clause "Short-term borrowings" it is specifically mentioned that the 'Current maturities of long-term borrowings shall be disclosed' In accordance with instructions of Schedule III read with the Guidance Note issued by ICAI, the holding Company has rightly classified the current portion of Government Loan installments aggregating to ₹3,004.68 lakhs under Note 8 – Short-term borrowings mentioning the line item as "Current maturities of Long Term Borrowings – Loan from Government of Kerala", with detailed disclosure by giving footnote (Note 8(k)), which are forming part of Consolidated Financial Statements.
4.	**Other Current Liabilities Note No.10**	
	Current liabilities - Other finance & statutory dues of holding Company includes ₹915.68 lakhs being sundry creditors for expenses for which disclosure is not made regarding ageing and payable to MSME	We have noted the observation of the Statutory Auditor and have taken necessary measures to include the 'Sundry creditors for expenses' classified under Current liabilities – Other finance & statutory dues for the purpose of MSME disclosure, in the Financial Statements from the financial year 2023-24.
5.	**Long term loans and advances Note No.14**	
a.	Investment pending allotment of ₹1744.61 lakhs (Previous year: ₹1,974.92 lakhs) of holding company disclosed under Note: 14 "Long term loans and Advances" includes ₹1,703.75lakhs which was	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

Sl. No.	Comments of Statutory Auditor	Management's Response
	made to subsidiary companies which are under liquidation and ₹40.86 lakhs made by the company in Coconics private Ltd. The company has stated reasons for non-provision of the above said investment pending allotment to subsidiary companies vide Note 38 (i). In the absence of sufficient appropriate evidence to support the management's contention of recoverability of these balances, provision need to be created for non-recoverability of the Investment pending allotment of ₹1744.61 lakhs. The non provision of the same has resulted in overstatement of profit and Long term loans and advances to the tune of ₹1744.61 lakhs.	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 with all liabilities including future liabilities, simultaneously with its assets by the Company. The Government of Kerala also filed an affidavit before the Hon. High Court of Kerala for the above take over. As mentioned in Note 38(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. 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 But the Hon'ble High Court of Kerala has dismissed the petition vide Order dated 31st July 2023 with a direction to file the Scheme of Revival of those subsidiary companies in the statutory formats as per the provision of the relevant law.

Sl. No.	Comments of Statutory Auditor	Management's Response
		Subsequently a meeting has been convened by Government of Kerala chaired by the Principal Secretary, Industries department on 4th January 2024 and directed the following: a) Keltron has to file fresh application for the retrieval of land. b) Submit a viable proposal other than Solar Project, for filing before Hon'ble High court after approval of GOK. Accordingly, Keltron has prepared a DPR for the setting up of manufacturing facility for Specialised Towed Array for underwater applications and submitted to Government on 24th November 2024 for approval and thereafter it will be submitted to Hon'ble High Court. At present, the Company is in the process of filing the application before the Hon'ble High Court of Kerala in the format as mentioned in Sec.391 to Sec.394 of the Companies Act, 1956. KELTRON is working closely with National Institute of Oceanography (NIO), Goa, National Technical Research Organisation (NTRO) as well as Indian Navy towards exploring feasibility of the repairs/refurbishment of the Large Acoustic Arrays in use by these Organizations. Since the Company has expertise and is already been in the business of Naval applications, the manufacture of similar arrays for NIO and NTRO is also being explored. For undertaking the above activities facilities such as a test bench coupled with oil filling, shock vibration tests, acoustic testing etc. needs to be setup for

Sl. No.	Comments of Statutory Auditor	Management's Response
		which the landed property of KPDL and KRCL can be utilized effectively. In view of the above, 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 with respect to the said 'Long term Loan and Advances' will be dealt with, once the subject matter reaches finality as envisaged in the Revival Scheme. This fact was also been disclosed under Note 38(ii) forming part of Financial Statements.
b.	Advance to subsidiary companies amounting to ₹1264.30 lakhs (Previous year. ₹1264.30lakhs) disclosed under Note: 14 "Long term loans and Advances" represents the advances made to subsidiary companies, which are under liquidation. This includes advance of ₹413.63 lakhs to Keltron Rectifiers Limited (PY: ₹413.63lakhs) and ₹850.67lakhs to Keltron Power Devices Limited (PY: ₹850.67lakhs). The company has stated reasons for non-provision of the above said advances to subsidiary companies vide Note No. 38 (ii). However, in the absence of sufficient appropriate evidence to support the management's contention of recoverability of these advances provision need to be created for ₹1264.30 lakhs. To the	As mentioned in para 6(a) above, the Company is in the process of filing the application before the Hon'ble High Court of Kerala in the format as mentioned in Sec.391 to Sec.394 of the Companies Act, 1956. KELTRON is working closely with National Institute of Oceanography (NIO), Goa, National Technical Research Organisation (NTRO) as well as Indian Navy towards exploring feasibility of the repairs/refurbishment of the Large Acoustic Arrays in use by these Organizations. In view of the above, 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 with respect to the said 'Long term Loan and Advances' will be dealt with, once the subject matter reaches finality as envisaged in the

Sl. No.	Comments of Statutory Auditor	Management's Response
	extent of this non-provisioning of ₹1264.30 lakhs, the profit of the company and Long term loans and Advances are overstated.	Revival Scheme under the consideration of Hon.High Court. This fact was also been disclosed under Note38(ii) forming part of Financial Statements.
6.	**Short Term Loans and Advance- Note: 19**	
a.	As per Note No.46, company disclosed that "The Holding Company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,376.27 lakhs for the Assessment year 2007-08 to 2023-24, the Company's books of account shows the balance of ₹999.77 lakhs only. The company did not account for the balance credit of ₹1,376.50 lakhs in the books considering the uncertainty attached in getting full tax credit while completing the assessment." However, no details/reconciliation is available to substantiate the same.	In the earlier years, in accordance with the provision of Income Tax Act, 1961 with respect to TDS and issuance of Form 16A, the Company used to account the TDS credits based on the Form 16A issued by the Custome₹ It may be noted that most of the Customers of the Company are Government Departments. Since, the TDS Certificates in Form 16A are not issued to the Company in a timely manner, there is an understatement in the 'IT deducted Account' which is grouped under Note 19- Short term loans and advances and corresponding Trade Receivables under Note 17 are also overstated. However, with respect to the filing of Income Tax Returns and Assessment proceedings, the Company used to consider the entire credit available in the 26AS Statements of respective years. In order to mitigate these anomalies in the Accounts, the Company has modified the Accounting Policy with effect from financial year beginning from 01st April 2021, in order to account the TDS credits reflected in the 26AS Statement after tracing the same with the Customer Accounts under Trade Receivables, on a quarterly basis. This system seems to be effective, and over a period of time the

Sl. No.	Comments of Statutory Auditor	Management's Response
		wide variation in the reconciliation between IT deducted Account and 26AS Statements will be reduced. As observed by the Statutory Auditors, this matter has already been disclosed by Note 46 forming part of Consolidated Financial Statements.
b.	As per Note No.43, company disclosed that "KELTRAC is an autonomous body registered as a society under the control of Government of Kerala, which is operating in the portion of premises of Keltron Controls Aroor (KCA).As per the agreement dated 7th January 2008 regarding sharing of facilities and services of KCA with KELTRAC, charges for the building /space provided at the normal rate of ₹2/-sq.ft for 31,505 sq.ft is payable by KELTRAC. Further, the agreement also contains a clause that the aforesaid service charge may be waived off provided the work requirement of KCA shall be executed by KELTRAC on priority basis at cost. In view of the above and considering the precarious financial condition of KELTRAC the rent for the premises used by them was not being charged." As per note no 19, the total advance paid to KELTRAC is ₹110.01 lakhs. No supporting documents such as government order/ Board meeting minutes to substantiate such payments have been provided by the Company. However, holding company had not entered into any agreement with KELTRAC specifying the conditions of loan, repayment	KELTRAC is an autonomous body registered as a society under Government of Kerala and the affairs are managed through the Governing Council and Executive Committee chaired by respected Minster for Industries and Commerce and the Principal Secretary, Industries Department, Government of Kerala respectively. As mentioned in Note No-43, "KELTRAC is operating in the portion of premises of Keltron Controls Aroor (KCA) and the charges for the building /space provided at the normal rate of ₹2/-sq.ft for 31,505 sq.ft is payable by KELTRAC vide the agreement dated 7th January 2008. However, considering the association of KELTRAC with Government of Kerala through its governing mechanism, coupled with the precarious financial position the rent of the premised being used by them was waived off since long. It may be noted that, KELTRON is also having a role in KELTRAC through the representation in its Governing Council/Executive Committee by virtue of its Memorandum of Association/Rules and Regulations approved by Government of Kerala. It is anticipated that, with the valuable support of

Sl. No.	Comments of Statutory Auditor	Management's Response
	schedule, repayment term, mode of repayment and action in case of non-payment, etc. and the company has not taken any steps to recoup the advance amount as on date. The recoverability of this advance is remote. The company has not made any provision for the same which has resulted in overstatement of profit and Long term loans and advances to the tune of ₹110.01 lakhs.	KELTRON, this organisation under Government of Kerala can be revived. In view of the above, the Company has provided financial assistance to the tune of ₹110.01 lakhs to KELTRAC for meeting its urgent requirements and we are hopeful that the organisation will revive in near future and the advances will be repaid. Hence no provision has been made against such advances classified under Note-19 - Short term Loan and Advances.
7.	**Expenses:-**	
a.	Regular write off /write back of bad and doubtful debts / liabilities and provision for bad and doubtful debts and advances of ₹42.66 lakhs of holding company are classified as exceptional item and included and disclosed under Note No.30 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.28 – "Other expenses".	Note 30- 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 pending and having significant impact in the profita bility of the reporting period. This accounting treatment is in line with Para 12 to 14 of Accounting Standard – 5 – 'Net Profit or Loss for the period, Prior period items and changes in Accounting Policies'.

Sl. No.	Comments of Statutory Auditor	Management's Response
		This fact was also been disclosed in Note 30-Exceptional Items as foot notes.
b.	As per Board meeting minutes 273/22(Mn.No.6200) holding company approved the submission of proposal to Government in connection with the dispersal of difference in gratuity, half pay leave and earned leave on surrender on account of implementation of wage revision with effect from 01/11/2017 to the 699 retired employees from 01/04/2012 to 31/10/2017 on instalment basis on the basis of judgement of Honorable High court of Kerala division bench in respect of petition filed by 3 retired employees and dismissal of special leave petition by the company by Supreme court. The managing director is authorized to decide on the number of instalments based on the financial position of the company. The holding company has not made any provision for the same, which has resulted in over statement of profit and understatement of short term provision for ₹400 lakhs.	The 273rd Board Meeting held 20th June 2024 approved the submission of proposal to Government in connection with the disbursal of difference in Gratuity, half pay leave and earned leave on account of implementation of wage revision to the retired employees from 01-04-2012 to 31-10-2017 on installment basis. As the Board approval is for submission of proposal to Government for the final approval, no provision was made in the Financial Statements for the year ended 31st March 2023. During the financial year 2023-24, based on the approval of Government of Kerala, we have ascertained the actual liability of ₹380.28 lakhs and provided in the books of accounts the difference in enhanced gratuity, earned leave and half pay leave in the books of Corporate Office on behalf of respective units.
8.	**Accounting standards**	
	We are unable to comment on	
a.	The compliance of Accounting Standard-16 (AS-16) 'Borrowing Cost' issued by the Institute of Chartered Accountants of India in the absence of necessary information by Holding company and subsidiary company, Keltron Component complex Limited.	The Holding company has complied with the provisions Accounting Standard – 16 (AS –16) 'Borrowing Cost' issued by the Institute of Chartered Accountants of India read with the Significant Accounting Policy in this regard.

Sl. No.	Comments of Statutory Auditor	Management's Response
		With regard to subsidiary company, KCCL, they have explained that during the financial year 2022-23, they have not capitalized any assets acquired out of borrowed funds and hence capitalization of borrowing cost in accordance with Accounting Standard – 16 on Borrowing Cost does not arise.
b.	The compliance of Accounting Standard-17(AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India in view of the claim of the holding Company that it is not having reportable segments.	The Holding 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.
c.	The compliance of Accounting Standard-28 (AS)-28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, in the absence of appropriate evidence by Holding company and subsidiary company, Kerala Component complex Limited.	As envisaged in AS-28, Impairment of Assets, the holding 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 Consolidated Financial Statements, disclosed in Note-30 Exceptional Items. The Subsidiary Company, KCCL, has informed that they have recognized the importance of the observations made by the Statutory Auditors with regard to adherence to Accounting Standards and hence the following actions are strengthened by KCCL

Sl. No.	Comments of Statutory Auditor	Management's Response
		• Impairment Testing Process • Assessment of Property, Plant and Equipment • Review and improvement • Compliance to AS etc.
d.	The compliance as per Accounting Standard 12- Accounting for Government Grants by the subsidiary company Keltron Component Complex Limited (KCCL). Keltron Component Complex Limited (KCCL) has recognised ₹132.78 lakhs as capital reserve which represent Government Grants received towards various projects. The auditors of KCCL is unable to verify the correctness of the same since workings relating to project capitalization and the amount of Government Grants adjusted against those projects capitalized is not available for verification.	KCCL has explained, that the figures regarding Government Grant is appearing in the Financial Statement from the financial year 2007-08 onwards with changes in the financial years 2008-09 and 2015-16. Further, KCCL also informed that they will analyse the figures and necessary rectification if required will be done accordingly.
9.	Interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements by holding company. (Refer Note: 49). General Instructions for preparation of Balance Sheet as per Notification bearing No.F.No.17/62/2015-CL-V Vol-1, dated 11.10.2018 requires companies to disclose points (a) to (e) under FA. The company has disclosed the principal amount payable to MSME suppliers. Since details to ascertain the financial effect of the interest portion 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	There are Micro, Small and Medium Enterprises to whom the Holding Company owes, which are outstanding for more than 45 days as at 31st March 2023 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 49 forming part of Consolidated Financial Statements for the reporting period.

Sl. No.	Comments of Statutory Auditor	Management's Response
	same remaining unpaid to any supplier at the end of each accounting year and other disclosures specified against FA. The holding company has not filed MSME-1 as required under MSMED Act.	
10.	According to Section 7(3-A) of the Payment of Gratuity Act, 1972 the subsidiary company, Keltron Component Complex Limited (KCCL) is required 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 statement, though the company has issued cheque, it stands returned by the employee.	It has been explained by KCCL that they had already paid all eligible undisputed terminal benefits to the retired employees of the Company as per Payment of Gratuity Act, 1972, except ₹ 0.90 lakhs payable to one employee who is absconding. Hence, KCCL is not liable to pay any interest on the same. KCCL informed that they are trying to trace the details of the said employee to pay him the terminal benefits.
11.	The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that balance confirmation certificates for almost all the cases under long term borrowings, trade payables, other current liabilities, long term loans and advances, trade receivables, short term loans and advances and other current assets have not been produced for their verification. On analysis of Accounts Receivables, it is observed that long outstanding receivables to the tune of ₹162.32 lakhs is included in receivables. The subsidiary company Keltron Component Complex Limited (KCCL) has made provision for doubtful debts in respect of these	KCCL has informed that they have availed long term loans from Government of Kerala only. They have collected balance confirmation for all short-term borrowings except for loan from DOE. Moreover, KCCL had sent letters for obtaining balance confirmation to all debtors and creditors. It was also informed that their debtors and creditors having no dispute regarding balance as per KCCL's books however the parties have not responded. Further, KCCL has classified debtors above three years as

Sl. No.	Comments of Statutory Auditor	Management's Response
	debts. These accounts may be scrutinized and suitable cases may be written off.	doubtful and has made sufficient provision in their books of accounts.
12.	The Audit Committee of Keltron Component Complex Limited (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 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 auditors.
13.	The subsidiary Company Keltron Component Complex Limited (KCCL) does not maintain a proper repayment schedule for all Government loans and hence, it is not possible to provide break up of loans to short term and long term.	It has been informed by KCCL that they are not in a position to repay the loans availed from Government of Kerala and hence repayment schedule for the same has not been prepared. Further, all these Government loans were taken years back. KCCL has approached Government of Kerala for conversion of loans along with accumulated interest into equity. Final decision of the Government in this matter is awaited.
14.	The subsidiary Company Keltron Component Complex Limited (KCCL) has accepted share application money amounting to ₹1672.37 lakhs which has been pending allotment for more than 60 days. Since the necessary details are not made available they are not able to verify violation of Section 42 or 62 of the Companies Act, 2013.	It has been informed by KCCL that the authorized share capital of KCCL is ₹35 crores and the Issued, Subscribed and Paid-up Share capital is ₹34.23 crores. In order to allot shares to the Government of Kerala, against their 'Equity investment in KCCL' amounting to ₹16.72 crores, authorized share capital of KCCL needs to be increased first. KCCL has already taken up the matter and has received the Board approval for the same. KCCL has submitted the detailed proposal to the Government of Kerala seeking approval

Sl. No.	Comments of Statutory Auditor	Management's Response
		for increasing the authorized share capital. The matter is pending with the Government of Kerala.
15.	The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that the Confirmation of Bank balance of Indian Bank (Harbour Branch) account is not available for verification.	It has been explained by KCCL that the amount lying in the bank account is very insignificant and shall be settled in due course of time.
16.	The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that the legal files are not available for verification. Hence, they are unable to comment on the contingent liability and pending litigation disclosed in the financial statements.	It has been explained by KCCL that earlier, the holding company, KSEDC and its marketing offices were handling all the sales activities of KCCL. It was also informed that the files related to those very old litigations are untraceable.
17.	The subsidiary company Keltron Component Complex Limited (KCCL) has not complied with Accounting Standard 22- Accounting for taxes on Income.	It has been informed by KCCL that they will comply with provisions of Accounting Standard 22- Accounting for taxes on Income from the financial year 2023-24.
18.	The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that the details of any forward contracts and hedged positions for the calculation of unrealised Gain/loss is not matching with Financial Statement figures.	It has been explained by KCCL that there is no material financial impact on the hedging contract and that the difference has been rectified in the subsequent financial year.
19.	The auditors of subsidiary company Keltron Electro Ceramics Limited commented that as stated in Note No 17, the Trade Receivables includes an amount of ₹437.91 lakhs outstanding for a period more than 1 year. The company has not identified and booked any provision towards irrecoverable Trade Receivables.	It has been explained by KECL that out of the ₹ 437.91 lakhs, ₹160.75 lakhs pertain to holding company KSEDC, ₹69.23 lakhs from various local bodies of Govt. and the remaining from regular customer BEL- Bangalore, NPOL – Kochi and there is no doubt regarding the collection. Balance outstanding in receivable

Sl. No.	Comments of Statutory Auditor	Management's Response
	Furthermore, reconciliation of trade receivable accounts and confirmation of balances were not available. Hence, they are unable to quantify impact on the financial statements arising out of not providing provision for the Trade Receivables.	includes ₹ 60 lakhs due from customers of ceramic capacitors and thermistors, majority of whom has closed down the business. KECL has already taken steps to write off sundry debtors which is outstanding and non-recoverable up to the financial year 2018 by appointing a Chartered Accountant firm for sundry debtors' reconciliation and subsequent write off.
20.	The auditors of subsidiary company Keltron Electro Ceramics Limited commented that as stated in Note No.16 and 24 inventory includes non-moving items of manufacturing finished goods and trading finished goods worth for ₹28.17 lakhs and ₹0.48 lakhs respectively. The company has not provided any provision for non-moving and obsolete inventory items. As a result, the profit for the year was overstated by this amount.	It has been explained by KECL that a technical committee has been constituted for ascertaining the quality of finished goods to be disposed of and its market value for further action taking into consideration the rate of deterioration and marketability. KECL has already taken steps to write off the non-moving inventory which is obsolete and reduce the value of finished goods during the finalization of accounts for the year ended 31st March 2024
21	The auditors of subsidiary company Keltron Electro Ceramics Limited commented that, the company has not provided provision for interest on delayed payments to MSME establishments. Supplies and services received from MSME are based on limited tender, single quotation, special terms and based on recommendations by principal customers and their specifications. Hence the company concluded that interest due against delayed payments will not be claimed by any of its MSME supplie₹ As a result, we are unable to quantify impact on the financial statement arising out of not providing interest on delayed payment to MSME.	It has been explained by KECL that their main product are Transducers /Hydrophones for which 80% of raw materials are custom-made as per specifications given by their customers such as NPOL, BEL, etc. Hence majority of their suppliers are recommended suppliers with MSME registration. As the production cycle for Transducers is around 4-5 months, payments to suppliers will normally take more than 45 days. In order to maintain good relation and to get more orders in future, MSME suppliers have not charged any interest on delayed payments till now. However, KECL is taking all efforts to pay outstanding dues in time.

Sl. No.	Comments of Statutory Auditor	Management's Response
22.	We further report that:-	
a.	The aggregate effect of our qualifications described above in Point No 2,4, 6,7 , 8a and Point 9, is that assets are overstated by ₹3016.89 Lakhs, Liabilities are understated by ₹16385.98 lakhs, Profit/Reserves are overstated by ₹3016.89 Lakhs and shareholders fund is overstated by ₹16385.98 lakhs.	Refer to the Management's Response to the respective observations stated above.
b.	We are unable to determine the financial impact of the qualifications in points (1), (3), (5), 8(b), 8(c) and(10) to (13) in the absence of sufficient and appropriate details.	Refer to the Management's Response to the respective observations stated above.

MANAGEMENT RESPONSES TO THE COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA(C&AG) ON THE AUDITED STANDALONE FINANCIAL STATEMENTS OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED (KELTRON) FOR THE FINANCIAL YEAR 2022-23

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
	COMMENTS ON PROFITABILITY: Statement of Profit & Loss for the year ended 31st March 2023 Profit (Loss) for the year: ₹ 2,257.40 lakhs. The above is overrated by ₹ 1,822.08 lakhs due to the following	
(i)	Non-recognition of income tax liability amounting to ₹ 1,833.86lakh for the years 2016- 17 to 2022-23 pursuant to Government's approval (May 2020/October 2022) for conversion of loans amounting to ₹9,050.18 lakh and interest accrued thereon amounting to ₹9,230.61 lakh outstanding as of 31-03-2016 into equity	As a part of the rehabilitation scheme of the Company, Government of Kerala vide GO(MS) No:183/11/ID dated 26th August 2011 has frozen the interest and granted moratorium on repayment of principal on Government Loan amounting to ₹8,265.84 lakhs up to the FY 2015-16. On nearing completion of the aforesaid reliefs, the Company has requested for a further extension of freezing of interest on Government loan and accordingly Government of Kerala had vide G.O.(Ms) No 86/16/ID dated 17/06/2016 extended the freezing of interest on Government loans amounting to ₹8,265.84 lakhs, for the period from 01stApril 2016 to 31stMarch 2021, **subject to the condition that the company has to repay the principal in 10 annual instalments.** The company could not repay the instalments as the financial/liquidity position was very weak at those times. Hence, due to the non-fulfilment of the condition stipulated in the GO referred above the Company became ineligible for freezing of interest on Government Loan for the period from 01st April 2016 to 31st March 2021, thus the interest accrued became a firm liability. However, as observed by the audit the Company did not

		recognize the interest expenses in the Financial Statements of those period. It may be noted that the Statutory Auditors of the Company has expressed Qualified Opinion with respect the non-provisioning interest on Government loan in the Books of Accounts for the FY 2016-17, 2017-18 and 2018-19 in their Audit Report. **This is a conclusive remark that the interest accrued on Government loan of ₹8265.84 lakh a firm liability to the Company.** Meanwhile, the Company put forward a Financial Restructuring proposal to the Government of Kerala during the month of April 2018 with the primary objective of improving the net-worth position of the Company. This proposal was fully sanctioned by Government of Kerala vide GO (Rt) No.108/2022/ID dated 18th October 2022 by amending the earlier GO (MS) No.53/2020/ID dated 15th May 2020. Accordingly, the following are the impact in the subject matter: (i) Out of the Government Loan of ₹8265.84 lakh (as a part of BIFR Scheme), an amount of ₹7200.18 lakh was converted to Equity Share Capital. (ii) Re-considered the GO (Rt) No.329 /2014/ ID dated 11th March 2014 by converting the originally sanctioned Government Grant of ₹600 lakh and Government loan of ₹1250 lakh (both were Working Capital Loans till 31.03.2020) into Equity Share Capital. The effective date of implementation of Financial Restructuring was fixed at 31st March 2020 in the 256th meeting of the Board of Directors of the Company held on 21st August 2020. The Company at the time of assessment proceedings for the Assessment Year 2017-18 and 2018-19 (PY 2016-17 & 2017-18), has claimed the

			interest accrued on the aforementioned loans (Sl No (i) & (ii)) as an eligible deduction from Taxable Income. However, the matter is now pending on Appeal. Further, while filing the return of income for the Assessment Year 2019-20 & 2020-21 (FY 2018-19 & 2019-20) the Company has claimed the Interest on the aforesaid loans (Sl no (i)& (ii)) as an eligible deduction in the Original Income Tax Return itself. In view of the above, it may be noted that by virtue of G.O.(Ms) No. 86/16/ID dated 17/06/2016 and Order GO(Rt) No.329/2014/ID dated 11th March 2014, **there was firm liability of ₹7686.12 lakh on account of interest accrued on Government Loans for the interim period up to 31st March 2020, ie., until the effective date of implementation of Financial Restructuring Scheme converting Government Loans to Equity Share Capital**. Hence, the interest claimed in the Computation of Income Tax is absolutely an eligible deduction as per the provision of Income Tax Law and even supported by precedents before the Hon'ble Supreme Court which ultimately added to the carry forward losses in the Statement of Computation of Income Tax. As above even though the Appeals are pending on a difference subject matter, the Company is confident of winning the same and that no tax liability will arise as we are having sufficient carry forwarded losses. **Moreover, the Income Tax assessment under Section 143(3) for AY 2022-23 (FY 2021-22) has been completed and the Income Tax Department has accepted the carry forward losses claimed by the Company vide the Order dated 13th March 2024.** **As per the opinion of tax consultants, Company is 100% confident in winning the appeals before Income tax authorities.**

		Hence, we have not made any provision for tax liability in the Financial Statements for the year ended 31st March 2023. However, considering the observation of C&AG in the Supplementary Audit, necessary disclosures will be made by way of Notes while finalising the Financial Statement for the year 2023-24. Further, appropriate treatment for interest accrued will be considered during the transition to Ind AS expected to be applicable with effect from the financial year 2024-25.
ii)	Non-provision of liquidated damages amounting to ₹ 62.88 lakh levied by Kerala State Electricity Board Limited for delayed implementation of Grid Tied Solar Power Plant project at Barapole.	Initially, KSEBL deducted an amount of ₹ 136.41 lakhs as liquidated damages for delay in completion of 3MW Grid Tied Canal Top Solar Power Plant Project at Barapole. The Company requested KSEBL to extend the project completion period from 31st May 2016 to 09th February 2017 and accordingly they agreed to extend the project completion period up to 29th December 2016. The project was completed with 42days delay and LD @ 0.05% amounting to ₹62.88 lakh (reduced from ₹136.41 lakh) was finally imposed. Based on the observation of C&AG, the unit has analysed the realisability of ₹ 62.88 lakhs deducted as LD and the possibilities are found to be very remote. Hence, provision for ₹ 62.88 lakhs will be created in the Financial Statements of the Company for FY 2023-24.
(iii)	Non-provision for non-moving and technologically outdated inventories amounting to ₹49.55 lakh which were manufactured against customized order from Directorate of Fisheries in November 2018	The Department of Fisheries has placed the Purchase Order for 2500 Nos of Navic Massaging Receiver to the Company. Based on this Order, the unit has manufactured the product and delivered 1550 Nos and balance 950 Nos quantity is kept for the final stage of assembly and packing at our factory premises. In view of the observation of C&AG, the unit has analysed the usefulness of the aforementioned items and considering the principle of prudence,

		proposed to write off ₹49.55 lakhs from the value of Inventory while preparing the Financial Statements of the Company for FY 2023-24.
(iv)	Non-accounting of stipend reimbursable from Government of India under National Apprenticeship training scheme for the period 2018-23 amounting to ₹ 124.21 lakh	As observed by the audit the Company has not accounted ₹124.21 lakh being the reimbursement of stipends of apprenticeship trainees under the National Apprenticeship training scheme from 2018-19 to 2022-23. Out of ₹124.21 lakh, the Company received ₹45.41 lakh during the financial year 2023-24 and the balance receivable of ₹78.80 lakh has rightly been accounted for in FY 2023-24 in the books of Keltron Equipment Complex, Karakulam. It may also be noted that from January 2024 onwards, there are no such instances, since as per the revised scheme of apprenticeship the Company has to pay only 50% of stipends to apprentices and balance 50% will be transferred directly by the "Board of Apprenticeship Training" to the Bank Account of apprentice trainees.

MANAGEMENT RESPONSES TO THE COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA(C&AG) ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED (KELTRON) FOR THE FINANCIAL YEAR 2022-23

Sl. No.	Comments of Comptroller & Auditor General of India(C&AG)	Management's Response
	COMMENTS ON PROFITABILITY: Statement of Profit & Loss for the year ended 31st March 2023 Profit (Loss) for the year: ₹ 2,736.50 lakhs. The above is overrated by ₹ 1,822.08 lakhs due to the following	
(i)	Non-recognition of income tax liability amounting to ₹ 1,833.86lakh for the years 2016- 17 to 2022-23 pursuant to Government's approval (May 2020/October 2022) for conversion of loans amounting to ₹9,050.18 lakh and interest accrued thereon amounting to ₹9,230.61 lakh outstanding as of 31-03-2016 into equity	As a part of the rehabilitation scheme of the Company, Government of Kerala vide GO(MS) No:183/11/ID dated 26th August 2011 has frozen the interest and granted moratorium on repayment of principal on Government Loan amounting to ₹8,265.84 lakhs up to the FY 2015-16. On nearing completion of the aforesaid reliefs, the Company has requested for a further extension of freezing of interest on Government loan and accordingly Government of Kerala had vide G.O.(Ms) No 86/16/ID dated 17/06/2016 extended the freezing of interest on Government loans amounting to ₹8,265.84 lakhs, for the period from 01stApril 2016 to 31stMarch 2021, **subject to the condition that the company has to repay the principal in 10 annual instalments.** The company could not repay the instalments as the financial/liquidity position was very weak at those times. Hence, due to the non-fulfilment of the condition stipulated in the GO referred above the Company became ineligible for freezing of interest on Government Loan for the period from 01st April 2016 to 31st March 2021, thus the interest accrued became a firm liability. However, as observed by the audit the Company did not

		recognize the interest expenses in the Financial Statements of those period. It may be noted that the Statutory Auditors of the Company has expressed Qualified Opinion with respect the non-provisioning interest on Government loan in the Books of Accounts for the FY 2016-17, 2017-18 and 2018-19 in their Audit Report. **This is a conclusive remark that the interest accrued on Government loan of ₹8265.84 lakh a firm liability to the Company.** Meanwhile, the Company put forward a Financial Restructuring proposal to the Government of Kerala during the month of April 2018 with the primary objective of improving the net-worth position of the Company. This proposal was fully sanctioned by Government of Kerala vide GO (Rt) No.108/2022/ID dated 18th October 2022 by amending the earlier GO (MS) No.53/2020/ID dated 15th May 2020. Accordingly, the following are the impact in the subject matter: (i) Out of the Government Loan of ₹8265.84 lakh (as a part of BIFR Scheme), an amount of ₹7200.18 lakh was converted to Equity Share Capital. (ii) Re-considered the GO (Rt) No.329 /2014/ ID dated 11th March 2014 by converting the originally sanctioned Government Grant of ₹600 lakh and Government loan of ₹1250 lakh (both were Working Capital Loans till 31.03.2020) into Equity Share Capital. The effective date of implementation of Financial Restructuring was fixed at 31st March 2020 in the 256th meeting of the Board of Directors of the Company held on 21st August 2020. The Company at the time of assessment proceedings for the Assessment Year 2017-18 and 2018-19 (PY 2016-17 & 2017-18), has claimed the

			interest accrued on the aforementioned loans (Sl No (i) & (ii)) as an eligible deduction from Taxable Income. However, the matter is now pending on Appeal. Further, while filing the return of income for the Assessment Year 2019-20 & 2020-21 (FY 2018-19 & 2019-20) the Company has claimed the Interest on the aforesaid loans (Sl no (i)& (ii)) as an eligible deduction in the Original Income Tax Return itself. In view of the above, it may be noted that by virtue of G.O.(Ms) No. 86/16/ID dated 17/06/2016 and Order GO(Rt) No.329/2014/ID dated 11th March 2014, **there was firm liability of ₹7686.12 lakh on account of interest accrued on Government Loans for the interim period up to 31st March 2020, ie., until the effective date of implementation of Financial Restructuring Scheme converting Government Loans to Equity Share Capital**. Hence, the interest claimed in the Computation of Income Tax is absolutely an eligible deduction as per the provision of Income Tax Law and even supported by precedents before the Hon'ble Supreme Court which ultimately added to the carry forward losses in the Statement of Computation of Income Tax. As above even though the Appeals are pending on a difference subject matter, the Company is confident of winning the same and that no tax liability will arise as we are having sufficient carry forwarded losses. **Moreover, the Income Tax assessment under Section 143(3) for AY 2022-23 (FY 2021-22) has been completed and the Income Tax Department has accepted the carry forward losses claimed by the Company vide the Order dated 13th March 2024.** **As per the opinion of tax consultants, Company is 100% confident in winning the appeals before Income tax authorities.**

		Hence, we have not made any provision for tax liability in the Financial Statements for the year ended 31st March 2023. However, considering the observation of C&AG in the Supplementary Audit, necessary disclosures will be made by way of Notes while finalising the Financial Statement for the year 2023-24. Further, appropriate treatment for interest accrued will be considered during the transition to Ind AS expected to be applicable with effect from the financial year 2024-25.
ii)	Non-provision of liquidated damages amounting to ₹62.88 lakh levied by Kerala State Electricity Board Limited for delayed implementation of Grid Tied Solar Power Plant project at Barapole.	Initially, KSEBL deducted an amount of ₹136.41 lakhs as liquidated damages for delay in completion of 3MW Grid Tied Canal Top Solar Power Plant Project at Barapole. The Company requested KSEBL to extend the project completion period from 31st May 2016 to 09th February 2017 and accordingly they agreed to extend the project completion period up to 29th December 2016. The project was completed with 42days delay and LD @ 0.05% amounting to ₹62.88 lakh (reduced from ₹136.41 lakh) was finally imposed. Based on the observation of C&AG, the unit has analysed the realisability of ₹ 62.88 lakhs deducted as LD and the possibilities are found to be very remote. Hence, provision for ₹62.88 lakhs will be created in the Financial Statements of the Company for FY 2023-24.
(iii)	Non-provision for non-moving and technologically outdated inventories amounting to ₹49.55 lakh which were manufactured against customized order from Directorate of Fisheries in November 2018	The Department of Fisheries has placed the Purchase Order for 2500 Nos of Navic Massaging Receiver to the Company. Based on this Order, the unit has manufactured the product and delivered 1550 Nos and balance 950 Nos quantity is kept for the final stage of assembly and packing at our factory premises. In view of the observation of C&AG, the unit has analysed the usefulness of the aforementioned items and considering the principle of prudence,

		proposed to write off ₹49.55 lakhs from the value of Inventory while preparing the Financial Statements of the Company for FY 2023-24.
(iv)	Non-accounting of stipend reimbursable from Government of India under National Apprenticeship training scheme for the period 2018-23 amounting to ₹ 124.21 lakh	As observed by the audit the Company has not accounted ₹124.21 lakh being the reimbursement of stipends of apprenticeship trainees under the National Apprenticeship training scheme from 2018-19 to 2022-23. Out of ₹124.21 lakh, the Company received ₹45.41 lakh during the financial year 2023-24 and the balance receivable of ₹78.80 lakh has rightly been accounted for in FY 2023-24 in the books of Keltron Equipment Complex, Karakulam. It may also be noted that from January 2024 onwards, there are no such instances, since as per the revised scheme of apprenticeship the Company has to pay only 50% of stipends to apprentices and balance 50% will be transferred directly by the "Board of Apprenticeship Training" to the Bank Account of apprentice trainees.

MANAGEMENT RESPONSES TO THE COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON THE AUDITED ANNUAL ACCOUNTS OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED (KELTRON) FOR THE FINANCIAL YEAR 2022-23

Sl. No.	Comments of Principal Secretary (Finance)	Management's Response
a.	'Total revenue' has decreased from ₹ 52,552.81 lakh during 2021-22 to ₹47,498.57 lakh during 2022-23. Though there is no variation in the revenue from sales during 2021-22 & 2022-23, there is a 50% decline in the revenue through services provided by Company during 2022-23. Similarly there is a heavy decline in other incomes also during 2022-23. Hence the profit has also decreased from ₹ 4,468.45 lakh during 2021-22 to ₹2,257.40 lakh during 2022-23, ie., there is a 50% decline in the profit. Earnings per share (EPS) also has decreased from ₹21.95 to ₹10.56. Company may take earnest efforts to increase the revenue and the profit there of. .	As observed by the Finance department the "Total Income" of the Company for FY 2022-23 has decreased when compared to that of the previous financial year. This is due to the decrease in the "Revenue from Operations" and "Other Income". It may be noted that the "Revenue from Operations" has reduced by 9% compared to the previous years. This is mainly due to the inclusion of ₹ 10,119.25 lakhs in the previous financial year 2021-22 as revenue on account of the implementation of the 'Safe Kerala Project' for the Motor Vehicle Department, Government of Kerala. However, there has been a proportionate reduction in Material Consumption and Service expenses as well. The reduction in profit for the financial year 2022-23 when compared to previous year is mainly on account of the following: (i) During the financial year 2021-22, the Company disposed 54,000 shares held in M/s.Black Box Limited and this resulted in 'Profit on sale of investment' of ₹454.45 lakhs which is grouped under "Other Income". The Company sold the remaining shares in the financial year 2022-23 and accounted a similar profit of ₹ 57.35 lakhs. This is the major reason for the fall in 'Other

		income' (Note 21) when compared to previous year and the facts was also been disclosed as foot notes therein. (ii) During the financial year 2022-23, the Company has made a provision for ₹875.58 lakhs towards the liability on account of "Wage Revision 2017-22" of Workmen Category of employees. This has resulted in increase in Employee Cost and reduction in profits for the financial year 2022-23. These facts have also been disclosed under Note 59 forming part of audited Financial Statements. (iii) The accounting adjustment for Deferred Tax Asset which is having reflection as income in the financial year 2021-22 was ₹1,557.50 lakh whereas the similar adjustments for the financial year 2022-23 was ₹125.72 lakh only. This has also resulted in reduction of profits as compared to the previous year. All the above factors have contributed to the decrease in profit from ₹4,468.45 lakh during 2021-22 to ₹2,257.40 lakh during 2022-23. As observed by the Finance Department, the substantial reduction of Basic Earnings per Share to ₹10.56 from ₹21.95 was due to the reduction in profits for the reasons stated above as well as the increase in the Weighted average number of Equity Shares due to share allotment to Government. The detailed calculation of EPS has been disclosed in the Note 54 forming part of Financial Statements. Notwithstanding the facts mentioned above, as opined by Finance Department, the Company will ensure that all steps are taken to increase its revenue from operations and profits thereon.

b	Company has defaulted in the repayment of loan and payment of interest accrued there on availed from GoK, KMML, TTPL and Malabar Cements Ltd. As the Company is in profit, BoD may take necessary steps for the repayment of loan and payment of interest accrued there on, availed from GoK and other PSUs	It may be noted that the majority of the customers of the Company are Departments/institutions under Government of Kerala. The non-realizability of Trade Receivables from Government Departments has affected the liquidity position of the Company. The working capital requirements of the Company are met out of loans from Banks/Financial Institutions. Further the receivables from Government of Kerala are released through Government Bill Discounting System (GBDS). In view of the above, presently the Company is running thorough a precarious liquidity position and hence not in a position to consider the repayment of loan from Government of Kerala and other Government companies. Once the liquidity positions of the Company improve necessary steps will be taken to schedule the repayment of these loans and interest accrued thereon in a phased manner.
c	Guarantee Commission pertaining to the old expired guarantee amounting to ₹ 535,82 lakh and interest accrued thereon amounting to ₹1,302.16 lakh are outstanding as on 31st March 2024. Company may take necessary steps to pay the Guarantee commission	The Guarantee Commission amounting to ₹535.82 lakhs pertains to the old expired guarantees given by Government having aging of more than 20 years. The interest accrued thereon amounting to ₹1,237.85 lakh was outstanding as on 31st March 2023. This was reflected under Note 9 - Other Current Liabilities under the head "Current liabilities – Other finance & statutory dues" forming part of Financial Statements. As observed by the Finance department, the Interest accrued on guarantee commission as on 31st March 2024 is ₹ 1,302.16 lakhs. With regard to the repayment of aforementioned Guarantee Commission along with interest accrued thereon, as mentioned above the present financial position of the company is not good enough to prioritise such considerable remittances. The funds available with the Company is just sufficient for meeting its working capital requirements for its envisaged augmented level of operations.

		It may also be noted that, the Company is having substantial amount of Trade Receivables which are long pending from Government Departments, which has also hampered the cash flows in toto. However, the repayment of Guarantee Commission and interest accrued thereon will be considered after a period of five years as it is anticipated that the financial position of the company will improve.
d	Though the Company is in profit, no dividend is declared or paid during the year by the Company in line with the directions in GO (P)No.61/2023/Fin dated 23.06.2023. Board may examine this noncompliance of Govt direction and take steps to declare dividend as per rules.	As per the proviso to sub-section (1) of Section 123 of the Companies Act, 2013, "…no company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year." Reference to the Note 2 – Reserves and surplus of the Balance Sheet, the accumulated losses of the Company as on 31st March 2023 amounts to ₹12,726.96 lakh. Hence, these accumulated losses need to be fully set off against the year on year profits in order to declare dividend as per the provisions of Companies Act, 2023 referred above. Considering the past and future growth trajectory with respect to revenue and profits, it is anticipated that the Company will be in a position to declare the dividend after a period of five years down the line.
e	Company does not have an appropriate internal control over financial reports on various Company's systems. BoD may take necessary steps to rectify this.	The company has engaged firms of Chartered Accountants empanelled with Government of Kerala for conducting Internal Audit for its Manufacturing facilities/marketing offices etc. The Internal Auditors reviews, analyses and report on the compliance with Accounting Standards, corporate guidelines and other statutory requirements. Though, the Company is having an adequate Internal Control System commensurate with size and nature of its operation, the

		lacunas observed by the Statutory/Branch Auditors will be considered seriously for future guidance and also ensure that necessary corrective measures will be taken.
f	Many units under KSEDC have no effective system for the physical verification of stocks and for the recovery of outstanding dues. BoD may take look into this with due concern.	The physical verification of inventory is done periodically at all units of the company. A Committee comprising of officials from different functional departments namely Production/Planning/Marketing/Stores and Finance is constituted at each unit level for each SBU (Strategic Business Unit).The members of the Committee physically verifies the inventory items, prepares location wise list of items, verifies the updation of Stock Register/Bin cards etc. and reconciles the difference if any of actual stock and physical stock. Thus the company has an effective system for the physical verification of inventory. Regarding the realisation of Trade Receivables, it may kindly be informed that special meetings are conducted on a monthly basis for formulating strategies to collect the outstanding debtors of the on a basis of detailed Analysis Report prepared at Unit/SBU level with ageing. As mentioned above, the major portion of long pending Trade Receivable consists of receivables from Government Departments in the State of Kerala which are being released in a controlled manner through Government Bill Discounting Scheme. However, as opined by the Finance Department necessary measures will be taken for improving the efficiency of physical verification system and collection of outstanding Trade Receivables.
g	Company has not revalued its Property, Plant and Equipment (including right-of-use assets) or intangible assets or both during the year.	Noted, will take necessary steps for the revaluation of Property, Plant and Equipment and Intangible Assets.
h	BoD may initiate necessary steps to clear the observations in the audit report, other than the above mentioned and remedial measures taken to be intimated to Govt	Noted, will take necessary steps to clear the observations in the audit report within 3 months.

INDEPENDENT AUDITORS' REPORT

To
The Members of Kerala State Electronics Development Corporation Limited

Report on the audit of the Standalone Financial Statements

Qualified opinion

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 2023, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

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 31 March, 2023, its profit and cash flows for the year ended on that date.

Basis for Qualified Opinion

1. **Other Long-Term Liabilities (Note:5)**

    1.1 Trade payables as per Note No. 5 “Other long term liabilities” includes ₹2,502.50 lakhs and trade receivables as per Note No.14 ‘other non-current assets’ includes ₹21,520.16 lakhs (net of provision). Point no.7.1.3 and 7.1.1 of the guidance note on the Schedule III of Companies Act,2013 issued by the

Institute of Chartered Accountants of India lays down the criteria for classifying liability and asset as current. On verification of branch audit reports, it was observed that the company has treated items falling under this criteria as non-current. The wrong classification has resulted in over statement of non current asset/liability and understatement of current asset /liability.

1.2 Other long term liabilities include interest accrued but not due on loans from Govt. of Kerala amounting to ₹1,141.27 lakhs comprising of ₹889.37 lakhs being the interest accrued until 31.03.2010 on Government loan of ₹7,187 lakhs, which was converted into equity vide GO (MS) No.183/11/ID dated 26.08.2011 and ₹251.90 lakhs being the interest and penal interest accrued until 31.03.2006 on the Government loan of ₹1066 lakhs. No action seems to have been taken by the company or GOK in respect of accrued interest of ₹1,141.27 lakhs. Hence, we are unable to comment on the company's classification of ₹1,141.27 lakhs as Long Term Liabilities, since there is no clarity on the due date for repayment of Interest (Refer Note: 42 & 43).

1.3 Long term liability – other finance includes ₹16.20 lakhs being sundry creditors for expenses for which disclosure is not made regarding ageing and payable to MSME.

2. Short term Borrowings (Note No.7)

Current portion of Government of Kerala loan to be disclosed under Current maturities of Long-term borrowings (unsecured)₹560.77lakhs. However Company disclosed Government loan wholly due for payment amounting to ₹2,443.91lakhs along with current maturity of Government of Kerala loan under Current maturities of Long-term borrowings (unsecured).

3. Other Current Liabilities Note No.9

Current liabilities - Other finance & statutory dues includes ₹915.68 lakhs being sundry creditors for expenses for which disclosure is not made regarding ageing and payable to MSME.

4. **Non-Current Investments (Note No.12)**

Company is holding investment in the shares of its subsidiaries, Keltron Component Complex Limited (KCCL) to the tune of ₹2,618.50 lacks (Previous year ₹2,618.50 lakhs), Keltron Electro Ceramics Limited (KECL) to the tune of ₹585.61 lakhs (Previous year ₹314.44 lakhs) and associate, Colonics private Ltd to the tune of 260 lakhs ((Previous year ₹260 lakhs). Book value per share of Keltron Component Complex Limited (KCCL) and Keltron Electro Ceramics Limited (KECL) is ₹3.90 and ₹7.88 respectively against face value of ₹10/- per share and the net worth of Coconics Private Limited is negative based on the audited financial statement of the said companies as on 31st March, 2023. Hence there is erosion in the net worth of these subsidiaries and associate and there is dimunition in the value of investments to the extent of ₹1981.01 lakhs. 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 and associate. However, the company has not made provision for the diminution of ₹1981.01 lakhs and to that extent, the company has not complied with Accounting Standard: 13 resulting in overstatement of profit by ₹1981.01 lakhs and understatement of short term provisions (Note: 10) by ₹1981.01 lakhs.

5. **Long term loans and advances Note No.13**

5.1 Investment pending allotment of ₹1744.61 lakhs (Previous year: ₹1,974.92 lakhs) disclosed under Note: 13 "Long term loans and Advances" includes ₹1,703.75lacs which was made to subsidiary companies which are under liquidation(Keltron Rectifiers Limited – ₹576.43 lakhs and Keltron Power Devices Limited-₹1127.32 lakhs) and ₹40.86 lakhs made by the company in Coconics private Ltd . The company has stated reasons for non-provision of the above said investment pending allotment to subsidiary companies vide Note 44 (i).

In the absence of sufficient appropriate evidence to support the management's contention of recoverability of these balances, provision need to be created for non-recoverability of the Investment pending allotment of ₹1744.61 lakhs. The non provision of the same has resulted in overstatement of profit and Long term loans and advances to the tune of ₹1744.61 lakhs.

5.2 Advance to subsidiary companies amounting to ₹1264.30 lakhs (Previous year. ₹1264.30lakhs) disclosed under Note: 13 "Long term loans and Advances" represents the advances made to subsidiary companies, which are under liquidation. This includes advance of ₹413.63 lakhs to Keltron Rectifiers Limited (PY: ₹413.63lakhs) and ₹850.67lakhs to Keltron Power Devices Limited (PY: ₹850.67lakhs).

The company has stated reasons for non-provision of the above said advances to subsidiary companies vide Note No. 44 (ii).

However, in the absence of sufficient appropriate evidence to support the management's contention of recoverability of these advances provision need to be created for ₹1264.30 lakhs. To the extent of this non-provisioning of ₹1264.30 lakhs, the profit of the company and Long term loans and Advances are overstated.

6. <u>Short Term Loans and Advance- Note: 18</u>

6.1 Advance to subsidiary companies of ₹408.30 lakhs (Previous Year: ₹396.88 lakhs) disclosed under Note: 18-Short Term Loans and Advances, comprise of ₹299.07 lakhs (PY: ₹287 lakhs) to Keltron Electro Ceramics Limited (KECL) and ₹109.23 lakhs (PY: ₹109.88 lakhs) to Keltron Component Complex Limited (KCCL). Though company could not reasonably establish that the decline in net worth is of temporary nature, no provision has been made towards non-recoverability of this advance of ₹408.30 lakhs. To this extent the profit of the company and Short Term Loans and Advances are overstated.
Advance to subsidiary companies are subject to confirmation

6.2 As per Note No.57, company disclosed that "The Company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,376.27 lakhs for the Assessment year 2007-08 to 2023-24, the Company's books of account shows the balance of ₹999.77 lakhs only. The Company did not account for the balance credit of ₹1,376.50 lakhs in the books considering the uncertainty attached in getting full tax credit while completing the assessment." However, no details/reconciliation is available to substantiate the same.

6.3 As per Note No. 53 Company disclosed that "KELTRAC is an autonomous body registered as a society under the control of Government of Kerala, which is operating in the portion of premises of Keltron Controls Aroor (KCA).As per the agreement dated 7th January 2008 regarding sharing of facilities and services of KCA with KELTRAC, charges for the building /space provided at the normal rate of ₹2/-sq.ft for 31,505 sq.ft is payable by KELTRAC. Further, the agreement also contains a clause that the aforesaid service charge may be waived off provided the work requirement of KCA shall be executed by KELTRAC on priority basis at cost. In view of the above and considering the precarious financial condition of KELTRAC the rent for the premises used by them was not being charged."

As per note no 18, the total advance paid to KELTRAC is ₹110.01 lakhs. No supporting documents such as government order/ Board meeting minutes to substantiate such payments have been provided by the Company.

However, company had not entered into any agreement with KELTRAC specifying the conditions, repayment schedule, repayment term, mode of repayment and action in case of non payment, etc. and the company has not taken any steps to recoup the advance amount as on date. The recoverability of this advance is remote. The company has not made any provision for the same which has resulted in overstatement of profit and Long term loans and advances to the tune of 110.01 lakhs.

7. Expenses:-

7.1 Regular write off /write back of bad and doubtful debts / liabilities and provision for bad and doubtful debts and advances of ₹42.66 lakhs are classified as exceptional item and included 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".

7.2 As per Board meeting minutes 273/22(Mn.No.6200) company approved the submission of proposal to Government in connection with the dispersal of difference in gratuity, half pay leave and earned leave on surrender on

account of implementation of wage revision with effect from 01/11/2017 to the 699 retired employees from 01/04/2012 to 31/10/2017 on instalment basis on the basis of judgement of Honorable High court of Kerala division bench in respect of petition filed by 3 retired employees and dismissal of special leave petition by the company by Supreme court. The managing director is authorized to decide on the number of instalments based on the financial position of the company. The company has not made any provision for the same, which has resulted in over statement of profit and understatement of short term provision for ₹400 lakhs.

8. **Accounting standards**

We are unable to comment on

a) The compliance of Accounting Standard-16 (AS-16) 'Borrowing Cost' issued by the Institute of Chartered Accountants of India in the absence of necessary information. (Refer Significant Accounting Policies Point II(h) of expenses under Profit and Loss)
b) The compliance of Accounting Standard-17(AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India in view of the claim of the Company that it is not having reportable segments (Significant Accounting Policies Point VIII under Balance Sheet).
c) The compliance of Accounting Standard-28 (AS)-28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, in the absence of appropriate evidence. (Refer Significant Accounting Policies Point II(b) under Profit and Loss).

9. Interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements. (Refer Note:50).General Instructions for preparation of Balance Sheet as per Notification bearing No.F.No.17/62/2015-CL-V Vol-1, dated 11.10.2018 requires companies to disclose points (a) to (e) under FA. The company has disclosed the principal amount payable to MSME suppliers .Since details to ascertain the financial effect of the interest portion 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 same remaining unpaid to any supplier at the end of each accounting year and other disclosures specified against FA.
The company has not filed MSME-1 as required under MSMED Act.

10. 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-I to this report. The effect of changes if any ,made by the Company in respect of the Units and KMO's audited in Corporate office after branch audit has not been considered.

11. We further report that:-

    a) The aggregate effect of our qualifications described above in Point No and Point 1.1,4 , 5, 6.1, 6.3, 7.2 is that assets are overstated by ₹3527.22 Lakhs, Liabilities are understated by ₹2381.01 Lakhs, Profit / Reserves are overstated by ₹5908.23 Lakhs.

    b) We are unable to determine the financial impact of the qualifications in points 1.2, 1.3, 2, 3, 6.2 ,7.1 and 8 to 10 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 on the financial statements.

Emphasis of Matter:

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

1. Note No.7 of financial statements includes loan from Travancore Titanium Products Limited amounting to ₹12 lakhs and Note No. 7(i) of financial statements in which company disclosed that "The Company has availed a loan amount of ₹12 lakhs 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 lakhs availed from Travancore Titanium Products Limited, with interest, to the State Government and the same is pending to be settled". In our opinion the same needs to be disclosed as loan payable to Government of Kerala.

2. Note No.11 of financial statements. Property, plant and equipment's, the title deeds of certain land is not available with the company. 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.

3. Note No. 42 to the financial statements with regard to the approval of financial re-structuring proposal of the company by Government of Kerala and increase in authorized and issued capital during current year.

4. Note No. 44 to the financial Statements with regard to conversion of outstanding rent payable to the Company by Coconics Private limited into equity share capital.

5. Note No.47 which states about the credit balance in trade receivable account amounting to ₹1784 lakhs and debit balance in trade payable account amounts to ₹255.25 lakhs are subject to confirmation or reconciliation and consequent adjustments, if any, upon confirmation.

6. Note No.48 of financial statements which states that deferred tax asset on account of unabsorbed carry forward of losses amounting to ₹851.90 lakhs disallowed on assessment and pending on appeal before higher authorities are not taken credit as a matter of prudence.

7. Note No.52 of financial statements with regard to non-provision of rent payable for the period 2016-17 to 2022-23 to Government of Kerala for the staff quarters building occupied by KMO New Delhi.

8. Note No.55 of financial statements which states that balances of Government loan under Long-term borrowings (Note-4) Other long-term liabilities (Note-5) and 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) and other current assets (Note 19) are subject to confirmation/ reconciliation.

9. Note No.59 of financial statements which states about the provisioning of pay revision arrears payable to workmen category employees amounting to ₹875.59 lakhs.

   In the note Company also disclosed that" the impact of wage has not been considered on other components of employee cost like Gratuity, Earned leave, contribution to provident fund etc". However financial impact of the same has not been quantified and disclosed by the Company.

10. Note No. 60 which states about the out of court settlement of Softgrip Power Solution Private Limited case and reversal of provision created earlier years amounting to ₹30 lakhs.
11. Note No.61 which states about the creation of additional provision amounting to ₹153.67 lakhs under provision for litigation settlement by KMO, Mumbai.
12. Note No.63 of financial statements regarding non provision of interest on award amount payable to DVC for the financial years 2020-21 to 2022-23.

13. Note No.69 of financial statements which had disclosed the quarterly reconciliation of stock statements of Keltron Equipment Complex, Karakulam given to Punjab National Bank. As per Note, current assets filed by the company with banks or financial institutions are not in agreement with the books of accounts for last quarter.

14. Professional charges under Note No.27 of financial statements includes ₹37.28 lakhs paid to M/s India Electronics and Semiconductor Association towards the preparation of DPR for the semiconductor park. Company disclosed that company had treated the same as expenses since the project is not likely to be implemented in the foreseeable future.

15. Attention is also invited in respect of Units and KMO's audited by unit/KMO auditors, of the points included under Emphasis of Matter Paragraph which are listed here below:

SL. No.	Units	Emphasis of Matter
1	KMO – KOLKATA	a. This is advisable that the management should take proper steps to realize /recover of outstanding Sundry Debtors either lawfully or in administrative manner. Out of total outstanding Sundry Debtors, about 88.78% is outstanding more than 3 Years. b. The observations regarding EMD Amount (Assets) showing as closing Balance on ₹27.65 lakhs as on 31.03.2023 out of which provision has already booked for non collectable amount of ₹ 13.28 lakhs in FY 2020-21. But as per our advise to create some more provision for remaining collectable amount of ₹14.37 lakhs since it has been less chance of collection as per management. c. Legal expenses has increased significantly during the year. Management should try to control the expenses to minimize the actual loss of the Branch.

		d. Confirmation of Sundry Debtors has not been obtained from long outstanding sundry debtors and no provision has been made for long outstanding of Debtors (Refer Note: 42) e. Confirmation of long outstanding of Sundry Creditors has not been obtained. f. As per the observation it was found a bill of ₹ 31.16 lakhs including GST from Asansol Municipal Corporation has no backend bill and also lying as debtor. No Collection received for the same.
2	KMO – NEW DELHI	a. Note 42(a) states that the figures appearing in the Standalone Financial Statements of the Delhi branch of the company are not rounded off as per the latest notification issued by MCA dated 24 March 2021, F. No. 17/62/2015-CL-V-VOL-I b. Note 42(b) states that as the latest notification issued by MCA dated 24 March 2021, F. No.17/62/2015-CL-V-VOL-I, additional regulatory information is required to be mentioned in the standalone financial statement which has not been fully disclosed in the standalone financial statements of the Delhi branch of the company. c. Note 42(c) states that DVAT input standing in the books from the previous year's amounting to ₹ 16.54 lakhs (including Note-17-Short Term loans and advances-point-7) which was booked towards DVAT-43 TDS towards WCT based on the TDS Certificates reflecting online on DVAT portal, but the company was unable to claim the same due to some technical issue on DVAT portal. The company had filed an application with the DVAT authorities and the refund of the same is still under process. d. Note 42(d) states that the balances outstanding as on 31/03/2023 of Trade receivables (Note-13 and Note-15), Trade payables(Notes-4 and Note-7), Earnest money deposit(Note-12), Other deposits and advances(Note-4-Long Term liability-other finance and Note-8-current

		liabilities-other finance), Subsidiary company Keltron Component Complex Limited-KCCL(Note-17) and other deposits(Note-17) is subject to balance confirmation receivable from the parties. e. Trade payable for Supplies classified under Note-4 (Other Long term Liabilities) and Other Deposits and advances classified under Note-4 (Other Long term liabilities) include amount outstanding for more than three years and are subject to balance confirmation receivable from the parties. g. Other Deposits classified under Note-12 (Long Term loans and advances) and Other Deposits classified under Note-17(Short term loans and advances) include amount outstanding for more than three years and are subject to balance confirmation receivable from the parties. h. Note 42(e) states that Records of Salary and wages, Provident Funds, Pension, Gratuity and Leave Encashment are being maintained at Head office level. Provision in respect of Gratuity and Leave encashment are made at branch level on the basis of actuarial valuation done at Head office level.
3	KMO – CHENNAI	a. Accounts having Credit balance disclosed under assets: Long term loans and advances- payable to subsidiary Company- ₹ 540.25 lakhs balance confirmation as per subsidiary Branch is ₹ 410.88 lakhs. There is no reconciliation provided for the difference. b. Divisional control accounts are netted off and shown at ₹47.80 lakhs under Liabilities. The correct grouping of the divisional balances of Receivables is ₹330.71 lakhs and Payables is ₹ 378.52 lakhs.

		c. Trade Receivable shown in the balance sheet as on 31st, March 2023 is ₹ 268.28 lakhs for which confirmation of balances from Debtors was not obtained. Further, the above Trade Receivables includes ₹ 142.18 lakhs which are due and outstanding for a period exceeding three years for which no provision for write off has been made in the books of accounts in the books of accounts. d. Trade Receivable include rental income receivables amounting ₹36.56 lakhs . The tenant has been paying rent on adhoc basis since April 2020 and hence the Branch has filed for recovering the same and the outcome is dependent upon final order by Court of law. e. Trade payables of ₹157.36 lakhs is outstanding for a period exceeding 3 years and the balances include dues to MSME creditors of ₹42.72 lakhs. The above balances are shown as Other Long term liabilities. Balance confirmation from Creditors is not obtained. f. Other Long Term Liabilities include deposits of ₹83.39 lakhs for which balance confirmation is not on record. Balance of Security deposits and EMD for contracts which are finished are held in the account. Write off the balances is not done to the Extent of ₹14.41 lakhs. g. Other non-current assets shown in the Balance sheet as on 31st March 2023 include Earnest money deposit receivable amounting to ₹ 21.91 lakhs for which confirmation of balances from parties was not obtained. Further the above other non-current assets include ₹16.99 lakhs which are outstanding for a period exceeding three years for which no provision has been made in the book of accounts.
4	KMO – BANGLORE	a. Confirmation of balance and reconciliation statement not held for balances in party's account, and Collection account of KCCL.

		b. Employee benefits in the nature of leave encashment are not accounted in the Branch books. As informed, same will be accounted at Head Office. c. Branch has not made provision for interest on amount overdue to the MSME Vendors in accordance with the section 15 and 16 of The Micro, Small and Medium Enterprises Development Act 2006. d. The current liabilities as on 31.03.2023 (₹286.96 lakhs) is in excess of current assets (₹11.18 lakhs) as on that date and net worth of the Branch is negative (₹ 320.60 lakhs). And also the branch has incurred cash losses in the financial year and the immediately preceding financial year. This may indicate inability of the branch to meet its liabilities as and when it falls due for payment without Head office support, while the financial statements were prepared on a going concern basis. Management's assessment of preparation of financial statement as a going concern in accordance with SA 570 is accepted by us as it is a branch and Head Office support to meet liabilities as and when falls due for payment. e. Closing stock of ₹1.04 lakhs is carried forward from last a few years without any stock movement. f. Debtors of ₹52.16 lakhs (out of total debtors of ₹86.31 lakhs) and Creditors of ₹61.48 lakhs (out of total creditors of ₹207.64 lakhs) are outstanding for more than three years old. g. Financial statements figures are not rounded off as envisaged under schedule III of the Companies Act 2013. It was informed that rounding off will be ensured while consolidation of Branch accounts at Head Office level.
5	KMO – MUMBAI	a. Financial statements are shown in full figures instead of rounding off as envisaged under schedule III of the Companies Act 2013 (As per the latest notification issued by MCA dated 24th March 2021. F. No. 17/62/2015-CL-V-VOL-1). As undertaken by the company, rounding off will be ensured while consolidation of Branch accounts at Head

		Office level. Further as per the said notification, additional regulatory information is required to be mentioned in the standalone financial statement which has not been fully disclosed in the standalone Financial Statements of the Mumbai branch of the company. b. As per note no.1 of the balance sheet, the branch has no share capital. As though, the disclosure in the notes distinguishing between the various classes of capital and stating the particulars in respect of each class of shares is misleading and the presentation in Balance sheet to this extent is not correct. c. As per the Note No. 29 of the financial Statements includes exceptional items totaling to ₹ 192 Lakhs which in the branch opinion needs a separate disclosure to depict the performance of the branch for the current reporting period. d. As per Section 44 of CGST Act 2017, every registered person is required to furnish GSTR-9/GSTR-9C if the aggregate turnover exceeds ₹5 Crores in a financial Year. The total turnover of the branch exceeds ₹5 crores but the branch has failed to furnish the form GSTR-9 and GSTR-9C within the due date of 31st December 2023. Hence the branch is liable to pay the late fee as per section 47 of CGST Act 2017. Further it has also come to our notice that Branch has not filed GSTR 9 (Annual report) and GSTR-9C Annual reconciliation Statement for the financial years 2020-21 to FY 2022-23. e. The Branch does not account for the Deferred tax Asset / Liabilities in the branch books as per the requirements of Accounting standards- 22.It has been informed by the branch that the impact of the same will be dealt by the H.O. f. In the previous financial years the Branch had taken a premises on rent wherein they had given a security deposit for the rent amounting to ₹ 1 Lakhs to the tenant. During the year the branch has vacated the premises as the rent agreement was expired in the month of April 2022, however as on 31.03.2023 the branch has failed to recover the said amount along with the interest on the same.

		g. We have noted that the Branch have not paid the liability of RCM under GST as on 31st March 2023 for ₹1.76 lakhs CGST (RCM), ₹0.009 lakhs of IGST (RCM), ₹1.76 lakhs SGST (RCM) disclosed as per Note 9 of the financial statements. The above said amounts remain unpaid till the date of signing of Financials. h. There are some debtors showing credit balances amounting to ₹6.18 lakhs and some creditors showing debit balances amounting to ₹19.53 lakhs as on 31st March 2023, for which no confirmation is obtained by branch and hence we are unable to quantify the impact of the same on the financial statements. i. Provision for taxation is not provided at the branch level, the same has been provided at H.O Level.
6	INFORMATION TECHNOLOGY AND BUSINESS GROUP (ITBG), VELLAYAMBALAM	a. Confirmation for rent deposit amounting to ₹27.29lakhs shown under 'other deposits' in Note No.12 in the financial statements has not been received from the parties as on 31-03-2023. 'Therefore existence, correctness and completeness of the same could not be verified by us. b. The Service Tax account shows a debit balance of ₹10.62lakhs as on 31.03.2023 due to service tax payment made in the year 2017. Since the corresponding sales were reversed, there was no service tax liability for the unit. Hence, a request for refund has been made for the entire excess amount paid, which is pending with High Court of Kerala. Further this amount has been wrongly classified under current assets. c. The unit has "VAT credit receivable (Inputs) account" showing a debit balance of ₹ 27.06 lakhs as on 31.03.2023, which is the result of excess VAT credit and cash payments made in previous years It is informed by the management that a refund application was made before the Asst. Commissioner GST, Trivandrum, for ₹ 27.06 lakhs which is still pending. Further this has been wrongly classified under current assets.

<table>
<tr>
<td></td>
<td></td>
<td>d. The company has not renewed rental agreement of the current parties whose details are as follows: -
<table>
<tr><th>SI.NO</th><th>Party Name</th><th>Rental Agreement Expiry Date</th></tr>
<tr><td>1</td><td>Calicut Municipal Corporation- 3300 square feet.</td><td>15-06-2020</td></tr>
<tr><td>2</td><td>Municipal Corporation Kozhikode-3388 square feet & 1301 Square Feet.</td><td>16-10-2019</td></tr>
</table>
</td>
</tr>
<tr>
<td>7</td>
<td>KELTRON CONROLS DIVISION (KCA), AROOR</td>
<td>a. Note 8 (Current liabilities) and Note 4 (other long-term liabilities) shows an item, advance received from customers which should be classified as creditors under the head current liabilities and not under the head non-current liabilities.

b. Provision for taxation is not provided in the divisional level, the same has been provided at H.O Level.

c. Provision for gratuity is unable to be verified as per accounting standards as it is a divisional audit. Further, the expert valuation for provision for gratuity has not been received and it is informed that valuation is at H.O Level.

d. The interest of ₹3.89 lakhs has been debited to profit and loss account which is payable to H.O based on allocation of loan from KSIDC, however we are unable to verify the mode and way of calculation of said Interest on loan.

e. The valuation of loose tools and jigs are made by providing depreciation as per the explanation. However, the said method of valuation is not according to accounting</td>
</tr>
</table>

		practices and principles following in India, in case of loose tools being it has to be valued as per AS2. f. We are disagreeing with the way of presentation of sundry debtors under Non-current asset based on its delay in receipt, and the same has to be disclosed under current assets instead of reporting under note 13. non-current assets and correspondingly Note. no. 15 is also incorrectly presented. g. In our opinion, the presentation of balances concerning long term liabilities, bank balances, interest debited, advance from customers necessitates improvements to ensure alignment with the requirements stipulated as per Companies Act, 2013. h. Provisions, including but not limited to those for doubtful advances, and bad debts amounts to ₹ 326.81 lakhs were observed to have not been debited to the Profit & Loss account despite their significant impact on profit. It has come to our attention that these provisions are managed centrally at the Head Office level and consequently debited to the Head Office account rather than being reflected in the Profit & Loss account.
8	KELTRON COMMUNICATION COMPLEX (KCC), MONVILA	a. VAT credit receivable account as shown in Note 17 of the financial statements amounting to ₹43.09 lakhs being excess VAT payment made in earlier year As informed by the management, refund application has already made to recover this amount. b. The unit is having General sales tax with a debit balance of ₹2.39 lakhs in respect of previous years for which no details has been provided for our verification. Hence the said amount may be written off after getting approval from the Head office. It is found that a provision has been created by the unit under "Provision for Doubt Advances" for the said amount.

		c. Under Capital Reserve as shown in Note No:2 an amount of ₹5.20 lakhs was found stagnant for more than 7 years as "Subsidy for printed circuit". This may be written back after getting due approval from competent authority. d. The unit has shown Excise deposit amounting to ₹1.69 lakhs which is kept stagnant for a longer period of time for which no confirmation was obtained. Therefore, we are not able to verify the correctness of the same. It is found that a provision has been created by the unit under "Provision for Doubt Advances" for the said amount. e. The unit has shown Excise paid under protest amounting to ₹1.27 lakhs which is kept stagnant for a longer period of time for which no confirmation was obtained. Therefore, we are not able to verify the correctness of the same. f. "Advance -Others" shown under long term loan and advances in Note No:12 to the Balance sheet includes MODVAT credit to the tune of ₹0.23 lakh which has been outstanding for more than 10 years Since the confirmation for the same is not made available for our verification, we are unable to confirm the correctness of the balance outstanding as on 31-03-2023. It is found that a provision has been created by the unit under "Provision for Doubt Advances" for the said amount. g. The Unit is reflecting a credit balance of GST TDS receivable of ₹1 lakh as on 31st March, 2023. h. Raw Materials, Work-in-Progress and Finished Goods are certified by Management. Loose tools and jigs balance as at 31st March are depreciated at rate of 25%. i. Warranty provision is created based on the inputs provided by the TSD department. j. In respect of Accrued liability we have observed stagnancy for the following accounts:

<table>
<tr><td></td><td></td><td>
<table>
<tr><th>Particulars</th><th>Balance in ₹ as on 31-03-2023</th><th>Amount Outstanding for more than 3Years in ₹</th></tr>
<tr><td>Unpaid Bonus</td><td>24,18,771</td><td>1,73,944</td></tr>
<tr><td>Unpaid Ex-gratia</td><td>11,16,248</td><td>32,395</td></tr>
<tr><td>Unpaid Audit fees</td><td>2,99,100</td><td>77,000</td></tr>
<tr><td>Unpaid Professional Tax</td><td>1,72,680</td><td>1,72,680</td></tr>
</table>
</td></tr>
<tr><td>9</td><td>KELTRON EQUIPMENT COMPLEX (KEC), KARAKULAM</td><td>a. Keltron-KEC has been providing Gratuity in the books of accounts based on Actuarial Valuation. For the FY 2022-23, provision of ₹ 187.37 lakhs has been made in books whereas the provisions of previous year was, ₹ 78.38 lakhs. (Note No: 23 to Financial Statements).

₹ 35.05 lakhs is due to be paid to 39 employees whose employee code has been changed post closure of IDCP (ID card Project Group) Unit, one of the 5 strategic business unit (SBU) of Keltron KEC during the FY 2021-22. The same will be received from Gratuity fund since the employees joined after 2014. This is Shown under Current Liabilities and Other Receivable respectively in the Financial Statement. Note No: 46.

Keltron has constituted a Gratuity Scheme with LIC with effect from 01.06.2014 for the officers/mangers/executives/management staff and supervisory staff having balance service of 10 years & contract employees vide KSEDC 229th board meeting minute dtd 31.03.2014. KEC is providing Gratuity for the entire employees based on the actuarial valuation. Head office is making payment to Gratuity fund which is being accounted against provision for Gratuity in Head office Books of accounts. Payment to Gratuity fund is not reflected</td></tr>
</table>

		in Unit account as the same is difficult to segregate among units. We feel that the provision for Gratuity liability is overstated in Unit accounts as unit does not have liability to pay gratuity for those employees joined after 14.06.2014 and those having balance service of more than 10 years as on 14.06.2014. This also affect the profitability of the unit to such extent. b. Unit has a policy of accounting Retention Money and Security Deposit deducted from Suppliers and deducted by customers in the corresponding account of Sundry Creditors and Sundry Debtors itself. Hence liability and assets of Retention Money and Security Deposit are merged with Such accounts. This treatment has impact on the balance of Sundry Creditors and Debtors which we are unable to quantify. Similarly liquidated damages deducted from creditors and deducted by customers are accounted in creditors and debtors account instead of treating the same as income/expenses. As reported in Draft Internal Audit Report, an amount of ₹1163.63 lakhs has been deducted by debtors as liquidated damages which is adjusted in the Sundry Debtors accounts. Unit has already made provision for doubtful debts of ₹ 571.50 lakhs which is included in this amount as confirmed by the management. Hence the Expenses of the unit is understated to the extent of Liquidated damages reported in Internal Audit report reduced by amount of provision already created ie, ₹ 592.13 lakhs and thereby impacted the financial results. c. In Sundry debtors, there is receipts of ₹ 144.17 lakhs which is yet to be identified. Similarly, an amount of ₹ 6.56 lakhs relating to GST TDS also to be identified and allocated to respective Debtors Since these amounts are not reflected in corresponding Debtors account, the accuracy of party wise receivable is affected to such extent.

		KEC has created provision for bad and doubtful debts of ₹ 571.50 lakhs on the basis of special audit of debtors conducted in previous years considering the debtor balances till the year 2015. No such audit was conducted for debtors thereafter. Hence no further provision is made and the old provision is continuing. Total debtors as on 31.03.2023 is ₹9878.16 lakhs out of which debtors outstanding for more than 3 years is ₹ 3493.46 lakhs for which no provision has been created till the date of audit. Also, Unit is having debtors from IDCP unit amounting to ₹818.12 lakhs IDCP unit was phased out during FY 2021-22 and there is real uncertainty in recovering this amount. However, no provision was created for this amount also. We have also observed difference in debtors balances as per the report generated from Marketing department and the same as per books of account. We have been orally informed that the process of reconciliation of these balances starting from the year 2015 is under progress. d. We observe that the method adopted for absorption and allocation of labour charges and other overheads are not supported by uniform policies and calculations. We feel that this will have an impact on the allocation of overhead in different SBUs in arriving at value of work in progress and consequently affect the profitability of KELTRON-KEC. However, we are technically unable to quantify its impact on Financial Statements. Work In progress includes ₹ 248.214 lakhs where 70% of work is completed as on 31.03.2023, however not billed till the date of Audit. e. Physical verification report of Inventory and Property, Plant and Equipment of unit does not contain quantity as per books of account. Hence comparison of physical stock with that of stock register is not available in these reports. We

feel that the purpose of conducting physical verification is not complied with the present format of report.

On our random verification of purchases, we have observed that product code of some of the items are not found in Goods Receipt Cum Inspection Report. Hence not reflected in the Stock Value. We have been informed that these inventories are issued directly to the site as per requirements, hence do not form part of Unit inventory.

We have not been provided with any confirmation of Inventory if any at ER&DC department, which is the Research and Development wing of KSEDC, where the R&D activities of KEC products are also carried out.

As per KEC policy, Stock which are non-moving for more than 5 years will be classified as Non-moving stock. As per Draft of Internal Audit report, there is raw material stock of ₹ 1.54 lakhs which have no movement for more than 5 years but they are still included in the list of moving stock. Unit has not made any provision for such obsolete Stock.

f. During the year ₹ 15.9 lakhs has been incurred by the Unit towards Research &Development expenses as follows:

Items	Amount(in lakhs)
BMS	1.62
Critical Care Ventilator	0.8
ER&DC plan fund	0.09
General	8.65
Research & Development of Lithium Batteries	3.84

Fabrication of UPS 72V	0.33
Pulse Oximeter and Solar Pump	0.56
Total	15.89

Unit follows the policy of writing off 33.33% of R&D expenses every year

g. No provision for leave surrender salary has been made in the books of account of Keltron KEC. As stated in Note No: 47 Provision for the same will be made at the time of consolidation of Financial Statement at Head Office.

h. No details are available at Keltron-KEC regarding long pending accrued liability of ₹147.75 lakhs. We have been informed that these liabilities pertain to 1990s related to unknown Excise dues.

i. Unit has been following the policy of providing warranty at 2% of sales on SPG (Special product Group) products and 3% on PEG (Power Electronic Group) products every year. Expired warranties will be removed from the provision each year. However, unit is not making any adjustments in the provisions if any repairs are taken place during the warranty period by ascertaining the cost of repairs. We feel that this will be having an impact on the provision of warranty expenses and thereby on the profitability.

Also, Unit has not provided for warranties on Contracts where significant portion of the work has been executed by subcontracting as unit gets warranty from subcontractors.

		j. Books of account includes provision for advances of ₹ 3.18 lakhs which is provided against advance given to Creditors, cases of which are pending for settlement. k. Accrued income is reduced from ₹ 84.98 lakhs to ₹ 35.57 lakhs during the FY 2022-23 which is mainly consist of AMC charges. We have been informed by the Management that around 18.50 lakhs of this reduction are due to the fact that invoice for the said amounts was raised before the end of AMC Period. Hence accrued income is impacted to such extent. The accounting policy of KEC states that In the case of annual maintenance contracts, the income is spread evenly over the period of contract". However, KEC has been following the policy of accounting income receivable only when invoice for AMC is raised in the subsequent year instead of apportioning the income over the AMC Period. Hence, we feel that there is understatement of AMC charges in the Financial Statement. l. Section 15 of the MSMED Act mandates payments to MSMEs within the time as per the written agreement, which cannot be more than 45 days. If there is no such written agreement, the section mandates that the payment shall be made within 15 days. Section 16 of the MSMED Act provides, if payment is not made within the time limit specified under section 15, then the interest payable shall be three times of the bank rate notified by the RBI. Unit has not worked out any such liability on dues to MSME Creditors which is amounting to ₹ 11,29.64 lakhs

We have relied upon the classification of Trade payable to MSME and Non MSME provided by the management.

m. Sundry creditors include ₹ 12.29 lakhs of M/s Ultra Life Batteries regarding which a case is pending at Sub Court Trivandrum in connection with battery explosion and other damages occurred at KEC. We have been informed that the case is dismissed on nonpayment of balance court fee. The same is shown in Note No: 4(1) Trade Payable-disputed dues to MSME of Financial Statements.

n. The Commodore, Integrated Head Quarters, Ministry of Defence requested KSEDC to depute suitable service engineer to Kaliningrad, Russia for the installation activities of Keltron Echo sounder V3.1 system (I Set) based on the agreement entered into by the Indian Navy with Keltron for a supply of two sets of Keltron Echo sounder V3.1 Teg Class ships being built in Russia. (Yantar Shipyard). Accordingly, Shri. Anoop P R & Shri. Anoop Krishnan K was deputed as per Govt Order (G.O. (Rt)No.752/2021/ID dated 19/07/2021.

Total travelling expense incurred for Russian Tour for the current year — ₹7.07lakhs

Date of Visit	Name	Designation
28-11-2022	Anoop PR	Engineer
28-11-2022	Aneesh Kumar K	Sr. Engineer
18-01-2022	Vishnu T V	Technical Assistant
18-01-2022	Nikhil V P	Engineer
25-08-2021	Anoop Krishnan K	Engineer
25-08-2021	Ebi John E	Technical Assistant

o. There is considerable increase in Bank Charges from ₹ 1.39 lakhs to ₹ 12.34 lakhs during the year 2022-23. We have been informed that this increase is mainly due to the increase in inventory storage charges debited by bank, the increase of

which will be in line with the number of days of delay in release of payment to creditors by the unit.

p. Unit is writing off 25 % of all Tools, Jigs and Fixtures in every year as per the Company Policy. Since each tool is used for different purpose and in different capacity, the wear and tear may differ from item to item. We are unable to comment whether this percentage of write off is optimal for all kind of tools, jigs, and fixtures.

q. KEC participated in Defence Expo 2022, which was held between Oct 18-22 at Gandhi Nagar, Ahmedabad, Gujarat. From SPG Unit, Mr. Midhun Shankar (Head), Mr. Vinod, Mr. Nikhil, Mr. Malik and Mr. Anoop P R were participated in this expo. Following are the expenses incurred for the same:

Particulars	Amount In lakhs
Registration (Including GST@.18%)	0.47
Hall Booking (Including GST @18%)	5.19
Travelling Expenses for Staff	2.08
Other Expenses for Staff	0.19
Total	7.93

r. It was decided in the Board meeting held on 22nd July,2021 to permanently close the Marketing Office in the state of Andra Pradesh and Telangana and shall be handled through KMO-Bengaluru., Accordingly, it has been decided to close the books of accounts of KMOHyderabad with effect from 31st March 2022 and the balances has to be moved to KMOBengaluru. Currently th e balance of KMO-Bengaluru ₹9.19 lakhs shows the balance of KMO-Bengaluru and KMO-Hyderabad.

s. KEC has received the balance of dues of ₹209.55 lakhs on 08.02.2023, being 50% withheld by Election Commissioner

on breach of SLA agreement entered into with Keltron and resulted in Data Leakage, in pursuant of the Supreme Court Verdict.

t. Keltron Equipment Complex (Keltron-KEC) has capitalized ₹289.39 lakhs as Intangible Asset under development during the year 2022-23 on receipt of Invoice, which is detailed below .Since no completion certificate is received from the technical department, no amortization is calculated and provided on these amounts:

Particulars	Amount in lakhs	Remarks
Ist Installment SES-MK2	41.33	Input credit already availed ₹7.44lakhs in 2020-21 and accounted during the year 2022-23
IInd Installment SES – MK2	41.33	Input credit availed and accounted during the year 2022-23 ₹7.44 lakhs. An amount of ₹59,712 is still payable to CDAC in this installment.
IIrd Installment SES-MK2	41.33	Input credit availed and accounted during the year 2022 23 ₹7.44 lakhs. An amount of ₹0.60 lakhs is still payable to CDAC in this installment.
IVth InstallmentSES-MJQ	82.67	Input credit availed and accounted during the year 2022-23 ₹14.88 lakhs

		Vth Installment ES-MK2	82.67	Input credit availed and accounted during the year 2022-23 ₹14.88 lakhs. However, GST of ₹14.88 Lakhs is not paid to CDAC.
		Total	**289.33**	

Intangible Asset Under Development also includes ₹42.37lakhs, the project of which is pending for more than 3 yea₹ As per the agreement, Keltron – KEC shall pay royalty at 5% of the order value excluding taxes on the units manufactured using the technical know – how during the validity of agreements. Keltron – KEC has been paying royalty to C-DAC for the last couple of years. In 2022-23 also Unit has been provided ₹88.87 lakhs towards royalty payment.

Unit has entered into an agreement with M/s Altron Digital Systems Pvt Ltd on 10.04.2021 for the transfer of technology and royalty was calculated at ₹0.01 lakhs for the first 400 units of sale. An amount of ₹0.51lakhs was provided for royalty for the year 2022-23 However, we have not been provided with calculation of such royalty. Hence, we are not sure whether the current year provision of royalty was computed as per the terms of agreement.

u. In the case of Advance given to suppliers from FY 2017-18 to FY 2020-21 of ₹3.74 lakhs is pending for settlement till the date of audit. Similarly advance from customers amounting to ₹250.69lakhs is yet to be billed from the Financial Year 2014-15 to 2020-21 till the date of audit.

v. Accrued salary includes salary and wage revision arrears from 2012 till 2020 which amounts to ₹66.30 lakhs. Out of this, ₹60.60 lakhs (15% of total wage and salary revision

		arrears including the amounts disbursed till date also) is kept aside as per the instruction from Head office and balance settled during the current financial year. The unit is uncertain about the further utilization/treatment of this amount. w. KEC has paid security deposit to KSRTC, BSNL and various other parties amounting on ₹8.34 lakhs which has not been recovered till the date of audit. Out of these deposits ₹11.63 lakhs is pending recovery for more than 5years. x. We observe considerable delay in accounting the purchase of materials though the materials were arrived and invoice was raised by party. Goods in transit as on 31.03.2023 includes ₹11.84 lakhs purchase of which is accounted after 2 months from 31.03.2023. We have been informed that, this delay is due to the inspection of goods by QA and QC department. As a result of this, many purchases pertain to one FY gets accounted in next FY only in the books of accounts. Similarly, unit takes GST Input on such goods as and when party raises the Invoice, but corresponding purchase is accounted only in the next FY. y. Units is collecting and remitting Employer's Contribution to ESI along with employee contribution from Kudumbasree Staff, Outside Contractors and Canteen Contractors. Since the respective employers has no ESI registration and being a principal employer, Unit is collecting and remitting both the contribution from the workers as directed by ESI authorities. z. Unit has taken a BG No:0435023BG0000024 dtd 25.01.2023 for ₹6.82lakhs. Bank has taken 100% of margin by debiting he

		same amount as FD(TDRNo:41616192777) which is repayable only after the term of BG ie, 31.12.2023. aa. There is 106% increase in Overtime Allowance from ₹32.72 lakhs to ₹67.67lakhs during the year, while there is reduction in sales by 9.87%. ab. Accrued liability included ₹ 53.63 lakhs payables to Subcontractors from the FY 2015-16. It was ₹58.74 lakhs till FY 2021-22, decline of which was due to settlement of some of the liabilities of IDCP unit. ac. ESI Payable includes ₹1.57 lakhs being ESI-employee and employer contribution from employees who have resigned from services from 2017 to 2023.Unit is unable to pay this amount since their code was already removed from ESI site. ad. During the year EMD of ₹0.50 lakh which is debited from party Account (ACM Electricals) in 2014 and not credited to unit account due to the absence of AOC signature, was refunded from out of pocket during the year 2022-23. Also, ₹1.30lakhs being unclaimed EMD written back during the year 2018-19 was released during the year 2022-23 on demand. Both these transactions are accounted as prior period expenses. Prior period items also include ₹50.40 lakhs, being VAT liability pertain to prior financial years determined by VAT dept through order and will be adjusted against refund receivable of ₹59.81 lakhs. Hence Refund receivable as on 31.03.2023 is ₹9.41 lakhs in book of account as determined by department .Though the unit has accounted the VAT liability as determined by dept ,unit has challenged the calculation of interest amounting to ₹7.31 lakhs by an appeal against the order .Hence as per the unit working, refund receivable will be ₹16.72lakhs.

Including this, KEC has accounted ₹53.59 lakhs towards prior period items (Net)due to the omission of certain entries in previous years as disclosed in Note No:37.

ae. EMD of ₹ 10.95 lakhs is receivable on various projects from 2016-17-2021-22. No confirmation is there for the recoverability of these amounts.

af. Unit has not collected and remitted Income Tax TCS on sale of scrap amounting to ₹ 6.46 lakhs.

ag. No confirmation of balance has been received for Current Account balances with Subsidiaries: KECL ₹6.90 lakhs(Dr)and KCCL ₹2.13 lakhs(Dr).

ah. Impairment has not been assessed and quantified on the Property, Plant and Equipment. Since FY 2014-15.Hence Accounting Standard-28 is not adhered to that extent.

ai. No External confirmation has been collected by the company for Sundry Debtors, Creditors and Advances. Hence Balance represents book figures.

Following table shows the amount of creditors outstanding for more than 3years:

Particulars	Amount in lakhs
Sundry Creditors for Purchase	766.09
Sundry Creditors for Purchases of Services	91.02
Sundry Creditors for Expenses	1.45
Total	858.56

		We have been informed that out of this ₹12.65 lakhs will be settled during the subsequent FY. An amount of ₹23.85 lakhs relate to Creditors of IDCP unit is still pending for settlement and no further movement is observed till the reporting date. aj. Interest on loan from KSIDC and KFC amounting to ₹18.32 lakhs and ₹45.63 lakhs respectively is accounted in unit books while the corresponding Loan account is in Head Office-KSEDC Vellayambalam-Note No:24. ak. Keltron has taken a medical insurance scheme for those employees who are not subject to ESI Coverage to provide medical benefit to such employees.₹35.77 lakhs was paid by HO towards insurance for such permanent employees of KEC .This amount is accounted as medical aid in the books of account. al. We have been provided only with the draft Internal Audit Report for the FY 2022-23.Hence the figures adopted from the Draft Internal Audit Report is subject to the changes upon finalization. We have considered the major points raised by the Internal Auditor's which has bearing on the Financial Statements. am. Unit has not filed GSTR 9C Audit report for the FY 2017-18 to 2019-20 (3years) and 9C Reconciliation Statement for the Financial Year 2020-21 and 2021-22 till date. an. Cost Audit of the Company was completed till Financial Year2019-20 only. ao. During the year ₹2.48 lakhs was lying as balance in

		Customs Deposit, which is customs duty and IGST on one import from USA with invoice date on 20.02.2023 which will be transferred to Customs Duty Expenses and IGST as and when the purchase is recorded. ap. Subcontracting charges was decreased by 54% from ₹811 lakhs to ₹374 lakhs during the year. We have been informed by the management that, this decline was mainly due to Reduction of labour billing in the SSG unit and orders relate to the Solar in the PEG unit which constitute the major portion of the same. aq. KEC has paid IGST @5% on ₹410.44 lakhs instead of 18% from one of the parties (Bharath Electronics Ltd).The same has been amended in GSTR1 and GTSR3B of April and May 2023. ar. Statutory Audit Report on Financial Statement of KSEDC for the FY2018-19, 2019-20 and 2020-21 was adopted in the Company Annual General Meeting held on 07.09.2023. as. Note No:31 regarding cases where Contingent liability not provided and Note No:42 and 43 regarding Interest on Excise duty payable and ESI dues. ar. Unit has accounted ₹240 lakhs as share of Head office Expenses as per the sectional debit advice raised from Head office. at. Proviso to Rule 3(1) of the Companies (Accounts) Rules 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not

		applicable for the financial year ended March 31, 2023.
10	KELTRON LIGHTING DIVISION (KLD), KOZHIKODE	We draw attention to Note 31. to the Financial Statements wherein contingent liability has been disclosed related to matters disputed in appeal with respect to Customs duty payable on import of DEK Stencil Printer in the year 2018. We have not received any updates on appeal proceedings from the attorneys regarding this pending litigation against the order passed by the Joint Commissioner of Customs. Though the division has disclosed a contingent liability of ₹4.66 lakhs in the financial statements as an impact of the matter on the financial statements, in the absence of any underlying documents and updates on the matter, we are unable to satisfy ourselves the adequacy such contingent liability and ascertain the impact of such pending litigation on the financial statements. Our opinion is not modified in this matter.

Our opinion is not qualified in respect of this matter.

Other Matters:

1. We did not audit the financial statements of 6 units and 6 KMOs of the Company, whose financial statements reflect total net assets of ₹(20039.20) lakhs as at March 31, 2023, total revenues of ₹47243 lakhs and net cash outflow amounting to ₹3125.20 lakhs 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.

2. Attention is also invited in respect of Units and KMO's audited by unit/KMO auditors, of the points included under Other Matter Paragraph which are listed here below:

Sl. No.	Units	Other Matters
1	KELTRON LIGHTING DIVISION (KLD), KOZHIKODE	a. Balances under Trade payables, Accounts payable, Deposit from Subcontractors, EMD from contractors, Retention money from contractors, Sundry creditors for expenses, Advances from Customers, Trade receivables, Advances made, and security deposits have not been confirmed by the respective creditors or debtors. These accounts have not been subjected to reconciliation. Our opinion is not modified in this matter. b. The net loss of the Division during the year Nil (PY ₹114.46 Lakhs) and the total accumulated losses is ₹1,543.79 Lakhs (PY ₹1,626.60 Lakhs). The Division operates with the financial supports from other associate units/divisions under the parent company and the division owes ₹ 2,321.96 Lakhs (PY ₹2,299.07 Lakhs) to these associate entities. A material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. However, it is expected that such financial support from these associate entities will continue to be provided in future to the division without any disruptions and doubts on the division's ability to continue as a going concern. c. We have noticed a few instances of delay in filing TDS/ GST returns. An amount of ₹0.03 lakh has been incurred due to late filing/payment of GST, Kerala Flood Cess returns

		and EPF contribution payments within the respective due dates. d. It is represented that the division has adopted a policy of not availing Input Tax Credits on those inputs and input services related to Hearing Aid Production, Capital Assets, and availing proportionate ITC on common overheads. However, no policy documentation seen maintained with respect to those common expenses for which proportionate input tax credits to be availed. The Net Input Tax credits available as per GSTR portal (GSTR 2A) for the year was ₹ 1,04.83 lakhs. However, as per books, the total availed ITC was ₹ 87.27 lakhs. The reasons for difference of ₹ 17.56 lakhs is identified and explained to us as follows: i. On hearing Aid related inward supplies ₹ 15.16 lakhs treated as ineligible. ii. Proportionate ITC not Availed on Common expenses not availed ₹ 1.20 lakhs iii. ITC not booked on Capital Assets purchases ₹ 0.50 lakhs iv. Due to the invoices wrongly uploaded by suppliers not pertaining to the division ₹0.70 lakh. Accordingly, neither ITC nor related costs has been recognized in the books on these wrongly uploaded invoices. We have also noticed many instances of booking division's expenditures using payment/Journal vouchers without routing these transactions through supplier accounts which could cause in missing of eligible ITC's to be brought into books and resulting in additional cash outlay for the division. e. No Proper authorization found on Journal vouchers prepared and accounted. We have noticed cases of JV's signed only by the person who prepared the vouchers.

		f. SMT (Surface Mount Technology) machine and its related and supportive machineries with gross book value of around ₹220 lakhs which is a major asset and constitutes 46% of the total gross book value of fixed assets owned by the division, is not functioning and fully idle without any productivity and completely in halt. These machineries were supposed to be an integral part of the entire production process of the division in the manufacture of PCBs for hearing aid and other products. Presently such PCB works are being outsourced by the division and incurring extra costs on it and evidencing significant deterioration in earning capacity of the division. During the year the division has incurred repair charges of ₹ 12.36Lakhs on this SMT machine for bringing it into functional mode but has failed. Such expenses are charged to the profit and loss account during the year. No head office approval found on record for incurring such repair charges during the year. g. The amount of ₹12.98Lakhs accounted for as Royalty has been paid to the Centre for Development of Advanced Computing (CDAC) for use of their IC chip (NAADA ASIC) in the manufacture of Hearing Aids. Such payments are direct expenses in nature, but these costs are shown as other indirect expenses. Treating such expenses as non-operative in the profit and loss account of the division is not correct. h. Following expenses aggregating ₹9.49 Lakhs incurred towards sale of Hearing Aids and for Lighting Projects undertaken by the division are disclosed as non-operative expenses although these are operative expenses in substance and to be classified and disclosed separately.

		i. Hearing Aid Programming Charges ₹5.62 Lakhs ii. Audiologists Fees ₹ 1.2 Lakh s iii. Camp Expenses ₹0.61 lakh iv. Hearing Aid Packing Materials ₹ 0.76 lakh v. Ear mould Fitting Charge ₹ 0.14lakh vi. Audio Meter Rent ₹ 0.06 lakh vii. Hearing Aid Labels and stockers Printing charges ₹ 0.32 lakh viii. Other incidental expenses on lighting Projects ₹0.74 lakh ix. Other expenses ₹ 0.04 lakh The Disclosure of above expenses in profit and loss statement of the division is not correct. i. Physical Cash Book/Register seems not maintained properly and there is no evidence of periodic / surprise physical verification by senior officials during the year. Also, denomination of notes and coins held for the balance cash each day were also not mentioned in the cash book/register. Further we have noticed Cash payments exceeding the authorized limits per transaction under printing and stationery, postage and telegram repairs and maintenance (building and others), sundry expenses and travel expenses. j. The division has not availed any funded facilities from banks, financial institutions and other entities during the year. Non funded facilities (Letter of Credits) have been availed from banks against 100% cash margin with respect to import of raw materials for the production of hearing aids. The LC balances outstanding as of 31st March 2023 was USD 12,600/- equivalent to INR 11,75,000.

		k. Provision for warranty expenses is made based on past experience but adopting different criteria for creating such provisions at the year end. No formal policy document regarding such provisions is available for our verification. As per the workings provided, we have noticed that past experience of the division shows excess provisions created were written back to books from 2019 to 2023. The provision against warranty expenses opening balance was ₹ 38.15Lakhs and act ual expenses incurred during the year was ₹ 29.9Lakhs resulting in an excess provision Of ₹ 7.83 Lakhs and the same was written back during the year. The current year's provision made was Rs 28.11Lakhs, which is expected to be sufficient based on the past trends. l. An amount of ₹ 1Lakh carried over from earlier year EMD received from contractors Enetech Energy Managers PVT Ltd ₹ 0.50lakh and Illuminato Lighting Technologies ₹ 0.50lakh. These deposits are very old and non-moving in nature without any confirmations. m. As per the explanation provided to us, TDS Demand of ₹ 0.06 lakh (₹ 0.01lakh for the FY 2009 -10 Q4 and ₹ 0.05 lakh for the FY 2010-11 Q4) showing in the TRACES site is due to technical reasons only and necessary communications have been provided to the department and matter has been taken up with the department to cancel the demand as there is no liability as such prevailing in substance. n. During the year division has received advances of ₹ 23.84 Lakhs against works contracts from Secretary Moonilavu

		Grama Panchayat and Thiruvalla Municipality on 30th April 2022. However, the GST liability on such services was paid at the time of issue of invoice on 14th July 2022. As per CGST Act 2017, "supply" shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment. In the case of the supply of services, if the advance is received before the issue of the invoice, then the time of supply would be the date of receipt of the advance from customers. The GST liabilities under these contract payment advances ought to have been settled at the time of receiving such advances. o. We have noted the following discrepancies on documents with respect to LED lighting projects undertaken by the division during the year as stated in the "basis for qualified opinion clause" above. (i) No records seen maintained regarding purchase, issue, progress work, installation stages of completion, work completion certificates etc. (ii) Invoicing to the customers is made on lumpsum and not based on stages of completion. (iii) Invoicing to the customers with respect to fully subcontracted works (TP) was immediately upon receipt of subcontractor's invoices on back-to-back basis without any reference to actual completion of projects. (iv) Many cases are noticed with 100% invoicing done before obtaining work completion certificates from the customers. (v) Noticed many instances of works executed without work orders received from customers and agreements signed by them.

		(vi) E. Tender documents for awarding works to subcontractors are not available for our verification in many cases. (vii) Head office approval is not seen recorded on few projects awarded to subcontractors having contract amounts below ₹ 10Lak hs. We have been informed that, Head Office approval is required for project value awarded up to ₹ 10Lakhs. (viii) Work orders to subcontractors are not available on record in many cases. (ix) Contracts agreements though executed but are not signed by the subcontractors in many cases. (x) Neither security cheque nor bank guarantees with validity until the expiry of warranty period found obtained against many projects. (xi) Work completion certificates by subcontractors are not obtained for many projects. (xii) As per the policy regarding back-to-back projects, the division is supposed to release the payments to subcontractors only after getting payments from customers. However, we have noticed cases where subcontractors were paid off fully before collecting those project payments from customers.

2	KELTRON TOOL ROOM CUM TRAINING CENTRE (KTTC), KUTTIPURAM	a. Balances under Trade payables, Accounts payable, Deposit from Subcontractors, EMD from contractors, Retention money from contractors, Sundry creditors for expenses, Advances from Customers, Trade receivables, Advances made and security deposits have not been confirmed by the respective creditors or debtors. These accounts have not been subjected to reconciliation. Our opinion is not modified in this matter. b. The net loss of the Division during the year is ₹81.87 Lakhs (PY ₹73.90 Lakhs) and the total accumulated losses is ₹593.24 Lakhs (PY ₹511.37 Lakhs). The Division operates with the financial supports from other associate units/divisions under the parent company and the division owes ₹942.43 Lakhs (PY ₹ 905.66Lakhs) to these associate entities. A material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. However, it is expected that such financial support from these associate entities will continue to be provided in future to the division without any disruptions and doubts on the division's ability to continue as a going concern. c. We have noticed several instances of delay in depositing TDS amounts and filing GST /TDS Returns. TDS deducted amounts aggregating ₹0.15lakh accounted as TDS payable as of 31st March 2023, were neither paid on time within the due dates nor shown in the quarterly TDS returns for the year 2022-23. It was also noted that the total Interest paid by the division on delay in depositing TDS during the year 2022-23 ₹0.07lakh and Interest and late fees incurred on account of GST return ₹0.49 lakh.

		d. We have noticed un-availed GST ITC credits of IGST ₹ 0.02lakh, CGST ₹0.04 lakh and SGST ₹0.04 lakh which are appearing at GST Portal as per the invoices uploaded by the suppliers. We were unable to verify the respective expenses booked under these invoices as the accounting system did not show any transactions covered under these invoices routed through the respective supplier accounts. These expenses are mainly under small payments for repairs, printing and stationery and Telephone charges resulting in loss of ITC credits. We have also noticed many instances of booking division's expenditures using payment/Journal vouchers without routing these transactions through supplier accounts which will cause in missing of eligible ITCs to be brought into books and resulting in additional cash outlay for the division. e. As per invoices uploaded by the supplier in GST Portal, we have noticed that there was one invoice uploaded by the supplier "Alleppey Parcel Services LLP" which attracts GST payable on RCM basis. The taxable value of such supply is ₹0.004 lakh and applicable RCM ₹0.0002 lakh (CGST and SGST). Neither RCM Liability nor ITC under RCM have been booked/ claimed by the Division during the year. f. No Proper authorization found on Journal vouchers prepared and accounted. JVs are signed only by the person who prepared the vouchers. g. We have noticed the following discrepancies regarding payment vouchers and expenditure booking.

		Voucher No	Payment Mode	Payment Date	Account	Payee Name	Amount	Discrepancy
		3	Bank	07-04-2022	CONVEYANCE	JACKSON	0.16	No proper authorisation.
		59	Bank	14-06-2022	RM BLGD	JK ENTERPRIS-ES	0.84	No tax invoice available in record. Payment processed based on quotation/ estimate with GST. Expenses booked based on the quotation without proper Tax Invoice.
		110	Bank	05-09-2022	Other Sundry expenses	Staff	0.07	Festival Allowances to staff booked under Other Sundry Exp
		144	Cash	01-10-2022	Convey ance	JACKSON	0.06	Cash payment exceeding authorised limit
		121	Cash	05-09-2022	Other Sundry expenses	Staff	0.03	Cash payment exceeding authorized limit

		80	Cash	25-06-2022	Other Sundry expenses	Cash expenses	0.03	Cash Payment exceeding authorised limit
		122	Cash	06-09-2022	Other Sundry expenses	Cash expenses	0.08	Cash payment exceeding authorised limit
		h. We have been provided with a list of Plant and Machinery comprises of CNC/Conventional machines and other machinery items held by the unit with remarks "working" and "not working" against each machinery. We have noticed many of the conventional machines under this list are with remarks "Not working". The aggregate net book value of machines with remarks "Not Working" as per the fixed assets register maintained by the units amounted to ₹ 27.61 lakhs which constitutes 27.4% of the total Plant and machinery value of the division evidencing significant deterioration in earning capacity of the Division.						
3	KCA-AROOR	The division was under profit during immediate previous year and report profit of ₹ 22,53.56 lakhs. for the year 2022-23. Being the profit includes supplies to various government entities including Grama panchayath's and Municipalities, in our opinion, the organization may expands its consideration of related parties to include such entities for comprehensive disclosure under IND AS 24.						

<table>
<tr>
<td>4</td>
<td>KMO-MUMBAI</td>
<td>
a. There are few instances in regards to the statutory dues like Income Tax, GST(TDS) for which the tax should have been deducted and paid but the Branch have not deducted the dues, the statute under which the tax should have been deducted and paid is mentioned below:-
<table>
<tr><th>Statute</th><th>Nature of Dues</th><th>Amount (₹ in Lakhs)</th><th>Period of which the dues relate</th><th>Due Dates</th></tr>
<tr><td>GST</td><td>GST(TDS)</td><td>0.275</td><td>FY 2022-23</td><td>10th of Subsequent Month</td></tr>
<tr><td>Income Tax</td><td>TDS u/s 194J</td><td>0.155</td><td>FY 2022-23</td><td>7th of Subsequent Month</td></tr>
<tr><td>Income Tax</td><td>TDS u/s 194C</td><td>0.013</td><td>FY 2022-23</td><td>7th of Subsequent Month</td></tr>
</table>
b. It has been observed from the online TRACES portal of the branch that there is various outstanding demand pertaining for following years which are remaining outstanding as on the date of this report for which management has not initiated any action against it yet.
<table>
<tr><th>Sr. No</th><th>Financial Years</th><th>Processed Demand Outstanding (Amount In lakhs)</th></tr>
<tr><td>1</td><td>2007-08</td><td>0.26</td></tr>
<tr><td>2</td><td>2009-10</td><td>1.87</td></tr>
<tr><td>3</td><td>2010-11</td><td>4.32</td></tr>
<tr><td>4</td><td>2011-12</td><td>0.16</td></tr>
</table>
</td>
</tr>
</table>

		5	2012-13	0.65
		6	2013-14	0.07
		7	2015-16	0.19
		8	2017-18	0.01
		9	2018-19	9.76
		10	2019-20	1.44
		11	2020-21	0.30
		12	2021-22	1.05
		13	2022-23	2.37
		14	2023-24	1.36
		TOTAL		**23.81**

Our opinion is not qualified in respect of this matter.

Information other than Standalone Financial Statements and Auditors Report there on.

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.

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.

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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any

identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, 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 and audit reports of branch auditors ,we give in the "**Annexure 2**" a statement on the matters specified in paragraphs 3 and 4 of the said Order to the extent applicable, to the company.
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:

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

b) 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.

c) 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.

d) 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.

e) 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.

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

g) 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.

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

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

j) Being a government Company, pursuant to notification No. G.S.R 463(E) dated 05/06/2015 issued by the Government of India provisions of section 197 (16) of the Act , regarding managerial remuneration is not applicable to the Company.

k) 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: 30 to the standalone Financial statements)

ii. The Company did not have 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.

iv. a) The management has represented to us that to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities including foreign entities ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

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

c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to

our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) No dividend is declared or paid during the year by the company under section 123 of the Companies Act, 2013.

vi) Proviso to Rule 3 (1) of the Companies (Accounts) Rules,2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from April 1,2023, and accordingly, reporting under Rule 11(g) of companies (Audit and Auditors) rules, 2014 is not applicable for the financial year ended March 31,2023.

For Isaac & Suresh,
Chartered Accountants,
(FRN 001150S)

Date: 31st August 2024
UDIN: 24225166BKAIQA1331
Place: Trivandrum

Sd/-

Sobha Sethumadhavan, FCA
Partner (M.No.225166)

Annexure – 1 to INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (11) under 'Basis for Qualified Opinion section of our report)

Sl.No.	Units	Qualifications
1	KMO – KOLKATA	a. No provision has been made for interest on delayed payment for MSME dues on balance outstanding of ₹ 1016 lakhs, and the consequential effect may affect the profitability of the Company. (Refer Note: 41). b. We observed during the course of our audit that huge amount of ₹2530.73 lakhs pertain to more than 3 years out of total debtors amounting to ₹2850.56 lakhs towards sundry debtors lying since long, no proper action/correspondence was initiated on behalf of the management. This amount is lying as usual which is reflecting in the books of account of the company. (Refer to ageing schedule). c. 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 if the financial statements section of our report. We are independent of the company accordance with the 'Code of Ethics' issued by the Institution of Chartered Accountant of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the 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 opinion.

2	KMO – MUMBAI	a. 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. b. In respect of aggregate Trade Receivables amounting to ₹ 401.11 Lakhs as per Note 15(1) of financial statements (Gross ₹558.42 Lakhs less provision for doubtful debts ₹157.13 Lakhs) as per Note No. 15(1) of Financials Statements. During the year under consideration, we have not received any balance confirmations from custome₹ However a provision amounting to ₹87.15 Lakhs is done by the branch for the current financial year for doubtful debts on an ad-hoc basis. Therefore, we are unable to quantify the impact of the adjustment if any on the financial statement of the branch. c. The branch is having Earnest Money Deposit, advances others and Other deposits held with PSUs of Central Government, State Government, and Local Authorities of State Government. The Branch lacks an appropriate mechanism for securing confirmations and conducting reconciliations for Earnest Money Deposits, advances Others and Other Deposits totaling to ₹ 116.36 Lakhs ₹21.69 Lakhs and ₹241.36 Lakhs as per the Note No.12 and 17 of financial statements respectively, Balance confirmations and for reconciliations for the aforementioned outstanding sums have not been received. As a result, we are unable to estimate the impact on the Branch's financial statements. d. The Branch has an outstanding liability payable to the subsidiary aggregating to ₹148.15 Lakhs as per Note No.12 Long Term Loans and Advances of the financial statements (net) that is owed to the subsidiary companies of KELTRON, and the balance have not been reconciled with the relevant subsidiary companies. Additionally this liability amount is

		included in the schedule of Long Term Loan and advances (assets side), which has the effect of lowering the balance on the company's balance sheet between long term loans and advances by an equivalent amount. Therefore, we are unable to quantify the impact of the adjustment if any on the financial statement of the branch. e. In regards to the deposits received from dealers and (security Deposits) it is classified as Other Current Liabilities, from whom the outstanding payable is less than 12 Months amounting to ₹24.87 Lakhs as per Note 8 of the financial statements and other long term liability for whom the outstanding is more than 12 Months amounting to ₹204.30 Lakhs as per Note no. 4 of the financial statements and EMD from contractor classified as other current liabilities for ₹7.71 Lakhs respectively as per Note 8 of the financial statements, for which no proper reconciliations has been made available to ascertain the actual liability payable at Branch level. Also, there is no third party confirmation made available for verification. Therefore, we are unable to quantify the impact of adjustments if any, on the financial statements of the branch. f. We have seen that a portion of the sales projects carried out by the branch are guaranteed against defects for an extended length of time. In the previous financial years, the liability from the future warranty obligations arising from those projects was recorded in the books based on the estimate as per (Note No.38), while the contractual income is recorded upon project completion. In the absence of accurate calculations/ certificate from engineer, the impact of the same on the Profit/Loss of the Branch cannot be ascertained. Furthermore, we have noted that no such practices of providing provision for future warranty obligations in the financial year 2022-23 is recorded the books of the branch, even though such future warranty obligations as on 31st March 2023 exists. Therefore, we are unable to quantify the impact of adjustments if any, on the financial statements of the Branch.

		g. It has been noted that the KELTRON, Mumbai branch has debited the profit and loss account for ₹60.00 lakhs and ₹ 4.29 lakhs, respectively as share of expenses of Head Office and Keltron (ITBG) Branch. Further it is observed that the amount is charged by the Head Office and towards re-imbursement of various administrative charges. However, GST on the expenses charged was not collected by Keltron Head office at Trivandrum on this transaction with Mumbai Branch in Maharashtra. Therefore, we are unable to quantify the impact of the adjustment if any on the financial statement of the branch. h. The company has defaulted in the payment to the MSME viz Insight Business Machines Pvt Ltd amounting to ₹104.98 lakhs as per Note 7(i) of the Financial Statements. The said vendor has filed a petition against the company which is in the Arbitration. The Interest due to the outstanding Trade payable to MSME as per the MSME Act is also not been provided in the Financial Statements by the branch. The above default is not in consonance with the provisions of Micro small and Medium Enterprises Act 2016, Further, according to the claim's documents received from the legal representative, the sum payable as per the current status is ₹ 1825 lakhs of which ₹1457 lakhs is shown as contingent liability as per Note No.31 of the financial statements which includes the principle and the interest on the each of the several Financial Year. However, the branch has only set aside ₹ 153.67 lakhs as the provisions to be payable as a future liability. Further, the branch has made large amount of payments to Advocates to defend this case but the appointment and fees of such advocates have not been approved by competent authority/management. Therefore, we are unable to comment upon the impact of adjustments if any, on the financial statements of the Branch. Further the interest due on outstanding Trade Payable to MSME as per MSMED Act has not been provided in the financial statements. (Refer Note:41). General Instructions for preparation of Balance Sheet as per Notification bearing No.F.No.17/62/2015-CL-V Vol- 1, dated 11.10.2018 requires companies to disclose points (a) to (e) under FA. The

		company has disclosed the principal amount payable to MSME suppliers. Since, details to ascertain the financial effect of the interest portion is not readily available with the company, we are unable to comment to the financial effect of the non-provision and non-disclosure of the same remaining unpaid to any supplier at the end of each accounting year and other disclosures specified against FA. Therefore, we are unable to quantify the impact of the adjustment if any on the financial statement of the branch. i. During the audit we have noticed that Branch does not have a practice to account for the TDS Receivable from the customers in the Branch Book of Accounts as the same is accounted in the HO's Books of accounts during consolidation of financials. Due to the non-recording of the said TDS receivables from the Sundry Debtors in the branch books, the balances of the Sundry Debtors are overstated to the tune of such TDS receivables figures in the financial statement. Therefore, we are unable to quantify the impact of the adjustment if any on the financial statement of the branch. j. We had sought for the legal write up for the impact of all the pending legal cases however, as on the date of signing of this report we have not been provided with any satisfactory reply, therefore we are unable to quantify the impact of the adjustment if any on the financial statement of the branch. k. Note 39 states that Records of Salary and wages, Provident Funds, Pensions, Gratuity are being maintained at Head Office level. Provision in respect of gratuity is made at branch level on the basis of actuarial valuation done at Head Office level Further as per Note A – II (d) of the significant accounting policies states that liability towards accrued leave encashment is provided in accordance with AS -15 based on actuarial valuation as at the balance sheet, however during the current year no such provisions for leave encashment has been provided in the books of accounts as the same is provided in the books of HO and hence the same is also not disclosed in Note no 39. Therefore, we are unable to quantify

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<td>the impact of the adjustment if any on the financial statement of the branch.

l. We have noticed that the branch has a practice of maintaining various control accounts related to various divisions of the entity. As per the normal accounting practices the said control accounts should be squared off at the year end and there should not be any balance standing in such control accounts. However, it is observed that the branch has shown balances of ₹ 441.80 Lakhs as at 31St March 2023 (Previous Year - ₹ 381.85 Lakhs) as Divisional Control Account on the face of the balance sheet as a separate line item, which is not in accordance with the format of the balance sheet as per revised schedule III to the Companies Act 2013.</td>
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<td>3</td>
<td>INFORMATION TECHNOLOGY AND BUSINESS GROUP (ITBG), VELLAYAMBALAM</td>
<td>a. The unit has Trade Receivables (Note No. 13 & 15 to Balance sheet) of ₹20634.95 lakhs as on 31st March 2023, of which ₹4802.34 lakhs is outstanding for more than 3 years. The balances are carried over in the financial statements since long back without any reconciliation or adjustment. However, the provision made in previous years amounting to ₹430.77 lakhs is being carried forward. No additional provision has been created during the current year. The entire amount of Trade Receivables of ₹20204.18 lakhs is wrongly classified under current assets. the ageing analysis of Trade Receivables as at 31st March 2023. is given under:
<table>
<tr><th>Particulars</th><th>Less than 1 year (lakhs)</th><th>1-2 years (lakhs)</th><th>2-3 years (lakhs)</th><th>More than 3 years (lakhs)</th><th>Total (lakhs)</th></tr>
<tr><td>Trade Receivables</td><td>12803.87</td><td>1456.91</td><td>1571.83</td><td>4371.57</td><td>20204.18</td></tr>
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b. The unit has Trade Payable- Sundry creditors for Purchases (Note No.7 to Balance sheet) of ₹10913.47lakhsas on 31st March 2023, of which₹2188.99lakhsis outstanding for more</td>
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than 3 years. The entire amount of Trade Payable of ₹10913.47 lakhs is wrongly classified under current assets. The ageing analysis of Trade Receivables as at 31st March 2023 is given under:

Particulars	Less than 1 year (₹lakhs)	1 to 2 year (₹lakhs)	2 to 3 year (₹lakhs)	More than 3years (₹lakhs)	Total (₹lakhs)
Trade Payable	7349.86	507.28	867.34	2188.99	10913.47

c. The unit has Trade Payable- Sundry creditors for Services (Note No. 7 to Balance sheet) of ₹1370.49 lakhs as on 31st March 2023, of which ₹487.70 lakhs is outstanding for more than 3 years. The entire amount of Trade Payable of ₹ 1370.48lakhs is wrongly classified under current assets. The ageing analysis of Trade Receivables as at 31st March 2023 is given under:

Particulars	Less than 1 year (₹lakhs)	1 to 2 year (₹lakhs)	2 to 3 year (₹lakhs)	More than 3years	Total (₹lakhs)
Trade Payable	**794.17**	**42.59**	**46.02**	**487.70**	**1370.48**

d. Confirmation regarding outstanding balances of Trade Receivables and Trade Payable was not provided for our verification. Hence, we are not able to comment on the existence, correctness, completeness and recoverability of the outstanding balances shown as on 31-03-2023.

		e. The Unit has not disclosed the Trade Receivables and Trade Payables as current and non-current portion. f. The unit has Trade Receivables having a credit balance of ₹1609.86lakhsand trade payables having a debit balance of ₹27.79lakhsas on 31.03.2023 as shown under Note No.8 and Note No.17 of the financial statements respectively. Due to the unavailability of confirmation regarding these balances, we are not able to comment on the existence, correctness and completeness of the same. The above-mentioned figure may also contain balances that are stagnant which cannot be ascertained since the ageing analysis is not prepared by the management. g. The unit has paid EMD to the tune of ₹116.34 lakhs as on 31.03.2023, shown under Note No.17 and Note No.12 to financial statements for which no confirmation was provided for our verification. The EMD submitted by the company is neither adjusted nor refunded and is carried over in the financial statements without any reconciliation / adjustment, of which EMD paid amounting to ₹64.72 lakhs is outstanding for more than 3 years. The company has not raised any claim on the outstanding balances with the customers. Since the chances on realization of the EMD submitted to customers is doubtful / remote, provision for the same have been created in the accounts under "provision for doubtful advances-other deposits" amounting to ₹ 18.17 lakhs. The unit does not have details regarding continuing and running contracts. h. The unit has received EMD from contractors which aggregates to ₹66.04 lakhs as on 31.03.2023, and the same is being classified under Note No.8 of ₹ 35.95 lakhs and Note No.4 of ₹ 30.09 lakhs for which no confirmation has been obtained. The balances amounting to ₹21.95 lakhs are still outstanding for more than 3 years as on 31/03/2023. However, the EMD submitted by the contractors is neither adjusted nor refunded and is carried over in the financial statement without any reconciliation or adjustment. Failure

		to do so has resulted in overstatement of non-current liabilities by ₹21.95 lakhs and consequent understatement of profit to the same extent. i. The unit has advance from customers balance to the tune of ₹ 594.69 lakhs as on 31.03.2023 shown under Note No.8, 'Other Current liabilities', of which ₹ 381.59 lakhs outstanding for more than three yea₹ However, no confirmation to this effect was made available for our verification. Hence, we are unable to confirm the existence, correctness and completeness of these balances. The advances are carried over in the financial statement since 2012-13 without any reconciliation/adjustment. The customers have not raised any claim on the outstanding amount and therefore the long outstanding amount should be written back. Failure to do so has resulted in overstatement of other current liabilities and consequent understatement of profit. j. Confirmation for Security deposit from dealers which is shown under the head 'Other current liabilities' to the tune of ₹11.59 lakhs (Note No. 8 of financial statements) has not made available for our verification and hence we are not able to comment on the existence, correctness and completeness of the same. The security deposit amounting to ₹9.29 lakhs has been stagnant for more than three years. k. During the financial year 2021-22, the non-moving stock of ₹7.04 lakhs were written off without any appropriate approvals. l. Outstanding Capital Commitments as at 31st March 2022 has not been disclosed in the financial statements. m. The Unit has not performed an assessment of impairments of the cash generating units at the year end and consequently no provision has been made in the books of accounts.

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n. The internal control on bank reconciliation needs significant improvement and must be prepared on timely basis.

o. Post ERP implementation vendor accounts are being reconciled with statement of accounts/invoices. Reconciliation differences will be treated as prior period items in the income statement on completion of this exercise.

p. We are not able to verify the TDS receivable amount and the corresponding income booked since the unit has not provided details of 26 AS which are pertaining to the unit.

q. The unit has shown 'Current account – KCCL' (Note no.17) 'Collection account KCCL' (Note no.12), being subsidiary company of the unit, to the tune of ₹10.98 lakhs and ₹132.00 lakhs respectively which are outstanding for more than 10 years.It was explained by the management that there are no details available with regard to the aforesaid figures. Therefore, we are not able to verify the correctness of the balance outstanding as on 31/03/2023.
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<td>4</td>
<td>KELTRON COMMUNICATION COMPLEX (KCC), MONVILA</td>
<td>
a. The unit has Trade receivables (Note No. 13 &15 to Balance sheet) of ₹2,27,56.48lakhs on 31st March 2023, of which ₹ 23,49.12 lakhs is outstanding for more than 3 years. The balances are carried over in the financial statements without any reconciliation or adjustment. However, the provision made in the previous year amounting to ₹308.11 lakhs is being carried forward. No additional provision has been created during the current year. The Debtors Turnover Ratio of the unit is not favorable and it may affect cash flow of the unit in long run. An ageing analysis of Trade receivables outstanding for more than a year is given below:
<table>
<tr><th>Particulars</th><th>Less than 1 year (₹ In lakhs)</th><th>1-2 years (₹ In lakhs)</th><th>2-3 years (₹ in lakhs)</th><th>More than 3 years (₹ In lakhs)</th></tr>
<tr><td>Trade receivables</td><td>21,67.65</td><td>1,28,74.48</td><td>53,65.23</td><td>23,49.12</td></tr>
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b. The unit has Sundry creditors (Note No. 4 & 7 to Balance sheet) of ₹18527.83 lakhs as on 31st March 2023, of which ₹1212.48lakhsis outstanding for more than 3 years. Confirmations for ₹16142.94 lakhs have been received and reconciled with the books of accounts. The remaining balance of ₹2384.89 lakhs- is subject to confirmation. An ageing analysis of Trade payable provided by the management which is outstanding for more than a year is given below:

Particulars	**Less than 1 Year (₹in lakhs)**	**1-2 years (₹in lakhs)**	**2-3 years (₹in lakhs)**	**More than 3 years (₹in lakhs)**
Trade Payable	1629.16	10898.58	4787.62	1212.48

c. Confirmation regarding outstanding balances of Trade receivables was not provided for our verification. Hence, we are not able to comment on the existence, correctness, completeness and recoverability of the outstanding balances shown as on 31-03-2023.

d. The unit has trade receivables having credit balance of ₹7.49 lakhs as on 31.03.2023 as shown under Note No.4 and Note No.8 of the financial statements for which no confirmation has been provided to us. Hence, we are not able to comment on the correctness of the same. Also, the unit is not having partywise details of such debtors and the same has been shown in the books of account as "Miscellaneous Debtors".

e. The unit has trade payables having debit balance of ₹14.07 lakhs as on 31.03.2023 as shown under Note No.12 of the financial statements for which no confirmation has been provided to us. Hence, we are not able to comment on the correctness of the same.

f. The unit has paid EMD to the tune of ₹38.13 lakhs as on 31.03.2023, shown under Note No.12& 17 to financial statements for which no confirmation was provided for our

		verification. As per the bid documents, EMD submitted is either adjusted against the security deposit for successful bidders or refunded to unsuccessful bidders after finalization of tender. However, the EMD submitted by the company is neither adjusted nor refunded. It is carried over in the financial statements without any reconciliation/ adjustment, of which EMD paid amounting to ₹13.13 lakhs is outstanding for more than 3 years. The company has not raised any claim on the outstanding balances with the customers. Since the chances on realization of the EMD submitted to customers is doubtful / remote, provision for the same have been created in the accounts under "Provision for doubtful advances" amounting to ₹5.07 lakhs only. g. The unit has received EMD from contractors which aggregates to ₹ 28.77 lakhs as on 31.03.2023 shown under Note 4 & 7 to financial statements for which no confirmation has been obtained. The EMD submitted by contractors is either adjusted against the security deposit for successful bidders or refunded to unsuccessful bidders after finalization of tender. The balances amounting to ₹28.13 lakhs are still outstanding for more than 3 years as on 31/03/2023. However, the EMD submitted by the contractors is neither adjusted nor refunded and is carried over in the financial statements without any reconciliation/adjustment. Failure to do so has resulted in overstatement of non-current liabilities by ₹28.13 lakhs and consequent understatement of profit to the same extent. h. The unit has advance from customers balance to the tune of ₹527.41 lakhs as on 31.03.2023 shown under Note No.4 &8, of which ₹72.63 lakhs outstanding for more than three years However, no confirmation to this effect was made available for our verification, hence we are unable to confirm the correctness of these balances. The long outstanding advances are carried over in the financial statement without any reconciliation/adjustment. The customers have not raised any claim on the outstanding amount and therefore the long outstanding amount should be written back. Failure to do so has resulted in overstatement of other current liabilities and consequent understatement of profit.

		i. The Other deposits shown under Note No: 12 to the tune of ₹101.93 lakhs includes security deposit paid by the unit with respect of Pune CGRAPS Project amounting to ₹ 84.97 lakhs which has been outstanding for more than 10 years. No confirmation was available for our verification and hence we are unable to comment on the recoverability and correctness of the same. It is found that a provision has been created by the unit under "Provision for Doubt Advances "for the said amount. j. The unit is showing an amount of ₹42.01lakhs as "miscellaneous Advance" which is outstanding since 2017 for which no details has been provided by the management. Hence we are unable to verify the correctness of the amount. Since this amount is stagnant for a longer period of time, the same should be written off after getting prior approval from the Head office. k. The unit has subcontracting charges to the tune of ₹48.68 lakhs as shown under Note No:8 "Other current liabilities" of the financial statements. It relates to the expenditure provision created as on 31-03-2017.It is still remaining pending since the supplier has not billed the same yet. l. The unit has leased 63 cents of land to Coconics Private Limited, a company registered under the Companies Act of 2013, from 26th April 2019 at a monthly rent of ₹ 3lakhs plus applicable taxes for a period of 10 year. This land was leased to the lessee without obtaining any security deposit. The Lessee has not paid the rent since inception and amount due from the lessee as at 31st March 2022 amounts to ₹124.61 lakhs. m. Based on the GO dated 20-03-2023 ₹ 40.86 lakhs being the cost of 40860 equity shares has adjusted against the receivable as at 31st March 2022. This has been adjusted through the Head Office account (Divisional Control Account). n. The unit not booked rent income due from Coconics Private Limited for the year 2022-23 amounting to ₹ 0.36 lakhs

		(excluding GST). Further, overdue interest as per clause 5 of the lease agreement has not been charged to the lessee. o. The amount due from the lessee is wrongly classified under Trade Receivables for which no provision has been made in the books as at 31st March 2023. p. The unit is the nodal agency for implementing the Traffic Enforcement Systems for the Motor Vehicles Department (MVD) as a part of Safe Kerala Project. The costs incurred on this is being billed to MVD including the mark up of 5% as per the agreement. The payments to vendor for the project was being subject to litigation and no payments have been made as at 31st March 2023. Since the matter is sub judice, we are unable to comment on the cost implications to the unit. q. The cost incurred for the Safe Kerala Project as at 31st March 2023 was ₹15750.43 lakhs (including taxes) and the billing to MVD was ₹16623.29 lakhs. MVD will commence payments on a quarterly basis after Go-Live of this project. r. The amounts payable to retired employees amounts to ₹18.19 lakhs is wrongly classified under current liabilities. s. The entity has not performed assessment of impairments of the cash generating units at the year end and consequently no provision has been made in the books of account.
5	KELTRON LIGHTING DIVISION (KLD), KOZHIKODE	a) We draw attention to Note A Significant Accounting Policies, PROFIT AND LOSS I(a) to notes to financial statements " Revenue recognition on Sale on account of Manufacturing/ Projects/ Resale", it is stated that income from supply to Government Departments/ Agencies is recognized based on despatches/work done at project site without waiting for the completion certificate. With respect to revenue recognition on supply, installation, commissioning, and maintenance of lighting contracts under taken by the division with various Local Self-Government Bodies, Government departments through service contract agreements, we are of the opinion that, the above stated policy is not in line with Generally

		Accepted Accounting Principles and a departure from applicable accounting standard which states that: Revenue from service transactions is primarily recognized as the service is performed, either by i) Completed service contract method or ii) Proportionate completion method Completed service contract method: It is a method of accounting which recognizes revenue in the statement of profit and loss only when the rendering of services under a contract is completed or substantially completed. Proportionate completion method: It is a method which recognizes revenue in the statement of profit and loss proportionately with the degree of completion of services under a contract. Under this method, revenue is recognized in the accounting periods in which the services are rendered. The recognition of revenue on this basis provides useful information on the extent of service activity and performance during a period. The division has recognized contract revenue of ₹554 lakhs (PY ₹ 109 lakhs) for the year ended 31 st March 2023. Out of these, revenues aggregating ₹ 219 lakhs are classified as income from manufacturing activities instead of contract revenue. Further these revenues are fully recognized as and when the invoices for such services are issued to the customer without even getting completion certificate of the work from the customers. Since there are no records prepared and available for determining the stage of completion of such contracts, to determine the revenue to be recognized against such contract services, we are unable to quantify the effects of the same on the profitability of the division for the period and the related work in progress or unearned revenue to be recognized in the balance sheet. Further, we have noticed many discrepancies with respect to such contract works undertaken during the year which were communicated with the persons charged with the executive governance at the company. b) We are informed that inventories are valued at Cost or Net Realizable Value, whichever is lower, where the cost taken is based on the cost of last purchase made. The carrying value of Inventories as per the financial statements is ₹76.9 lakhs including non-moving items of ₹ 4.27 lakhs based on the physical verification of inventories made by the management;

		while the accounting software shows closing stock value of inventories at ₹387 lakhs. The difference of ₹310 lakhs is explained to be due to non-updating the inventory details in the systems and due to its inherent limitations. No reconciliations of differences between physical list and system inventories made available for our verification. We have been informed that, post balance sheet date, non-moving items of raw material inventories with aggregate value of ₹4.27 lakhs have been scraped, disposed off and written off from books in early 2023-24. The carrying value of inventories in the financial statements as of 31st March 2023 was taken based on the physical verification done by the management including these written off items of non-moving inventories. However, no provision against such non-moving items is made in the financial statements as of 31st March 2023, accordingly the closing stock of inventories and profit of the division is overstated by similar amount of inventories. The above inventories also include Tools and Jigs valued at ₹4.92 lakhs. We have been informed that the division has taken a policy of writing off 25% of the balance cost of these items as of 31st March every year. An amount of ₹1.64 lakhs was written off out of these items as of 31st march 2023. No quantitative details are available in the accounting system as purchase of these items are booked into the accounting system through journal vouchers without any quantitative details. The value of closing stock is taken from the software maintained in stores, which may deviate from the physical stock. However, we are informed that such deviation may not be material. c) During the year 2020-21 the division has incurred ₹2.36 lakhs as cost of development of "Tarang type Hearing Aids" to Centre for Development of Advanced Computing (CDAC). However, no agreement between CDAC and the division is provided for our verification with respect to this payment. Also, during 2021-22, the division has incurred ₹4.00 lakhs as technology transfer fees to Sri Chithra Institute of Medical Sciences to use the technical know on the production of Baby warming wrapper and Bassinet to maintain the body temperature of infants. These expenses were accounted as Research and Development expenses and recognized as

		intangible assets to be amortized over a period of 3 years. The unamortized amount of ₹1.33 lakhs represents payment of ₹4 lakhs made to Sri Chithra Institute of Medical Sciences remaining unamortized as of 31st March 2023 Payments incurred by the division to CDAC ₹2.36 lakhs are not supported by any Technology Transfer agreements to establish that such payments are made in the development of any intangible assets, and that the future economic benefits that are attributable to the asset will flow to the enterprise. In view of this, we are unable to state that whether the payment of ₹2.36 lakhs to CDAC is coming under the definition of intangible assets as per accounting standard 26; accordingly, these expenses were required to be written off in the year itself in which they incurred. Further, the division has not yet started the commercial production of Baby warming wrapper and Bassinet and no documents, records, or evidence found to establish the commencement of commercial production. Accordingly with respect to payment of ₹4lakhs to Sri Chithra Institute of Medical Sciences, we are unable to state whether the future economic benefits that are attributable to the asset will flow to the enterprise. d) The updated SCH III formats as prescribed by Ministry of Corporate Affairs were not strictly complied by the division while preparing Financial Statements as required. Security deposits given towards electricity, excise and telephone ₹2.39 lakhs services are classified under long-term Loans and advances in the balance sheet. As per the latest amendments to SCH III of Companies Act 2013, such security deposits are to be re-classified under Other non-current assets. Also, the Schedule of Changes in Equity during the year was not prepared and presented. e) We have observed cases of non-deduction of TDS under Income Tax Act 1961 aggregating ₹ 0.009lakhs. This has resulted in under estimation of current liabilities by way of statutory dues and current assets by similar amount.

		f) Division has not sent MSME confirmation letters to its trade creditors to confirm whether such creditors are MSME registered entities under Micro, Small and Medium Enterprise Development Act, 2006 or not. Classifications of trade payables as on 31st March 2023 as dues to Micro, Small and Medium Enterprises and due to other trade creditors were made based on the records and other documents available with the division with respect to trade payables like tender documents, invoice copies and related documents. The quantum of such balances is incapable of being ascertained in the absence of a procedure being followed for the same and therefore we are unable to quantify the effect of the same on the profit of the Division and its financial position. We have noticed trade payables aggregating ₹40.44 lakhs including creditors classified as MSME of ₹22.05 lakhs out of the total trade payable outstanding as on 31st March 2023 of ₹ 366 lakhs were non-moving and stagnant. The accuracy and completeness of such balances are incapable of being ascertained in the absence of confirmations from counter parties and therefore we are unable to quantify the effect of the same on the profit of the Division and its financial position. g) An amount of ₹7.34 lakhs accounted as payable to sundry creditors for expenses under other current liabilities as on 31-03-2023. Balance confirmations from none of these creditors are available. The accuracy and completeness of such balances are incapable of being ascertained in the absence of confirmations from counter parties and therefore we are unable to quantify the effect of the same on the profit of the Division and its financial position. h) The total outstanding from trade receivables as on 31st March 2023 was ₹728. 93 lakhs. Out of above receivables, trade receivables outstanding for more than 3 years reported to be ₹ 38.44 lakhs, and 2 to 3 years ₹81.88 lakhs and 1 to 2 years ₹ 64.68 lakhs which altogether coming to more than 25% of the total trade receivables on the balance sheet date which is considered significant. Further, we have observed that none of

		the trade debtors/receivables/advances parties have made any positive confirmation of balances as at the year-end or at any time during the year. No provision for doubtful or irrecoverable debts and advances have been made on the receivables/advances. The quantum of such balances is incapable of being ascertained in the absence of a procedure being followed for the same and therefore we are unable to quantify the effect of the same on the profit of the Division and its financial position. i. An amount of ₹85.97 lakhs cla ssified under trade receivables, Earnest Money Deposit ₹20 lakhs classified under short term loans and advances and Security Deposit of ₹15 lakhs classified under short term loans and advances due from Artificial Limb Manufacturing Corporation of India (ALIMCO) are long outstanding, no provision for bad or doubtful debts provided for against these dues. No confirmation of balance from ALIMCO available on record. ii. An amount of ₹8.54 lakhs classified under trade receivables and Security deposit amount of ₹21.88 lakhs classified under short term loans and advances due from Tirupati Enterprise are long outstanding, no provision for bad or doubtful debts provided for against these dues. No confirmation of balance from them available on record. iii. An amount of ₹3.11 lakhs classified under trade receivables and Security deposit amount of ₹5 lakhs classified under short term loans and advances due from Sai Rehabilitation are long outstanding , no provision for bad or doubtful debts provided for against these dues. No confirmation of balance from them available on record. iv. An amount of ₹ 0.25 lakhs due from Keltron Toolroom Research and Training Centre (KELTRAC), which is very old pending carried over from earlier years was classified as short-term loans and advances. No confirmation of balance from KELTRAC available on record.

		v. An amount of ₹ 16.21 lakhs debit balance in sundry creditors account due from Soft Grip Power Solutions PVT LTD is long outstanding for more than three years. No provision for bad or doubtful debts provided for against these dues. No confirmation of balance from them available on record. i) Unreconciled excess GST ledger balances in books compared with GST portal balances carried over from earlier years of Rs 2.13 lakhs has been debited to profit and loss account as prior period expenses without any supporting or underlying documentation.
6	KELTRON TOOL ROOM CUM TRAINING CENTRE (KTTC), KUTTIPURAM	a. The opening work in progress ₹ 3.81 lakhs represents sales reversal made in the year 2021-22 as represented by previous year statutory auditors in their audit report for the year ended 31st March 2022 under their basis of qualification in point no 10. During the year 2022-23, the Division has reversed this work in progress as prior year adjustment by creating the same in the profit and loss account as prior year income and debiting the profit and loss account as "Change in inventory of Finished Goods, Work-in-progress and Stock-in-trade" under expenses. Such treatment has resulted in understatement of current year's loss and overstatement of current year's expenses by similar amount. b. The revenue on intra state sales aggregating ₹ 6.39 lakhs to associate entities were recognized and taken to profit and loss account during the year 2022-23, however, the management of the Division has represented that the invoice value covered under these sales ₹ 7.54 lakhs including applicable GST has been recognized as Goods in transit and shown under Inventories in the balance sheet as on 31st March 2023 instead of Trade receivables on the reason that the debt covered under these sale were acknowledged by the customers/counter parties after the balance sheet date. The Classification of such receivable as Goods in transit in the balance sheet merely for the reason these debts were acknowledged by the customers post balance sheet date is not as per the applicable accounting standards and such treatment has resulted in understatement of sundry debtors and overstatement of inventories by similar amount in the balance sheet.

		c. The Division has earned intra-state service income of ₹3.57 lakhs by way of Course fees from a customer IIB Education Private Limited without collecting any GST on such service income and treating this revenue as a nil rated supply. We have not obtained any supporting document for treating such revenue as nil rated supply under GST. If these sales were taxable under GST, there would be underestimate of CGST and SGST output tax liability in the balance sheet to the extent of applicable GST on these services. d. During the year Fixed assets with Purchase cost of ₹15.37 lakhs were impaired and impairment loss booked ₹0.07 lakhs. The loss is equivalent to the net book value of these assets as of 31-03-2023. We have been informed that these are kept in a locked condition in the unit's premises and are totally scraped items which do not carry any realizable value. These scraped items are not available for our verification. Though such Impairment loss was booked in March 2023, the same was approved by AS, DGM & Head CH only on 30-05-2023. e. The updated SCH III formats as prescribed by Ministry of Corporate Affairs were not strictly complied by the division while preparing Financial Statements as required. Security deposits given towards electricity and telephone ₹2.41 lakhs services are classified under long-term Loans and advances in the balance sheet. As per the latest amendments to SCH III of Companies Act 2013, such security deposits are to be re-classified under Other non-current assets. Also, the Schedule of Changes in Equity during the year was not prepared and presented. f. We have observed cases of non-deduction of TDS under Income Tax Act, 1961 aggregating ₹ 0.09 lakhs and TDS under Goods and Services Tax Act aggregating ₹0.36 lakhs. This has resulted in under estimation of current liabilities by way of statutory dues and current assets by similar amount. g. The Electronic Credit Ledger under Cess at GST portal shows a balance of ₹0.0009 lakhs as of 31st March 2023; however, no such

balances are available in books. As per the explanation by the unit, such balances are not traceable, accordingly the current assets are underestimated by this amount.

h. Unit has not sent MSME confirmation letters to its trade creditors to confirm whether such creditors are MSME registered entities under Micro, Small and Medium Enterprise Development Act, 2006 or not. Classifications of trade payables as on 31st March 2023 as dues to Micro, Small and Medium Enterprises and due to other trade creditors were made on discretionary basis by the division. The quantum of such balances is incapable of being ascertained in the absence of a procedure being followed for the same and therefore we are unable to quantify the effect of the same on the loss of the Division and its financial position.

i. An amount of ₹6.92 lakhs accounted as payable to sundry creditors for expenses as on 31-03-2023. Balance confirmations from none of these creditors are available. The accuracy and completeness of such balances are incapable of being ascertained in the absence of confirmations from counter parties and therefore we are unable to quantify the effect of the same on the loss of the Division and its financial position.

j. There was no transaction movement in the following accounts classified under other short term current liabilities. We have been informed that these due are very old pending cases carried over from earlier years. No register or other documents seen maintained against these dues, further, no balance confirmation obtained from any of these parties. The accuracy and completeness of such balances are incapable of being ascertained in the absence of confirmations from counter parties and therefore we are unable to quantify the effect of the same on the loss of the Division and its financial position.

Particulars	₹ in lakhs
Advances from Customers	0.01
Deposit from Sub Contractors	0.29
EMD from Contractors	7.10

Retention Money from Contractors	10.31
Grand Total	**17.71**

k. No provision for doubtful or irrecoverable debts and advances have been made on the receivables/ advances aggregating ₹1.29 lakhs. The quantum of such balances is incapable of being ascertained in the absence of a procedure being followed for the same and therefore we are unable to quantify the effect of the same on the profit of the Division and its financial position.
   a) An amount of ₹0.64 lakhs due from Steel and Industrial Forgings LTD is outstanding for more than 3 years, no provision for bad or doubtful debts provided for against this due.
   b) An amount of ₹ 0.36 lakhs due from Keltron Tool room Research and Training Centre (KELTRAC), which is very old pending carried over from earlier years was classified as short-term loans and advances. No confirmation of balance from KELTRAC available on record.

l. Prior Period Income of ₹0.59 lakhs has been brought into books during the year being aggregate of additional Electronic Credit Ledger Balance of ₹0.58 lakhs and additional Electronic Cash Ledger Balance of ₹ 0.01 lakhs added to respective ledgers in books to match with corresponding balances with Balances available at GST portal without any underlying reconciliations or supporting documents. This has resulted in understatement of the current year's loss by similar amount.

For Isaac & Suresh,
Chartered Accountants,
(FRN 001150S)

Sd/-

Date : 31st August 2024
UDIN: 24225166BKAIQA1331
Place : Trivandrum

Sobha Sethumadhavan, FCA
Partner (M.No.225166)

"ANNEXURE 2" To the Independent Auditor's Report of even date on the Financial Statements of 'Kerala State Electronics Development Corporation Limited
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Based on the audit procedures performed by us for the purpose of reporting a true and fair view on the financial statements of the company and taking into consideration the information and explanations given to us and the books of accounts, audit reports of branch auditors and other records examined by us in the normal course of audit, we report that:

i.

a) i) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment in corporate office and all units

However the branch auditors of following units have commented that:

KTTC, Kuttipuram:" The Division is maintaining records showing full particulars, including quantitative details of fixed assets in electronic form. Hard copies of each asset are kept in a separate file with loose sheets. The Assets numbering is not done in the register and location of assets also not mentioned in case of many items leading to difficulty in identifying these assets while conducting physical checking".

KLD, Kozhikode:" The Division is maintaining records showing full particulars, including quantitative details of fixed assets in electronic form. Hard copies of each asset are not seen kept and physical assets register not seen maintained. The Assets numbering is not done in the register and location of assets also not mentioned in case of many items leading to difficulty in identifying these assets while conducting physical checking".

ii) The Company has maintained proper records showing full particulars of Intangible Assets in KEC Karakulam, KCC Monvila and Corporate Office

The branch auditors of KMO Delhi, KTTC, Kuttipuram, KLD, Kozhikode and ITBG have not reported this point.

For KMO Kolkata, KMO Ahmedabad, KCA Aroor, KMO Bangalore, KMO Mumbai and KMO Chennai this clause is not applicable since these units have no intangible assets as on date.

b) The Property, Plant and Equipment has been physically verified by the management at reasonable intervals during the year by all units except KMO, Kolkata and Corporate Office. No material discrepancies were noticed on such verification except, , ITBG, and KEC Karakulam for which the comments of statutory branch auditors are reproduced below:-

ITBG – " As explained to us, fixed assets have been physically verified by the management at reasonable intervals. However, no adjustments have been carried out in the books for the differences arising out of such physical verification exercise"

KEC Karakulam– "Physical verification report of Property, Plant and Equipment of unit does not contain quantity as per Books of account. Hence comparison of physical stock with that of stock register is not available in these reports. We feel that the purpose of conducting physical verification is not complied with in the present format of report".

The auditors of KTTC, Kuttipuram and KLD, Kozhikode, had commented that "as reconciliation of physically verified quantities with the book records have not been completed, material discrepancies have not been identified"

c) According to the information and explanations given to us, the title deeds of the immovable properties are held in the name of the company. However the branch auditors KEC, Karakulam has commented that "Unit has lost the original Title deeds and had already informed to the authorities claiming for the total area of 15.62 acre for regularizing the same. Even though unit claimed for 15.62 acres of land, after survey and sketch prepared, verification of total land area the boundary & land area comprising of 10.22 acres was fixed by the report of Mr. Sreekumar G K, Taluk Surveyor G3 on 05/06/2018. But afterwards unit has made a claim for 15.62 acres of total land area of KEC land and the same is under the purview of the Office of the Commissioner of Land revenue & Revenue Department for a proposal and Report for further orders to Government".

d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

e) On the basis of Information provided by the management, no proceedings have been initiated during the year or are pending against the company as at 31st March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii.

(a) As explained to us, the inventory has been physically verified during the year in all units by the management and no material discrepancies were noticed except KMO, Kolkata and KEC, Karakulam for which the comments of statutory branch auditors are reproduced below:-

KMO, Kolkata- "It was observed that the inventory has been physically verified during the year by the management where the actual value of physical stock as per physical verification derive amounting to ₹0.59 lakhs. Stock amounting to ₹2.34 lakhs out of total stock as per books of accounts of ₹2.93 lakhs suggested to the management to remove from books of account as per non availability of physical stock".

KEC, Karakulam– "Physical verification report of Inventory of unit does not contain quantity as per Books of account. Hence comparison of physical stock with that of stock register is not available in these reports. We feel that the purpose of conducting physical verification is not complied with in the present format of report".

(b) According to the information and explanations given to us, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets, and there is difference between quarterly returns or statements filed by the company with such banks or financial institutions and with the books of account of the company for last quarter.

The quarterly reconciliation of stock statement of Keltron Equipment Complex, Karakulam given to Punjab National bank for which the difference has been noted is below:

Quarter ended	Nature of Current Asset	Amount as per financial Statement	Amount as per Stock Statement	Difference*
31-03-2023	Stock	4258.43	3780.16	478.27
	Debtors	9878.16	10088.67	210.51

iii. During the year, the company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, sub clause (a), (c), (d), (e), (f) of this clause is not applicable to the company.

Clause (b) However during the year under audit, Company had given an amount of ₹40.86 lakhs as investment pending allotment to Coconics private Ltd, the net worth of which is negative and ₹271.17 lakhs to Keltron Electro Ceramics Limited in which there is erosion in the networth and in our opinion the transaction is prejudicial to the Company's interest.

iv. According to the information and explanation given to us, the Company has not advanced loans, given guarantees or security or made any investment in contravention of section 185 and/ or section 186 of the Companies Act, 2013.

v. According to the information and explanations given to us, company has not accepted any deposits or amounts which are deemed to be deposits as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder.

vi. According to the information and explanation given to us, the Central Government has prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013. The said records have been maintained by the Company. We

have, however, not made a detailed examination of records with a view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

a) Undisputed accounts payable in respect of any taxes were outstanding as at the end of the year for a period of more than six months from the date they become payable is listed below:

Sl. No	Particulars	Liability as on 31/03/2023	Amount settled within 6 months	Statutory dues not settled within 6 months	Remarks	Unit
1	TDS u/s 194J	3.16	3.16		TDS Deducted from the Month of July 2022 to December 2022.TDS Deposited in the month of August 2023	KMO Mumbai
2	TDS u/s 194J	0.59		0.59	TDS deducted from January 2022 to March 2022 Rs 2.45 lakhs and Paid ₹ 1.86 lakhs	KMO Mumbai
3	Sales Tax	0.005		0.005		KMO Chennai
4	Service Tax	8.43		8.43		KMO Chennai
5	TDS Contractors	2.65	2.46	0.19	Paid on 07/11/2023	KEC
6	TDS Salary	1.66	1.66			KEC
7	TDS on Purchase of Goods	0.50	0.23	0.28	Paid on 07/11/2023	KEC
8	GST TDS/ TCS Payable	12.35	12.35			KEC
9	OUTPUT CGST	91.997	91.989	0.008	To be Paid in OCT GSTR3B, already disclosed in GSTRI Oct 2023 on 11/11/2023	KEC
10	OUTPUT SGST	91.997	91.989	0.008	To be Paid in OCT GSTR3B, already disclosed	KEC

					in GSTRI Oct 2023 on 11/11/2023	
11	OUTPUT IGST	188.79	188.79			KEC
12	CGST Payable Reverse Charge	0.89		0.89	Paid in GSTR3B Sep 2023 (20/10/2023)	KEC
13	SGST Payable Reverse Charge	0.89		0.89	Paid in GSTR3B Sep 2023 (20/10/2023)	KEC
14	IGST Payable Reverse Charge	0.26		0.26	Paid in GSTR3B Sep 2023 (20/10/2023)	KEC
15	Recoveries - PF	25.07	25.07			KEC
16	Recoveries - ESI	3.13	1.56	1.57	Not paid so far. This is not disputed. Will be paid at the time of ESI Audit	KEC
17	Recoveries-GIS	1.07	1.07			KEC
18	Recoveries-SLI	1.02	1.02			KEC
19	Unpaid Bonus	0.72	0.12	0.60		KEC
20	TDS	0.15	0.15			KTTC

b) According to the information and explanation received from the management, the company has liability on account of Income Tax, Sales Tax, Wealth Tax, cess, and other statutory dues which has not been deposited on account of any dispute, as listed in the table below as at the end of 31st March 2023.

Sl. No	Particulars	Financial Year	Liability as on 31/03/2023	Unit
1	MV AT	01.04.2017 to 30.06.2017	63.22	KMO Mumbai
2	West Bengal Value Added Tax Rules 2005(Demand as per order no. 2011-2012/41/05/V/5)	2011-12	75 .00	KMO Kolkata
3	West Bengal Value Added Tax Rules 2005(Demand as	2017-18	4.40	KMO Kolkata

	per order no. 2017-2018/41/05/V/8)			
4	West Bengal Value Added Tax Rules 2005(Demand as per order no. 2009--2010/04/00/V/290)	2009-10	50.20	KMO Kolkata
5	KVAT (tax & Interest) (Commissioner Appeals)	2010-11	23.85	KCC
6	Service Tax (Cenvat Credit availed on common input services) (CESTAT Bangalore)	2008-09 to 2011-12	1406.84	ITBG
7	Service tax (Interest and penalty for delayed payment) (Commissioner Appeals)	2016-17	28.23	ITBG
8	KVAT(Tax & Interest)	2009-10	20.35	KCC
9	KVAT (Interest and penalty for delayed payment) (Commissioner Appeals)	2013-14	97.004	ITBG
10	Central Excise Demand(The Excise Department has claimed before the Board of Industrial and Financial Reconstruction (BIFR) an amount of ₹ 423.69 lakhs as interest on excise duty payable by the Unit. But the Unit has not received the demand and hence the same has not been accounted. However, the Company has sought relief from Central Board of Excise and Customs for the waiver of said interest. In the sanctioned rehabilitation scheme (SS-12) , BIFR directed Excise Department to consider the request of the company and the decision is yet to received		472.67	KEC

	and not considered for accounting.			
11	PF Interest & Damages(The Employees State Insurance Corporation has claimed before the BIFR an amount of Rs 34.27 lakhs towards dues. But the Unit has not received the demand and hence not accounted.		4.16	KEC

viii. According to the information and explanation given to us the company has no transactions, which were not recorded in the books of accounts that, have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. a) Based on our examination of the records of the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks. However there is default in repayment of loans to Government as at Balance sheet date, the details of which are given below

Particulars of Defaulted loans and interest thereon	**Period of default**	**Defaulted amount (₹ in lakhs)**
Loan from Government of Kerala	5-10 years	2205.96
Loan from Government of Kerala	Less than 5 years	237.95
Interest accrued and due Government of Kerala	5-10 years	2327.69
Interest accrued and due Government of Kerala	Less than 5 years	222.86

This clause is not applicable to the extent of default in debentures.

(b) On the basis of the information provided by the management the company is not a declared wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanation given to us, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanation given to us, funds raised on short term basis have not been utilized for long term basis.

(e) According to the information and explanation given to us, the company has not taken funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanation given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x.

(a) The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(b) Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi.

(a) According to the information and explanation given to us, no fraud by the company or any fraud on the company during the year has been noticed or reported.

(b) According to the information and explanation given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) On the basis of information provided by the management, no whistle blower complaints received by the company during the year and shared with us for reporting under this clause.

xii. Company is not a Nidhi Company and hence the clause 3(xii) is not applicable to the company.

xiii. According to the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable, and the details have been disclosed in the financial statements as required by the applicable accounting standards and the Companies Act, 2013.

xiv. (a) According to the information and explanation given to us, the company has an internal audit system that commensurate with the size and nature of its business except KMO, Bangalore.

The branch auditors of KTTC, Kuttipuram and KLD, Kozhikode have not reported this point

(b) The reports of the Internal Auditors for the period under audit were considered by all auditors except KMO, Bangalore.In KMO, Bangalore since there does not exist an internal audit system this point is not applicable

In KEC, Karakulam Statutory branch auditors have commented that "we have been provided only with the draft Internal Audit Report for the FY 2022-23. We have considered the major points raised by them which has bearing on the financial statements.".

The branch auditors of ITBG have commented that" The internal audit reports for the year under audit have been considered for our audit, however the timelines of the report needs significant improvement".

The branch auditors of KTTC, Kuttipuram and KLD, Kozhikode, KMO Chennai, KCA, Aroor have not reported this point

xv. According to the information and explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with the directors.

xvi. (a) According to the information and explanation given to us, the company is not required to be registered under section 45-I A of the Reserve Bank of India Act, 1934 (2 of 1934).

(b) According to the information and explanation given to us, the company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (COR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934

(c) According to the information and explanation given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) According to the information and explanation given to us, there is no core investment company within the Group (as defined in the Core Investment

Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. According to the information and explanation given to us and based on the audit procedures, the company has not incurred cash losses in the financial year and in the immediately preceding financial year.

xviii. There has been no resignation of statutory auditors during the year; hence this clause is not applicable.

xix. According to the information and explanations given to us and based on our examination of the records of the Company and financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report, indicating that the company is incapable of meeting its liabilities at the date of the balance sheet and when they fall due within a period of one year from the balance sheet date. We, however state that this is not an assurance as to the future viability of the company.

xx. The company has complied with the provisions of section 135 of the Companies Act, 2013 regarding CSR activities of the Company.

xxi. Reporting requirements under clause (xxi) is not applicable in respect of audit of standalone financial statements of the company. Accordingly no comment has been included in respect of said clause under this report.

For Isaac & Suresh,
Chartered Accountants,
(FRN 001150S)

Sd/-

Sobha Sethumadhavan, FCA
Partner (M.No.225166)

Date :31st August 2024
UDIN:24225166BKAIQA1331
Place : Trivandrum

ANNEXURE 3 TO THE INDEPENDENT AUDITORS' 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.

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 2022-23 based on the reports of branch auditors and other information obtained during the course of audit.

Directions under section 143(5) of the Companies Act, 2013 in case of Corporate Office, All units and All KMOs except Chennai, Bangalore and Ahmadabad.	**Report**	**Action Taken**	**Impact 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, may be stated	Yes. The Corporate Office is having Oracle based ERP System. In corporate Office, the Accounts are maintained in Tally ERP by importing transaction data from Oracle ERP on a periodical basis on a controlled manner to avoid omission/duplications. In KMOs accounts are prepared in tally software itself. Auditors of KCC, ITBG, KEC, KCA had commented "yes" under this clause KLD and KTTC- The Division's Accounting transactions are processed	-	Not applicable

	by an accounting software "Tally" licensed by M/s Tally Solutions Ltd, Bangalore. The software inherently allows the accounting transactions to be captured either in the online mode-i.e. as and when transactions occur or in a batch mode i.e. after a certain time interval of the actual occurrence of the transaction. This inherent nature of the accounting process leads the accounting system to failure in terms of completeness of capture of transactions. However, during the course of our audit we have not noticed any such instance nor any financial implications of the same.		
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 included 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	Not Applicable	Refer Note 42 to Financial statements of 2022-23.

	Financial Restructuring as 31st March 2020. GO(Rt)No:108/2022/ID dated 18th October 2022 amending the GO(MS) No.53/2020/ID dated 15th May 2020 (sanctioning the financial restructuring proposal of the company) to the extent of waiver of interest, sanctioned the conversion of accrued interest to Share capital. Hence from the financial year 2019-20 onwards the Company had disclosed the aggregate amount of loans along with accrued interest amounting to ₹17030.80 lakhs as "Share application money pending allotment". During current year, the procedural aspects of increasing the authorized share capital such as filing of required forms with ROC and payment of filing fees etc has been complied with and the equity shares worth ₹17030.80 lakhs were also allotted to Government of Kerala and thereafter the paid up share capital of the company stood at ₹37,385.98 lakhs with effect from 10th March,2023.		
3. Whether funds received/receivable for		-	-

specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and condition? List the cases of deviation.	No such cases		
Directions under section143(5) of the Companies Act, 2013 in case of KMO, Chennai ,KMO Bangalore and KMO Ahmedabad	**Report**	**Action Taken**	**Impact accounts and Financial Statements**
1. Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	KMO-Chennai- Yes KMO Bangalore-There are no such items at Branch level. KMO Ahmedabad- Not answered		
2.Whether there are any cases of waiver/-write-off of debts/loans/interest etc., if yes, the reasons there or and the amount involved	KMO-Chennai- No KMO Bangalore-There are no such items at Branch level. KMO Ahmedabad- Not answered		
3. Whether proper records are maintained for inventories lying with third parties and assets received as gift/grants from Government or other authorities	KMO-Chennai- Not applicable KMO Bangalore-There are no such items at Branch level. KMO Ahmedabad- Not answered		
4.If the company has been selected for	KMO Bangalore-Not Applicable		

disinvestment, a complete status report in terms of valuation of assets (including intangible assets and land) and liabilities (including committed and general reserves) may be examined, including the mode and present stage of disinvestment process			
5. To report whether there are any cases of Waiver/write off of debts/loans/interest etc., if yes, the reasons for and the amount involved.	KMO Bangalore- Nil		
6.Whetherproper records aremaintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities?	KMO Bangalore- There are no inventories lying with third parties and assets received as gifts from Government or other authorities. Except tools kept with ISRO.		
7.A report on age-wise analysis of pending legal/arbitration cases, including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local may be given)	KMO Bangalore- A case filed by one of the employee for quashing the punishment imposed and granting consequential monetary benefits is pending before the Honourable High Court of Karnataka. Not yet listed.		

Sector Specific Sub-directions under Section 143(5) of the 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**	Not Applicable
F	**Manufacturing Sector**	KCA, KLD, KCC, KEC and KTTC units come under this sector.
1	Whether the Company's pricing sector policy absorbs all fixed and variable cost of production as well as the allocation of overheads?	The auditors of KLD, KTTC, KCA, KEC and KCC units under this sector have reported that as per the explanation given from the unit the Company's pricing sector policy absorbs all fixed and variable cost of production as well as the allocation of overheads subject to following comments. 1. KLD and KTTC - Division has a general pricing policy which absorbs all the fixed and variable costs of production. The Division's products are mainly manufactured against specific customer orders and against negotiated prices. However : A. We observed that the Division maintains no cost records required to ascertain the cost of production of a particular project. These include the material usage register, labour hour utilized, overhead incurred at manufacturing unit, etc. It is suggested to maintain the cost records, which also facilitates in analyzing the yield from material used, profitability and also in identifying whether any project is incurring a loss to the Division.

		B. The Division is not recording the value of wastages and damages incurred during manufacturing, due to which cost of production is understated. C. 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. KCA- the company has not carried out any cost audit for the year. Hence they are unable to comment upon the pricing policy due to the lack of cost audit. 3. KEC -subject to the Point No: 15(9)(d) under Emphasis of Matter in Statutory Audit Report for the FY 2022-23
2	Whether the Company has utilized the government assistance for technology upgradation/modernization of its manufacturing process and timely submitted the utilization certificates.	The auditors of KCC, KTTC, KCA and KLD had reported that this clause is not applicable to the units. The auditors of KEC have confirmed the utilization of the Government assistance and timely submission of utilisation certificates.
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 KCC have reported that the unit has fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence. The auditor of KEC have reported that the unit has been following cost system and analysis.

		However, auditors of KLD and KTTC reported that the control over normal and abnormal losses is diluted and is inadequately monitored. The auditor of KCA has reported that the company is following certain norms for normal losses and a system for evaluation of abnormal loss. However, they are unable to comment whether it is adequate or not in the absence of complete cost records and cost audit.Further in case of guarantee, company informed that no expert opinion has been taken and the valuation for the same is based on their previous experience in the field.
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-realizable value for all units except KEC where finished goods are valued at cost. 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 except KLD and KTTC under this sector have reported that the records verified by us and the explanation given to us, there are no deteriorated stores and spares of closed units As per the accounting policy of the division, 25% of the value (opening plus purchases during the year) of tools, jigs and fixtures are considered as value of dead stock. Such items amounting to ₹ 1.64 lakhs and ₹0.68 lakhs were written off during the year in KLD and KTTC respectively. Non-moving raw materials stores and spares worth ₹ 4.27 lakhs are identified in KLD based on the year end physical verification exercise done by the management. However, neither provision

		made against these items nor written off during the year based on such physical verification. In KTTC dead stock of ₹ 0.53 lakh were written off during the year based on physical verification.
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 KCC and KCA 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. Auditors of KEC also confirmed the same subject to Point No.15(9)(e) under Emphasis of Matter in Statutory Audit Report for the FY 2022-23. Auditors of KLD and KTTC had reported that " The Division 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 however, no provision against these items were made in the books as mentioned in the para 5 above. As regards accounting for the effect of the shortage or excess of stock noticed during physical verification, it is observed that the division has no effective system in place for physical verification as informed to us."
7	State the extent of utilization of plant and machinery during the year vis-à-vis installed capacity.	The auditors of KCA reported that the manufacturing activity is based on the Customer specific Orde₹ The concept of installed capacity is minimal. Auditors of KTTC reported that Current Production is against confirmed orders No Installed Capacity is determined for the products currently produced by the Division.

		The auditors of KCC and KEC have reported that the 100% utilization of plant and machinery during the year. KLD auditor has reported that current production is mostly against confirmed orders.The present Installed Capacity of Hearing Aids is 30,000 and LED light is 15,000 per annum. The utilised capacity of Hearing Aids was 8,152 and LED 36.
8	Report on the cases of discount/commission in regard to debtors and creditors where the Company has deviated from its laid down policy.	The auditors of, KEC, KTTC, KCC and KLD have reported that no such instances were observed. However auditors of KCA reported that "As per explanation given to us company is charging maximum of 10% as liquidated damages when there is delay in delivering goods as against terms and conditions mentioned in Purchase order. This liquidated damages are shown as cash discount in financial statements instead of liquidated damages."
G	**Service Sector**	**Corporate Office , KMO's: Ahmadabad, Bangalore, Chennai, Kolkata, Mumbai and Units: KLD, KCC, KEC, ITBG, KCA and KTTC come under this sector and the reports of the auditors of these units/KMO's are considered and reported hereunder. KMO, Delhi have not reported the various points under this subdirection.**
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?	Auditors of KMO Mumbai, KMO Ahmedabad, KMO Chennai have reported that Pricing policy is formulated at Head Office. Auditors of ITBG, KCC Monvila, KMO-Kolkatta and KEC Karakulam have reported that the Company's pricing policy absorbs all fixed and variable cost of production and the overheads allocated at the time of fixation of price Comments of auditors of other units/ KMOs are reproduced below:

		KLD Kozhikode & KTTC, Kuttipuram-"We have been informed that the division has a general pricing policy which absorbs all the fixed and variable costs of production and the overheads allocated at the time of the fixing of price. However, we have not been provided with any such pricing policy adopted by the division in this regard". KMO-Bangalore "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 , pricing is managed by KMOs independently following internal procedures". KCA AROOR "The company's pricing policy absorbs all the fixed and variable costs of production as well as allocation of overheads subject to availability of complete cost records and conduct of cost audit".
2	Whether the Company recovers Commission for work executed on behalf of Government/other organizations that are properly recorded in the books of accounts? Whether the Company has an efficient system for billing and collection of revenue?	Auditors of ITBG, KCC Monvila, KMO-Ahmedabad, KMO- Kolkatta, KMO-Bangalore KCA - Aroor and KEC Karakulam reported that these units are not generating any revenue in the form of commission from the government or other organisations during the year. The Corporate office, auditors of KLD Kozhikode, KMO-Mumbai and KMO Chennai have confirmed the recovery of commission for work executed on behalf of Government/other organizations and record of same in the books of accounts. They have also reported that the company has an efficient system for billing and collection of revenue.

		Comments of auditors of KTTC is reproduced below: "The division provides training services to various entities and generating revenue out of this service as course fees (auxiliary income). As per the explanation provided, the Division recovers the income for work executed and is properly recorded in the books of accounts and the division also has an efficient system for billing and collection of revenue. However, we have noticed the following: During the year the Division has earned intra-state service income of ₹ 3.57 lakhs by way of Course fees from a customer IIB Education Private Limited without collecting any GST on such service income and treating this revenue as a nil rated supply. We have not obtained any supporting document for treating such revenue as nil rated supply under GST. If these sales were taxable under GST, there would be under estimate of CGST and SGST output tax liability to the extent of applicable GST on these services"
3	Whether the Company regularly monitors timely receipt of subsidy from Government and is properly recording them in its books?	As per the information available from Corporate office and the audit reports of units/KMOs, no subsidy has been received from government during the year 2022-23
4.	Whether interest earned on parking of funds received for specific projects from Government was properly accounted for?	As per the information available from Corporate office and the audit reports of units/KMOs under this sector, no such instance has occurred during 2022-23. 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	As per the information available from Corporate office and the audit reports of units/KMO the Company has not entered into Memorandum of Understanding with any of its Administrative Ministry during 2022-23.

	thereof has been properly dealt with in the financial statements.	
H	**Trading**	**KMO's: Ahmadabad, Bangalore, Chennai, Kolkata, Mumbai and Units: KLD, KEC, ITBG, KCC, KCA and KTTC come under this sector and the reports of the auditors of this units/KMO's are considered and reported hereunder.** **KMO, Delhi have not reported the various points under this sub direction.**
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 ₹140.60 lakhs KMO Mumbai: It is reported that there are dues outstanding for more than 3 years as on the reporting period. Generally there is proper system for recovery of dues is in place. ITBG: Dues from Govt. Department are long outstanding. KCC: Dues from Govt. Department are long outstanding KCA AROOR – It is reported in case of collection there is debtors due more than 3 years. They are unable to say proper system is installed. No suit has been filed for debtors outstanding more than 3 years.

		KMO – Bangalore- The Debtors which are more than a few years old in the books and they are to be followed up for recovery KLD-The Division has reported an effective system for recovery of dues from its sales activities. The bulk of the dues from trading activities are from the Local Self-Government Bodies, Government departments, or their executing agencies and programs. However, the division 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 division's financial stability vulnerable to unknown doubtful debts, whose non recovery may have a deep impact of the financial condition of the division. We have observed that 53 receivable accounts, which have no transactions during the year with aggregate balances of ₹133.03 lakhs. Further, we have observed that an amount of ₹16.21 Lakhs debit balance in sundry creditors account due from Soft Grip Power Solutions PVT LTD is long outstanding for more than three years. 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. KTTC-The Division has reported an effective system for recovery of dues from its sales activities. The bulk of the dues from trading activities are from associate divisions, related entities and/or its executing agencies and programs. The Division has a system of obtaining confirmation of balances from its debtors of associate entities at the year end. Such dues are seen recorded properly. However, confirmation of

		balance due from parties other than related/associate entities are not available on record.
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 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: KMO Bangalore –It is reported that the number of slow moving items in Inventory of the Branch. The same needs to be reviewed by the Management periodically. KCA AROOR – The auditor has reported that in their opinion, the company has an effective system in place for Physical verification of inventory at year end. Further, as per management representation it is not possible to conduct physical verification of inventory at reasonable intervals because this will affect production with regard to nature and size of division. KEC – It is reported that the unit is carrying out physical verification of inventory during fixed intervals for identifying the materials lying in the store and verifies the same with books of accounts, and making necessary adjustments if there is any deviation subject to the Point No: 15(9)(e) under Emphasis of Matter in Statutory Audit Report for the FY 2022-23 KLD-The Division 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.

		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, raw materials are delivered by the Division's vendors directly to the division's premises, or work site. Goods Received Notes (GRNs) are not seen raised with respect to materials purchased. This practice dilutes the control over inventory and may result in material misstatement of the sales, purchases and value of inventory. KTTC- The Division 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. Normally, raw materials are delivered by the Division's vendors directly to the division's premises. Goods Received Note(GRN)/Gate passes are not seen raised in many instances. This practice dilutes the control over inventory and may result in material misstatement of the sales and the value of inventory. The Division had only stock of loose tools, jigs and consumable stores and spares and no inventory of finished goods as on 31st March 2023.
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 except in the following cases: 1. The auditors of KCC have reported that dues from the Govt. Dept are long outstanding.

		2. The auditors of KTTC reported that Major dues are from related/associate entities. Even though the Division has reported an effective system for recovery of dues from its sales activities, there are few long pending dues prevailing out of sales. 3. The auditors of KLD reported that Even though the Division has reported an effective system for recovery of dues from its sales activities, there are long pending dues prevailing out of sales. 4. KMO Bangalore - The branch has a system of monitoring the timely recovery of outstanding dues. However needs improvement. 5. KCA AROOR – It is reported in case of collection there is debtors due more than 3 yea₹ We are unable to say proper system is installed. No suit has been filed for debtors outstanding more than 3 years. 6. KEC- The auditors reported that there exists a robust system for following up of recovery of dues. 7. ITBG- The auditor reported that Necessary steps may be taken for recovering long outstanding items.
	Miscellaneous Sector **a) Technology Oriented**	**KMO's Ahmedabad, Chennai, Kolkata and Mumbai come under this sector and the reports of the auditors of this units/KMO's are considered and reported hereunder.**
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	The auditors of KMO's have reported that no instances were noted.

	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 affected 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.
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 in 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 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.
	Miscellaneous Sector **b) Others**	**Corporate Office, KLD-Kozhikode, KTTC, Kuttipuram KMO's: Bangalore, Chennai, Kolkata, Ahmedabad, and Mumbai come under this sector and the reports of the auditors of this 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 the sector have reported that the units/KMO have not taken any loans or received any grant in aid or subsidy during reporting period. In respect of Corporate Office as per the information available from management, there exist a system effective utilization of Loans/Grant in Aid/ Subsidy.

2	Examine the cost benefit analysis of major capital expenditure/expansion including IRR and payback period	The auditors of the KMO's reported that no major capital expenditure/expansion were incurred during the period under report. As per the information available from management, this evaluation is done in Corporate Office, as a part of DPR preparation which is associated with the release of Plan Fund from Government of Kerala.
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 computerized 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. KLD &KTTC- Accounting, Sales, Payroll and Inventory are computerized. The data in the above areas 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. As per the information available, the Corporate Office is having Oracle based ERP System. The Accounts are maintained in Tally ERP by importing transaction data from Oracle ERP on a periodical basis on a controlled manner to avoid omission/duplications. The ERP/Payroll data are maintained in the Data Centre at ITBG where all the data security compliance are ensured.
	Comments on internal control/ other matters	**KLD-Kozhikode, KTTC, Kuttipuram had reported this point under sub directions and the**

		reports of the auditors of these units are considered and reported hereunder.
1	Revenue Recognition and Accounting policy	KLD- The division has adopted policy of recognizing revenue from supply to Government departments/agencies based on despatches/work done at project site without waiting for the completion certificate. However, with respect to revenue recognition on supply, installation, commissioning, and maintenance of lighting contracts undertaken by the division with various local self government bodies, government departments through service contract agreements, we are of the opinion that, the above stated policy is not in line with Generally Accepted Accounting Principles and a departure from applicable accounting standards as mentioned in point no (5)(a) of Annexure No 1 mentioned in point No.10 of qualified opinion paragraph of Audit report of Standalone financial statements. KTTC-The revenue on intra state sales aggregating ₹6.39 lakhs to associate entities were recognized and taken to profit and loss account during the year 2022-23, however , the management of the division has represented that the invoice value covered under these sales ₹7.54 lakhs including applicable GST has been recognized as goods in transit and shown under inventories in the balance sheet as on 31st March 2023 instead of trade receivables on the reason that the debt covered under these sales were acknowledged by the customers/counter parties after the balance sheet date. The classification of such receivables as Goods in transit in the balance sheet merely for the reason these debts were acknowledged by the customers post balance sheet date is not as per the applicable accounting standards and a deviation from its declared policy.

2	Purchase of goods for trading	KLD-The division is engaged in the manufacture and trading of hearing aids. Also, the division is engaged in undertaking supply, installation and maintenance of lighting projects. Major components for the manufacture of hearing aids are being imported. Though the division does not have any direct agreement with suppliers to procure the imported materials, we have noticed that division has 98% of its imported raw materials purchase from only two parties called "Knowels IPC (M) SDN BHD and Xiamen Unibest Import and Export Co Ltd". As purchases of components required for the manufacture of hearing aids are mainly from above three suppliers, there exist high concentration of suppliers Division does not have any direct agreements with suppliers with respect to supply of raw materials required for the lighting projects, The bifurcation of duties in the purchase and stores department may be strengthened so that proper reporting and control may be exercised in these areas. KTTC- Though the division does not have any direct agreement with suppliers to procure the required materials, we have noticed that division has procured 98% of its raw material purchase from only one part called "Rowline Solutions" during the year. Further, service expense incurred to Rowline Solutions during the year constitute 48%of the total value of such expenses incurred by the division. This concentration of supplier may lead to loss of opportunities in getting materials from other sources at competitive prices. The bifurcation of duties in the purchase and stores department may be strengthened so that proper reporting and control may be exercised in these areas.

3	Confirmation of debit and credit balances	KLD-Other than few trade payables, we have observed that none of the Receivables/Loans and advances / trade creditors/ payables have made any positive confirmation of balances as at the year- end or at any time during the year. This dilutes the control over the quality and quantity of balances stated in the financial statement which may lead to material misstatement. KTTC- We have observed that none of the receivables/ loans and advances/ trade creditors/payables have made any positive confirmation of balances as at the year end or at any time during the year. This dilutes the control over the quality and quantity of balances stated in the financial statements which may lead to material misstatements.
4	Cash Book	KLD& KTTC-Cash book/register seems not maintained properly and there is no evidence of periodic/surprise physical verification by senior officials during the year. Also denomination of notes and coins held for the balance cash each day were also not mentioned in the cash book/ register. This may lead to cash vulnerable to mishandling, embezzlement etc.
5	Staff salary and allowances	KLD- Attendance registers and access system parallelly maintained for permanent, trainee and apprentice staff. Manual register for contract staff is being maintained. No physical register to absence from work for preparation of pay slips found maintained evidence in lack of internal control over employee salary payouts. KTTC- Attendance registers and access system parallelly maintained for permanent, trainee and apprentice staff. Manual register for contract staff is being maintained. No documentation in respect to absence of work for preparation of pay slips found maintained evidencing lack of internal control over employee salary payouts.

6	Advances to employees	KTTC- No physical register found maintained with respect of advances to employees. Balance due from employees as on 31st March 2023 was ₹0.21 lakh / evidencing lack of internal control over employee advances.
7	Canteen Expenses	KTTC- Division has incurred canteen expense aggregating ₹2.50 lakhs to KECL during the year towards staff meals cost, however, no approval or policy copy held with division on these expense.
8	Payment vouchers and expenditure booking	KTTC- We have noticed a payment of ₹0.84 lakh towards repairs and maintenance to building was made based on quotation/estimate value without proper tax invoice available in records. Also, we have noticed several instances of cash payments exceeding the authorized limits and processing of a payment without proper authorization as stated in para 13.7 under "Other matters" in our report above.

For Isaac & Suresh,
Chartered Accountants,
(FRN 001150S)

Date :31st August 2024
UDIN:24225166BKAIQA1331
Place :Trivandrum

Sd/-

Sobha Sethumadhavan, FCA
Partner (M.No.225166)

Annexure 4 to the Independent Auditors' Report of even date on the Financial Statements of Kerala State Electronics Development Corporation Limited

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

We have audited the internal financial controls over financial reporting of as of 31 March 2023 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 considering the size, volume and nature of activities carried out during the year.

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:

a. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company,
b. 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 management and directors of the company, and
c. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, material weaknesses as per qualifications mentioned in our report and following material weakness have been identified as at March 31, 2023:

The company did not have an appropriate internal control over financial reporting for:

1. The company's system for identifying, determining and accounting the qualified assets and the related borrowing cost resulting in incorrect recognition of property, plant and equipment/ capital work in progress and related expenditure.
2. The company's system for identifying, determining and accounting the reportable segments and revenue, expenses, assets, liabilities and results of those reportable segments.
3. The Company's process of evaluating completeness and accuracy of transactions relating to impairment and derecognition of Property, Plant and Equipment based on the periodic verification and technical evaluations.
4. Company's system of physical control of property, plant and equipment including unique numbering and proper physical verification.
5. Company's system of timely reconciliation of debtors with the financial records and proper follow-up with debtors for recovery.
6. Company's process with regard to expiry of bank guarantee where bank is withholding the fixed deposits even after expiry of concerned bank guarantee.

7. Company's process with regard to the control activities in compliance of payment mechanism to the vendors as such instances were noted.
   a) where expenditure has been incurred/ payment for vehicle hiring has been made in cases having log books is not signed by the officials who used the vehicle
   b) in respect of expenditure incurred on account of usage of generator where log book did not contain accurate information on the quantity of diesel consumed during specific intervals and does not consistently record the running time of the generator
8. Company's system of IT controls which allows employees to use their gmail accounts instead of the company's webmail provided to them. On enquiry, many of the employees reported that they are facing system bugs while using their web mail and hence using the gmail accounts created by them for company purpose.
9. Company's system of IT in which ERP does not support generation of reports necessary for various disclosures required as Sch.III
10. Company's system of IT controls in which it has been observed that vouchers generated by ERP are not consecutively numbered and hence missing vouchers, if any, could not be identified
11. Company's system of corporate governance and as such Company has not disclosed details in respect of adequacy of internal financial controls with reference to the financial statements in the Board report which was required to be done as per rule 8(5)viii of the Companies (Accounts) Rules, 2014.
12. The internal control regarding review of long pending advances, deposits and Trade payables.
13. Attention is also invited in respect of Units and KMO's audited by unit/KMO auditors, of the points included under basis of qualified opinion paragraph of Report on Verification of Internal Financial Controls Over Financial Reporting which are listed below:

Sl. no	Units	Qualified Opinion
1.	KMO- Mumbai	a. The system of internal control with respect to maintenance of adequate records for ascertainment of slow moving and non-moving items of inventory of the branch was not maintained adequately for inventories records. b. The absence of proper system of balance confirmation and reconciliations of trade receivables and trade payable, Earnest Money deposit etc. c. Non accounting of the possible future liability in respect of warranty, obligations accepted with the sales of project. d. Non reconciliations and consequent adjustments if any, of the related party and subsidiary company balances during the year.
2.	Keltron Tool Room Cum Training Centre(KTTC)	a. The Division'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. b. The Division's internal control system of issue of materials to specific projects has weakness which may result in material misstatement of cost of production and value of inventories. c. The Division'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. d. The Division's internal control system over Receivables has material weaknesses which may result in material misstatement of trade receivables and provision for doubtful receivables. e. The Division's internal control system over payables has material weakness which may result in material misstatement of trade payables and cost of goods sold. f. The Division's internal control system over cash disbursements has weaknesses which may result in material misstatement of physical cash held by the division.
3.	Keltron Lighting Division (KLD), Kozhikode	a. The Division'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. b. The Division's internal control system of issue of materials to specific projects has weakness which may result in material misstatement of cost of production and value of inventories. c. The Division's internal control system of recording cost of

		production of a particular project/product has weaknesses which may lead to a material misstatement of cost of production and, value of inventories. d. The Division's internal control system of recognizing revenue on construction contracts with respect to lighting projects undertaken has material weaknesses which may lead to a material misstatement of the revenue and cost of projects, value of work in progress/inventories. e. The Division's internal control system over Receivables has material weaknesses which may result in material misstatement of trade receivables and provision for doubtful receivables. f. The Division's internal control system over payables has material weakness which may result in material misstatement of trade payables and cost of goods sold. g. The Division's internal control system over cash disbursements has weaknesses which may result in material misstatement of physical cash held by the division.

'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 weakness 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 control over financial reporting were operating effectively as of March 31,2023 based on the internal control over f inancial 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, 2023 standalone financial statements of the Company, and these material weaknesses may affect our opinion on the standalone financial statements of the Company.

For Isaac & Suresh,
Chartered Accountants,
(FRN 001150S)
Sd/-

Date : 31st August 2024
UDIN: 24225166BKAIQA1331
Place : Trivandrum

Sobha Sethumadhavan, FCA
Partner (M.No.225166)

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH 2023

Particulars	Note no.	As at 31st March 2023 ₹ in lakhs	As at 31st March 2022 ₹ in lakhs
EQUITY AND LIABILITIES			
Shareholder's Funds			
(a) Share capital	1	37,385.98	20,355.18
(b) Reserves and surplus	2	(12,697.46)	(14,954.86)
Share application money pending allotment	3	-	17,030.80
Non-current liabilities			
(a) Long-term borrowings	4	1,406.98	1,539.89
(b) Other long-term liabilities	5	20,714.42	10,163.62
(c) Long-term provisions	6	2,311.54	2,075.75
Current liabilities			
(a) Short-term borrowings	7	7,599.79	4,892.85
(b) Trade payables	8		
i)Dues to Micro,Small & Medium Enterprises	(i)	12,658.83	18,996.58
ii)Dues to Others	(ii)	8,983.37	11,851.47
(c) Other current liabilities	9	15,677.44	12,903.43
(d) Short-term provisions	10	1,215.46	1,015.11
TOTAL		**95,256.35**	**85,869.82**
ASSETS			
Non-current assets			
(a)Property ,Plant and Equipment and Intangible Assets	11		
(i))Property ,Plant and equipment		3,143.26	2,598.20
(ii) Intangible assets		149.00	64.11
(iii) Capital work-in-progress		227.43	292.22
(iv) Intangible Assets under development		331.71	42.37
(b) Non-current investment	12	3,464.11	3,205.44
(c) Deferred tax Asset		1,683.22	1,557.50
(d) Long-term loans and advances	13	3,689.69	3,886.51
(e) Other non-current assets	14	23,150.95	12,032.55
Current Assets			
(a) Inventories	15	6,917.05	5,448.72
(b) Trade receivables	16	40,781.59	42,900.54
(c) Cash and cash equivalents	17A	3,905.96	7,229.84
(d) Other bank balances	17B	1,816.21	2,375.70
(e) Short-term loans and advances	18	5,301.74	3,936.88
(f) Other current assets	19	694.43	299.24
TOTAL		**95,256.35**	**85,869.82**

Significant Accounting Policies and Notes 1 to 77 are integral part of this financial statement.

On behalf of Board of Directors

Per our report of even date attached

CIN : U74999KL1972SGC002450

Sd/-
N.Narayana Moorthy
Chairman
DIN:05251681

Sd/-
Sreekumar Nair
Managing Director
DIN:10380526

For Isaac & Suresh
Chartered Accountants,
Firm Registration No.001150S

Sd/-
CA.Sobha Sethumadhavan
Partner
Membership No.225166
UDIN: 24225166BKAIQA1331
31st August 2024

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
GM i/c (Finance)

Thiruvananthapuram
14th August 2024

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023

Particulars	Note	For the year ended 31st March 2023 ₹ in lakhs	For the year ended 31st March 2022 ₹ in lakhs
Revenue from operations	20	47,133.36	51,727.49
Less: Excise duty		-	
Net Revenue from operations		47,133.36	51,727.49
Add/less: Stock Transfers		-	-
Other income	21	365.21	825.32
Total Income		47,498.57	52,552.81
Expenses			
Material consumed and service expenses	22	34,961.91	39,217.15
Change in inventory of Finished Goods, Work-in-progress and Stock-in -trade	23	(494.01)	761.06
Employee cost	24	8,098.05	6,304.62
Finance cost	25	931.55	771.16
Depreciation/amortization	26	378.18	339.94
Other expenses	27	1,922.79	1,487.41
Prior period adjustment	28	(874.07)	(285.16)
		44,924.40	48,596.18
Add/Less: Consumption for captive capital items		(83.91)	(62.74)
Total Expenses		44,840.49	48,533.44
Profit/(Loss) for the year before exceptional and extraordinary items		2,658.08	4,019.37
Less : Exceptional items	29	526.40	1,108.42
Profit/(Loss) for the year before extraordinary items		2,131.68	2,910.95
Extraordinary Items		-	
Profit /(Loss) for the year before Tax		2,131.68	2,910.95
Current Tax		-	
Deferred Tax		(125.72)	(1,557.50)
Profit /(Loss) for the year		2,257.40	4,468.45
Balance of profit/(loss) carried over to Balance Sheet		2,257.40	4,468.45
Earnings per share:			
Basic		10.56	21.95
Diluted		10.56	11.95

Significant Accounting Policies and Notes 1 to 77 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

Sd/-
N.Narayana Moorthy
Chairman
DIN:05251681

Sd/-
Sreekumar Nair
Managing Director
DIN:10380526

For Isaac & Suresh
Chartered Accountants,
Firm Registration No.001150S

Sd/-
CA.Sobha Sethumadhavan
Partner
Membership No.225166
UDIN: 24225166BKAIQA1331
31st August 2024

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
GM i/c (Finance)

Thiruvananthapuram
14th August 2024

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(loss) before extraordinary items and tax	**2,131.68**	**2,910.95**
Adjustments for :		
Depreciation/Amortisation	378.18	339.94
Provision for bad debts	95.12	1,176.34
Provision for loans, advances and deposits	-	18.69
Provision for Litigation Settlement	153.67	
Bad sundry debits written off	27.02	0.39
Bad sundry credits written back	(79.48)	(215.25)
Interest expenses	883.70	741.28
Interest income	(232.61)	(261.77)
Profit on sale of fixed assets	-	(0.13)
Profit on sale of investments	(57.35)	(454.45)
Loss on sale of fixed assets	-	0.28
Loss on discarding of fixed assets	0.07	-
Operating Profit Before Working Capital Changes	**3,300.00**	**4,256.27**
Adjustments for (increase)/decrease in operating assets:		
Trade and other receivables	(9,675.35)	(8,789.31)
Inventories	(1,468.32)	524.24
Other loans and advances	(1,439.23)	634.65
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables and other liabilities	3,875.58	6,030.34
Net Cash from operating activities	**(5,407.32)**	**2,656.19**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(809.40)	(514.14)
Proceeds from sale of fixed assets	-	0.28
Intangible assets	(423.36)	(63.23)
Interest received	107.09	36.66
Term deposits with bank	843.58	(1,079.12)
Sale of investment	69.85	521.95
Net cash used in investing activities	**(212.24)**	**(1,097.60)**
C. CASHFLOW FROM FINANCING ACTIVITIES:		
Receipt of Government loan	500.00	400.00
Working Capital Term Loan from KSIDC	641.09	(451.33)
Working Capital facility from KFC-BDS	-	(415.86)
Working capital revolving fund loan-KFC	852.49	(636.20)
Covid Relief Loan from KFC	(57.97)	57.75
L&T loan from KFC	(5.42)	449.65
PNB GECLS Loan	-	170.00
Overdraft from State Bank of India	0.00	-
Repayment of Long term Loan from Malabar Cements limited	(40.00)	
Interest paid	(278.36)	(224.42)
Cash Credit facility from Punjab Nationa Bank	683.85	196.58
Net cash used in financing activities	**2,295.68**	**(453.83)**
ABSTRACT:		
A. Net Cash from Operating Activities	(5,407.32)	2,656.19
B. Net Cash used in Investing Activities	(212.24)	(1,097.60)
C. Net Cash used in Financing Activities	2,295.68	(453.83)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,323.88)**	**1,104.76**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**7,229.84**	**6,125.08**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**3,905.96**	**7,229.84**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,323.88)**	**1,104.76**

Note:

i)

Particulars	As at 31st March 2023	As at 31st March 2022
Cash and cash equivalents consists of:	(Amount in ₹)	(Amount in ₹)
a) Cash and stamp in hand	8.68	30.50
b) Remittance in transit	-	85.97
c) Balance in Scheduled Banks:		
Current account	3,885.97	4,612.83
Term deposits (less than 3 months maturity)	-	2,500.00
d) Government of Kerala - Treasury savings bank account	11.31	0.54
Total	**3,905.96**	**7,229.84**

On belalf of Board of Directors
CIN : U74999KL1972SGC002450

Per our report of even date attached to Balance Sheet

Sd/-
N.Narayana Moorthy
Chairman
DIN:05251681

Sd/-
Sreekumar Nair
Managing Director
DIN:10380526

For Isaac & Suresh
Chartered Accountants,
Firm Registration No.001150S

Sd/-
CA.Sobha Sethumadhavan
Partner
Membership No.225166
UDIN: 24225166BKAIQA1331
31st August 2024

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
GM i/c (Finance)

Thiruvananthapuram
14th August 2024

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES & NOTES

Corporate Information

Kerala State Electronics Development Corporation Limited (KELTRON) (CIN: **U74999KL1972SGC002450**) is a company incorporated under the Companies Act, 1956. The company is fully owned by the Government of Kerala. KELTRON is a technology driven enterprise that manufactures and markets electronic components, equipment and systems for communications, defence, aerospace, industrial and home applications. Coupled with the high-calibre technical expertise available in house, KELTRON has repositioned itself as a total solutions provider in the electronics industry. The current capabilities of the Company include system integration, project management and consultancy. These products are marketed through a strong sales and distribution network spanning the entire country, through the six branch offices located at Ahmedabad, Bangalore, Calcutta, Chennai, Delhi and Mumbai, to ensure that the products are backed by dedicated support and service.

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. Cash and Cash Equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at Bank and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

V. 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.

VI. 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.

VII. 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.

VIII. 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.

i) *Earnings per share*

The basic earnings per share are computed by dividing the net profit for the period attributable to equity share holders by weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share the net profit or loss for the period attributable to equity share holders by weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Note 1 : SHARE CAPITAL	As at 31st March 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
Authorised Share Capital 3,75,00,000 equity shares of ₹100/- each (Previous year : 2,10,00,000 equity shares of ₹100/- each)	37,500.00	21,000.00
Issued, subscribed and paid up 3,73,85,976 equity shares of ₹100 each. (Previous year:2,03,55,181 equity shares of ₹100/- each fully paid up)	37,385.98	20,355.18
Total	**37,385.98**	**20,355.18**

(a)

Reconcilation of number of shares outstanding:	As at 31st March 2023		As at 31st March 2022	
	No of Shares	₹ in lakhs	No of Shares	₹ in lakhs
Shares outstanding at the beginning of the year	2,03,55,181	20,355.18	2,03,55,181	20,355.18
Share allotment during the year to:				
Government of Kerala	1,70,30,795	17,030.80	-	-
Shares outstanding at the end of the year	3,73,85,976	37,385.98	2,03,55,181	20,355.18

The Government of Kerala vide GO (MS) No.53/2020/ID dated 15th May 2020 approved the conversion of Government loan amounting to ₹7,200.18 lakhs and Government grant amounting to ₹ 600 lakhs to equity and the company on its 256th Board Meeting held on 21st August 2020 fixed the effective date of conversion as 31st March 2020. The Government of Kerala vide GO No.108/2022/ID dated 18th October 2022 approved the conversion of Interest Accrued on Government Loan amounting to ₹9,230.61lakhs.

Consequent to the conversion of government loan and interest accrued thereon as mentioned above,the authorised share capital has been increased from ₹21,000 lakhs to ₹37,500 lakhs in the financial year 2022-23 after obtaining sanction from the Government of Kerala .During the reporting period,1,70,30,795 shares of Rs 100 were alloted to the Government of Kerala pursuant to the increase in share capital.Thus the paid up capital of the company as on 31st March 2023 is ₹37,385.98 lakhs.

(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 2023		As at 31st March 2022	
	No of Shares	% holdings	No of Shares	% holdings
Government of Kerala	3,69,85,976	99%	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 2023, 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) **Details of shareholding of Promoters**

Name of the Promoter	As at 31st March 2023		As at 31st March 2022	
	No of Shares	% holdings	No of Shares	% holdings
Government of Kerala	3,69,85,976	99%	1,99,55,181	98%

(f) Refer Note no.42.

Note 2 : RESERVES AND SURPLUS	As at 31st March 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
(i) Capital Reserve		
a) Investment subsidy for Controls Division	15.00	15.00
b) Subsidy for Printed Circuit Board Division	5.20	5.20
c) Grant from Government of Kerala for Co-operative projects	9.30	9.30
	29.50	29.50
(ii) Surplus/(deficit) as per Statement of Profit and Loss.		
Balance of Loss as per last Balance Sheet	(14,984.36)	(19,452.81)
Add : Net Profit/(Loss) for the year	2,257.40	4,468.45
Net balance of Loss	(12,726.96)	(14,984.36)
Total [(i) + (ii)]	**(12,697.46)**	**(14,954.86)**

Refer Note no.42

Note 3: SHARE APPLICATION MONEY PENDING ALLOTMENT	As at 31st March 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
Share subscriptions received pending allotment	-	17,030.80
Total	**-**	**17,030.80**

(a) Pursuant to the conversion of government loan and interest accrued thereon to equity as mentioned above ,the authorised share capital of the company was increased during the reporting period and 1,70,30,795 shares of ₹100 amounting to ₹17,030.80 lakhs were alloted to the Government of Kerala.

Note 4 : LONG-TERM BORROWINGS		As at 31st March 2023	As at 31st March 2022
		₹ in lakhs	₹ in lakhs
Secured			
Kerala Financial Corporation-Covid 19 Relief Loan	(a)	44.17	102.14
PNB GECLS Loan	(b)	155.83	170.00
Sub total (i)		200.00	272.14
Unsecured			
Loan from Government of Kerala	(c)	1,206.98	1,267.75
Sub total (ii)		1,206.98	1,267.75
Total		**1,406.98**	**1,539.89**

(a) During the financial year 2020-21,the company availed Covid Relief loan of ₹190 lakhs from KFC for meeting temporary liquidity issues.The loan was secured by the first charge over the fixed assets by way of equitable mortgage.The balance outstanding against this loan on 31st March 2023 is ₹107.41lakhs and the non current portion amounting to ₹44.17 lakhs which becomes due after 31st March 2024 is included and disclosed under Long Term Borrowings.This Credit facility carries an interest of 9.50% p.a. as on 31st March 2023.

(b) During the financial year 2021-22,the company availed GECLS (Guaranteed Emergency Credit Line Scheme)loan of ₹170 lakhs from Punjab National Bank under the Atma Nirbhar Bharat scheme announced by the Central Government.Repayment of principal becomes due from January 2024(after a moratorium of 24 months)The non current portion amounting to ₹155.83 lakhs has been disclosed under Long Term Borrowings.This loan carries an interest of 9.25% p.a. as on 31st March 2023.This loan is also secured with the assets of the primary loan under Short Term Borrowings.

(c)(i) An amount of ₹ 8,265.84 lakhs being loan sanctioned vide various GO's in earlier financial years was due as on 01st April 2019.As part of the rehabilitation of the Company, Government of Kerala has frozen the interest and granted moratorium on repayment of principal on Government Loan amounting to ₹8,265.84 lakhs upto 31st March 2016 under order GO (MS) No.183/11/1D dated 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 ₹7,200.18 lakhs to equity and the company on its 256th Board Meeting held on 21st August 2020 fixed the effective date of conversion as 31st March 2020.With regard to the government loan of ₹1,065.66 lakhs for which conversion in to equity has not been approved ,the non current portion amounting to ₹ 213.13 lakhs is shown under Long Term Borrowings.

(ii) During the financial year 2018-19 company received loan of ₹500 lakhs vide GO(Rt)No.13007/2018/ID dated 24.11.2018 for setting up of Manufacturing facility for Laptops and Servers and the Government resumed the same on 31.03.2019 and subsequently refunded the same on 2nd April 2019.The balance outstanding against this loan as on reporting date is ₹500 lakhs and the non current portion amounting to ₹50 lakhs is shown under Long Term Borrowings.

(iii) The company received loan of ₹100 lakhs vide GO.(Rt) No.1115/2019/ID dated 10.11.2019 for setting up Research and Development facilities at Keltron Equipment Complex,Karakulam.The Government resumed ₹49.05 lakhs on 31st March 2020 and refunded the same on 29th July 2020.The balance outstanding against this loan on 31st March 2023 is ₹100 lakhs.Out of which the non current portion amounting to ₹35lakhs is shown under Long Term Borrowings.

(iv) During the financial year 2019-20,the company received a loan of ₹41lakhs vide GO(Rt)No.193/2020/ID dated 29.02.2020 for expansion of Space Electronics Group at Keltron Equipment Complex,Karakulam and the Government resumed the same on 31st March 2020 and subsequently refunded the same on 29th July 2020.The balance outstanding against this loan as on 31st March 2023 is ₹41lakhs and the non current portion amounting to ₹ 14.35 lakhs is shown under Long Term Borrowings.

(v) The company vide GO(Rt)No.224/2020/ID dated 11.03.2020 received a loan of ₹155 lakhs for modernisation of facilities for Space Electronics work at Communication Project Group(CPG) at Monvila and the same is outstanding on 31st March 2023.The non current portion amounting to ₹62lakhs is shown under Long Term Borrowings.

(vi) During the financial year 2020-21, the company received a loan of ₹200 lakhs vide GO(Rt) no:127/2021/ID dated 30/01/2021 for modernisation of production facilities of units.The entire loan amount is outstanding on 31st March 2023 and the non current portion amounting to ₹110 lakhs is shown under Long Term Borrowings.

(vii) During the financial year 2020-21,the company received ₹50 lakhs vide GO (Rt)No.232/2021/ID dated 19/02/2021 for modernisaton of projects in Keltron Equipment Complex,Karakulam and Keltron Communication Complex ,Monvila and the same is outstanding as on 31st March 2023.The non current portion amounting to ₹27.5 lakhs is shown under Long Term Borrowings.

(viii) During the financial year 2021-22,the company received ₹200 lakhs vide GO (Rt)No.895/2021/ID dated 18/08/2021 for manufacturing of medical equipments and augmentation of testing facilities and the same is outstanding as on 31st March 2023.The non current portion amounting to ₹130 lakhs is shown under Long Term Borrowings.

(ix) During the financial year 2021-22,the company received ₹200 lakhs vide GO (Rt)No.1104/2021/ID dated 02/10/2021for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The non current portion amounting to ₹140 lakhs is shown under Long Term Borrowings.

(x) During the financial year 2022-23,the company received ₹300lakhs vide GO(Rt)No.933/2022/ID dated 26/08/2022 for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The non current portion amounting to ₹255 lakhs is shown under Long Term Borrowings.

(xi) During the financial year 2022-23,the company received ₹200 lakhs vide GO (Rt)No.939/2022/ID dated 29/08/2022 for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The non current portion amounting to ₹170lakhs is shown under Long Term Borrowings.

(d) The loans received from Government of Kerala are repayable after a period of 5 years and the repayment of loan will comence from the first anniversary of the drawal of loan.The interest on government loan has been fixed as 9.50% vide G.O(P) 169/2018-FIN dated 16.05.2018

(e) Current maturities of long term borrowings are disclosed under Note-7 Short Term Borrowings.

(f) Refer Note No.42

Note 5 : OTHER LONG-TERM LIABILITIES	**As at 31st March 2023**	**As at 31st March 2022**
	₹ in lakhs	**₹ in lakhs**
i) Dues to MSME*		
Trade Payable for supplies	16,234.26	6,171.88
Trade Payable for services	650.56	36.79
ii) Dues to Others*		
Trade Payable for supplies**	136.94	137.07
Trade Payable for services	195.80	164.84
Long-term liability-other finance	1,720.83	1,649.94
Interest accured but not due on loans-Government of Kerala***	1,141.27	1,141.27
Advance from customers	634.76	861.83
Total	**20,714.42**	**10,163.62**

* Dues to Micro, Small and Medium enterprise .Refer Note No.50.Other Long Term Liabilities include Trade Payables outstanding beyond the normal operating cycle of business.

** Trade Payable for Supplies-Dues to Others include an unreconciled credit balance of ₹ 12.84 lakhs (PY : ₹12.84 lakhs)as at year end being the difference 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-45.

*** Interest accrued but not due on loans-Government of Kerala includes ₹251.89 lakhs being interest accrued on loans not included in the financial restructuring and interest accrued on loan converted to equity vide GO (Ms) No 183/11/dated 26/08/2011of ₹ 889.38 lakhs totalling to ₹1,141.27 lakhs.

Note 5(1)
Trade Payable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
	As at 31st March 2023					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	0.02	10,735.48	4,703.82	782.65	**16,221.97**
(ii)	Others	-	4.71	2.53	129.70	**136.94**
(iii)	Disputed dues-MSME	-	-	-	12.29	**12.29**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**0.02**	**10,740.19**	**4,706.35**	**924.64**	**16,371.20**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	-	144.35	79.98	426.23	**650.56**
(ii)	Others	9.54	35.39	35.12	115.75	**195.80**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**9.54**	**179.74**	**115.10**	**541.98**	**846.36**
	Total(a+b)	**9.56**	**10,919.93**	**4,821.45**	**1,466.62**	**17,217.56**

Sl No	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
	As at 31st March 2022					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	0.01	4,863.46	174.12	1,122.00	**6,159.59**
(ii)	Others	-	4.24	7.51	125.32	**137.07**
(iii)	Disputed dues-MSME	-	-	-	12.29	**12.29**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**0.01**	**4,867.70**	**181.63**	**1,259.61**	**6,308.95**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	3.50	0.09	12.35	20.85	**36.79**
(ii)	Others	14.63	22.44	40.61	87.16	**164.84**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**18.13**	**22.53**	**52.96**	**108.01**	**201.63**
	Total(a+b)	**18.14**	**4,890.23**	**234.59**	**1,367.62**	**6,510.58**

Note 6 : LONG TERM PROVISIONS		As at 31st March 2023	As at 31st March 2022
		₹ in lakhs	₹ in lakhs
Provision for gratuity *	(Refer to Note No.38)	1,628.70	1,447.20
Provision for leave encashment*	(Refer to Note No.38)	641.24	577.08
Provision for warranty	(Refer to Note No.37)	41.19	51.06
Provision - others		0.41	0.41
Total		**2,311.54**	**2,075.75**

* Refer Note No-62

Note7 : SHORT TERM BORROWINGS		As at 31st March 2023	As at 31st March 2022
		₹ in lakhs	₹ in lakhs
Secured			
Cash credit from Punjab National Bank	(a)	1,223.50	539.65
Kerala Financial Corporation-Working Capital Revolving Fund Loan	(b)	932.50	80.00
Kerala State Industrial Development Corporation-Working Capital Term Loan	(c)	1,095.48	454.40
Kerala Financial Corporation-L&T Loan	(d)	444.22	449.65
Current Maturities of Long Term Borrowings.			
Kerala Financial Corporation-Covid 19 Relief Loan	(e)	63.24	63.24
PNB GECLS Loan	(f)	14.17	-
Sub total (i)		**3,773.11**	**1,586.94**
Unsecured			
Current Maturities of Long Term Borrowings:			
Loan from Government of Kerala	(g)	3,004.68	2,443.91
Loans wholly due for payment:			
Loan from Kerala Minerals and Metals Limited	(h)	450.00	450.00
Loan from Travancore Titanium Products Limited	(i)	12.00	12.00
Loan from Malabar Cements Limited	(j)	360.00	400.00
Sub total (ii)		**3,826.68**	**3,305.91**
Total		**7,599.79**	**4,892.85**

(a) The Cash credit from Punjab National Bank amounting to ₹2,000 lakhs 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 13.35% p.a. as on 31st March 2023.Further,the company has non fund based facility of ₹2,000 lakhs.For disclosure regarding stock statement submitted to bank Refer Note No-69.

(b) The Company has a Working Capital Revolving Fund loan from Kerala Financial Corporation (KFC), amounting to ₹945 lakhs . This credit facility was secured by the mortgage of land to the extent of 310 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. This Credit facility carries an interest of 11.00% p.a. as on 31st March 2023

(c) The company has availed project specific loans from Kerala State Industrial Development Corporation Limited(KSIDC).The company has offered as collateral 13.01 acres of land including a building of 1817.32 sq m at Nandi,Kozhikode where Keltron Lighting Division is situated.The details of the various project specific loans are as under:

Sl No	Purpose of Loan	Rate of Interest per annum as on 31st March 2023	Amount of Loan Sanctioned	Loan Outstanding as on 31st March 2023
			₹ in lakhs	₹ in lakhs
(i)	Working capital loan for execution of orders received from NPOL	10.50%	₹ 400	₹ 400
(ii)	Working capital loan for execution of orders received from PWD-CCTV High Court Project	11.20%	₹ 300	₹ 300
(iii)	Working capital loan for execution of orders received from Weapon Equipment Depot	10.50%	₹ 176	₹ 176
(iv)	Working capital loan for execution of orders received from ANSP DRDL	10.25%	₹ 400	₹ 219.48
	Loan from KSIDC oustanding on 31st March 2023			**₹1,095.48**

(d) The company received an order from Larsen & Toubro Limited(L&T) for the supply, installation and commissioning of UPS and allied equipment for Nuclear Power project of NPCIL, Kudamkulam.During the financial year 2021-22,the company availed a project specific loan from Kerala Financial Corporation(KFC) amounting to ₹500 lakhs for the execution of the L&T Project and the balance outstanding against this loan as on 31st March 2023 is ₹444.22 lakhs.This credit facility was secured by the mortgage of land to the extent of 310 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.This Credit facility carries an interest of 10.50% p.a. as on 31st March 2023.

(e) During the financial year 2020-21,the company availed Covid Relief loan of ₹190 lakhs from KFC for meeting temporary liquidity issues.The loan was secured by the first charge over the fixed assets by way of equitable mortgage.The balance outstanding against this loan on 31st March 2023 is ₹107.41lakhs and the current portion amounting to ₹63.24lakhs is included and disclosed under Short .Term Borrowings.This Credit facility carries an interest of 9.50% p.a. as on 31st March 2023

(f) During the financial year 2021-22,the company availed GECLS (Guaranteed Emergency Credit Line Scheme)loan of ₹170 lakhs from Punjab National Bank under the Atma Nirbhar Bharat scheme announced by the Central Government.Repayment of principal becomes due from January 2024(after a moratorium of 24 months)The current portion amounting to ₹14.17 lakhs has been disclosed under Short Term Borrowings.This loan carries an interest of 9.25% p.a. as on 31st March 2023.This loan is also secured with the assets of the primary loan under Short Term Borrowings.

(g)(i) During the financial year 2012-13 company received a loan of ₹ 600 lakhs 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 balance outstanding as on reporting date is ₹600 lakhs and the same is shown under Short Term Borrowings.

(ii) During the financial year 2017-18 company received loan of ₹400 lakhs vide GO(Rt) No.367/2018/ID dated 28.03.2018 for modernisation and expansion of manufacturing units.The Government resumed ₹400 lakhs 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 ₹91.87 lakhs and refunded the same on 2nd April 2019.The balance outstanding against this loan as on 31st March 2023 is ₹400 lakhs.and the same is shown under Short Term Borrowings.

(iii) During the financial year 2017-18 company received loan of ₹200lakhs vide GO(Rt)No.1538/2017/ID dated 08.11.2017 for modernisation and expansion of manufacturing units.The Government resumed ₹150lakhs 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 2023 is ₹200lakhs and the same is shown under Short Term Borrowings.

(iv) During the financial year 2018-19 company received loan of ₹500 lakhs vide GO(Rt)No.13007/2018/ID dated 24.11.2018 for setting up of Manufacturing facility for Laptops and Servers and the Government resumed the same on 31.03.2019 and subsequently refunded the same on 2nd April 2019.The balance outstanding against this loan as on reporting date is ₹500lakhs and the current portion amounting to ₹450lakhs is shown under Short Term Borrowings.

(v) The company received loan of ₹100 lakhs vide GO.(Rt) No.1115/2019/ID dated 10.11.2019 for setting up reasearch and development facilities at Keltron Equipment Complex,Karakulam.The Government resumed ₹49.06 lakhs on 31st March 2020 and refunded the same on 29th July 2020.The balance outstanding against this loan on 31st March 2023 is ₹100 lakhs and the current portion amounting to ₹65 lakhs is shown under Short Term Borrowings.

(vi) During the financial year 2019-20,the company received a loan of ₹41lakhs vide GO(Rt)No.193/2020/ID dated 29.02.2020 for expansion of Space Electronics Group at Keltron Equipment Complex,Karakulam.The government resumed the same on 31st March 2020 and subsequently refunded the same on 29th July 2020.The balance outstanding against this loan on 31st March 2023 is ₹41lakhs and the current portion amounting to ₹26.65 lakhs is shown under Short Term Borrowings.

(vii) The company vide GO(Rt)No.224/2020/ID dated 11.03.2020 received a loan of ₹155 lakhs for modernisation of facilities for Space Electronics work at Communication Project Group(CPG) at Monvila and the same is outstanding on 31st March 2023.The current portion amounting to ₹93 lakhs is shown under Short Term Borrowings.

(viii) During the financial year 2020-21, the company received a loan of ₹200 lakhs vide GO(Rt) No.127/2021/ID dated 30/01/2021 for modernisation of production facilities of units.The entire loan amount is outstanding on 31st March 2023 and the current portion amounting to ₹90 lakhs is shown under Short Term Borrowings.

(ix) During the financial year 2020-21,the company received ₹50 lakhs vide GO (Rt)No.232/2021/ID dated 19/02/2021 for modernisaton of projects in Keltron Equipment Complex,Karakulam and Keltron Communication Complex ,Monvila and the same is outstanding as on 31st March 2023.The current portion amounting to ₹22.50 lakhs is shown under Short Term Borrowings.

(x) During the financial year 2021-22,the company received ₹200 lakhs vide GO (Rt)No.895/2021/ID dated 18/08/2021 for manufacturing of medical equipments and augmentation of testing facilities and the same is outstanding as on 31st March 2023.The current portion amounting to ₹70 lakhs is shown under Short Term Borrowings.

(xi) During the financial year 2021-22,the company received ₹200lakhs vide GO(Rt)No.1104/2021/ID dated 02/10/2021for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The current portion amounting to ₹60 lakhs is shown under Short Term Borrowings.

(xii) During the financial year 2022-23,the company received ₹300lakhs vide GO (Rt)No.933/2022/ID dated 26/08/2022 for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The current portion amounting to ₹45 lakhs is shown under Short Term Borrowings.

(xiii) During the financial year 2022-23,the company received ₹200 lakhs vide GO (Rt)No.939/2022/ID dated 29/08/2022 for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The current portion amounting to ₹30 lakhs is shown under Short Term Borrowings.

(xiv) An amount of ₹ 8,265.84 lakhs being loan sanctioned vide various GO's in earlier financial years was due as on 01st April 2019.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 ₹ 8,265.84 lakhs upto 31st March 2016 under order dated GO (MS) No.183/11/1D dated 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 ₹7,200.18 lakhs to equity.With regard to government loan of ₹1,065.66 lakhs for which conversion in to equity has not been approved the current portion amounting to ₹852.53 lakhs is shown underShort Term Borrowings

(xv) The loans received from Government of Kerala are repayable after a period of 5 years and the repayment of loan will comence from the first anniversary of the drawal of loan.The interest on government loan has been fixed as 9.50% vide G.O(P) 169/2018-FIN dated 16.05.2018

(h) Kerala Minerals and Metals Limited(KMML) released a loan of ₹ 500 lakhs 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 31/03/2022 and as confirmed by KMML is ₹450 lakhs 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.

(i) The Company has availed a loan amount of ₹12 lakhs 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 lakhs availed from Travancore Titanium Products Limited, with interest, to the State Government and the same is pending to be settled.

(j) 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, ₹400 lakhs in the form of Equity and ₹400 lakhs as interest bearing loan which carries an interest of 7% p.a and repayable in 20 quarterly equal installments of ₹20 lakhs each commencing from 30th September 2012.On 30th June 2022,the company repaid ₹40 lakhs and the balance outstanding against this loan as on 31st March 2023 is ₹360 lakhs.

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

Particulates of Defaulted loans and interest thereon	Period of default	Defaulted amount
Loan from Government of Kerala	5-10 years	2,205.96
Loan from Government of Kerala	less than 5 year	237.95
Interest accrued and due Governement of Kerala	5-10 years	2,327.69
Interest accrued and due Governement of Kerala	less than 5 year	222.86
Loan from Kerala Minerals and Metals Limited	23 years	450.00
Loan from Travancore Titanium Products Limited	23 years	12.00
Interest accrued on loan from Travancore Titanium Products Limited	23 years	41.52
Loan from Malabar Cements Limited	12 years	360.00
Interest accrued on loan from Malabar Cements Limited	11 years	338.78

Note 8 : TRADE PAYABLES	**As at 31st March 2023**	**As at 31st March 2022**
	₹ in lakhs	**₹ in lakhs**
i)Due to MSME		
Supplies	11,636.31	18,184.96
Services	1,022.52	811.62
Total(i)	**12,658.83**	**18,996.58**
ii)Due to Others		
Supplies	8,021.90	10,809.69
Services	961.47	1,041.78
Total(ii)	**8,983.37**	**11,851.47**
Total	**21,642.20**	**30,848.05**

Dues to Micro, Small and Medium enterprise .Refer Note No.50

Note 8(1)
Trade Payable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
	As at 31st March 2023					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	9,100.24	576.13	365.54	1,594.40	**11,636.31**
(ii)	Others	3,235.73	349.20	720.15	3,716.82	**8,021.90**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**12,335.97**	**925.33**	**1,085.69**	**5,311.22**	**19,658.21**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	721.53	38.54	35.42	227.03	**1,022.52**
(ii)	Others	470.02	25.91	27.17	438.37	**961.47**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**1,191.55**	**64.45**	**62.59**	**665.40**	**1,983.99**
	Total(a+b)	**13,527.52**	**989.78**	**1,148.28**	**5,976.62**	**21,642.20**

Sl No	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
	As at 31st March 2022					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	15,019.83	1,020.16	508.97	1,596.07	**18,145.03**
(ii)	Others	4,106.88	2,324.31	1,372.90	2,884.60	**10,688.69**
(iii)	Disputed dues-MSME	-	-	11.64	28.29	**39.93**
(iv)	Disputed dues-Others	-	-	-	121.00	**121.00**
	Sub Total	**19,126.71**	**3,344.47**	**1,893.51**	**4,629.96**	**28,994.65**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	277.30	300.84	40.65	192.83	**811.62**
(ii)	Others	489.84	42.44	48.01	461.49	**1,041.78**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**767.14**	**343.28**	**88.66**	**654.32**	**1,853.40**
	Total(a+b)	**19,893.85**	**3,687.75**	**1,982.17**	**5,284.28**	**30,848.05**

Note 9 : OTHER CURRENT LIABILITIES	As at 31st March 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
Current liabilities - Other finance & statutory dues	9,691.84	7,371.08
Interest accrued and due - Government of Kerala *	2,550.54	2,064.88
Interest accrued & due - KFC	27.29	13.14
Interest accrued and due - Travancore Titanium Products Limited.	41.52	39.77
Interest accrued & due -KSIDC Loan	10.33	-
Interest accrued & due-Malabar Cements Limited	338.78	309.61
Advance from customers	2,341.75	2,502.04
Income received in advance	345.39	272.89
Arbitration Award Payable (Refer Note 60 & 63)	330.00	330.02
Total	**15,677.44**	**12,903.43**

Guarantee commission on expired government guarantee amounting to ₹535.81 lakhs and interest accrued thereon amounting to ₹1,237.85 lakhs is included in Current liabilities - Other finance & statutory dues

*Refer Note 43.

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

Note 10 : SHORT-TERM PROVISIONS	As at 31st March 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
Provision for gratuity* (Refer to Note No.38)	414.25	350.76
Provision for leave encashment* (Refer to Note No.38)	148.85	155.58
Provision for warranty (Refer to Note No.37)	450.65	460.73
Provision - others	201.71	48.04
Total	**1,215.46**	**1,015.11**

* Refer Note No-62

Note 11 : Property ,Plant and Equipment and Intangible Assets

₹ in lakhs

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Total Cost as on 01-04-2022	Additions during the year	Sales / Transfer & Adjustment	Total Cost as on 31-03-2023	Provision Up To 01-04-2022	Provided during the year	Transfer to Profit & Loss	Sales / Transfer & Adjustment	Total provision up to 31-03-2023	Written down value as on 31-03-2023	Written down value as on 31-03-2022
I.Property ,Plant and Equipment:											
Land	155.79	-	-	155.79	-	-	-	-	-	155.79	155.79
Building	2,020.60	220.01	-	2,240.61	1,102.63	40.68	-	-	1,143.31	1,097.30	917.97
Electrical Fittings	465.52	13.08	0.17	478.43	382.54	20.27	-	0.17	402.64	75.79	82.98
Plant & Machinery	1,783.97	108.77	-	1,892.74	1,003.03	98.72	-	-	1,101.75	790.99	780.94
Test Instruments	982.44	164.18	-	1,146.62	600.00	54.33	-	-	654.33	492.29	382.44
Air Conditioner	131.91	34.61	-	166.52	103.87	7.66	-	-	111.53	54.99	28.05
Furniture & Fixtures	433.91	41.54	3.79	471.66	374.30	20.27	-	3.72	390.85	80.81	59.62
Office Equipments	272.16	42.06	0.61	313.61	222.37	20.95	-	0.61	242.71	70.90	49.79
Computer & data processing units	885.26	238.36	10.80	1,112.82	765.79	64.89	-	10.80	819.88	292.94	119.47
Service Equipment	3.34	4.02	-	7.36	3.28	0.25	-	-	3.53	3.83	0.05
Canteen Utensils	28.59	7.47	-	36.06	21.79	2.61	-	-	24.40	11.66	6.79
Library Books	0.20	-	-	0.20	0.20	-	-	-	0.20	0.00	0.00
Fire extinguishers	9.41	2.21	-	11.62	6.81	0.44	-	-	7.25	4.37	2.60
Water supply installations	26.56	1.95	-	28.51	19.83	1.40	-	-	21.23	7.28	6.73
Vehicle	50.47	-	-	50.47	45.51	0.65	-	-	46.16	4.31	4.96
Transit house equipments	0.45	-	-	0.45	0.43	0.01	-	-	0.44	0.01	0.02
Sub total	7,250.58	878.26	15.37	8,113.47	4,652.38	333.13	-	15.30	4,970.21	3,143.26	2,598.20
II. Intangible Assets:											
Software/Licenses	114.22	114.04	-	228.26	66.53	31.69	-	-	98.22	130.04	47.69
Research &development expenses	860.16	15.90	-	876.06	847.47	12.04	-	-	859.51	16.55	12.69
Technical knowhow	240.60	-	-	240.60	236.87	1.32	-	-	238.19	2.41	3.73
Sub total	1,214.98	129.94	-	1,344.92	1,150.87	45.05	-	-	1,195.92	149.00	64.11
III. Captal work in progress											
Asset under erection	-	-	-	-	-	-	-	-	-	-	-
Building under constuction	265.25	86.61	124.43	227.43	-	-	-	-	-	227.43	265.25
Project Expenses not capitalised	26.97	-	26.97	-	-	-	-	-	-	-	26.97
		-	-							-	-
Sub total	292.22	86.61	151.40	227.43	-	-	-	-	-	227.43	292.22
IV.Intangible Assets under Development											
Intangible Assets under Development	42.37	289.34	-	331.71	-	-	-	-	-	331.71	42.37
										-	-
Total	42.37	289.34	-	331.71	-	-	-	-	-	331.71	42.37
TOTAL	**8,800.15**	**1,384.15**	**166.77**	**10,017.53**	**5,803.25**	**378.18**	**-**	**15.30**	**6,166.13**	**3,851.40**	**2,996.90**
Previous year	**8,224.64**	601.37	25.86	**8,800.15**	**5,464.74**	339.94	-	1.43	**5,803.25**	**2,996.90**	**2,759.89**

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.The Title Deed of all Immovable Property are held in the name of the Company.

v.Out of the 15.62 acres 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.

vi.The company has not revalued its Property, Plant & Equipment during the current year.

11(1) Capital Work in Progress Ageing Schedule

₹ in lakhs

Capital Work in Progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31st March 2023					
(i)Projects in Progress					
(i)TSD Production Building	41.47	99.35	-	-	140.82
(ii)ITBG Store Building	86.61	-	-	-	86.61
	-	-	-	-	-
Sub Total	128.08	99.35	-	-	227.43
(ii)Projects Temporarily suspended					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	-	-	-	-	-
Total(i+ii)	128.08	99.35	-	-	227.43
					-

11(2)Over due CWIP

₹ in lakhs

Capital Work in Progress	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i)Projects in Progress				
(i) Traffic Signal Division Production Building	-	-	-	-
	-	-	-	-
	-	-	-	-
(ii)Projects Temporarily suspended	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

11(3)Intangible Assets under development Ageing Schedule

₹ in lakhs

Intangible Assets under Development	Amount in Intangible Assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31st March 2023					
(i)Projects in Progress					
(i)CDAC	289.34	-	-	42.37	331.71
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	289.34	-	-	42.37	331.71
(ii)Projects Temporarily suspended					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	-	-	-	-	-
Total(i+ii)	289.34	-	-	42.37	331.71
					-

11(4)Over due Intangible Assets under development

₹ in lakhs

Intangible Assets under Development	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1	-	-	-	-
Project 2	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

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

₹ in lakhs

COMPANY NAME	Type of shares	COST			PROVISION FOR DIMINUTION			NET VALUE	
		Total cost as at 01.04.2022	Additions /(Deletions) during the year	Total Cost as at 31.03.2023	Provision upto 01.04.2022	Deletion / Provision for the year	Total provision upto 31.03.2023	As at 31.03.2023	As at 31.03.2022
A. Investment in Subsidiary Companies									
KELTRON COMPONENT COMPLEX LIMITED.(KCCL) (26190833 (PY:26190833) Nos of face value ₹10/- each fully paid up) (Present Market value is not available as shares are not traded)	Equity	2,618.50	-	2,618.50	-	-	-	2,618.50	2,618.50
KELTRON ELECTRO CERAMICS LIMITED (KECL) (5856130 Nos of face value ₹10/- each fully paid up)	Equity	314.44	271.17	585.61	-	-	-	585.61	314.44
KELTRON RECTIFIERS LIMITED (2743641Nos of face value ₹10/- each fully paid up)	Equity	274.36	-	274.36	274.36	-	274.36	-	-
KELTRON POWER DEVICES LIMITED (4102317 Nos of face value ₹10/- each fully paid up)	Equity	410.23	-	410.23	410.23	-	410.23	-	-
TOTAL (A)		3,617.53	271.17	3,888.70	684.59	-	684.59	3,204.11	2,932.94
B. Investments in Associate Companies									
COCONICS PVT LTD (2,60,000 Nos of face value ₹100./- each fully paid up)	Equity	260.00	-	260.00				260.00	260.00
SIDKEL TELEVISIONS LIMITED (105000 Nos of face value ₹10/- each fully paid up)	Equity	10.50	-	10.50	10.50		10.50	-	-
TOTAL (B)		270.50	-	270.50	10.50	-	10.50	260.00	260.00
C. Investments in Other Companies									
QUOTED									
Black Box Limited (Formerly AGC Networks Limited) (10000 Nos of face value ₹10/- each fully paid up)	Equity	12.50	(12.50)	-				-	12.50
UNQUOTED									
ELCERA SUBSTRATES LIMITED (280500 Nos of face value ₹10/- each fully paid up)	Equity	28.05	-	28.05	28.05		28.05	-	-
TOTAL (C)		40.55	(12.50)	28.05	28.05	-	28.05	-	12.50
GRAND TOTAL (A+B+C)		3,928.58	258.67	4,187.25	723.14	-	723.14	3,464.11	3,205.44
Previous year		4,487.53	(558.95)	3,928.58	1,214.59	(491.45)	723.14	3,205.44	3,272.94

Note:

1. No provision for diminution in the value of investments in subsidiaries in Sl No.1 &2 above have been made.

2. 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.

3.The Government of Kerala,vide GO (RT)No .1315/2021/ID dated 06.12.2021 sanctioned the disinvestment of 64,000 shares held by the company in Black Box Limited(previously AGC Networks Limited).During the financial year 2021-22, 50,000 shares were sold and on 31st March 2022 the company held 10,000 shares of Black Box Limited.Later,BlackBox Limited subdivided the equity share of face value of Rs 10 into equity shares of Rs 2each.Thus on 18th May 2022, 50,000 shares were issued to the company and during the reporting period the company sold these 50,000 shares .

4.Companies in Sl No-A-3 & 4,B-2,C-2 are defunct companies.

Note 13 : LONG-TERM LOANS AND ADVANCES	As at 31st March 2023 ₹ in lakhs	As at 31st March 2022 ₹ in lakhs
a) Unsecured - Considered good		
Advance-Employees	1.34	0.65
Subsidiary Companies*	1,264.30	1,264.30
Investments pending allotment **	1,744.61	1,974.92
Advance -Others	148.97	82.15
Deposit with Customs authorities	0.30	0.10
Deposit with Central Excise Dept.	1.69	1.69
Excise duty paid under protest	1.27	1.27
Other Deposits	527.21	561.43
Sub-total (a)	3,689.69	3,886.51
b) Unsecured-Considered doubtful	184.10	214.10
Less: Provision for doubtful advances	(184.10)	(214.10)
Sub-total (b)	-	-
Total [(a) + (b)]	**3,689.69**	**3,886.51**

* The details of loans and advances to subsidiary and associate companies (Related parties as per Accounting Standard -18) are disclosed in Note No.39

* The non current dues of loans and advances to subsidiary companies are shown in this Note and current dues are shown under Note No.18, 'Short Term Loans and Advances'

** The Investment pending allotment pertains to the pending allotment of shares to the subsidiary and associate companies , the details are disclosed in Note No.44 (i)

Note 14 : OTHER NON-CURRENT ASSETS	As at 31st March 2023 ₹ in lakhs	As at 31st March 2022 ₹ in lakhs
(a)Trade receivable*		
Unsecured:		
Considered good; outstanding for more than six months from the date they are due for payment	21,519.16	9,566.64
Receivables outstanding for a period less than six months	1.00	11.06
Considered doubtful; outstanding for more than six months from the date they are due for payment	2,253.06	2,263.34
Less : Provision for bad and doubtful debts	(2,253.06)	(2,263.34)
Total	21,520.16	9,577.70
(b) Non-current Bank balance:		
Term deposits with Banks (more than 12 months maturity)***	34.74	25.98
Margin on Bank Guarantee****	1,475.61	2,327.94
Total	1,510.35	2,353.92
(c) Others: Accrued Income	120.44	100.93
Total [a + b + c]	**23,150.95**	**12,032.55**

* Trade Receivable includes, long outstanding dues from customers which are beyond the normal operating cycle of business, which are being followed up and the same is expected to realize in future years.

** Trade Receivable considered doubtful includes an unreconciled debit balance of ₹ 1.87 lakhs (PY : ₹1.87 lakhs)as at year end being the difference between the balance as per the Company's books with that of its subsidiaries

*** Refer to Note No.17 for the term deposits having maturity of not more than 12 months as on reporting date.Term Deposits with Banks having more than 12 months maturity disclosed above are Fixed Deposits having lien with the customers with respect to projects.

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

Note 14(1)
Trade Receivable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
	As at 31st March 2023	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
(i)	Undisputed Trade Receivables-considered good	1.00	2.49	13,764.29	5,684.07	2,068.31	21,520.16
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	2,253.06	2,253.06
(iii)	Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	**1.00**	**2.49**	**13,764.29**	**5,684.07**	**4,321.37**	**23,773.22**
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	2,253.06	2,253.06
	Total	**1.00**	**2.49**	**13,764.29**	**5,684.07**	**2,068.31**	**21,520.16**

Trade Receivable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
	As at 31st March 2022	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
(i)	Undisputed Trade Receivables-considered good	4.76	0.16	6,727.53	421.75	2,417.20	9,571.40
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	2,263.34	2,263.34
(iii)	Disputed Trade Receivables-considered good	6.30	-	-	-	-	6.30
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	**11.06**	**0.16**	**6,727.53**	**421.75**	**4,680.54**	**11,841.04**
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	2,263.34	2,263.34
	Total	**11.06**	**0.16**	**6,727.53**	**421.75**	**2,417.20**	**9,577.70**

Note 15 : INVENTORIES	As at 31st March 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
(Inventories as taken, valued and certified by the Managing Director)		
Loose tools and jigs	52.17	56.75
Consumable stores and spares	56.63	61.80
Work-in-progress	1,700.46	1,129.28
Raw materials and components	4,856.06	3,803.40
Goods-in-transit	55.04	123.63
Goods purchased for resale	94.55	221.04
Finished goods	102.14	52.82
Total	**6,917.05**	**5,448.72**

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

Note 16 : TRADE RECEIVABLES	As at 31st March 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
Unsecured, considered good:		
Outstanding for a period exceeding six months from the date they are due for payment	21,294.50	19,478.49
Receivables outstanding for a period less than six months	19,487.09	23,422.05
Considered doubtful; outstanding for a period exceeding six months from the date they are due for payment	281.90	186.78
Less : Provision for bad and doubtful debts	(281.90)	(186.78)
Total	**40,781.59**	**42,900.54**

(a) Trade receivable includes an amount of ₹ 150.32 lakhs due from subsidiary companies being the 'Related parties' as specified in AS 18. This has been disclosed in Note No.39. Related Party Transactions.

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

Note 16(1)
Trade Receivable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
	As at 31st March 2023	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
(i)	Undisputed Trade Receivables-considered good	19,487.09	5,866.21	3,024.60	2,035.30	10,368.39	40,781.59
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	281.90	281.90
(iii)	Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	**19,487.09**	**5,866.21**	**3,024.60**	**2,035.30**	**10,650.29**	**41,063.49**
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	281.90	281.90
	Total	**19,487.09**	**5,866.21**	**3,024.60**	**2,035.30**	**10,368.39**	**40,781.59**

Trade Receivable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
	As at 31st March 2022	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
(i)	Undisputed Trade Receivables-considered good	23,415.50	3,324.31	5,158.21	2,646.19	8,323.56	42,867.77
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	186.78	186.78
(iii)	Disputed Trade Receivables-considered good	6.55	8.88	16.08	1.26	-	32.77
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	**23,422.05**	**3,333.19**	**5,174.29**	**2,647.45**	**8,510.34**	**43,087.32**
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	186.78	186.78
	Total	**23,422.05**	**3,333.19**	**5,174.29**	**2,647.45**	**8,323.56**	**42,900.54**

Note 17 : CASH AND BANK BALANCES	As at 31st March 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
A. Cash and Cash Equivalents:		
Cash and stamp in hand	8.68	30.50
Remittance in transit	-	85.97
Balance in Scheduled Banks:		
Current account	3,885.97	4,612.83
Term deposits (less than 3 months maturity)	-	2,500.00
Government of Kerala - Treasury savings bank account	11.31	0.54
Total	3,905.96	7,229.84
B. Other Bank balances:		
In Term deposit with maturity of more than 3 months but less than 12 months	148.54	1,162.60
Margin on Bank Guarantee*	1,667.67	1,213.10
Total	1,816.21	2,375.70
Total (A+B)	**5,722.17**	**9,605.54**

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 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
a) Unsecured - considered good		
Advance-Employees	73.13	66.29
Subsidiary Companies	408.30	396.88
Advance - Others	3,209.58	2,371.21
Deposit with Customs authorities	2.48	0.21
Deposit with Central Excise Department	0.10	0.10
Other deposits	399.91	245.51
Keltron Toolroom Research and Training Centre (KELTRAC)	110.01	65.81
Income Tax Refund Due	999.77	706.04
GST TDS Receivable	98.46	84.83
Total	**5,301.74**	**3,936.88**

Current maturities of loan and advances to subsidiary companies are disclosed in this Note and non current maturities are disclosed under Note No.13 'Long Term Loans and Advances' above.

Note 19 : OTHER CURRENT ASSETS	As at 31st March 2023	As at 31st March 2022
	₹ in lakhs	₹ in lakhs
Accrued income	694.43	299.24
Total	**694.43**	**299.24**

Note 20 : REVENUE FROM OPERATIONS	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
a. Sales		
Manufacturing sales	11,091.45	10,489.17
Project sales	21,480.60	23,158.28
Trading sales	8,927.72	7,364.12
Sub total	41,499.77	41,011.57
b. Services		
Income from servicing	3,977.01	9,338.69
Income from training	1,275.05	821.47
Income from manpower supply	16.95	299.84
Sub total	5,269.01	10,460.00
c. Other operating revenue		
Sales commission	39.00	36.00
Cash discount on purchase	33.97	19.68
Scrap sales	12.77	18.83
Freight and forwarding collected	3.02	0.56
Excess Provision/Warranty written back	262.80	176.11
Exchange rate fluctuation	13.02	4.74
Sub total	364.58	255.92
Total	**47,133.36**	**51,727.49**

Note 21 : OTHER INCOME	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
Interest	232.61	261.77
Rent	49.64	91.70
Profit on sale of fixed assets	-	0.13
Profit on sale of Investments*	57.35	454.45
Other sundry receipts/adjustments	20.55	14.17
Unadjusted credit in creditors a/c written back	-	1.61
Agricultural income	5.06	1.49
Total	**365.21**	**825.32**

*During the reporting period,the company sold 50,000 equity shares of Black Box Limited held by the company which is in accordance with the decision of 261st meeting of Board of Directors of the company and pursuant to the GO (RT)No .1315/2021/ID dated 06.12.2021 and the the profit thereon has been disclosed above.

Note 22 : MATERIAL CONSUMED AND SERVICE EXPENSES	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
a. Material Consumed		
Opening stock	3,803.40	3,488.82
Add: Purchases	25,024.86	23,693.93
	28,828.26	27,182.75
Less:Closing stock	4,856.06	3,803.40
	23,972.20	23,379.35
Add:Stores and spares consumed	515.36	182.80
Total	24,487.56	23,562.15
b. Service expenses		
Sub contracting charges	2,504.91	8,479.80
Errection and commissioning	123.19	25.54
Testing and quality control	40.31	46.47
Warranty expenses	254.63	325.93
Computer /project training	866.69	653.26
After sales service	3.10	2.99
Total	3,792.83	9,533.99
c. Purchase for resale	6,681.52	6,121.01
Total (a+b+c)	**34,961.91**	**39,217.15**

Note 23 : CHANGE IN INVENTORY FOR FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
Closing Stock:		
Finished goods:		
Manufacturing items	102.14	52.82
Trading items	94.55	221.04
Work-in-progress:	1,700.46	1,129.28
Total	1,897.15	1,403.14
Less:		
Opening Stock -		
Finished goods:		
Manufacturing items	52.82	155.33
Trading items	221.04	476.27
Work-in-progress	1,129.28	1,532.60
Total	1,403.14	2,164.20
Net	**(494.01)**	**761.06**

Note 24 : EMPLOYEE COST	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
Salaries, wages and bonus	6,267.73	4,887.36
Gratuity	509.03	290.92
Leave encashment	247.92	239.28
Employer's contribution to PF and other Funds	570.49	526.53
Leave travel concession	0.07	0.28
Canteen expenses	132.91	90.16
Uniforms	1.10	2.21
Staff training expenses	9.76	1.23
Maternity benefit	16.26	11.75
Other staff welfare expenses	342.78	254.90
Total	**8,098.05**	**6,304.62**

Note 25 : FINANCE COST	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
Interest on government loan	485.66	420.51
Interest on KFC loan	145.63	100.59
Interest on Loan - KSIDC	36.48	66.67
Interest on Bill Discounting Scheme - KFC	-	7.14
Interest PNB GECLS Loan	15.44	2.36
Interest on loans (Government Companies)	34.15	36.32
Interest on cash credit and overdraft from banks	102.05	43.40
Interest -Others	72.19	73.13
Bank charges	39.95	21.04
Total	**931.55**	**771.16**

Note 26 : DEPRECIATION/AMORTIZATION	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
Depreciation on tangible assets	333.13	284.72
Amortization on intangible assets	45.05	55.22
	378.18	**339.94**

Note 27 : OTHER EXPENSES	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
Power, fuel and water	164.83	128.84
Rent	35.11	37.31
Rates and taxes*	162.04	28.12
Interest and Late Fees	28.28	13.70
Insurance charges	28.05	26.63
Repair and maintenance:		
Motor vehicle	24.36	22.25
Building	54.96	46.68
Plant and machinery	29.92	6.62
Other assets	131.14	103.84
Travelling expenses	364.12	285.91
Travelling expenses-Directors	2.52	0.61
Advertisement and publicity	3.72	2.77
Sales and business promotion expenses	90.53	73.39
Freight and forwarding charges	41.38	45.06
Audit fee and expenses		
Statutory audit fee	12.37	11.30
Tax audit fee	3.81	3.79
Reimbursement of expenses	1.30	1.23
Internal audit fee	9.61	8.54
Cost audit fee and other services	3.14	2.20
Director's sitting fee	0.14	0.14
Legal charges	99.76	61.50
Printing and stationery	42.14	32.37
Royalty	102.36	49.64
Other professional fee**	96.34	78.43
Bank guarantee commission	10.93	16.68
Postage and telephone charges	113.03	128.43
Security charges	144.40	139.26
Site office expenses	8.38	12.67
Recruitment expenses	6.78	42.21
Corporate social responsibility expenses	27.05	7.00
Agriculture expenses	6.24	5.91
Moulds, tools and jigs written off	17.66	18.92
Loss on sale of fixed assets	-	0.28
Other charges	56.39	45.18
Total	**1,922.79**	**1,487.41**

*Rates and taxes include ROC fees amounting to ₹91.41 lakhs paid for the enhancement of Authorised Share capital of the company from ₹210 crore to ₹375 crore.

** Other professional fee include ₹37.28 lakhs paid to M/s India Electronics and Semiconductor Association,IESA,Bangalore towards the preparation of Pre Feasibility Report and Detailed Project Report (DPR) for the Semi Conductor park as per the Master Service Agreement.As the project is not likely to be implemented in the forseeable future ₹ 37.28 lakhs paid to M/s India Electronics and Semiconductor Association,IESA,Bangalore has been considered as revenue expenditure under "Other Professional fee"

Note 28 : PRIOR PERIOD ADJUSTMENT	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
Prior period expenses	49.04	178.55
Less:		
Prior period Income	923.11	463.71
Net	**(874.07)**	**(285.16)**

Refer to Note 36 for details

Note 29 : EXCEPTIONAL ITEMS	For the year ended 31st March 2023	For the year ended 31st March 2022
	₹ in lakhs	₹ in lakhs
Sundry debits written off	27.02	0.39
Sundry credits written back	(79.48)	(215.25)
Provision for bad and doubtful debts/advances	95.12	1,176.34
Provision for other loans and advances	-	18.69
Loss on value of fixed asset written-off	0.07	-
Bank Guarantee Invocation Income	-	(1.30)
Litigation Settlement (Refer Note 60)	330.00	129.55
Provision for Litigation Settlement (Refer Note (c))	153.67	-
Net	**526.40**	**1,108.42**

(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) M/s Insight Business Machine Private limited was awarded the Purchase Order for supply ,installation ,testing & commissioning of CCTV surveillance at Western Railways.The Purchase Order was short closed by the company, as they failed to comply with the terms and conditions stipulated in the order.The supplier has filed a suit against the company in MSME Court and based on the decision of the Government,now the arbitration is progressing.During the reporting period ,Keltron Marketing Office ,Mumbai created a provision for litigation settlement amounting to ₹153.67 lakhs being the amount payable to M/s Insight Business Machine Pvt Limited.Refer Note 61.

Note 30 : CONTINGENT LIABILITIES NOT PROVIDED FOR	As at 31st March 2023 ₹ in lakhs	As at 31st March 2022 ₹ in lakhs
i) Guarantees issued by the banks on behalf of the Company for which counter guarantees have been issued by the Company	2,268.45	2,779.69
ii) Letter of credit issued by the banks on behalf of the Company and outstanding.	11.75	-
iii) Indemnity bonds executed in favour of:		
a) Customers for advances/performance	2,699.92	3,016.80
b) Sales tax authorities	13.72	13.72
iv) Claims against the Company not acknowledged as debts		
a) On account of central excise demands pending on appeal	472.67	472.67
b) Sales tax Central and State under dispute	133.55	128.89
c) PF interest and damages	138.16	181.17
d) On account of interest and service tax	1,463.30	1,463.30
e) On account of KVAT	111.25	167.42
f) On account of Maharashtra Value Added Tax (FY 2017-18)	63.22	63.22
g) Official Liquidator High Court of Madras in respect of liquidation of FD Stewart Private Limited	-	0.11
h) License fee payable as per the Order of Arbitration in respect of South Central Railway project.	14.52	14.52
i) On account of Wage Revision arrear 2012-17	294.80	294.80
j) Others*	14,372.46	12,454.17

* Note:Keltron Marketing Office,Kolkata had disclosed ₹ 132.85 lakhs as Contingent Liability on account of the legal suit filed by M/s Simoco.The same is not included here as the legal suit filed by M/s Simoco has been dismissed without any liability on us by the Commercial Court at Alipore vide Order No -08 dated 4th October 2023.

	Note 31 : PARTICULARS OF TURNOVER	For the year ended 31st March 2023 ₹ in lakhs	For the year ended 31st March 2022 ₹ in lakhs
A	**REVENUE FROM MANUFACTURING**		
1	Control Instrumentation systems	1,176.20	891.28
2	Power electronics products/systems	562.90	550.66
3	Special products/systems	3,997.28	5,445.84
4	Strategic service products/systems	3,747.64	2,677.68
5	Computer and accessories		0.36
6	Traffic Signals products/enforcement systems	461.42	40.36
7	ID card projects	32.06	231.29
8	Products for differently abled	284.66	319.35
9	Security and surveillance products/systems	78.00	6.04
10	Lighting products	219.17	105.29
11	Hearing Aids	504.17	217.40
12	Others	27.95	3.62
		11,091.45	**10,489.17**
B	**REVENUE FROM PROJECTS**		
1	Solar light	327.12	352.29
2	Traffic signal/enforcement system/Facility Management	872.03	477.14
3	Security surveillance systems and management	1,948.00	827.17
4	Computer, accessories & IT infrastructure	15,271.45	12,535.79
5	Smart card/Identity card	61.64	256.79
6	Lighting Systems	357.11	3.31
7	Strategic service products/systems	1,034.44	958.00
8	Safe Kerala Project	-	6,897.87
9	Smart City Projects	889.75	
10	Others	719.06	849.92
		21,480.60	**23,158.28**
C	**RESALE**		
1	Computer and accessories	8,648.97	7,082.97
2	Control instrumentation systems	0.84	135.02
3	Products for differently abled	258.98	135.97
4	Security systems	4.43	4.91
5	ID card	10.45	2.56
6	Others	4.05	2.69
		8,927.72	**7,364.12**
D	**REVENUE FROM SERVICES**		
1	Income from training	1,275.05	821.47
2	Income from manpower supply	16.95	299.84
3	Service income	2,899.86	3,278.11
4	Income from maintenance or repair	247.89	495.23
5	Erection and commissioning	94.46	227.92
6	Business auxiliary	734.80	5,337.43
		5,269.01	**10,460.00**
	Total sales (A+B+C+D)	**46,768.78**	**51,471.57**

Note 32 CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS	FOR THE YEAR 2022-23 Current year ₹ in lakhs	% OF CONSUM-PTION	FOR THE YEAR 2021-22 Previous year ₹ in lakhs	% OF CONSUM-PTION
Imported	1,157.28	5%	667.86	3%
Indigenous	23,330.28	95%	22,894.29	97%
Total:	**24,487.56**	**100%**	**23,562.15**	**100%**

Note: Imported figures are as determined by the Management.

Note 33 : FOREIGN EXCHANGE EARNINGS	For the current financial year 2022-23 ₹ in lakhs	For the previous financial year 2021-22 ₹ in lakhs
Export of goods	8.18	23.13
Others	10.17	4.14

Note 34 : EXPENDITURE IN FOREIGN CURRENCY	For the current financial year 2022-23 ₹ in lakhs	For the previous financial year 2021-22 ₹ in lakhs
Capital expenditure	19.01	
Travelling and business promotion	7.08	4.61

Note 35 : VALUE OF IMPORTS CALCULATED ON CIF BASIS	2022-23 (Amount in ₹)	2021-22 (Amount in ₹)
Raw materials and components	1,142.94	718.77
Capital goods	0.31	-

₹ in lakhs

Note 36 : PRIOR PERIOD ITEMS	For the year ended			
	31st March 2023		31st March 2022	
	Dr	Cr	Dr	Cr
a) PRIOR PERIOD EXPENSES				
Materials and components			92.49	
Salaries and wages			0.15	
Overtime Wages	0.10			
Purchase				0.11
Bonus/Exgratia	0.25		1.29	
Festival allowance				
Employees Contribution to Provident Fund				
Agricultural expenses				
Wage revision arrears				
Other professional charges			1.32	
Business promotion expenses				
Testing & Quality Control	0.71			
Freight and forwarding				
Repairs and Maintenance	0.70			
Interest				
Interest on Sales tax				
Purchase Consumables				
Service Tax				
GST	0.12			
Depreciation on fixed assets			0.04	0.00
Diminution in value of Inventory				
Medical Aid			12.00	
Site Allowance				
Insurance Charges	0.06			
Interest	9.81			
Freight outward				
Rates & Taxes			14.27	
Postage &Telephone charges				
Audit fees and expenses	0.05			
Rent				
Loading & Cartage				
Printing and stationary				
Travelling expense and conveyance	0.33			
Guarantee Commission				
News Paper & Periodicals	0.00			
Medical Insurance Premium			0.91	
Water Charges	0.15			
Interest-banks				
Insurance Fixed Assets & Current Assets				
Other staff welfare expenses			0.16	
Refund of Filing Fee				
Sales reversal	30.11		11.36	
Other sundry expenses	0.03		0.10	
Building Tax	0.54			
Refund of MOU			1.00	
Clearing Charges				
Gratuity				
Reversal of Accrued Income Provision				
Others	6.08		43.57	
Sub total	49.04	-	178.66	0.11
Net	**49.04**		**178.55**	
b) PRIOR PERIOD INCOME				
Service income		893.47		435.66
Income from maintenance / Repair service				
Income From Commercial Training & Coaching		17.51		
Sub contracting charges				
Purchase for resale		1.90		
Customs Duty Refund				
Materials and Components	0.70			
Rent				
Repairs & Maintenance				
Sales reversal			42.74	
Exchange rate fluctuation				
Salaries and wages		8.79		
Exgratia/Bonus				0.23
Festival Allowance				1.96
Excess Provision Creditors Debit balance				
Collection from KCCL				53.26
Interest				0.31
Interest-BDS				8.59
Travelling Expenses				
Interest				4.62
Interest-Margin on Bank Guarantee	6.91			
Sales rejection				
E&C Charges				
Water Charges		0.12		
Other sundry receipts				1.48
Other sundry expense		8.93		0.34
Sub total	7.61	930.72	42.74	506.45
Net		**923.11**		**463.71**
Net prior period Items	**(874.07)**		**(285.16)**	

Note-Service Income ₹893.47 lakhs under Prior period Income during the financial year 2022-23 is on account of rectification in accounting of Income from Annual Maintenance Contracts at Keltron Communication Complex, Monvila

Note 37 : 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.

₹ in lakhs

	As at 31st March 2023	As at 31st March 2022
Balance as at the beginning of the year	511.79	387.26
Provision made during the year	254.63	325.93
	-	-
Unutilised provision written back (Net of utilised)	274.58	201.40
Provision required at the end of the year	**491.84**	**511.79**
Classified as Non-Current	41.19	51.06
Classified as Current	450.65	460.73

₹ in lakhs

Note 38	Gratuity		Leave encashment	
PROVISION FOR GRATUITY & LEAVE ENCASHMENT	**As at 31st March 2023**	**As at 31st March 2022**	**As at 31st March 2023**	**As at 31st March 2022**
Balance at the beginning of the year	1,797.96	1,881.26	732.66	636.31
Less: Paid during the year on account of retirement /resignation	229.62	369.25	190.49	142.93
Add: Provided during the year	509.03	290.92	247.92	239.28
Less: Contribution to Plan Asset with LIC of India	34.42	4.97		-
Balance at the end of the year	**2,042.95**	**1,797.96**	**790.09**	**732.66**
Classified as Non-Current	1,628.70	1,447.20	641.24	577.08
Classified as Current	414.25	350.76	148.85	155.58

FAIR VALUE OF PLAN ASSET FOR FUNDED GRATUITY WITH LIC OF INDIA	**As at 31st March 2023**	**As at 31st March 2022**
Fair value of asset at the beginning	554.41	540.37
Expected Return on the Plan	41.67	39.71
Acturial Gain/(Loss)	(2.07)	(3.90)
Employer's Contribution	40.00	10.00
Fund management charges	5.58	5.03
Benefits paid	31.87	26.74
Fair value of asset at the year end	596.56	554.41
Actual return on plan asset	39.60	35.81

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 39 : RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31ST MARCH 2023

(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 Coconics Private Limited

III Key Management Personnel:

1 Sri.N Narayana Moorthy,Chairman & Managing Director
2 B.Bilu, Company Secretary

(B) Transactions with related parties:

₹ in lakhs

Particulars	For the year ended 31st March 2023			For the year ended 31st March 2022		
	Subsidiaries	Associates	Key Management Personnel	Subsidiaries	Associates	Key Management Personnel
i. Purchase of goods	369.58	-	-	247.68	-	-
ii Sale of goods	108.79	-	-	34.02	-	-
iii. Service rendered (Sole selling Agency)*	24.00	36.00	-	24.00	36.00	-
iv. Loan given to Subsidiaries	-	-	-	-	-	-
v. Loan refunded by Subsidiaries	-	-	-	-	-	-
vi. Loan taken from Subsidiaries	-	-	-	-	-	-
vii. Loan refunded to Subsidiaries	-	-	-	-	-	-
viii. Interest on loan	1.81	-	-	1.63	-	-
ix. Managerial Remuneration	-	-	32.47	-	-	30.40
x. Share of retirement benefits paid	-	-	-	-	-	-

Based on the figures certified by the Management.
* excluding GST.

(C) Balance with related parties:

₹ in lakhs

Particulars	As at 31st March 2023			As at 31st March 2022		
	Subsidiaries	Associates	Key Management Personnel	Subsidiaries	Associates	Key Management Personnel
i. Trade receivable	150.32	-	-	89.83	-	-
ii. Trade payable	407.23	-	-	358.62	-	-
iii. Loans and advances	3,376.34	40.86	-	3,636.09	-	-
Other Receivable		83.75			124.61	

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

₹ in lakhs

Subsidiaries	Trade receivable		Trade payable	
	Outstanding as on 31st March 2023	Outstanding as on 31st March 2022	Outstanding as on 31st March 2023	Outstanding as on 31st March 2022
i. Keltron Component Complex Limited	49.16	13.00	0.43	2.49
ii. Keltron Electro Ceramics Limited	101.16	76.83	406.80	356.13
	150.32	89.83	407.23	358.62

*

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

₹ in lakhs

Subsidiaries/Associates	Outstanding as on 31st March 2023	Outstanding as on 31st March 2022
a. Subsidiaries:		
i. Keltron Component Complex Limited.	109.23	109.88
ii. Keltron Electro Ceramics Limited	299.07	558.17
iii. Keltron Rectifiers Limited* (i)	990.06	990.06
iv. Keltron Power Devices Limited* (i)	1,977.98	1,977.98
Total	3,376.34	3,636.09
Less: Provision for doubtful advances:		
Total	-	-
Net Total	3,376.34	3,636.09

b.	**Associates:**		
i.	Coconics Private Limited	40.86	-
	Total	40.86	-

(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.

Loans and advances due from Related parties constitute 38 % of the total loans and advances due to the company.

Note 40 : MANAGERIAL REMUNERATION

₹ in lakhs

	For the year ended 31st March 2023	For the year ended 31st March 2022
1 N.Narayana Moorthy(Chairman)		
Salaries & PF	15.34	14.61
Medical benefits	-	-
	15.34	14.61
2 B.Bilu (Company Secretary)		
Salaries & PF	17.03	15.55
Medical benefits	0.10	0.24
	17.13	15.79

Directors Sitting Fee

₹ in lakhs

Name of the Directors	For the year ended 31st March 2023	For the year ended 31st March 2022
1 R.Suresh Mohan	0.14	0.14
	0.14	0.14

Note:41(i) DISCLOSURE RELATING TO CSR EXPENDITURE

₹ in lakhs

a)	**Gross amount required to be spent by the company during the FY 2022-23**	**25.12**
b)	**Amount spent during the the financial year 2022-23**	**27.05**

Sl No	Particulars	Paid in cash	Yet to be paid in cash	Total
		₹ in lakhs	₹ in lakhs	₹ in lakhs
(i)	Construction/acquisition of any asset	-	-	-
(ii)	Purposes other than (i) above	25.55	1.50	27.05

c)	Movement of CSR provision	2022-23	2021-22
		₹ in lakhs	₹ in lakhs
	As on 1st April	-	-
	Additional provision required during the year	25.12	7.00
	Less:Amount spend during the year	27.05	7.00
	As on 31st March	(1.93)	-

d)	Additional Disclosure:	2022-23	2021-22
		₹ in lakhs	₹ in lakhs
(i)	Amount to be spend on CSR expenditure in accordance with section 135	25.12	7.82
(ii)	Amount unspend/(excess spend)carried forward from earlier years	(6.90)	(7.72)
(iii)	Amount actually spend during the year	27.05	7.00
	(Excess amount spend carry forward)/Shortfall	(8.83)	(6.90)
	Reason for shortfall	NA	NA

e)	Nature of CSR activities	2022-23	2021-22
		₹ in lakhs	₹ in lakhs
(i)	Promoting health care including preventive health care	1.00	7.00
(ii)	Promoting Education	8.80	
(iii)	Women Empowerment	7.00	
(iv)	Rural Development projects	9.75	
(v)	Social development	0.50	
	TOTAL	**27.05**	**7.00**

f)	**Related party transactions with reference to CSR expenditure**	**Nil**	**Nil**

Note 41(ii) Analytical Ratios

Sl No	Particulars	Formula	2022-23	2021-22	2022-23	2021-22	% of variance	Reason for variation more than 25%
			₹ in lakhs	₹ in lakhs				
(a)	Current Ratio	Current Assets / Current Liabilities	59,416.99 / 46,134.88	62,190.92 / 49,659.44	1.29	1.25	3%	
(b)	Debt-equity Ratio	Total Debt / Shareholders Equity	9,006.76 / 24,688.52	6,432.74 / 22,431.12	0.36	0.29	27%	Variation in ratio due to increase in credit exposure in Short Term Borrowings.
(c)	Debt service coverage Ratio	Earnings available for Debt Service / Debt Service	3,401.46 / 1,920.94	4,001.01 / 3,742.19	1.77	1.07	66%	Variation due to reduction in profits and the debt service schedule as per the terms and conditions of project specific loan.
(d)	Return on Equity Ratio(in %)	Profit after Tax / Average Shareholders Equity	2,257.40 / 23,559.82	4,468.45 / 20,196.89	10%	22%	-57%	Variation due to reduction in net profits due to the impact in 1st time Deferred Tax adjustment in the PY
(e)	Inventory Turnover Ratio	Cost of Goods sold or Sales / Average Inventory	41,499.77 / 6,182.89	41,011.57 / 5,710.84	6.71	7.18	-7%	
(f)	Trade Receivables turnover Ratio	Net Sales / Average Trade Receivable	46,768.78 / 41,841.06	51,471.58 / 41,758.70	1.12	1.23	-9%	
(g)	Trade Payables turnover Ratio	Net Purchases / Average Trade Payables	34,961.91 / 26,245.13	39,217.15 / 30,846.03	1.33	1.27	5%	
(h)	Net Capital Turnover Ratio	Net Sales / Working Capital	46,768.78 / 13,282.11	51,471.58 / 12,531.48	3.52	4.11	-14%	
(i)	Net Profit Ratio(in %)	Net Profit after Tax and exceptional items / Net Sales	2,257.40 / 46,768.78	4,468.45 / 51,471.58	5%	9%	-44%	Variation due to reduction in net profits due to the impact in 1st time Deferred Tax adjustment in the PY
(j)	Return on Capital Employed(in %)	Earnings before Interest & Tax / Capital Employed(Net Worth +Total debt)	3,023.28 / 33,695.28	3,661.07 / 28,863.86	9%	13%	-29%	Reduction in ratio due to decline in profits(EBIT) and increase in credit exposure in "Short Term Borrowings"
(k)	Return on Investment	Income generated from invested funds / Average Investment	0.00	0.00	0.00	0.00	0%	

42. Grant and Loan from Government of Kerala:

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:

(i) Set-off of Investment and loan in defunct subsidiaries amounting to ₹7,200.18lakhs against Government loan liability which are covered under freezing (as a part of BIFR Scheme) amounting to ₹8,265.84 lakhs. Balance amount of ₹1,065.66 lakhs may be converted to equity.

(ii) The conversion of interest accrued on Government loan to the extent of ₹10,371.88lakhs 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 ₹600 lakhs and
(ii) Already converted Government loan to Equity of ₹1,250 lakhs again back to working capital loan

The 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 ₹7,200.18 lakhs to equity.
2) The working capital loan as per GO(Rt) No.329/2014/ID dated 11th March 2014 of ₹1,850 lakhs shall be converted to equity
3) Waiver of interest accrued on aforesaid loan aggregating to ₹9,230.61 lakhs
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.

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.Accordingly the converted Government Loan of ₹7,200.18 lakhs and Government grant of ₹600 lakhs were disclosed as “Share Application Money Pending Allotment” in the financial statements for FY 2019-20.

The Government Loan of ₹1,250 lakhs as covered under GO(Rt) No329/2014/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 (MS) No.183/11/ID dated 26thAugust 2011.

Further to improve the net worth, the company vide letter KSEDC/FIN/201/Fin Res/21-22/104 dated 14th October 2021 represented before Government to consider the conversion of interest accrued on Government Loan amounting to ₹9,230.61 lakhs to equity share capital in line with the recommendation of Public Enterprises Board.

This has been 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 and accordingly disclosed the interest accrued on Government Loan amounting to ₹9,230.61 lakhs as “Share Application Money Pending Allotment” ” in the financial statements for FY 2019-20.

Thus, from the financial year 2019-20 onwards we have disclosed the aggregate amount of ₹17,030.80 lakhs as “Share Application Money Pending Allotment”.

The Authorized Share Capital and Paid-Up Share Capital of the Company was ₹21,000 lakhs and ₹20,355.18 lakhs respectively. In order to accommodate the issue of shares to the Government of Kerala, Extraordinary General Meeting was convened on 20th February 2023 and sanctioned the increase of Authorized Share Capital to ₹37,500 lakhs and also approved the alteration of clause (v) in Memorandum and Article 11(6) in Articles of Association. All the procedural aspects of increasing the Authorized Share Capital such as filing of required forms with ROC and payment of filing fees etc. has been complied with. As above, the Equity Shares worth ₹17,030.80 lakhs were also allotted to Government of Kerala, and thereafter the Paid-Up Share Capital of the Company stood at ₹37,385.98 lakhs with effect from 10th March 2023.Hence as on 31st March 2023 the Authorized Share Capital and Paid-Up Share Capital of the Company was ₹37,500 lakhs and ₹37,385.98 lakhs respectively.

43. The details of interest accrued on government loan are as under:

Sl No	Particulars	Loan & Interest outstanding as on 31st March 2023		Interest provided up to
		Principal	Interest(including penal interest)	
	Non Current (₹ in lakhs)			
a	Loans not included in financial restructuring as per GO (MS) No.53/2020/ID dated 15th May 2020 and Interest Accrued thereon.	₹213.13	₹251.90	31st March 2006
b	Interest Accrued on Loan Converted To Equity vide GO (MS) No 183/11/ID dated 26.08.2011(Refer Note Below)		₹889.37	31st March 2010
c	Loan taken vide GO(Rt)No.13007/2018/ID dt 24.11.2018- Current portion of principal & Interest accrued thereon shown under Sl.No-p	₹ 50.00		31st March 2023
d	Loan taken vide GO(Rt)No1115/2019/ID dt 10.11.2019 Current portion of principal & Interest accrued thereon shown under Sl.No-q	₹35.00		31st March 2023
e	Loan taken vide GO(Rt)No.193/2020/ID dt 29.02.2020 Current portion of principal & Interest accrued thereon shown under Sl.No-r	₹14.35		31st March 2023
f	Loan taken vide GO(Rt)No.224/2020/ID dt 11.03.2020Current portion of principal & Interest accrued thereon shown under Sl.No-s	₹62.00		31st March 2023
g	Loan taken vide GO(Rt) No:127/2021/ID dt 30.01.2021Current portion of principal & Interest accrued thereon shown under Sl.No-t	₹110.00		31st March 2023
h	Loan taken vide GO (Rt)No.232/2021/ID dt 19.02.2021 Current portion of principal & Interest accrued thereon shown under Sl.No-u	₹27.50		31st March 2023
i	Loan taken vide GO (Rt)No.895/2021/ID dt	₹130.00		31st March 2023

	18.08.2021 Current portion of principal & Interest accrued thereon shown under Sl.No-v			
j	Loan taken vide GO (Rt)No.1104/2021/ID dt 02.10.2021.Current portion of principal & Interest accrued thereon shown under Sl.No-w	₹140.00		31stMarch 2023
k	Loan taken vide GO (Rt)No.933/2022/ID dt 26.08.2022.Current portion of principal & Interest accrued thereon shown under Sl.No-x	₹255.00		31stMarch 2023
l	Loan taken vide GO (Rt)No.939/2022/ID dt 29.08.2022.Current portion of principal & Interest accrued thereon shown under Sl.No-y	₹170.00		31stMarch 2023
	Sub Total	**₹1,206.98**	**₹1,141.27**	Interest accrued disclosed under Note-5-Other Long Term Liabilities
	Current(₹ in lakhs)			
m	Loan taken vide GO (MS) No.559/12/IDdt 30.03.2012	₹600.00	₹907.78	31st March 2023
n	Loan taken vide GO(Rt)No.1538/2017/ID dt 08.11.2017.	₹200.00	₹109.43	31st March 2023
o	Loan taken vide GO(Rt)No.367/2018/ID dt 28.03.2018	₹400.00	₹201.16	31st March 2023
p	Loan taken vide GO(Rt)No.13007/2018/ID dt 24.11.2018 and interst accrued thereon(refer Sl no-c)	₹450.00	₹230.22	31st March 2023
q	Loan taken vide GO.(Rt) No.1115/2019/ID dt 10.11.2019 & interest accrued thereon(refer Sl.No-d)	₹65.00	₹30.52	31st March 2023
r	Loan taken vide GO(Rt)No.193/2020/ID dt 29.02.2020& interest accrued thereon (refer Sl.No-e)	₹26.65	₹11.34	31st March 2023
s	Loan taken vide GO(Rt)No.224/2020/ID dt 11.03.2020 & Interest accrued thereon (refer Sl.No-f)	₹93.00	₹44.82	31st March 2023
t	Loan taken vide GO(Rt) No:127/2021/ID dt 30.01.2021 & interest accrued thereon (referSl.No-g)	₹90.00	₹42.30	31st March 2023
u	Loan taken vide GO (Rt)No.232/2021/ID dt 19.02.2021 & interest accrued thereon (referSl.No-h)	₹22.50	₹10.25	31st March 2023
v	Loan taken vide GO (Rt)No.895/2021/ID dt 18.08.2021 & Interest accrued thereon (referSl.No-i)	₹70.00	₹29.67	31stMarch 2023

w	Loan taken vide GO (Rt)No.1104/2021/ID dt 02.10.2021.Current portion of principal & Interest accrued thereon (refer Sl.No-j)	₹60.00	₹27.95	31st March 2023
x	Loan taken vide GO (Rt)No.933/2022/ID dt 26.08.2022.Current portion of principal & Interest accrued thereon (refer Sl.No-k)	₹45.00	₹15.60	31st March 2023
y	Loan taken vide GO (Rt)No.939/2022/ID dt 29.08.2022.Current portion of principal & Interest accrued thereon (refer Sl.No-l)	₹30.00	₹10.40	31st March 2023
z	Loans not included in financial restructuring as per GO (MS) No.53/2020/ID dated 15th May 2020	₹852.53	₹879.10	31st March 2023
	Sub Total	**₹3,004.68**	**₹2,550.54**	Interest accrued disclosed under Note-9-Other Current Liabilities
	Grand total	**₹4,211.66**	**₹3,691.81**	

***Note: Interest of ₹889.37 lakhs had accrued on Loan amounting to ₹7,187.22 lakhs which was earlier converted to Equity vide GO (MS) No 183/11/ID dated 26.08.2011

44. Loans and Advances include

(i) A sum of ₹1,744.61 lakhs is pending allotment of shares by the following subsidiary Companies:-

Sl No	Name of the Company	₹ in lakhs
(a)	Keltron Rectifiers Limited	576.43
(b)	Keltron Power Devices Limited	1,127.32
(c)	Coconics Private Limited	40.86
	Total	1,744.61

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.

The Government of Kerala vide G.O.(MS) No. 20/2023/ID dated 20th March 2023 accorded sanction to convert a portion of outstanding rent to KELTRON to the tune of ₹40.86 lakhs into equity shares of Coconics Pvt Limited so that the shareholding of KSEDC in Coconics Pvt Ltd will increase from 26% to 28.90%. This has resulted in the holdings by State PSUs in the SPV, ie KELTRON and KSIDC together as 51%, and hence the Coconics become a 'Deemed Government Company.

We have disclosed the converted portion of the rent receivable as "Investments Pending Allotment" under Note No-13 Long Term Loans & Advances.

(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 23 ₹ in lakhs	Remarks
1	Keltron Power Devices Limited	Subsidiary Company	₹850.67	As mentioned in 44(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. 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. But the Hon'ble High Court of Kerala has dismissed the petition vide Order dated 31st July 2023 with a direction to file the Scheme of Revival of those subsidiary companies in the statutory formats as per the provision of the relevant law.

2	Keltron Rectifiers Limited	Subsidiary Company	₹ 413.63	At present, the Company is in the process of filing the application before the Hon'ble High Court of Kerala in the format as mentioned in Sec.391 to Sec.394 of the Companies Act, 1956. KELTRON is working closely with National Institute of Oceanography (NIO), Goa, National Technical Research Organisation (NTRO) as well as Indian Navy towards exploring feasibility of the repairs/refurbishment of the Large Acoustic Arrays in use by these Organizations. Since the Company has expertise and is already in the business of Naval applications, the manufacture of similar arrays for NIO and NTRO is also being explored. For undertaking the above activities facilities such as a test bench coupled with oil filling, shock vibration tests, acoustic testing etc. needs to be setup for which the landed property of KPDL and KRCL can be utilized effectively. In view of the above, 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 with respect to the said 'Long term Loan and Advances' will be dealt with, once the subject matter reaches finality as envisaged in the Revival Scheme.
	Total		**₹ 1,264.30**	

45. 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 only be incorporated in accordance with AS-21 'Consolidated Financial Statements' notified through Companies (Accounting Standards) Rules, 2006, and 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 same could not be included in the Consolidated Financial Statements.

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 unreconciled differences in the balances with KECL & KCCL is as under:

₹ in lakhs

Sl. No.	Particulars	KCCL	KECL	Total
1	Current Account	₹350.84	₹ (2.35)	₹348.49
2	Collection Account	₹304.76	₹13.54	₹318.30
	Total	**₹655.60**	**₹11.19**	**₹666.79**
3	Trade Receivable	₹ 5.73	₹ (7.60)	₹ (1.87)
4	Trade Payable	₹ 4.27	₹ (17.11)	₹(12.84)

As mentioned above the difference in current and collection account between the books of holding company and subsidiary companies amounting to ₹666.79 lakhs were written off in the FY 2014-15 as exceptional item and with respect to Trade Receivable /Trade Payable an amount of ₹10.97 lakhs was booked as an expense in the books of the holding company in the financial year 2014-15.

46. The company received a request from its subsidiary company, Keltron Electro Ceramics Limited (KECL) for considering the decision taken in the 203rd Board Meeting of KECL with respect of conversion of term loan of ₹135.27 lakhs received from the holding company and interest accrued thereon amounting to ₹135.90 lakhs in to Equity Share Capital. The company in its 257th Board Meeting held on 15th December 2020 approved the conversion of loan and interest accrued thereon. The company intimated KECL vide Letter No-KSEDC/KECL/2020-21/176 dated 11thJanuary 2021 that the conversion of loan to equity has been approved and that the same is effective from 31stMarch 2020.The legal formalities with respect to the aforesaid conversion as per the provisions of Companies Act, 2013 has been completed at KECL and they have issued 27,11,722 share of ₹10 each to KSEDC Ltd during the reporting period and thus the investment of the company in KECL has increased from ₹314.44 lakhs to ₹585.61lakhs.

47. Credit balance in Trade Receivable Account amounts to ₹1,784.00 lakhs (Previous year: ₹1,386.87 lakhs) and debit balance in Trade Payable Account amounts to ₹255.25 lakhs (Previous year: ₹254.88 lakhs) are subject to confirmation / reconciliation and consequent adjustments, if any, upon confirmation.

48. In accordance with AS 22 on Accounting for Taxes on Income and the accounting policy of the Company, deferred tax asset (net) amounting to ₹125.72 lakhs has been recognised and taken credit for in the current year based on the management assessment that there is reasonable certainty of realisation of the asset based on evidences available on record relating to future profitability and tax liability likely to raise thereon under the IT act . Thus the Deferred Tax Asset as on 31st March 2023 is ₹1,683.22 lakhs. However, Deferred tax asset on unabsorbed carry forward of losses to the extent of ₹851.90 lakhs relating to disallowances made in the assessments and pending on appeal before higher appellate authorities have not been taken considered for the purpose of the above as a matter of prudence.

49. 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 decrease in exchange rate, the net liability has decreased by ₹13.02 lakhs (Previous year: decreased by ₹4.74 lakhs) 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.

50. 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 may have been outstanding for more than 45 days as at 31st March 2023 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.

51. 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.

52. 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 ₹544.15 lakhs 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 ₹125.10 lakhs up to 31st March 2015 and the excess provision of ₹419.05 lakhs 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 2022-23.The company has requested Government of Kerala to fix the rent for the premises.

53. KELTRAC is an autonomous body registered as a society under the control of Government of Kerala, which is operating in the portion of premises of Keltron Controls Aroor (KCA).As per the agreement dated 7th January 2008 regarding sharing of facilities and services of KCA with KELTRAC, charges for the building /space provided at the normal rate of ₹2/-sq.ft for 31,505 sq.ft is payable by KELTRAC. Further, the agreement also contains a clause that the aforesaid service charge may be waived off provided the work requirement of KCA shall be executed by KELTRAC on priority basis at cost. In view of the above and considering the precarious financial condition of KELTRAC the rent for the premises used by them was not being charged.

54. Earnings per share (EPS)

	Basic & Diluted EPS	31st March 2023	31st March 2022
a	Profit attributable to Equity Shareholders before extraordinary items (Numerator used for calculation of diluted and basic EPS) **₹ in lakhs**	2,131.68	2,910.95
b	Profit attributable to Equity Shareholders (Numerator used for calculation of diluted and basic EPS) **₹ in lakhs**	2,257.40	4,468.45
c	Weighted average number of Equity Shares used as denominator for calculating : Basic Diluted	 2,13,81,695 2,13,81,695	 2,03,55,181 3,73,85,976
d	EPS of ₹100/- before extraordinary items Basic Diluted	 ₹9.97 ₹9.97	 ₹14.30 ₹7.79
e	EPS of ₹ 100/- each Basic Diluted	 ₹10.56 ₹10.56	 ₹21.95 ₹11.95

Dilutive potential equity shares are calculated as follows:
Share application money pending allotment divided by face value of Rs.100 each.

55. Balances of Government Loan under Long Term Borrowings (Note 4) and Short Term Borrowings (Note7), Other Long Term Liabilities (Note-5), Trade Payable(Note-8), Other Current Liabilities (Note-9), Long term loans and advances (Note-13), Trade Receivable under Other Non Current Assets (Note 14), Trade Receivable (Note-16) under Current Assets, Short term loans and advances (Note-18) and Other Current Assets (Note-19) are subject to confirmation/ reconciliation

56. 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 ₹130.00 lakhs 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 ₹ 130.00 lakhs 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 ₹5,435.15 lakhs for the financial years 2016-17, 2017-18, 2018-19, 2019-20,2020-21 and 2021-22. After including the current year income of ₹1,179.45 lakhs the total carry forward unabsorbed depreciation and loss carried forward to future assessment year is ₹4,385.70 lakhs

57. The Company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,376.27 lakhs for the Assessment year 2007-08 to 2023-24, the Company's books of account shows the balance of ₹999.77 lakhs only. The Company did not account for the balance credit of ₹1,376.50 lakhs 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.

58. 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.Accordingly, after series of discussion between the Management and Recognized Trade Unions, a consensus was arrived and signed the Memorandum of Settlement (MoS) on 30thNovember 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. Aggrieved employees 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 has been resolved by compensating the drop in pay by giving Ad-hoc pay effected employees.

Further, with respect to the disbursement of arrears of the period from 01st April 2012 to 31st October 2017, the matter has been considered in the 248th meeting of the Board of Directors of company held on 11th October 2018 and decided to disburse 85% of the arrears of the employees in the rolls of the Company on 1st November 2017 in 12 equal installments starting from the month of November 2018 and thereafter to the employees retired from service/ expired between 1st April 2012 to 31st October 2017.

The pay revision arrears for the period from 1st April 2012 to 31st March 2017, amounting to ₹1,252.08 lakhs was made in the books of accounts. The disbursement of wage revision arrear commenced from October 2018 and wage revision arrears outstanding in the books as on 31st March 2023 is ₹176.17 lakhs.

59. The pay revision of employees of the Company is due for the period commencing from 01st April 2017 to 31st March 2022. As a standard practice, the recognized Trade Unions has submitted the Charter of Demand for the wage period stated above on behalf of workmen category employees. Based on our intimation, the Government of Kerala vide Letter No.D3/17/2021/ID dated 08th February 2021 has granted permission to start discussion with the recognized Trade Union with respect to the wage revision of workmen category of employees in adherence with the stipulated guidelines. In order to facilitate the preparation of Wage Revision Proposal the Company has engaged Consultant. After a series of discussion, the management and consultant had with the recognized Trade Unions, a consensus was arrived and signed the Memorandum of Settlement (MoS) on 07th October 2022.

The 265th meeting of the Board of Directors of the Company held on 24th September 2022 had a detailed deliberation on the Report of the Consultant in the matter of wage revision of workmen category employees for the period 2017-22, and recommended and approved the "Wage Revision Proposal 2017-22" subject to the final approval of Government. The proposal was submitted to the Industries Department, Government of Kerala on 11thOctober 2022.

Based on the scale of pay, fitment benefits, service weight age, methodology adopted for fixation etc., as contained in the Wage Revision Proposal 2017-22, the Company has during the year ascertained the aggregate liability on account of wage revision for the period from 1st April 2017 up to 31st March 2023 amounting to ₹948.94 lakhs(which includes arrears relatable to prior years amounting to ₹760.49 lakhs) based on the report of the consultant appointed as per government guidelines. This has been provided for in the accounts of the year by credit to Accrued Salaries & Wages under Current Liabilities

The Wage Revision Proposal of workmen category employees was placed before the meeting of Public Enterprises Board (PEB) chaired by respected Chief Secretary to Government of Kerala on 22nd February 2024 for formal approval of Long-Term Agreement (LTA) as required by Government norms. Since certain anomalies were noted while implementation of wage revision with reference to the guidelines, certain modification was made in the computation of the company involving matters not so material in amounts, The Company then requested that the terms of LTA as agreed by the Company with Trade Union may be approved as such. Accordingly, the matter was referred back to Finance Department, Government of Kerala for re-examination and re-submission of the proposal to PEB for consideration and approval. The Company vide Letter No.KSEDC/CHR/GOVT/WR(2017-22)/2024/51 dated 05thMarch 2024 has explained the anomalies in detail to Government of Kerala and the matter is under active consideration.

On account of the delay in implementation of Wage revision 2017-22,the Government of Kerala, vide GO (MS) No.66/2022/ID dated 30th June 2022, sanctioned the disbursement of Interim Relief of ₹0.03 lakhs per month to all employees with effect from June 2022. During the financial year 2022-23, an amount of ₹73.35 lakhs has been disbursed as Interim Relief to Workmen category employees and the wage revision arrears outstanding in the books as on 31st March 2023 is ₹875.59 lakhs.

It may be noted that the impact of Wage Revision has not been considered on other components of employee cost like Gratuity, Earned leave, Contribution to Provident Fund etc.

60. The company had placed two Purchase Orders in 2010 with M/s Softgrip Power Solutions Pvt Ltd (SOFTGRIP), Pune, for the supply of 50,000 numbers of Populated, Tested and Programmed PCBs and 90,000 numbers of Fully Assembled and Tested PCBs with one Battery fitted and other Battery separately packed with latest BOM and 10,000 Nos. of Single Phase LCD Type Meter PCB Components in KIT Form with latest BOM.The same were required for on-ward supply to M/s. United Electrical Industries Ltd., Kollam (Unilec) on terms specified in the Purchase Order by Unilec. On receipt of the products from Softgrip, it was forwarded to UNILEC. The supplies were made between 25th March 2010 and 25th February 2011.

In the course of the business Unilec rejected 42 Nos. of PCBs for various problems. Similarly, further 120 Nos. and 88 Nos. were rejected by the unit for various defects, which Unilec's Quality Control Department had documented. From time to time Unilec kept rejecting the PCBs supplied by SOFTGRIP. Thus, a total quantity of 22064 Nos. of PCBs were rejected by Unilec.

SOFTGRIP refused to accept the rejected PCB totaling to 22064 units. As a result of the poor quality of the components, the company requested SOFTGRIP to suspend further supplies. In the meanwhile, we received a letter dated 20-08-2011 from the MSMEFC, Pune stating that SOFTGRIP had filed an application with the Facilitation Council complaining of non-payment of bills amounting to ₹103.61 Lakhs. The Facilitation Council had conducted conciliation as well as arbitration as per the MSME

ACT, 2006 and thereby issued an order/award for payment of ₹103.98 lakhs plus interest (as per Sec 16 of the MSME Act) against Keltron.

The company filed Writ Petition before the Hon'ble High Court of Bombay to quash the impugned order and also challenging the Constitutional validity of the Arbitration proceedings as per the MSME Act, 2006

Softgrip filed an Execution Petition (EP) before the District Court, Kozhikode for realization of ₹376.45 lakhs being the award amount plus interest till 20.02.2015, ie the date when EP was filed. The company approached the Hon'ble High Court of Bombay and sought for staying the EP proceeding. The Hon' ble Court has stayed the proceedings. As on date the award amount plus interest comes to approximately more than ₹12 Crores As per the Legal Opinion received from the Standing Counsel it is opined that, "in all aspects including the legal provisions as upheld by the Honourable Supreme Court, it is best to accept the settlement terms as agreed by Softgrip and Keltron's interest in the said issue is protected by settling the matter in an out-ofcourt settlement for the agreed amount of`₹3.89 crore or lesser and arrived at, without any further delay, and subject to administrative approvals required.".The company, vide its letter dated 7th July 2023,sought government approval with regard to the out of court settlement with M/s Softgrip and the approval for the same was received from the Government on 20th August 2023,whereby the Government directed the company to go ahead with the plan of out of court settlement for an amount of ₹3.89Crores or lesser.

The matter was placed before the 270th Board Meeting held on 25th November 2023 and after a detailed discussion the Board of Directors directed that a legal opinion was to be taken from the Advocate General (AG), Government of Kerala with respect to the out of court settlement with Softgrip.The matter was presented before AG and AG also opined that an out of court settlement may be made with M/s Softgrip.

The out of court settlement was made with M/s Softgrip Power Solutions Private Limited whereby the company agreed to pay ₹300.00 lakhs in three equal instalments towards the full and final settlement of the entire claims of M/s Softgrip Power Solutions Private Limited and M/s Softgrip Power Solutions Private Limited was permitted to withdraw an amount of ₹30.00 lakhs with accrued interest if any which has been deposited by the company in Hon'ble Bombay High Court at interim stage. Thus, during the reporting period we have disclosed ₹330.00 lakhs as Litigation Settlement under Note 29-Exceptional items. Accordingly, the first instalment has been disbursed during the month of February 2024.

It may be noted that provision for ₹30.00 lakhs had already been made in the books of the company for the amount deposited with the Hon'ble Bombay High Court. During the reporting period we have reversed the provision and disclosed the same as "Bad Sundry credits written Back" under Note 29-Exceptional Items.

61. Keltron Marketing Office, Mumbai had received a work order of ₹3,788.83 lakhs from Western Railway for supply and installation of CCTV systems. The company, issued purchase order of ₹ 3,268.12 lakhs on 19th December 2019 to M/s Insight Business Machine Private Limited for supply, installation, testing and commissioning and comprehensive annual maintenance of CCTV Surveillance System.

Later, the company issued termination notice on 13th July 2020 to M/s Insight Business Machine Private Limited citing the inordinate delay in the completion of the project and non compliance of the terms and conditions stipulated in the purchase order. As per

the notice the contract was terminated from 15th July 2020 and the payment for the amount of work completed will be released as soon as the same is received from Western Railway on back to back basis.

The company issued short closure of work order to the supplier on 30th October 2020 for ₹589.95 lakhs.The initial claim of M/s Insight Business Machine Private Limited is ₹367.75 lakhs. As per the books of company the total amount outstanding to M/s Insight Business Machine Private Limited was only ₹214.08 lakhs under various heads of accounts. During the reporting period, provision has been created for the difference amount of ₹153.67 lakhs in the books of KMO Mumbai as Provision for Litigation Settlement and disclosed under Note-29 Exceptional Items in the Standalone Financial Statements.

62. 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.

63. 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.

Meanwhile, the DVC tried to invoke the Bank guarantee of ₹277.03 lakhs availed by the company from State Bank of India towards the Security deposit for the execution of the 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 15thOctober 2018, allowing claims of DVC as well as KELTRON, squire off the claims and ordered final payment of ₹330.02 lakhs to DVC.

The Arbitral Award was challenged by the Company in the District Court, and the appeal challenging the award is dismissed by Commercial Court, Alipore on 29thSeptember 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 29thSeptember 2021.Consequently, the Company allowed DVC to invoke the Bank Guarantee of ₹330.02 lakhs As the Contingent Liability with respect to the Bank Guarantee of ₹330.02 lakhs as reported in the Financial Statements up to 31st March 2018 crystalized , provision was created in the financial year 2018-19 and the same is included and disclosed under "Other Current Liabilities".

Provision for interest @8.77% on award amounting to ₹15.14 lakhs and ₹28.94 lakhs was created during the financial year 2018-19 & 2019-20 respectively and the same was included under "Interest & Late Fees" and disclosed under Note-"Other Expenses" in the respective financial years

DVC invoked the BG amounting to ₹277.03 lakhs on 22nd April 2022 and the BG amounting to ₹52.99 lakhs was invoked on 05th August 2022.DVC has not made any claim for interest on award till date. Hence, as a matter of prudence, we have not provided interest for the financial year 2020-21, 2021-22.and 2022-23 We have vide

letter KSEDC/LGL/DVC/2021-22/147 dated 22nd November 2021 requested DVC to waive the interest on award.

64. Keltron Marketing Office, Chennai which is operating in its own building had let out 3,000 sq ft to Srushti –Tamilnadu Handicrafts Artisans Welfare Association (tenant). This tenancy was renewed every 11 months by means of rental agreement executed between Keltron & Srushti with an annual hike of 10%.

The tenant requested KELTRON to provide concession in rent for the peak Covid period (i.e. 50% for peak Covid period from 1st April 2020 to 30th June 2020 and 25% for the period from 1st July 2020 to 31st December 2021.They also requested that the hike in rent may be reduced to 5% and that the rent agreement with 5% hike may be executed for two years.

The Board in its 269th meeting held on 9th August 2023 considered the above matter and approved the same. Accordingly, concession in rent for the period from 1st April 2020 to 31st March 2023 amounting to ₹25.98 lakhs was written off as "Bad and Sundry Assets" during the reporting period under Note No-29-Exceptional Items.

It may be noted that the write off entry was made in the books of Corporate office for and on behalf of Keltron Marketing Office, Chennai.

65. Based on the 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 29-Exceptional Items.

The summary of the provision for bad debts /doubtful advances /write off and write back disclosed under Note 29-Exceptional Items is as detailed below:

₹ in lakhs

Name of Unit	Provision for Bad Debts	Write off	Write back
Keltron Marketing Office,Ahmedabad	7.96		
Keltron Marketing Office,Mumbai	87.16	1.04	49.48
Keltron Marketing Office,Chennai (Refer Note-64)		25.98	
Corporate Office(Refer Note 60)			30.00
Total	**95.12**	**27.02**	**79.48**

66. The technical team of the impairment committee constituted at Keltron Tool room cum Training Centre (KTTC) evaluated the fixed assets of the unit on the basis of its physical condition, useful life and wear and tear etc. and identified non usable assets. These assets had a gross value ₹15.37 lakhs and net value of ₹0.07 lakhs as on 1stApril 2022. During the reporting period, KTTC has written off these non-usable assets and disclosed ₹ 0.07 lakhs as loss on value of fixed assets written off under Note 29-Exceptional Item.

67. There are no proceedings initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

68. The company has not been declared as a willful defaulter by any bank or financial Institution or other lender.

69. The quarterly reconciliation of stock statement of Keltron Equipment Complex, Karakulam given to Punjab National bank is below:

₹ in lakhs

Quarter ended	Nature of Current Asset	Amount as per financial Statement	Amount as per Stock Statement	Difference*
30-06-2022	Stock	3,388.66	3,388.66	-
	Debtors	7,030.43	7,030.43	-
30-09-2022	Stock	3,454.69	3,454.69	-
	Debtors	7,531.94	7,531.94	-
31-12-2022	Stock	3,650.16	3,650.16	-
	Debtors	7,996.94	7,996.94	-
31-03-2023	Stock	4,258.43	3,780.16	478.27
	Debtors	9,878.16	10,088.67	210.51

*Reason for Difference

(i) the difference in value of stock is due to 1) Subsequent accounting of GRIR in ERP and 2) Increase in valuation of WIP at the time of Finalisation of Accounts.

(ii) the difference in value of trade receivable is due to the fact that the un identified credits, subsequently identified and accounted at the year end.

70. The Board in its 259th meeting held on 22nd July 2021 approved the permanent closure of Keltron Marketing Office, Hyderabad. Further to the closure of Keltron Marketing Office, Hyderabad all future orders from Andhra Pradesh & Telangana states will be handled through Keltron Marketing Office, Bangalore. The branch audit of accounts of Keltron Marketing Office, Hyderabad is completed up to 31st March 2022 and all assets /liabilities were transferred to Keltron Marketing Office, Bangalore from 1st April 2022.

71. The company has not received any fund from any persons or entities including foreign entities with the understanding (whether recorded in writing or otherwise) that the company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of funding party (ultimate beneficiaries) or provide any guarantee, security or like on behalf of the ultimate beneficiaries.

72. No charges or satisfaction is yet to be registered with Registrar of Companies beyond the statutory period.

73. There are no Scheme of Arrangements approved in terms of sections 230 to 237 of the Companies Act, 2013

74. There are no transactions that are not recorded in the books of account to be surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

75. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

76. The company has no transactions with companies struck off under Section 248 of Companies Act 2013 or Section 560 of the Companies Act,1956 based on the information with the company

77. 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

As per our report attached

	Sd/-	Sd/-
For Isaac & Suresh Chartered Accountants, Firm Reg: 001150S	N.Narayana Moorthy Chairman DIN : 05251681	Sreekumar Nair Managing Director DIN: 10380526
Sd/-	Sd/-	Sd/-
CA.Sobha Sethumadhavan Partner, Membership No.225166	B.Bilu Company Secretary	CA Sreejan.A.S GM i/c (Finance)

UDIN: 24225166BKAIQC6890
Date: 10-09-2024

Thiruvananthapuram
14th August 2024

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 2023

₹ in lakhs

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	2022-23	3,422.81	-3,345.51	10,408.98	10,331.68	Equity	2,618.50	9,496.24	556.02	463.21	NIL	76.54%
2	Keltron Electro Ceramics Limited	2022-23	589.45	-124.76	2,778.82	2,314.14	Equity	585.61	1,708.40	149.66	135.24	NIL	99.35%
3	Keltron Rectifiers Limited	2005-06	274.36	1,020.56	2,412.26	540.90	Equity	274.36	-	-6.97	-6.97	NIL	99.99%
4	Keltron Power Devices Limited	2005-06	410.23	19.37	58.42	67.99	Equity	410.23	-	-53.02	-53.02	NIL	99.99%

Note: The Companies mentioned in Sl No.3 & 4 are under liquidation.

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

Sd/-
N.Narayana Moorthy
Chairman
DIN:05251681

Sd/-
Sreekumar Nair
Managing Director
DIN:10380526

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
GM i/c (Finance)

For Isaac & Suresh
Chartered Accountants,
Firm Registration No:001150S

Sd/-
CA.Sobha Sethumadhavan
Partner
Membership No.225166

UDIN: 24225166BKAIQC6890
Date: 10-09-2024

Thiruvananthapuram
14th August 2024



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 FOR THE YEAR ENDED 31 MARCH 2023

The preparation of the financial statements of **Kerala State Electronics Development Corporation Limited** for the year ended **31 March 2023** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **31 August 2024.**

I, on 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** for the year ended **31 March 2023** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

A. COMMENTS ON PROFITABILITY

Statement of profit and loss for the year ended 31st March 2023

Profit/ (Loss) for the year: ₹2,257.40 lakh

The above is overstated by ₹1,822.08 lakh due to the following.

(i) Non-recognition of income tax liability amounting to ₹1,833.86 lakh for the years 2016-17 to 2022-23 pursuant to Government's approval (May 2020/October 2022) for conversion of loans amounting to ₹9,050.18 lakh and interest accrued thereon amounting to ₹9,230.61 lakh outstanding as of 31-03-2016 into equity.

(ii) Non-provision of liquidated damages amounting to ₹62.88 lakh levied by Kerala State Electricity Board Limited for delayed implementation of Grid Tied Solar Power Plant project at Barapole.

(iii) Non-provision for non-moving and technologically outdated inventories amounting to ₹49.55 lakh which were manufactured against customized order from Directorate of Fisheries in November 2018.

(iv) Non-accounting of stipend reimbursable from Government of India under National Apprenticeship training scheme for the period 2018-23 amounting to ₹124.21 lakh.

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

Thiruvananthapuram
Dated: 16-12-2024

PREETHI ABRAHAM
ACCOUNTANT GENERAL (AUDIT-II) KERALA

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To
The Members of Kerala State Electronics Development Corporation Limited

Report on the Audit of Consolidated Financial Statements

Qualified opinion

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),its associates , which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information ("Consolidated Financial Statements").

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 reports of other auditors on the financial information of the Subsidiary Companies and associates, 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 ("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 consolidated state of affairs of the company as at 31 March, 2023, its consolidated profit and its consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

1. Consolidated Financial Statement does not include financial statements of certain subsidiary companies; namely Keltron Rectifiers Limited, Keltron Power Devices Limited and associate companies such as, SIDKEL Televisions Limited, and Keltron Entertainment Systems Limited which are either under liquidation or defunct. Hence, we are not in a position to determine the impact of non consolidation of such companies in the Consolidated Financial Statements.

2. **Other Long-Term Liabilities (Note:6)**

   a. Trade payables as per Note No. 6 "Other long term liabilities" includes ₹2,502.50 lakhs and trade receivables as per Note No.15 'other non-current assets' includes ₹21,520.16 lakhs (net of provision). Point no.7.1.3 and 7.1.1 of the guidance note on the Schedule III of Companies Act,2013 issued by the Institute of Chartered Accountants of India lays down the criteria for classifying liability and asset as current. On verification of branch audit reports, it was observed that the holding company has treated items falling under this criteria as non-current. The wrong classification has resulted in over statement of non current asset/liability and understatement of current asset /liability.

   b. Other long term liabilities include interest accrued but not due on loans from Govt. of Kerala amounting to ₹1,141.27 lakhs comprising of ₹889.37 lakhs being the interest accrued until 31.03.2010 on Government loan of ₹7,187 lakhs, which was converted into equity vide GO (MS) No.183/11/ID dated 26.08.2011 and ₹251.90 lakhs being the interest and penal interest accrued until 31.03.2006 on the Government loan of ₹1066 lakhs. No action seems to have been taken by the holding company or GOK in respect of accrued interest of ₹1,141.27 lakhs. Hence, we are unable to comment on the company's classification of ₹1,141.27 lakhs as Long Term Liabilities, since there is no clarity on the due date for repayment of Interest .

   c. Long term liability – other finance includes ₹16.20 lakhs being sundry creditors for expenses for which disclosure is not made by the holding company regarding ageing and payable to MSME.

3. **Short term Borrowings (Note No.8)**

Current portion of Government of Kerala loan to be disclosed under Current maturities of Long-term borrowings (unsecured) of holding company is ₹560.77lakhs. However holding Company disclosed Government loan wholly due for payment amounting to ₹2,443.91 lakhs along with current maturity of Government of Kerala loan under Current maturities of Long-term borrowings (unsecured).

4. **Other Current Liabilities Note No.10**

Current liabilities - Other finance & statutory dues of holding Company includes ₹915.68 lakhs being sundry creditors for expenses for which disclosure is not made regarding ageing and payable to MSME.

5. **Long term loans and advances Note No.14**

a. Investment pending allotment of ₹1744.61 lakhs (Previous year: ₹1,974.92 lakhs) of holding company disclosed under Note: 14 "Long term loans and Advances" includes ₹1,703.75lacs which was made to subsidiary companies which are under liquidation and ₹40.86 lakhs made by the company in Coconics private Ltd. The company has stated reasons for non-provision of the above said investment pending allotment to subsidiary companies vide Note 38 (i).

In the absence of sufficient appropriate evidence to support the management's contention of recoverability of these balances, provision need to be created for non-recoverability of the Investment pending allotment of ₹1744.61 lakhs. The non provision of the same has resulted in overstatement of profit and Long term loans and advances to the tune of ₹1744.61 lakhs.

b. Advance to subsidiary companies amounting to ₹1264.30 lakhs (Previous year. ₹1264.30lakhs) disclosed under Note: 14 "Long term loans and Advances" represents the advances made to subsidiary companies, which are under liquidation. This includes advance of ₹413.63 lakhs to Keltron

Rectifiers Limited (PY: ₹413.63lakhs) and ₹850.67 lakhs to Keltron Power Devices Limited (PY: ₹850.67lakhs).

The company has stated reasons for non-provision of the above said advances to subsidiary companies vide Note No. 38 (ii).

However, in the absence of sufficient appropriate evidence to support the management's contention of recoverability of these advances provision need to be created for ₹1264.30 lakhs. To the extent of this non-provisioning of ₹1264.30 lakhs, the profit of the company and Long term loans and Advances are overstated.

6. Short Term Loans and Advance- Note: 19

a. As per Note No.46, company disclosed that "The Holding Company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,376.27 lakhs for the Assessment year 2007-08 to 2023-24, the Company's books of account shows the balance of ₹999.77 lakhs only. The company did not account for the balance credit of ₹1,376.50 lakhs in the books considering the uncertainty attached in getting full tax credit while completing the assessment." However, no details/reconciliation is available to substantiate the same.

b. As per Note No. 43 , company disclosed that "KELTRAC is an autonomous body registered as a society under the control of Government of Kerala, which is operating in the portion of premises of Keltron Controls Aroor (KCA). As per the agreement dated 7th January 2008 regarding sharing of facilities and services of KCA with KELTRAC, charges for the building /space provided at the normal rate of ₹2/-sq.ft for 31,505 sq.ft is payable by KELTRAC. Further, the agreement also contains a clause that the aforesaid service charge may be waived off provided the work requirement of KCA shall be executed by KELTRAC on priority basis at cost. In view of the above and considering the precarious financial condition of KELTRAC the rent for the premises used by them was not being charged."

As per note no 19, the total advance paid to KELTRAC is ₹110.01 lakhs. No supporting documents such as government order/ Board meeting minutes to substantiate such payments have been provided by the Company.

However, holding company had not entered into any agreement with KELTRAC specifying the conditions of loan, repayment schedule, repayment term, mode of repayment and action in case of non-payment, etc. and the company has not taken any steps to recoup the advance amount as on date. The recoverability of this advance is remote. The company has not made any provision for the same which has resulted in overstatement of profit and Long term loans and advances to the tune of ₹110.01 lakhs.

7. Expenses:-

a. Regular write off /write back of bad and doubtful debts / liabilities and provision for bad and doubtful debts and advances of ₹42.66 lakhs of holding company are classified as exceptional item and included and disclosed under Note No.30 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.28 – "Other expenses".

b. As per Board meeting minutes 273/22(Mn.No.6200) holding company approved the submission of proposal to Government in connection with the dispersal of difference in gratuity, half pay leave and earned leave on surrender on account of implementation of wage revision with effect from 01/11/2017 to the 699 retired employees from 01/04/2012 to 31/10/2017 on instalment basis on the basis of judgement of Honorable High court of Kerala division bench in respect of petition filed by 3 retired employees and dismissal of special leave petition by the company by Supreme court. The managing director is authorized to decide on the number of instalments based on the financial position of the company. The holding company has not made any provision for the same, which has resulted in over statement of profit and understatement of short term provision for ₹400 lakhs.

8. <u>Accounting standards</u>

We are unable to comment on

a) The compliance of Accounting Standard-16 (AS-16) 'Borrowing Cost' issued by the Institute of Chartered Accountants of India in the absence of necessary information by Holding company and subsidiary company, Keltron Component complex Limited.
b) The compliance of Accounting Standard-17(AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India in view of the claim of the holding Company that it is not having reportable segments.
c) The compliance of Accounting Standard-28 (AS)-28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, in the absence of appropriate evidence by Holding company and subsidiary company,Keltron Component complex Limited.
d) The compliance as per Accounting Standard 12- Accounting for Government Grants by the subsidiary company Keltron Component Complex Limited (KCCL). Keltron Component Complex Limited (KCCL) has recognised ₹132.78 lakhs as capital reserve which represent Government Grants received towards various projects. The auditors of KCCL is unable to verify the correctness of the same since workings relating to project capitalization and the amount of Government Grants adjusted against those projects capitalized is not available for verification.

9. Interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements by holding company . (Refer Note:49). General Instructions for preparation of Balance Sheet as per Notification bearing No.F.No.17/62/2015-CL-V Vol-1, dated 11.10.2018 requires companies to disclose points (a) to (e) under FA. The company has disclosed the principal amount payable to MSME suppliers. Since details to ascertain the financial effect of the interest portion 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 same remaining unpaid to any supplier at the end of each accounting year and other disclosures specified against FA.

The holding company has not filed MSME-1 as required under MSMED Act.
Further, the auditors of subsidiary company Keltron Electro Ceramics Limited commented that supplies and services received from MSME are based on limited tender, single quotation, special terms and based on recommendations by

principal customers and their specifications. Hence the company concluded that interest due against delayed payments will not be claimed by any of its MSME suppliers. As a result, they are unable to quantify impact on the financial statement arising out of not providing interest on delayed payment to MSME.

10. According to Section 7(3-A) of the Payment of Gratuity Act, 1972 the subsidiary company, Keltron Component Complex Limited (KCCL) is required 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 statement, though the company has issued cheque, it stands returned by the employee.
11. The auditors of subsidiary company Keltron Component Complex Limited(KCCL) commented that balance confirmation certificates for almost all the cases under long term borrowings, trade payables, other current liabilities , long term loans and advances, trade receivables , short term loans and advances and other current assets have not been produced for their verification. On analysis of Accounts Receivables, it is observed that long outstanding receivables to the tune of ₹162.32 lakhs is included in receivables. The subsidiary company Keltron Component Complex Limited (KCCL) has made provision for doubtful debts in respect of these debts. These accounts may be scrutinized and suitable cases may be written off.
12. The Audit Committee of Keltron Component Complex Limited (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.
13. The subsidiary Company Keltron Component Complex Limited (KCCL) does not maintain a proper repayment schedule for all Government loans and hence, it is not possible to provide break up of loans to short term and long term.
14. The subsidiary Company Keltron Component Complex Limited (KCCL) has accepted share application money amounting to ₹1672.37 lakhs which has been pending allotment for more than 60 days. Since the necessary details are not made available they are not able to verify violation of Section 42 or 62 of the Companies Act,2013.

15. The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that the Confirmation of Bank balance of Indian Bank (Harbour Branch) account is not available for verification.

16. The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that the legal files are not available for verification. Hence they are unable to comment on the contingent liability and pending litigation disclosed in the financial statements.
17. The subsidiary company Keltron Component Complex Limited (KCCL) has not complied with Accounting Standard 22- Accounting for taxes on Income.
18. The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that the details of any forward contracts and hedged positions for the calculation of unrealised Gain/loss is not matching with Financial Statement figures.
19. The auditors of subsidiary company Keltron Electro Ceramics Limited commented that as stated in Note No 17, the Trade Receivables includes an amount of ₹437.91 lakhs outstanding for a period more than 1 year. The company has not identified and booked any provision towards irrecoverable Trade Receivables. Furthermore, reconciliation of trade receivable accounts and confirmation of balances were not available. Hence, they are unable to quantify impact on the financial statements arising out of not providing provision for the Trade Receivables.
20. The auditors of subsidiary company Keltron Electro Ceramics Limited commented that as stated in Note No.16 and 24 inventory includes non-moving items of manufacturing finished goods and trading finished goods worth for ₹28.17 lakhs and ₹0.48 lakhs respectively. The company has not provided any provision for non-moving and obsolete inventory items. As a result, the profit for the year was overstated by this amount.

21. We further report that :-

    a) The aggregate effect of our qualifications described above in Point No 5,6(b),7(b) and 20, is that assets are overstated by ₹3,147.57 Lakhs, Liabilities are understated by ₹400 lakhs, Profit / Reserves are overstated by ₹3,547.57 Lakhs.

b) We are unable to determine the financial impact of the qualifications in points (1) to (4),6(a),7(a) and (8) to (19) 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 Consolidated Financial Statements section in our report. We are independent of the group 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 Consolidated 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 on the consolidated financial statements.

Emphasis of Matter:

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

1. Note No.8 of financial statements includes loan from Travancore Titanium Products Limited amounting to ₹12 lakhs and Note No. 8(m) of financial statements in which company disclosed that "The holding company has availed a loan amount of ₹12 lakhs 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 lakhs availed from Travancore Titanium Products Limited, with interest, to the State Government and the same is pending to be settled". In our opinion the same needs to be disclosed as loan payable to Government of Kerala.

2. Note No.12 of financial statements. Property, plant and equipment's, the title deeds of certain land of holding company is not available with the company. 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.

3. Note No. 37 to the financial statements with regard to the approval of financial re-structuring proposal of the holding company by Government of Kerala and increase in authorized and issued capital during current year.

4. Note No. 38 to the financial Statements with regard to conversion of outstanding rent payable to the holding Company by Coconics Private limited into equity share capital.

5. Note No.50 of financial statements which states that deferred tax asset of holding company on account of unabsorbed carry forward of losses amounting to ₹851.90 lakhs disallowed on assessment and pending on appeal before higher authorities are not taken credit as a matter of prudence.

6. Note No.57 of financial statements with regard to non-provision of rent payable for the period 2016-17 to 2022-23 to Government of Kerala for the staff quarters building occupied by KMO New Delhi, a unit of holding company

7. Note No.55 of financial statements which states that balances of Government loan under Long-term borrowings (Note-5) Other long-term liabilities (Note-6) and short term borrowings (Note 8), Trade payables (Note-9), Other current liabilities (Note-10), Long term loans and advances (Note-14), Trade receivables under Other non-current assets (Note-15), Trade receivables (Note-17) under Current assets, Short term loans and advances (Note - 19) and other current assets (Note 20) are subject to confirmation/ reconciliation.

8. Note No.54 of financial statements which states about the provisioning of pay revision arrears payable to workmen category employees amounting to ₹875.59 lakhs of holding company

In the note Company also disclosed that" the impact of wage has not been considered on other components of employee cost like Gratuity, Earned leave, contribution to provident fund etc". However financial impact of the same has not been quantified and disclosed by the holding company.

9. Note No. 55 which states about the out of court settlement of Softgrip Power Solution Private Limited case and reversal of provision created earlier years amounting to ₹30 lakhs of holding company.

10. Note No.56 which states about the creation of additional provision amounting to ₹153.67 lakhs under provision for litigation settlement by KMO, Mumbai a unit of holding company.

11. Note No.52 of financial statements regarding non provision of interest on award amount payable to DVC for the financial years 2020-21 to 2022-23 in holding company.

12. Note No.63 of financial statements which had disclosed the quarterly reconciliation of stock statements of Keltron Equipment Complex, Karakulam given to Punjab National Bank. As per Note, current assets filed by the company with banks or financial institutions are not in agreement with the books of accounts for last quarter.

13. Professional charges under Note No.28 of financial statements includes ₹37.28 lakhs paid to M/s India Electronics and Semiconductor Association towards the preparation of DPR for the semiconductor park. Company disclosed that company had treated the same as expenses since the project is not likely to be implemented in the foreseeable future.

14. Note No.31 to the financial statements where in contingent liability has been disclosed in respect of matters disputed in appeal in respect of customs duty of Keltron Electro Ceramics Limited (KECL) . The amount of demand in dispute is for ₹11 lakhs

Our opinion is not qualified in respect of this matter.

Other Matters:

1. We did not audit the financial statements of 6 units and 6 KMOs of the Company, whose financial statements reflect total net assets of ₹(20039.20) lakhs as at March 31, 2023, total revenues of ₹47243 lakhs and net cash outflow amounting to ₹3125.20 lakhs 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.

2. We did not audit the financial statements of two subsidiary companies, whose financial statement reflect total net assets of ₹2214.36 lakhs as at 31st March 2023, total revenues of ₹11457.43 lakhs and net cash outflow amounting ₹342.67 lakhs 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 associates and our report in terms of sub sections (3) of Section 143 of the Act, in so far as relates to the aforementioned subsidiaries and associates is based solely on the reports of the auditors.

Our opinion is not qualified in respect of this matter.

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 Consolidated 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 Consolidated 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 Consolidated 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.

Management Responsibility for the Consolidated Financial Statements

The Holding 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 Consolidated financial position, Consolidated financial performance including Consolidated cash flows of the group including its associates 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 Consolidated financial statements, management is responsible for assessing the ability of the group and of its associates 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 group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the financial reporting process of the group and of its associates.

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

Our objectives are to obtain reasonable assurance whether the Consolidated 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 Consolidated 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of

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

2. As required by section 143(5) of the Act, we give in Annexure 2, 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, based on our audit and on the consideration of the 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:

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

b) 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, proper returns adequate for the purpose of our audit which have been received from the units/marketing offices not audited by us and reports of other auditors.

c) 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 accounts maintained for the purpose of preparation of the Consolidated financial statements.

d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph(Para 8), 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 .

e) 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 3" to the report

f) 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.

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

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

i) Being a government Company, pursuant to notification No. G.S.R 463(E) dated 05/06/2015 issued by the Government of India provisions of section 197 (16) of the Act, regarding managerial remuneration is not applicable to the Company.

j) 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:31 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 during the year under audit.

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

iv.

a) The respective managements of the Holding Company and its subsidiaries associates which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the

other auditors of such subsidiaries, associates that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group and associates to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of
the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

b) The respective managements of the Holding Company and its subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of its knowledge and belief, no funds have been received by the Group and associates from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group and associates shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement;

v) No dividend is declared or paid during the year under section 123 of the Companies Act, 2013 by the Holding Company, its subsidiaries and associates incorporated in India.

vi) Provison to Rule 3 (1) of the Companies(Accounts) Rules,2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from April 1,2023, and accordingly, reporting under Rule 11(g) of companies (Audit and Auditors) rules, 2014 is not applicable for the financial year ended March 31,2023.

For Isaac & Suresh,
Chartered Accountants
(FRN 001150S)

Sd/-
SobhaSethumadhavan, FCA
Partner (M.No.225166)

Date: 10th September 2024.
UDIN:24225166BKAIQC6890

Place: Trivandrum

"ANNEXURE 1" To the Independent Auditor's Report of even date on the Financial Statements of 'Kerala State Electronics Development Corporation Limited
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the Consolidated Financial Statements, have unfavourable remarks, qualifications or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

SL.NO	Name of companies & CIN	Holding Company / Subsidiary company	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Kerala State Electronics Development Corporation Limited	Holding Company	Para no (i)(b) Para no (i)(c) Para no (ii)(a) Para no (iii) Para no (ix)(a) Para no (xiv)(a and b)
2	Keltron Component Complex Limited	Subsidiary company	Para no (i)(c) Para no (ii)(b) Para no (vi) Para no (ix)(a) Para no (xiii)
3	Keltron Electro Ceramics Limited	Subsidiary company	Para no (i)(b) Para no(ii)(a) Para no (ix)(a)

Sd/-
For Isaac & Suresh,
Chartered Accountants,
(FRN 001150S)

Date :10th September 2024
UDIN:24225166BKAIQC6890
Place : Trivandrum

Sd/-
Sobha Sethumadhavan, FCA
Partner (M.No.225166)

ANNEXURE 2 TO THE INDEPENDENT AUDITORS' 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.

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 2022-23 based on the reports of subsidiary companies and other information obtained during the course of audit.

Directions under section 143(5) of the Companies Act, 2013 in case of Corporate Office, All units and All KMOs except Chennai, Bangalore and Ahmadabad.	**KSEDC LTD**	**KCCL**	**KECL**
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, may be stated	Yes. The Corporate Office is having Oracle based ERP System. In corporate Office, the Accounts are maintained in Tally ERP by importing transaction data from Oracle ERP on a periodical basis on a controlled manner to avoid omission/duplications In KMOs accounts are prepared in tally software itself. Auditors of KCC, ITBG, KEC, KCA had commented "yes" under this clause	The IT system implemented by the company is generally found to be inadequate and does not incorporate adequate automated controls commensurate with the size and operations of the company. It is observed that the IT system is particularly weak with regard to valuation of inventory and work in progress. There is an unusually high reliance on manual controls and processes and there is a lack of proper reports such as overhead absorption	The Company's Accounting transactions are processed by an accounting software "TALLYPRIME" licensed by M/s Tally Solutions Ltd, Bangalore. The software inherently allows the accounting transactions to be captured either in the online mode-i.e.as and when transactions occur or in a batch mode i.e. after a certain time interval of the actual occurrence of the transaction. This inherent nature of the accounting

	KLD and KTTC- The Division's Accounting transactions are processed by an accounting software "Tally" licensed by M/s Tally Solutions Ltd, Bangalore. The software inherently allows the accounting transactions to be captured either in the online mode-i.e. as and when transactions occur or in a batch mode i.e. after a certain time interval of the actual occurrence of the transaction. This inherent nature of the accounting process leads the accounting system to failure in terms of completeness of capture of transactions. However, during the course of our audit we have not noticed any such instance nor any financial implications of the same.	report and ageing reports. **Action Taken:** Not reported **Impact on accounts and Financial Statements:** Not reported	process lends the accounting system to failure in terms of completeness of capture of transactions. However, during the course of our audit we have not noticed any such instance nor any financial implications of the same. **Action Taken:** Not reported **Impact accounts and Financial Statements:** Not reported
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	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 included conversion of loan into equity and waiver of	During the year there are no cases of waiver/write-off of debts/loan interest etc.	The Holding Company has waived the interest @12% on the loan amounting to ₹135.27 lakhs granted to the company for the financial year since 2017-18.

financial impact may be stated.	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. GO(Rt)No:108/2022/ID dated 18th October 2022 amending the GO(MS) No.53/2020/ID dated 15th May 2020 (sanctioning the financial restructuring proposal of the company) to the extent of waiver of interest, sanctioned the conversion of accrued interest to Share capital. Hence from the financial year 2019-20 onwards the Company had disclosed the aggregate amount of loans along with accrued interest amounting to ₹17030.80 lakhs as "Share application money pending allotment". During current year, the procedural aspects of increasing the authorized share capital such as filing of required forms with		The KSEDC has approved conversion of principle and interest outstanding for ₹271.17 Lakhs to equity shares of the company. Therefore the company converted the loan and interest outstanding to Share Application Money Pending Allotment as at 31-03-2022 and to equity shares of the company as on 31-03-2023. The company has an outstanding loans amount of ₹47.00 lakhs and ₹147.00 lakhs with GOK. And further, ₹121.26 lakhs and ₹175.31 lakhs are outstanding towards interest against these loans. The letter for conversion of principle and interest outstanding on 2 GoK loans for ₹168.26 lakhs and ₹322.31 lakhs respectively to equity share capital of the company is

	ROC and payment of filing fees etc has been complied with and the equity shares worth ₹17030.80 lakhs were also allotted to Government of Kerala and thereafter the paid up share capital of the company stood at ₹37,385.98 lakhs with effect from 10th March,2023.		pending for approval from GOK for various administrative and regulatory compliances. **Action Taken:** Not reported **Impact accounts and Financial Statements:** Not reported
3. Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and condition? List the cases of deviation.	No such cases	Yes. There was no deviation recorded as per Information provided by client.	No funds for specific schemes of central or state agencies were received during the year. Funds received by way of grant in earlier years are reported to be properly utilized. No deviations have been reported. **Action Taken:** Not reported **Impact accounts and Financial Statements:** Not reported

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**	Not Applicable	Not Applicable	Not Applicable
F	**Manufacturing Sector**	**KSEDC LTD**	**KCCL**	**KECL**
1	Whether the Company's pricing sector policy absorbs all fixed and variable cost of production as well as the allocation of overheads?	The auditors of KLD, KTTC, KCA , KEC and KCC units under this sector have reported that as per the explanation given from the unit the Company's pricing sector policy absorbs all fixed and variable cost of production as well as the allocation of overheads subject to following comments. 1.KLD and KTTC - Division has a general pricing policy which absorbs all the fixed and variable costs of production. The Division's products are mainly manufactured against specific customer orders and against	The company's pricing policy absorbs all the Fixed and variable costs of production as well as allocation of 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 were of the opinion that the company does not have a proper policy of revisiting such standard costs which are taken for pricing.	Company has a general pricing policy which absorbs all the fixed and variable costs of production. The company's products are manufactured against specific customer orders and against negotiated prices. However: 1. We observed that the company maintains no cost records required to ascertain the cost of production of a particular project. These include the material usage register, labour hour utilized, overhead incurred at manufacturing unit, etc. It is suggested to

		negotiated prices. However : A. We observed that the Division maintains no cost records required to ascertain the cost of production of a particular project. These include the material usage register, labour hour utilized, overhead incurred at manufacturing unit, etc. It is suggested to maintain the cost records, which also facilitates in analyzing the yield from material used, profitability and also in identifying whether any project is incurring a loss to the Division. B. The Division is not recording the value of wastages and damages incurred during manufacturing, due to which cost of production is understated. C. The materials required for each project are issued		maintain the cost records, which also facilitates in analyzing the yield from material used, profitability and also in identifying whether any project is incurring a loss to the company. 2. The company is not recording the value of wastages and damages 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.

		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.KCA- the company has not carried out any cost audit for the year. Hence they are unable to comment upon the pricing policy due to the lack of cost audit. 3.KEC -subject to the Point No: 15(9)(d) under Emphasis of Matter in Statutory Audit Report of holding company for the FY 2022-23		
2	Whether the Company has utilized the government assistance for technology upgradation/modernization of its manufacturing process	The auditors of KCC, KTTC, KCA and KLD had reported that this clause is not	The company has been applying and utilizing the government assistance for technology	Yes. The Company has utilized Government assistance 1.₹25.00 lakhs for setting up of

	and timely submitted the utilization certificates.	applicable to the units. The auditors of KEC have confirmed the utilization of the Government assistance and timely submission of utilisation certificates.	upgradation/ 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 program.	production facility for small capacity UPS 2.₹50 lakhs for expansion of production facilities -Testing and Calibration and has timely submitted the utilization certificates.
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 KCC have reported that the unit has fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence. The auditor of KEC have reported that the unit has been following cost system and analysis. However, auditors of KLD and KTTC reported that the control over normal and abnormal losses is diluted and is inadequately monitored. The auditor of KCA has reported	The company has standard norms for Accounting of 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 above in Para 1, the control over normal and abnormal losses is diluted and is inadequately monitored.

		that the company is following certain norms for normal losses and a system for evaluation of abnormal loss. However, they are unable to comment whether it is adequate or not in the absence of complete cost records and cost audit. Further in case of guarantee, company informed that no expert opinion has been taken and the valuation for the same is based on their previous experience in the field.		
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-realizable value for all units except KEC where finished goods are valued at cost. It is also reported that no deviation from its declared policy is noted.	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.	Finished products held in stock are valued at lower of cost or net realizable value. No deviations were observed.
5	Whether the effect of deteriorated stores and	The auditors of the units except KLD	The company has made adequate	Value of dead stock is taken at 10% of

	spares of closed units been properly accounted for in the books.	and KTTC under this sector have reported that the records verified by us and the explanation given to us, there are no deteriorated stores and spares of closed units As per the accounting policy of the division, 25% of the value (opening plus purchases during the year) of tools, jigs and fixtures are considered as value of dead stock. Such items amounting to Rs 1.64 lakhs and ₹0.68 lakhs were written off during the year in KLD and KTTC respectively. Non-moving raw materials stores and spares worth ₹ 4.27 lakhs are identified in KLD based on the year end physical verification exercise done by the management. However, neither provision made against these items	provision for depletion in value of stores and spares based on an internal technical evaluation of the usability of such stores and spares. The inventory carrying amount in the balance sheet as on the reporting date is after adequately accounting for such depletion in value.	cost and many of stock items with Nil value observed. Such stock is reportedly identified during physical verification exercise.

		nor written off during the year based on such physical verification. In KTTC dead stock of ₹0.53 lakh were written off during the year based on physical verification.		
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 KCC and KCA 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. Auditors of KEC also confirmed the same subject to Point No.15(9)(e) under Emphasis of Matter in Statutory Audit Report of holding company for the FY 2022-23. Auditors of KLD and KTTC had reported that " The Division has reported an effective system for	The company has an effective system in place for physical verification of inventory, making provisions for non-moving inventory and accounting the effect of such shortage/excess which are noticed on physical-verification.	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. Work in progress valuation does not provide an accurate value of stock since the apportionment of overhead cost is not based any policy. Non moving items are identified during the verification process and valued at 10% of cost. As regards accounting for the effect of the

		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 however, no provision against these items were made in the books as mentioned in the para 5 above. As regards accounting for the effect of the shortage or excess of stock noticed during physical verification, it is observed that the division has no effective system in place for physical verification as informed to us."		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.

<table>
<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 reported that the manufacturing activity is based on the Customer specific Orders. The concept of installed capacity is minimal.
Auditors of KTTC reported that Current Production is against confirmed orders. No Installed Capacity is determined for the products currently produced by the Division.
The auditors of KCC and KEC have reported that the 100% utilization of plant and machinery during the year.
KLD auditor has reported that current production is mostly against confirmed orders. The present Installed Capacity of Hearing Aids is 30,000 and LED light is 15,000 per annum. The utilised capacity of Hearing Aids was 8,152 and LED 36.</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 utilization of the production function as a whole:
<table>
<tr><th colspan="3">Aluminum Capacitors</th></tr>
<tr><td>Installed capacity</td><td>Utilized capacity</td><td>Percentage % of Utilization</td></tr>
<tr><td>15,00,00,000</td><td>7,26,88,546</td><td>48.46%</td></tr>
</table>
</td>
<td>Current Production is against confirmed orders. No installed Capacity is determined for the products currently produced by the company.</td>
</tr>
</table>

			Crystals Installed capacity: 20,84,000 Utilized capacity: 0 Percentage % of Utilization: 0% **MPP Capacitors** Installed capacity: 1,80,00,000 Utilized capacity: 1,70,75,719 Percentage % of Utilization: 94.86% **Resistors** Installed capacity: 21,70,00,000 Utilized capacity: 3,65,53000 Percentage % of Utilization: 16.84%	

8	Report on the cases of discount/commission in regard to debtors and creditors where the Company has deviated from its laid down policy.	The auditors of, KEC, KTTC, KCC and KLD have reported that no such instances were observed. However auditors of KCA reported that "As per explanation given to us company is charging maximum of 10% as liquidated damages when there is delay in delivering goods as against terms and conditions mentioned in Purchase order. This liquidated damages are shown as cash discount in financial statements instead of liquidated damages."	Based on our examination of the discounted 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.	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 till 2018-19. Up to the year 2014-15, the liquidated damages claimed have been ascertained at ₹21.94 Lakhs and the same has been provided for in the financial statements for the year ended 31/3/2021. For the financial year 2019-2020 and 2020-21 liquidated damages of ₹15.68 Lakhs and ₹20.18 Lakhs respectively has been ascertained and the same has been provided for in the

				financial statements for the year ended 31/03/2022 and 31/03/2023 respectively.
G	**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?	Auditors of KMO Mumbai, KMO Ahmedabad, KMO Chennai have reported that Pricing policy is formulated at Head Office. Auditors of ITBG, KCC Monvila, KMO-Kolkatta and KECKarakulam have reported that the Company's pricing policy absorbs all fixed and variable cost of production and the overheads allocated at the time of fixation of price Comments of auditors of other units/ KMOs are reproduced below: KLD Kozhikode & KTTC, Kuttipuram-"We have been informed that the division has a general pricing policy which absorbs all the fixed and variable	Not applicable	Not applicable

		costs of production and the overheads allocated at the time of the fixing of price. However, we have not been provided with any such pricing policy adopted by the division in this regard". KMO-Bangalore "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 , pricing is managed by KMOs independently following internal procedures". KCA AROOR "The company's pricing policy absorbs all the fixed and variable costs of production as well as allocation of		

		overheads subject to availability of complete cost records and conduct of cost audit".		
2	Whether the Company recovers Commission for work executed on behalf of Government/other organizations that are properly recorded in the books of accounts? Whether the Company has an efficient system for billing and collection of revenue?	Auditors of ITBG, KCC Monvila, KMO-Ahmedabad, KMO- Kolkatta, KMO-Bangalore KCA - Aroor and KEC Karakulam reported that these units are not generating any revenue in the form of commission from the government or other organisations during the year. The Corporate office, auditors of KLD Kozhikode, KMO-Mumbai and KMO Chennai have confirmed the recovery of commission for work executed on behalf of Government/other organizations and record of same in the books of accounts. They have also reported that the company has an efficient system for billing and collection of revenue.	Not applicable	Not applicable

		Comments of auditors of KTTC is reproduced below: "The division provides training services to various entities and generating revenue out of this service as course fees (auxiliary income). As per the explanation provided, the Division recovers the income for work executed and is properly recorded in the books of accounts and the division also has an efficient system for billing and collection of revenue. However, we have noticed the following: During the year the Division has earned intra-state service income of ₹ 3.57 lakhs by way of Course fees from a customer IIB Education Private Limited without collecting any GST on such service income and treating this revenue as a nil rated supply. We		

		have not obtained any supporting document for treating such revenue as nil rated supply under GST. If these sales were taxable under GST, there would be under estimate of CGST and SGST output tax liability to the extent of applicable GST on these services"		
3	Whether the Company regularly monitors timely receipt of subsidy from Government and is properly recording them in its books?	As per the information available from Corporate office and the audit reports of units/KMOs, no subsidy has been received from government during the year 2022-23	Not applicable	Not applicable
4	Whether interest earned on parking of funds received for specific projects from Government was properly accounted for?	As per the information available from Corporate office and the audit reports of units/KMOs under this sector ,no such instance has occurred during 2022-23. With respect to Plan Fund parking at Government Treasury, the interest will not	Not applicable	Not applicable

		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.	As per the information available from Corporate office and the audit reports of units/KMOthe Company has not entered into Memorandum of Understanding with any of its Administrative Ministry during 2022-23.	Not applicable	Not applicable
H	**Trading**	**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	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

		more than 3 years is ₹140.60 lakhs KMO Mumbai: It is reported that there are dues outstanding for more than 3 years as on the reporting period. Generally there is proper system for recovery of dues is in place. ITBG: Dues from Govt. Department are long outstanding. KCC: Dues from Govt. Department are long outstanding KCA AROOR – It is reported in case of collection there is debtors due more than 3 years. They are unable to say proper system is installed. No suit has been filed for debtors outstanding more than 3 years. KMO – Bangalore- The Debtors which are more than a few years old in the books and they are		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 318 Receivable accounts, which have no transactions during the year with aggregate balances of ₹126.82 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 to ₹43.60 lakhs being receipts from unidentified parties as disclosed under current liabilities. Moreover, ₹ 31.09 lakhs being credit balances in

		to be followed up for recovery KLD-The Division has reported an effective system for recovery of dues from its sales activities. The bulk of the dues from trading activities are from the Local Self-Government Bodies, Government departments, or their executing agencies and programs. However, the division 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 division's financial stability vulnerable to unknown doubtful debts, whose non recovery may have a deep impact of the financial		customer's accounts is also disclosed under current liabilities.

		condition of the division. We have observed that 53 receivable accounts, which have no transactions during the year with aggregate balances of ₹133.03 lakhs. Further, we have observed that an amount of ₹ 16.21 Lakhs debit balance in sundry creditors account due from Soft Grip Power Solutions PVT LTD is long outstanding for more than three years. 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. KTTC-The Division has reported an effective system for recovery of dues from its sales activities. The bulk of the dues from trading activities are from associate		

		divisions, related entities and/or its executing agencies and programs. The Division has a system of obtaining confirmation of balances from its debtors of associate entities at the year end. Such dues are seen recorded properly. However, confirmation of balance due from parties other than related/associate entities are not available on record.		
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 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:	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

		KMO Bangalore –It is reported that the number of slow moving items in Inventory of the Branch. The same needs to be reviewed by the Management periodically. KCA AROOR – The auditor has reported that in their opinion, the company has an effective system in place for Physical verification of inventory at year end. Further, as per management representation it is not possible to conduct physical verification of inventory at reasonable intervals because this will affect production with regard to nature and size of division. KEC – It is reported that the unit is carrying out physical verification of inventory during fixed intervals for identifying the materials lying in		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 vendors 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 Note (GRN)/Gate passes are not raised. This practice dilutes the control over inventory and may result in material misstatement of the sales and the value of inventory.

		the store and verifies the same with books of accounts, and making necessary adjustments if there is any deviation subject to the Point No: 15(9)(e) under Emphasis of Matter in Statutory Audit Report for the FY 2022-23 KLD-The Division 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. 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, raw materials are delivered by the Division's vendors directly to the division's premises, or work site. Goods Received Notes (GRNs) are not seen raised with respect to materials purchased. This practice dilutes the control over inventory and may result in material misstatement of the sales, purchases and value of inventory. KTTC- The Division 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. Normally, raw materials are delivered by the Division's vendors directly to the division's premises. Goods		

		Received Note(GRN)/Gate passes are not seen raised in many instances. This practice dilutes the control over inventory and may result in material misstatement of the sales and the value of inventory. The Division had only stock of loose tools, jigs and consumable stores and spares and no inventory of finished goods as on 31st March 2023.		
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 except in the following cases: 1.The auditors of KCC have reported that dues from the Govt. Dept are long outstanding. 2.The auditors of KTTC reported that Major dues are from related/associate	Not applicable	See Para 1 above in this section.

		entities. Even though the Division has reported an effective system for recovery of dues from its sales activities, there are few long pending dues prevailing out of sales. 3.The auditors of KLD reported that Even though the Division has reported an effective system for recovery of dues from its sales activities, there are long pending dues prevailing out of sales. 4.KMO Bangalore - The branch has a system of monitoring the timely recovery of outstanding dues. However needs improvement. 5.KCA AROOR – It is reported in case of collection there is debtors due more than 3 years We are unable to say proper system is installed. No suit has been filed for debtors outstanding more than 3 years		

		6..KEC- The auditors reported that there exists a robust system for following up of recovery of dues. 7.ITBG- The auditor reported that Necessary steps may be taken for recovering long outstanding items.		
	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 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 affected 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	Not applicable	Not applicable

		received by the units.		
4	Report the cases where in 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) Others	**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 the sector have reported that the units/KMO have not taken any loans or received any grant in aid or subsidy during reporting period. In respect of Corporate Office as per the information available from management , there exist a system effective utilization of Loans/Grant in Aid/ Subsidy.	Not applicable	GoK loan of ₹75 lakhs has been sanctioned during the year for; 1. ₹25 lakhs for setting up of production facility for small capacity UPS. 2. ₹50 lakhs for expansion of production facilities- Testing and Calibration facility. Commissioning certificate and utilization certificate has been promptly submitted. Loans and grants received in earlier years have

				been reported to be effectively utilized. No diversion of funds have been reported.
2	Examine the cost benefit analysis of major capital expenditure/expansion including IRR and payback period	The auditors of the KMO's reported that no major capital expenditure/expansion were incurred during the period under report. As per the information available from management, this evaluation is done in Corporate Office, as a part of DPR preparation which is associated with the release of Plan Fund from Government of Kerala.	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 computerized 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	Not applicable	Accounting, sales, payroll and inventory are computerised. The data in the above areas 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

		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. As per the information available, the Corporate Office is having Oracle based ERP System. The Accounts are maintained in Tally ERP by importing transaction data from Oracle ERP on a periodical basis on a controlled manner to avoid omission/duplications. The ERP/Payroll data are maintained in the Data Centre at ITBG where all the data security compliance are ensured.		detailed system security review of the above areas.
	Comments on internal control/other matters	**KSEDC LTD**	**KCCL**	**KECL**
A	Revenue Recognition and Accounting policy	KLD- The division has adopted policy of recognizing revenue from supply to Government departments/agencies based on	Not applicable	Not applicable

		despatches /work done at project site without waiting for the completion certificate. However, with respect to revenue recognition on supply, installation, commissioning, and maintenance of lighting contracts undertaken by the division with various local self government bodies, government departments through service contract agreements, we are of the opinion that, the above stated policy is not in line with Generally Accepted Accounting Principles and a departure from applicable accounting standards as mentioned in point no (5)(a) of Annexure No 1 mentioned in point No.10 of qualified opinion paragraph of Audit report of Standalone		

		financial statements. KTTC-The revenue on intra state sales aggregating ₹6.39 lakhs to associate entities were recognized and taken to profit and loss account during the year 2022-23, however , the management of the division has represented that the invoice value covered under these sales ₹7.54 lakhs including applicable GST has been recognized as goods in transit and shown under inventories in the balance sheet as on 31st March 2023 instead of trade receivables on the reason that the debt covered under these sales were acknowledged by the customers/counter parties after the balance sheet date. The classification of such receivables as Goods in transit in the balance sheet merely for the reason these debts		

		were acknowledged by the customers post balance sheet date is not as per the applicable accounting standards and a deviation from its declared policy.		
B	Purchase of Goods for trading	KLD-The division is engaged in the manufacture and trading of hearing aids. Also, the division is engaged in undertaking supply, installation and maintenance of lighting projects. Major components for the manufacture of hearing aids are being imported. Though the division does not have any direct agreement with suppliers to procure the imported materials, we have noticed that division has 98% of its imported raw materials purchase from only two parties called "Knowels IPC (M) SDN BHD and Xiamen Unibest	Not applicable	The company is engaged in trading of equipment for differently – abled persons (Divayangjam). However the company does not have any direct agreement with one party – Sai Rehabilitation who supplies equipments other than two wheelers for differently abled.

		Import and Export Co Ltd". As purchases of components required for the manufacture of hearing aids are mainly from above three suppliers, there exist high concentration of suppliers. Division does not have any direct agreements with suppliers with respect to supply of raw materials required for the lighting projects, The bifurcation of duties in the purchase and stores department may be strengthened so that proper reporting and control may be exercised in these areas. KTTC- Though the division does not have any direct agreement with suppliers to procure the required materials, we have noticed that division has procured 98% of its raw material purchase from only		

		one part called "Rowline Solutions" during the year. Further, service expense incurred to Rowline Solutions during the year constitute 48%of the total value of such expenses incurred by the division. This concentration of supplier may lead to loss of opportunities in getting materials from other sources at competitive prices. The bifurcation of duties in the purchase and stores department may be strengthened so that proper reporting and control may be exercised in these areas.		
C	Confirmation of Debit and Credit balances	KLD-Other than few trade payables, we have observed that none of the Receivables/Loans and advances / trade creditors/ payables have made any positive confirmation of balances as at the	Not applicable	We have observed that none of the Receivables/ Loans and Advances/trade creditors/payables have made any positive confirmation of balances as at the year-end or at any

		year- end or at any time during the year. This dilutes the control over the quality and quantity of balances stated in the financial statement which may lead to material misstatement. KTTC- We have observed that none of the receivables/ loans and advances/ trade creditors/payables have made any positive confirmation of balances as at the year end or at any time during the year. This dilutes the control over the quality and quantity of balances stated in the financial statements which may lead to material misstatements.		time during the year. This dilutes the control over the quality and quantity of balances states in the financial statements which may lead to material misstatement.
D	Cash Book	KLD& KTTC-Cash book/register seems not maintained properly and there is no evidence of periodic/surprise physical verification by	Not applicable	Not applicable

		senior officials during the year. Also denomination of notes and coins held for the balance cash each day were also not mentioned in the cash book/ register. This may lead to cash vulnerable to mishandling, embezzlement etc.		
E	Staff salary and allowances	KLD- Attendance registers and access system parallelly maintained for permanent, trainee and apprentice staff. Manual register for contract staff is being maintained. No physical register to absence from work for preparation of pay slips found maintained evidence in lack of internal control over employee salary payouts. KTTC- Attendance registers and access system parallelly maintained for permanent, trainee and apprentice staff. Manual register for	Not applicable	Not applicable

		contract staff is being maintained. No documentation in respect to absence of work for preparation of pay slips found maintained evidencing lack of internal control over employee salary payouts.		
F	Advances to employees	KTTC- No physical register found maintained with respect of advances to employees. Balance due from employees as on 31st March 2023 was ₹0.21 lakh / evidencing lack of internal control over employee advances.	Not applicable	Not applicable
G	Canteen Expenses	KTTC- Division has incurred canteen expense aggregating ₹2.50 lakhs to KECL during the year towards staff meals cost, however, no approval or policy copy held with division on these expense.	Not applicable	Not applicable
H	Payment vouchers and expenditure booking	KTTC- We have noticed a payment of ₹0.84 lakh towards repairs and maintenance	Not applicable	Not applicable

		to building was made based on quotation/estimate value without proper tax invoice available in records. Also, we have noticed several instances of cash payments exceeding the authorized limits and processing of a payment without proper authorization as stated in para 13.7 under "Other matters" in our report above.		

I	Loan Default	Not applicable	Not applicable	We have observed that the company has not made any repayment in respect of the unsecured loan taken from KSEDC, Govt. of Kerala and RIAB, which is not in line with the repayment terms mentioned, except in case of KSEDC, where such terms are not known. In relation to the original terms of repayment mandated, the non-repayment amounts to a default in the repayment of loans from Government. Total default amounts to ₹543.61 lakhs as on 31/03/2023, out of which ₹85.37 lakhs is default for the year 2022-23 and ₹458.24 lakhs was defaulted upto 31/03/2022.

Sd/-
For Isaac & Suresh,
Chartered
Accountants,
(FRN 001150S)

Date :10th September 2024,

UDIN:24225166BKAIQC6890

Place : Trivandrum

Sd/-
Sobha Sethumadhavan, FCA
Partner (M.No.225166)

Annexure 3 to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED ("the Holding Company") and its Subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group"), its associates as at 31 March 2023 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

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 company's 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

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 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 Group's internal financial controls system over financial reporting considering the size, volume and nature of activities carried out during the year.

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:

a. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company,
b. 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 management and directors of the company, and
c. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, material weaknesses as per qualifications mentioned in our report and following material weakness have been identified as at March 31, 2023:

1) The Holding company did not have an appropriate internal control over financial reporting for:
    a) The company's system for identifying, determining and accounting the qualified assets and the related borrowing cost resulting in incorrect recognition of property, plant and equipment/ capital work in progress and related expenditure.
    b) The company's system for identifying, determining and accounting the reportable segments and revenue, expenses, assets, liabilities and results of those reportable segments.
    c) The Company's process of evaluating completeness and accuracy of transactions relating to impairment and derecognition of Property, Plant and Equipment based on the periodic verification and technical evaluations.
    d) Company's system of physical control of property, plant and equipment including unique numbering and proper physical verification.
    e) Company's system of timely reconciliation of debtors with the financial records and proper follow-up with debtors for recovery.

f) Company's process with regard to expiry of bank guarantee where bank is withholding the fixed deposits even after expiry of concerned bank guarantee.

g) Company's process with regard to the control activities in compliance of payment mechanism to the vendors as such instances were noted.

i) where expenditure has been incurred/ payment for vehicle hiring has been made in cases having log books is not signed by the officials who used the vehicle

ii) in respect of expenditure incurred on account of usage of generator where log book did not contain accurate information on the quantity of diesel consumed during specific intervals and does not consistently record the running time of the generator

h) Company's system of IT controls which allows employees to use their gmail accounts instead of the company's webmail provided to them. On enquiry, many of the employees reported that they are facing system bugs while using their web mail and hence using the gmail accounts created by them for company purpose.

i) Company's system of IT in which ERP does not support generation of reports necessary for various disclosures required as Schedule III

j) Company's system of IT controls in which it has been observed that vouchers generated by ERP are not consecutively numbered and hence missing vouchers, if any, could not be identified

k) Company's system of corporate governance and as such Company has not disclosed details in respect of adequacy of internal financial controls with reference to the financial statements in the Board report which was required to be done as per rule 8(5)viii of the Companies (Accounts) Rules, 2014.

l) The internal control regarding review of long pending advances, deposits and Trade payables.

m) Attention is also invited in respect of Units and KMO's audited by unit/KMO auditors, of the points included under basis of qualified opinion paragraph of Report on Verification of Internal Financial Controls Over Financial Reporting which are listed below:

Sl. no	Units	Qualified Opinion
1.	KMO- Mumbai	a. The system of internal control with respect to maintenance of adequate records for ascertainment of slow moving and non-moving items of inventory of the branch was not maintained adequately for inventories records. b. The absence of proper system of balance confirmation and reconciliations of trade receivables and trade payable, Earnest Money deposit etc. c. Non accounting of the possible future liability in respect of warranty, obligations accepted with the sales of project. d. Non reconciliations and consequent adjustments if any, of the related party and subsidiary company balances during the year.
2.	Keltron Tool Room Cum Training Centre(KTTC)	a. The Division'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. b. The Division's internal control system of issue of materials to specific projects has weakness which may result in material misstatement of cost of production and value of inventories.

		c. The Division'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. d. The Division's internal control system over Receivables has material weaknesses which may result in material misstatement of trade receivables and provision for doubtful receivables. e. The Division's internal control system over payables has material weakness which may result in material misstatement of trade payables and cost of goods sold. f. The Division's internal control system over cash disbursements has weaknesses which may result in material misstatement of physical cash held by the division.
3.	Keltron Lighting Division (KLD), Kozhikode	a. The Division'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. b. The Division's internal control system of issue of materials to specific projects has weakness which may result in material misstatement of cost of

		production and value of inventories. c. The Division's internal control system of recording cost of production of a particular project/product has weaknesses which may lead to a material misstatement of cost of production and, value of inventories. d. The Division's internal control system of recognizing revenue on construction contracts with respect to lighting projects undertaken has material weaknesses which may lead to a material misstatement of the revenue and cost of projects, value of work in progress/inventories. e. The Division's internal control system over Receivables has material weaknesses which may result in material misstatement of trade receivables and provision for doubtful receivables. f. The Division's internal control system over payables has material weakness which may result in material misstatement of trade payables and cost of goods sold. g. The Division's internal control system over cash disbursements has weaknesses which may result in material misstatement of physical cash held by the division.

2. Information Technology(IT) System of Keltron Component Complex Limited (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.
3. The Keltron Component Complex Limited (KCCL) does not have adequate process in place to test its key accounting and financial statement controls and has not implemented a risk control matrix. The company lacks adequate processes to ensure compliance with Accounting Standards and Internal controls with regard to accounting for expenses and trade debtors were generally found to be weak and inconsistent. There is a general inadequacy in design of internal control over significant accounts and process. Key account reconciliations are not performed periodically and in an accurate manner.
4. The Keltron Component Complex Limited (KCCL) has no system to obtain confirmation statements from debtors and Reconciliation of the same with Books periodically. The list of Sundry debtors includes ₹162.32 Lakhs which is outstanding for more than 3 years.
5. The Keltron Component Complex Limited (KCCL) does not have adequate controls in place to ensure reliable accounting of inventories and work in progress. The standard costing system in place does not provide adequate assurance on the valuation of inventory in financial statements and is found to be weak on account of a lack of automated controls and processes and failure on the part of the management to periodically review and adjust the standard cost.
6. Keltron Electro Ceramics Limited (KECL)'s internal control system
   a) of receiving goods purchased for trading purposes has weaknesses which may result in material misstatement of the Sales, Receivables and Inventory.
   b) of issue of materials to specific projects has material weakness which may result in material misstatement of Cost of production and, Value of inventories.
   c) of recording cost of production of a particular project/product which may lead to material misstatement of Cost of production and, Value of inventories.
   d) over Receivables has material weakness 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 Group'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 weakness 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 control over financial reporting were operating effectively as of March 31,2023, 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.

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

Sd/-
For Isaac & Suresh,
Chartered Accountants,
(FRN 001150S)

Date :10th September 2024
UDIN:24225166BKAIQC6890
Place : Trivandrum

Sd/-
Sobha Sethumadhavan, FCA
Partner (M.No.225166

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2023

Particulars	Note No.	As at 31st March, 2023 (₹ in lakhs)	As at 31st March, 2022 (₹ in lakhs)
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share capital	2	37,385.98	20,355.18
(b) Reserves and surplus	3	(13,973.04)	(17,039.21)
Share application money pending allotment	4	1,672.37	18,053.17
Minority Interest		-	-
Non-current liabilities			
(a) Long-term borrowings	5	1,935.77	2,028.65
(b) Other long-term liabilities	6	21,040.25	10,414.00
(c) Long-term provisions	7	2,916.31	2,655.06
Current liabilities			
(a) Short-term borrowings	8	10,204.57	7,550.38
(b) Trade payables	9		
i)Dues to Micro,Small & Medium Enterprises	(i)	12,829.11	19,213.53
ii)Dues to Others	(ii)	9,999.64	12,180.21
(c) Other current liabilities	10	19,950.19	16,557.00
(d) Short-term provisions	11	1,636.75	1,362.03
TOTAL		**1,05,597.90**	**93,330.00**
ASSETS			
Non-current assets			
(a) Property ,Plant and Equipment and Intangible Assets	12		
(i) Property, plant and equipment		4,825.23	3,668.55
(ii) Intangible assets		151.15	67.03
(iii) Goodwill on consolidation		1,689.51	1,478.40
(iv) Capital work-in-progress		863.41	545.86
(v) Intangible Assets under development		331.71	42.37
(b) Non-current investments	13	-	12.50
(c) Investment in Associate Company		-	-
(d) Deferred Tax Asset		1,728.50	1,614.71
(e) Long-term loans and advances	14	3,872.84	3,768.03
(f) Other non-current assets	15	23,150.94	12,032.55
Current Assets			
(a) Inventories	16	10,468.06	8,131.47
(b) Trade receivables	17	44,411.40	45,679.77
(c) Cash and cash equivalents	18A	4,541.64	7,973.05
(d) Other bank balances	18B	3,452.76	4,153.30
(e) Short-term loans and advances	19	5,400.33	3,799.91
(f) Other current assets	20	710.42	362.50
TOTAL		**1,05,597.90**	**93,330.00**
Significant Accounting Policies	A		

Significant Accounting Policies and Notes 1 to 80 are integral part of this Consolidated Financial Statement.

Per our report attached

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

	Sd/-	Sd/-
For Isaac & Suresh	**N.Narayana Moorthy**	**Sreekumar Nair**
Chartered Accountants,	Chairman	Managing Director
Firm Registration No.001150S	DIN:05251681	DIN:10380526
Sd/-	Sd/-	Sd/-
CA.Sobha Sethumadhavan	**B.Bilu**	**CA Sreejan.A.S**
Partner	Company Secretary	GM i/c (Finance)
Membership No.225166		
UDIN: 24225166BKAIQC6890		Thiruvananthapuram
Date: 10-09-2024		14th August 2024

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2023

Particulars	Note No.	For the year ended 31st March, 2023 (₹ in lakhs)	For the year ended 31st March, 2022 (₹ in lakhs)
Gross Revenue from operations	21	57,974.42	61,094.59
Less: Excise duty		-	-
Net Revenue from operations		57,974.42	61,094.59
Other income	22	477.38	918.06
Total Revenue		**58,451.80**	**62,012.65**
Expenses			
Material consumed and service expenses	23	42,035.04	45,406.95
Changes in inventory of finished goods, work-in-progress and stock-in -trade	24	(1,099.01)	276.61
Employee benefits expense	25	10,097.11	8,171.71
Finance cost	26	1,567.17	1,354.12
Depreciation and amortization expense	27	522.70	491.43
Other expenses	28	2,902.82	2,304.94
Prior period adjustment	29	(853.69)	(273.90)
		55,172.14	**57,731.86**
Add/(Less): Consumption for captive capital items		(83.91)	(62.74)
Total Expenses		**55,088.23**	**57,669.12**
(Loss)/Profit for the year before exceptional and extraordinary items		**3,363.57**	**4,343.53**
Less : Exceptional items	30	526.40	1,117.26
(Loss)/Profit for the year before extraordinary items		**2,837.17**	**3,226.27**
Extraordinary items		-	-
(Loss)/Profit for the year before Tax		**2,837.17**	**3,226.27**
Current tax		-	
Deferred tax		-	
Profit /(Loss) for the year		**2,837.17**	**3,226.27**
Profit/(Loss) before tax		**2,837.17**	**3,226.27**
Current tax		95.31	51.30
Deferred tax		(113.79)	(1,584.09)
(Loss)/Profit before minority interest		**2,855.65**	**4,759.06**
Minority interest		119.15	61.55
Share of profit/(loss) in Associate Company			
Balance of (Loss)/Profit carried over to Balance Sheet		**2,736.50**	**4,697.51**
Earnings per share:(Amount in ₹)			
Basic		12.80	23.08
Diluted		12.80	12.56
Nominal value per share		100.00	100.00
Significant Accounting Policies	A		

Significant Accounting Policies and Notes 1 to 80 are integral part of this Consolidated Financial Statement.

Per our report attached to Balance Sheet

On behalf of Board of Directors

CIN : U74999KL1972SGC002450

For Isaac & Suresh
Chartered Accountants,
Firm Registration No.001150S

Sd/-
CA.Sobha Sethumadhavan
Partner
Membership No.225166

UDIN: 24225166BKAIQC6890
Date: 10-09-2024

Sd/-
N.Narayana Moorthy
Chairman
DIN:05251681

Sd/-
B.Bilu
Company Secretary

Sd/-
Sreekumar Nair
Managing Director
DIN:10380526

Sd/-
CA Sreejan.A.S
GM i/c (Finance)

Thiruvananthapuram
14th August 2024

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit for the year before extraordinary items	**2,837.17**	**3,226.28**
Adjustments for :		
Depreciation/amortisation	522.70	491.43
Provision for bad debts	95.12	1,176.34
Provision for loans, advances and deposits	-	18.69
Provision for Litigation Settlement	153.67	
Bad sundry debits written off	27.02	0.39
Bad sundry credits written back	(79.48)	(215.25)
Interest expenses	1,457.55	1,320.64
Interest income	(309.30)	(346.73)
Profit on sale of property, plant and equipment	(0.94)	(0.13)
Profit on sale of investment	(57.35)	(454.45)
Profit on Sale of Intangible Assets	(0.03)	
Loss on sale of property, plant and equipment	0.07	7.96
Loss on discarding of fixed assets	-	
Provision for Taxation	-	-
Unrealised Foreign Exchange gain	(9.70)	0.20
Transfer to reserve	(0.60)	(0.79)
Operating Profit Before Working Capital Changes	**4,635.90**	**5,224.58**
Adjustments for (increase)/decrease in operating assets:		
Trade and other receivables	(10,717.08)	(9,561.89)
Inventories	(2,336.79)	(332.80)
Other loans and advances	(1,727.29)	634.62
Adjustments for increase/(decrease) in operating liabilities:	-	
Trade payables and other liabilities	4,861.18	5,739.45
Cash generated from operation	**(5,284.08)**	**1,703.96**
Income tax paid	-	
Net Cash from operating activities	**(5,284.08)**	**1,703.96**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,951.04)	(755.60)
Proceeds from sale of property, plant and equipment	-	0.28
Intangible assets	(419.27)	(63.23)
Interest received	185.60	123.25
Term deposits with more than 1 year maturity	984.62	(932.79)
Sale of Asset	1.01	-
Sale of investment	69.85	521.95
Others	-	271.17
Net cash used in investing activities	**(1,129.23)**	**(834.97)**
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Receipt of Government loan	500.00	400.00
Share application money	650.00	1,022.37
Demand loan from Bank	-	266.22
Recoupment of Government Grant	-	12.45
Working Capital Term Loan from KSIDC	641.09	(451.33)
Working Capital facility from KFC-BDS	852.49	(415.86)
Working capital revolving fund loan-KFC	(57.97)	(636.20)
Covid Relief Loan from KFC	(5.43)	57.75
L&T loan from KFC	-	449.66
Overdraft from State Bank of India	0.00	
PNB GECLS Loan	-	170.00
Repayment of Long term Loan from Malabar Cements limited	(40.00)	
Interest paid	(713.27)	(251.57)
Cash Credit facility from Punjab National Bank	683.85	196.58
Increase/(decrease) in short term borrowings	471.14	(100.66)
Net cash used in financing activities	**2,981.90**	**719.41**
ABSTRACT:		
A. Net Cash from Operating Activities	(5,284.08)	1,703.96
B. Net Cash used in Investing Activities	(1,129.23)	(834.97)
C. Net Cash used in Financing Activities	2,981.90	719.41
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,431.41)**	**1,588.40**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**7,973.05**	**6,384.65**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**4,541.64**	**7,973.05**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,431.41)**	**1,588.40**

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

Particulars	As at 31st March 2023	As at 31st March 2022
Cash and cash equivalents consists of:	(₹ in lakhs)	(₹ in lakhs)
a) Cash and stamp in hand	12.85	32.02
b) Remittance in transit	-	85.97
c) Balance in Scheduled Banks:		
Current account	4,517.48	5,354.52
Term deposits (less than 3 months maturity)	-	2,500.00
d) Government of Kerala - Treasury savings bank account	11.31	0.54
Total	4,541.64	7,973.05

Per our report attached to Balance Sheet

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

Sd/-
N.Narayana Moorthy
Chairman
DIN:05251681

Sd/-
Sreekumar Nair
Managing Director
DIN:10380526

For Isaac & Suresh
Chartered Accountants,
Firm Registration No.001150S

Sd/-
CA.Sobha Sethumadhavan
Partner
Membership No.225166

UDIN: 24225166BKAIQC6890
Date: 10-09-2024

Sd/-
B.Bilu
Company Secretary

Sd/-
CA Sreejan.A.S
GM i/c (Finance)

Thiruvananthapuram
14th August 2024

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. Cash and Cash Equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at Bank and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

V. 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.

VI. 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.

VII. 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) *Earnings per share*

The basic earnings per share are computed by dividing the net profit for the period attributable to equity share holders by weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share the net profit or loss for the period attributable to equity share holders by weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

j) *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/Associates	Proportion (%) of shareholding as on 31st March, 2023 and number of shares held	Proportion (%) of shareholding as on 31st March, 2022 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]	99.35% 58,56,130 equity shares of ₹ 10 each fully paid up	98.79% 31,44,408 equity shares of ₹ 10 each fully paid up
Coconics Private Limited	26% 2,60,000 equity shares ₹100./- each fully paid up	26% 2,60,000 equity shares ₹100./- each fully paid up

Apart from the aforesaid subsidiaries, the Company is having two 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 2023 and number of shares held	Present Status of the Subsidiaries/Associated Companies
Subsidiaries		
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.
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	₹ in lakhs	As % of consolidated Profit/(Loss)	₹ in lakhs
Parent				
KSEDC.Ltd	99.07%	24,850.42	82.37%	2,253.88
Subsidiaries				
KCCL	0.38%	96.00	18.71%	512.11
KECL	0.55%	138.89	(5.43)%	(148.64)
Minority Interest	-	-	4.35%	119.15
Total	**100%**	**25,085.31**	**100%**	**2,736.50**

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2023

Note 2 : SHARE CAPITAL	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Authorised Share Capital		
3,75,00,000 equity shares of ₹100/- each (Previous year : 2,10,00,000 equity shares of ₹ 100/- each)	37,500.00	21,000.00
Issued, subscribed and paid up		
3,73,85,976 equity shares of ₹ 100/- each fully paid up (Previous year : 2,03,55,181 equity shares of ₹ 100/- each)	37,385.98	20,355.18
Total	**37,385.98**	**20,355.18**

(a)

Reconcilation of number of shares outstanding:	As at 31st March 2023		As at 31st March 2022	
	No of Shares	₹ in lakhs	No of Shares	₹ in lakhs
Shares outstanding at the beginning of the year	2,03,55,181	20,355.18	2,03,55,181	20,355.18
Share allotment during the year to:				
Government of Kerala	1,70,30,795	17,030.80		
Shares outstanding at the end of the year	3,73,85,976	37,385.98	2,03,55,181	20,355.18

The Government of Kerala vide GO (MS) No.53/2020/ID dated 15th May 2020 approved the conversion of Government loan amounting to ₹7,200.18 lakhs and Government grant amounting to ₹ 600 lakhs to equity and the company on its 256 th Board Meeting held on 21st August 2020 fixed the effective date of conversion as 31st March 2020. The Government of Kerala vide GO No.108/2022/ID dated18th October 2022 approved the conversion of Interest Accrued on Government Loan amounting to ₹9,230.61 lakhs

Consequent to the conversion of government loan and interest accrued thereon as mentioned above,the authorised share capital has been increased from ₹21,000 lakhs to ₹37,500 lakhs in the financial year 2022-23 after obtaining sanction from the Government of Kerala .During the reporting period,1,70,30,795 shares of Rs 100 were alloted to the Government of Kerala pursuant to the increase in share capital.Thus the paid up capital of the company as on 31st March 2023 is ₹37,385.98 lakhs

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

i. The holding 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 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 2023		As at 31st March 2022	
	No of Shares	% holdings	No of Shares	% holdings
Government of Kerala	3,69,85,976	99%	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 2023, 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) **Details of shareholding of Promoters**

Name of the Promoter	As at 31st March 2023		As at 31st March 2022	
	No of Shares	% holdings	No of Shares	% holdings
Government of Kerala	3,69,85,976	99%	1,99,55,181	98%

(f) Refer Note No.37

Note 3 : RESERVES AND SURPLUS	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
(i) Capital Reserve		
a) Investment subsidy for Controls Division	15.00	15.00
b) Subsidy for Printed Circuit Board Division	5.20	5.20
c) Grant from Government of Kerala for Co-operative projects	9.30	9.30
d) Forfeited shares in Keltron Component Complex Limited (Refer Note No.41)	0.75	0.75
e) Consideration for Shares of Keltron Component Complex lower than par value	0.58	0.58
	30.83	**30.83**
(ii) Revenue Reserve	**284.60**	**285.14**
(iii) Surplus/(Deficit) as per Statement of Profit and Loss.		
Balance of Loss as per last Balance Sheet	(17,355.18)	(22,117.15)
Add : Net (Loss)/Profit for the year	2,736.50	4,697.51
Add: Minorities share absorbed	119.10	64.46
Add : Goodwill adjustment on share issued during the period	211.11	-
Net balance of loss	**(14,288.47)**	**(17,355.18)**
Total [(i) + (ii)+(iii)]	**(13,973.04)**	**(17,039.21)**

(a) The amount in Item No.(e) 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.36

(d) Refer Note No.37

Note 4 : SHARE APPLICATION MONEY PENDING ALLOTMENT	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Share application money pending allotment	1,672.37	18,053.17
Total	**1,672.37**	**18,053.17**

(a) Pursuant to the conversion of government loan and interest accrued thereon to equity as mentioned above ,the authorised share capital of the holding company was increased during the reporting period and 1,70,30,795 shares of Rs 100 amounting to ₹ 17,030.80 lakhs were alloted to the Government of Kerala.

(b) During the financial year 2021-22,the Government of Kerala, vide GO(Rt) No-751/2021/ID dated 19/07/2021, released an amount of ₹472.37 lakhs as working Capital Loan to Keltron Component Complex Limited(KCCL). Later, vide GO(Rt) No 1108/2021/ID dated 04/10/2021,the Government of Kerala modified the terms and conditions of GO(Rt) No-751/2021/ID dated 19/07/2021whereby ₹472.37 lakhs released to KCCL was treated as "Government Equity Investment in KCCL".Further, an amount of ₹200 lakhs was released to KCCL vide GO.(Rt) No66/2022/ID dated 22/01/2022 for expansion and modernisation of capacitor production facility at KCCL under the head of account""Government Equity Investment in KCCL"and an amount of ₹350 lakhs was released to KCCL vide GO.(Rt) No67/2022/ID dated 22/01/2022 for establishment of Super capacitor production facility at KCCL under the head of account""Government Equity Investment in KCCL".During the financal year 2022-23,the Government of Kerala released an amount of ₹200 lakhs vide G.O.(Rt)No.1336/2022/ID dated22/12/2022,₹100lakhs vide G.O.(Rt)No.117/2023/ID dated 10/02/2023,and an amount of ₹350 lakhs vide G.O.(Rt)No.190/2023/ID dated 10/03/2023 for the project of Super Capacitor production facility at KCCL under the head of account"Government Equity Investment in KCCL"Accordingly, KCCL has disclosed ₹1,672.37 lakhs as "Share Application Money Pending Allotment" in the reporting period.

Note 5 : LONG-TERM BORROWINGS		As at 31st March, 2023	As at 31st March, 2022
		(₹ in lakhs)	(₹ in lakhs)
Secured			
Canara Bank Working Capital Loan-GECL	(a)	-	12.06
Kerala Financial Corporation-Covid 19 Releif Loan	(b)	44.17	102.14
PNB GECLS Loan	(c)	155.83	170.00
Sub total (i)		200.00	284.20
Unsecured			
Loan from Government of Kerala	(d)	1,735.77	1,744.45
Sub total (ii)		1,735.77	1,744.45
Total		**1,935.77**	**2,028.65**

(a) During the financial year 2021-22,KECL availed Working Capital Term Loan from Canara Bank amounting to ₹ 30.67 lakhs under Guaranteed Emergency Credit Line.The period of loan is 4 years and the rate of interest is Banks LLR+0.60% subject to a maximum rate of 9.25% per annum.The current portion of the loan is disclosed under Short Term Borrowings.The loan was closed on 17th May 2023.

(b) During the financial year 2020-21,the Holding company availed Covid Relief loan of ₹190 lakhs from KFC for meeting temporary liquidity issues.The loan was secured by the first charge over the fixed assets by way of equitable mortgage.The balance outstanding against this loan on 31st March 2023 is ₹ 107.41 lakhs and the non current portion amounting to ₹44.17 lakhs which becomes due after 31st March 2024 is included and disclosed under Long Term Borrowings.This Credit facility carries an interest of 9.50% p.a. as on 31st March 2023.This loan is also secured with the assets of the primary loan under Short Term Borrowings.

(c) During the financial year 2021-22,the holding company availed GECLS (Guaranteed Emergency Credit Line Scheme)loan of ₹170 lakhs from Punjab National Bank under the Atma Nirbhar Bharat scheme announced by the Central Government.Repayment of principal becomes due from January 2024(after a moratorium of 24 months)The non current portion amounting to ₹155.83 lakhs has been disclosed under Long Term Borrowings.This loan carries an interest of 9.25% p.a. as on 31st March 2023.This loan is also secured with the assets of the primary loan under Short Term Borrowings.

(d)(i) An amount of ₹ 8,265.84 lakhs being loan sanctioned vide various GO's in earlier financial years was due as on 01st April 2019.As part of the rehabilitation of the Company, Government of Kerala has frozen the interest and granted moratorium on repayment of principal on Government Loan amounting to ₹8,265.84 lakhs upto 31st March 2016 under order dated GO (MS) No.183/11/1D dated 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 ₹7,200.18 lakhs to equity and the company on its 256th Board Meeting held on 21st August 2020 fixed the effective date of conversion as 31st March 2020. With regard to government loan of ₹1,065.66 lakhs for which conversion in to equity has not been approved the non current portion amounting to ₹213.13 lakhs is shown under Long Term Borrowings.

(ii) During the financial year 2018-19 the holding company received loan of ₹500 lakhs vide GO(Rt)No.13007/2018/ID dated 24.11.2018 for setting up of Manufacturing facility for Laptops and Servers and the Government resumed the same on 31.03.2019 and subsequently refunded the same on 2nd April 2019.The balance outstanding against this loan as on reporting date is ₹500 lakhs and the non current portion amounting to ₹50 lakhs is shown under Long Term Borrowings.

(iii) The holding company received loan of ₹100 lakhs vide GO.(Rt) No.1115/2019/ID dated 10.11.2019 for setting up reasearch and development facilities at Keltron Equipment Complex,Karakulam.The Government resumed ₹49.05 lakhs on 31st March 2020 and refunded the same on 29th July 2020.The balance outstanding against this loan on 31st March 2023 is ₹100 lakhs.Out of which the non current portion amounting to ₹35 lakhs is shown under Long Term Borrowings.

(iv) During the financial year 2019-20,the holding company received a loan of ₹41 lakhs vide GO(Rt)No.193/2020/ID dated 29.02.2020 for expansion of Space Electronics Group at Keltron Equipment Complex,Karakulam and the government resumed the same on 31st March 2020and subsequently refunded the same on 29th July 2020.The balance outstanding against this loan as on 31st March 2023 is ₹41 lakhs and the non current portion amounting to ₹ 14.35 lakhs is shown under Long Term Borrowings.

(v) The holding company vide GO(Rt)No.224/2020/ID dated 11.03.2020 received a loan of ₹155 lakhs for modernisation of facilities for Space Electronics work at Communication Project Group(CPG) at Monvila and the same is outstanding on 31st March 2023.The non current portion amounting to ₹62 lakhs is shown under Long Term Borrowings.

(vi) During the financial year 2020-21, the holding company received a loan of ₹200 lakhs vide GO(Rt) no:127/2021/ID dated 30/01/2021 for modernisation of production facilities of units.The entire loan amount is outstanding on 31st March 2023 and the non current portion amounting to ₹110 lakhs is shown under Long Term Borrowings.

(vii) During the financial year 2020-21,the holding company received ₹50 lakhs vide GO (Rt)No.232/2021/ID dated 19/02/2021 for modernisaton of projects in Keltron Equipment Complex,Karakulam and Keltron Communication Complex ,Monvila and the same is outstanding as on 31st March 2023.The non current portion amounting to ₹27.50 lakhs is shown under Long Term Borrowings.

(viii) During the financial year 2021-22,the holding company received ₹200 lakhs vide GO (Rt)No.895/2021/ID dated 18/08/2021 for manufacturing of medical equipments and augmentation of testing facilities and the same is outstanding as on 31st March 2023 The non current portion amounting to ₹130 lakhs is shown under Long Term Borrowings.

(ix) During the financial year 2021-22,the holding company received ₹200 lakhs vide GO (Rt)No.1104/2021/ID dated02/10/2021 for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023 The non current portion amounting to ₹140 lakhs is shown under Long Term Borrowings.

(x) During the financial year 2022-23,the company received ₹300 lakhs vide GO (Rt)No.933/2022/ID dated 26/08/2022 for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The non current portion amounting to ₹255 lakhs is shown under Long Term Borrowings.

(xi) During the financial year 2022-23,the company received ₹200 lakhs vide GO (Rt)No.939/2022/ID dated 29/08/2022 for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The non current portion amounting to ₹170 lakhs is shown under Long Term Borrowings.

(xii) KCCL has availed an Investment Loan of ₹200 lakhs repayable in 5 years and the loan amount outstanding as on 31st March 2023 is ₹115.57 lakhs.The non current portion amounting to ₹83.91 lakhs is shown under Long Term Borrowings.

(xiii) KCCL has availed an Investment Loan of ₹200 lakhs repayable in 5 years and the loan amount outstanding as on 31st March 2023 is ₹200 lakhs.The non current portion amounting to ₹75 lakhs is shown under Long Term Borrowings.

(xiv) KCCL has availed Investment Loan for Super Capacitor.The balance outstanding as on 31st March 2023 is ₹12.06 lakhs.The non current portion amounting to₹8.29 lakhs is shown under Long Term Borrowings.

(xv) KECL received working capital loan amounting to ₹ 145 lakhs 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 16-05-2018.The entire loan amount of ₹145 lakhs is outstanding as on 31.03.2023 and the same is shown under "Long Term Borrowings".KECL received term loan amounting to ₹47 lakhs 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 16-05-2018.The balance outstanding against this loan on 31-03-2023 is ₹47 lakhs and the same is shown under "Long Term Borrowings".During the financial year 2020-21,the Government of Kerala sanctioned working capital loan of ₹150 lakhs to KECL for the expansion of testing and calibration facility of production of Transducers. The loan carries interest of 9.5% and is repayable in 5 years Out of the sanctioned amount ₹75 lakhs was released and the entire loan amount is outstanding as on 31st March 2023.The non current portion amounting to ₹60 lakhs is shown under "Long Term Borrowings".During the year 2021-22 ,KECL received ₹25 lakhs from GOK for the development of Vibration Isolator and the non current portion amounting to ₹20 lakhs is disclosed under "Long Term Borrowings.KECL received ₹ 25 lakhs during the financial year 2021-22 for managing the working capital requirements and the non current portion amounting to ₹20 lakhs is disclosed under "Long Term Borrowings".During the reporting period KECL received a working capital loan of ₹25lakhs for setting up of production facility for small capacity UPS and the non current portion amounting to ₹22.09 lakhs is disclosed under "Long Term Borrowings".Further,KECL received a loan of ₹ 50 lakhs from Gok for the expansion of testing and calibration facility for production of Transducers and the non current portion amounting to ₹47.50 lakhs is disclosed under "Long Term Borrowings".

(h) The loans received from Government of Kerala are repayable after a period of 5 years and the repayment of loan will comence from the first anniversary of the drawal of loan.The interest on government loan has been fixed as 9.50% vide G.O(P) 169/2018-FIN dated 16.05.2018

(i) Current maturities of long term borrowings are disclosed under Note-8 Short Term Borrowings.

(j) Refer Note No.37

Note 6 : OTHER LONG-TERM LIABILITIES	**As at 31st March, 2023**	**As at 31st March, 2022**
	(₹ in lakhs)	(₹ in lakhs)
i) Dues to MSME		
Trade Payable for supplies*	16,234.26	6,171.88
Trade Payable for services*	650.56	36.79
ii) Dues to Others		
Trade Payable for supplies*	136.94	137.07
Trade Payable for services*	195.80	164.84
Long-term liability-other finance	1,722.97	1,652.09
Interest accured but not due on loans-Government of Kerala***	1,464.96	1,389.50
Interest accued on Loan - Malabar Cements Limited	634.76	861.83
Total	**21,040.25**	**10,414.00**

* Dues to Micro, Small and Medium enterprise . Refer Note No.49.Other Long Term Liabilities include Trade Payables outstanding beyond the normal operating cycle of business.

*** Interest accrued but not due on loans-Government of Kerala includes ₹251.89 lakhs being interest accrued on loans not included in the financial restructuring and interest accrued on loan converted to equity vide GO (Ms) No 183/11/dated 26/08/2011of ₹ 889.38 lakhs totalling to ₹1,141.27 lakhs.

Note6(1)

Trade Payable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
	As at 31st March 2023					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	0.02	10,735.49	4,703.83	782.63	**16,221.97**
(ii)	Others	-	4.71	2.53	129.70	**136.94**
(iii)	Disputed dues-MSME	-	-	-	12.29	**12.29**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**0.02**	**10,740.20**	**4,706.36**	**924.62**	**16,371.20**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	-	144.35	79.98	426.23	**650.56**
(ii)	Others	9.54	35.39	35.12	115.75	**195.80**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**9.54**	**179.74**	**115.10**	**541.98**	**846.36**
	Total(a+b)	9.56	10,919.94	4,821.46	1,466.60	17,217.56

Sl No	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
	As at 31st March 2022					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	0.01	4,863.46	174.12	1,122.00	**6,159.59**
(ii)	Others	-	4.24	7.51	125.32	**137.07**
(iii)	Disputed dues-MSME	-	-	-	12.29	**12.29**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**0.01**	**4,867.70**	**181.63**	**1,259.61**	**6,308.95**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	3.50	0.09	12.35	20.85	**36.79**
(ii)	Others	14.63	22.44	40.61	87.16	**164.84**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**18.13**	**22.53**	**52.96**	**108.01**	**201.63**
	Total(a+b)	18.14	4,890.23	234.59	1,367.62	6,510.58

Note 7 : LONG TERM PROVISIONS		As at 31st March, 2023	As at 31st March, 2022
		(₹ in lakhs)	(₹ in lakhs)
Provision for gratuity	(Refer Note No.32 & 64)	2,086.37	1,894.54
Provision for leave encashment	(Refer Note No.32 & 64)	788.35	709.05
Provision for warranty		41.19	51.07
Provision others		0.40	0.40
Total		**2,916.31**	**2,655.06**

Note 8 : SHORT TERM BORROWINGS		As at 31st March, 2023	As at 31st March, 2022
		(₹ in lakhs)	(₹ in lakhs)
Secured			
Cash Credit from :			
Punjab National Bank	(a)	1,223.50	539.65
State Bank of India	(b)	218.34	449.10
Catholic Syrian Bank	(c)	22.51	63.60
Canara Bank	(d)	417.76	223.68
Kerala Financial Corporation-Working Capital Revolving Fund Loan	(e)	932.50	80.00
Kerala Financial Corporation-L&T Loan	(f)	444.22	449.66
Loan from Kerala State Industrial Development Corporation Limited - Working Capital	(g)	1,095.48	454.40
PNB GECLS Loan	(h)	14.17	-
Current Maturities of Long Term Borrowings.			
Kerala Financial Corporation-Covid 19 Relief Loan	(i)	63.24	63.24
Canara Bank Working Capital Loan-GECL	(j)	13.69	11.57
Sub total (i)		**4,445.41**	**2,334.90**
Unsecured			
Current Maturities of Long Term Borrowings.			
Loan from Government of Kerala	(k)	4,937.16	4,353.48
Loans wholly due for payment:			
Loan from Kerala Minerals and Metals Limited	(l)	450.00	450.00
Loan from Travancore Titanium Products Limited	(m)	12.00	12.00
Loan from Malabar Cements Limited	(n)	360.00	400.00
Sub total (ii)		**5,759.16**	**5,215.48**
Total		**10,204.57**	**7,550.38**

(a) The holding Company has availed cash credit facility of ₹ 2,000 lakhs 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 13.35% p.a. as on 31st March 2023 Further, the holding company has non fund based facility of ₹2,000 lakhs. For disclosure regarding stock statement submitted to bank Refer Note No-62.

(b) Keltron Component Complex Limited has availed cash credit facility of ₹900 lakhs 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 @ 10.40%.p.a.as on 31st March 2023.Further, the company has non fund based cash credit facility of ₹1,100 lakhs with State Bank of India .

(c) Keltron Component Complex Limited has availed cash credit facility of ₹ 125 lakhs 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 @11.71%p.a. as on 31st March 2023.Further, the company has non fund based cash credit facility of ₹175 lakhs with Catholic Syrian Bank.

(d) The Cash Credit from Canara Bank, Valancherry amounting to ₹ 600 lakhs 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 11.80% p.a.The security will cover the Working Capital term Loan under GECL availed durng the financial year 2020-21.For disclosure regarding stock statement submitted to bank Refer Note No-63.

(e) The holding company has a Working Capital Revolving Fund loan from Kerala Financial Corporation Limited (KFC), amounting to ₹945 lakhs .This credit facility was secured by the mortgage of land to the extent of 310 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.This Credit facility carries an interest of 11.00% p.a. as on 31st March 2023.

(f) The company received an order from Larsen & Toubro Limited(L&T) for the supply, installation and commissioning of UPS and allied equipment for Nuclear Power project of NPCIL, Kudamkulam.During the financial year 2021-22,the company availed a project specific loan from Kerala Financial Corporation(KFC) amounting to ₹500 lakhs for the execution of the L&T Project and the balance outstanding against this loan as on 31st March 2023 is ₹444.22 lakhs.This credit facility was secured by the mortgage of land to the extent of 310 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.This Credit facility carries an interest of 10.50% p.a. as on 31st March 2023.

(g) The holding company has availed project specific loans from Kerala State Industrial Development Corporation Limited(KSIDC).The holding company has offered as collateral 13.01 acres of land including a building of 1817.32 sq m at Nandi,Kozhikode where Keltron Lighting Division is situated.The details of the various project specific loans are as under:

Sl No	Purpose of Loan	Rate of Interest per annum as on 31st March 2023	Amount of Loan Sanctioned	Loan Outstanding as on 31st March 2023
			(₹ in lakhs)	(₹ in lakhs)
(i)	Working capital loan for execution of orders received from NPOL	10.50%	₹ 400	₹ 400
(ii)	Working capital loan for execution of orders received from PWD-CCTV High Court Project	11.20%	₹ 300	₹ 300
(iii)	Working capital loan for execution of orders received from Weapon Equipment Depot	10.50%	₹ 176	₹ 176
(iv)	Working capital loan for execution of orders received from ANSP DRDL	10.25%	₹ 400	₹ 219.48
	Loan from KSIDC oustanding on 31st March 2023			**₹1,095.48**

(h) During the financial year 2021-22,the holding company availed GECLS (Guaranteed Emergency Credit Line Scheme)loan of ₹170 lakhs from Punjab National Bank under the Atma Nirbhar Bharat scheme announced by the Central Government.Repayment of principal becomes due from January 2024(after a moratorium of 24 months)The current portion amounting to ₹14.17 lakhs has been disclosed under Short Term Borrowings.This loan carries an interest of 9.25% p.a. as on 31st March 2023.This loan is also secured with the assets of the primary loan under Short Term Borrowings.

(i) During the financial year 2020-21,the holding company availed Covid Relief loan of ₹190 lakhs from KFC for meeting temporary liquidity issues.The loan was secured by the first charge over the fixed assets by way of equitable mortgage.The balance outstanding against this loan on 31st March 2023 is ₹107.45 lakhs and the current portion amounting to ₹63.24 lakhs is included and disclosed under Short Term Borrowings.This Credit facility carries an interest of 9.50% p.a. as on 31st March 2023.

(j) During the financial year 2021-22,KECL availed Working Capital Term Loan from Canara Bank amounting to ₹ 30.67 lakhs under Guaranteed Emergency Credit Line.The period of loan is 4 years and the rate of interest is Banks LLR+0.60% subject to a maximum rate of 9.25% per annum.The current portion of the loan amounting to ₹13.69 lakhs is disclosed under Short Term Borrowings.The loan was closed on 17th May 2023.

(k)(i) During the financial year 2012-13, the holding company received a loan of ₹ 600 lakhs 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 ₹600 lakhs and the same is shown under Short Term Borrowings.During the financial year 2017-18 company received loan of ₹400 lakhs vide GO(Rt) No.367/2018/ID dated 28.03.2018 for modernisation and expansion of manufacturing unitsand the same is outstanding on 31st March 2023 and is shown under Short Term Borrowings.During the financial year 2017-18 company received loan of ₹200 lakhs vide GO(Rt)No.1538/2017/ID dated 08.11.2017 for modernisation and expansion of manufacturing units.The balance outstanding against this loan on 31st March 2023 is ₹200 lakhs and the same is shown under Short Term Borrowings.During the financial year 2018-19 company received loan of ₹500 lakhs vide GO(Rt)No.13007/2018/ID dated 24.11.2018 for setting up of Manufacturing facility for Laptops and Servers .The balance outstanding against this loan on reporting date is ₹500 lakhs and the current portion amounting to ₹ 450 lakhs is shown under Short Term Borrowings.The company received loan of ₹100 lakhs vide GO.(Rt) No.1115/2019/ID dated 10.11.2019 for setting up reasearch and development facilities at Keltron Equipment Complex,Karakulam.The entire loan amount is outstanding on 31st March 2023 and the current portion amounting to ₹65 lakhs is shown under Short Term Borrowings.During the financial year 2019-20,the company received a loan of ₹41 lakhs vide GO(Rt)No.193/2020/ID dated 29.02.2020 for expansion of Space Electronics Group at Keltron Equipment Complex,Karakulam and the current portion of ₹26.65 lakhs is shown under Short Term Borrowings.The company vide GO(Rt)No.224/2020/ID dated 11.03.2020 received a loan of ₹155 lakhs for modernisation of facilities for Space Electronics work at Communication Project Group(CPG) at Monvila and the same is outstanding on 31st March 2023.The current portion amounting to ₹93 lakhs is shown under Short Term Borrowings.During the financial year 2020-21, the company received a loan of ₹200 lakhs vide GO(Rt) no:127/2021/ID dated 30/01/2021 for modernisation of production facilities of units.The entire loan amount is outstanding on 31st March 2023 and the current portion amounting to ₹90 lakhs is shown under Short Term Borrowings.During the financial year 2020-21,the company received ₹50 lakhs vide GO (Rt)No.232/2021/ID dated 19/02/2021 for modernisaton of projects in Keltron Equipment Complex,Karakulam and Keltron Communication Complex ,Monvila and the same is outstanding as on 31st March 2023.The current portion amounting to ₹22.50 lakhs is shown under Short Term Borrowings.

During the financial year 2021-22,the company received ₹200 lakhs vide GO (Rt)No.895/2021/ID dated 18/08/2021 for manufacturing of medical equipments and augmentation of testing facilities and the same is outstanding as on 31st March 2023.The current portion amounting to ₹70 lakhs is shown under Short Term Borrowings.During the financial year 2021-22,the company received ₹200 lakhs vide GO (Rt)No.1104/2021/ID dated 02/10/2021for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The current portion amounting to ₹60 lakhs is shown under Short Term Borrowings.During the financial year 2022-23,the company received ₹300 lakhs vide GO (Rt)No.933/2022/ID dated 26/08/2022 for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The current portion amounting to ₹ 45 lakhs is shown under Short Term Borrowings.During the financial year 2022-23,the company received ₹200 lakhs vide GO (Rt)No.939/2022/ID dated 29/08/2022 for modernisation of production facilities of various units and the same is outstanding as on 31st March 2023.The current portion amounting to ₹ 30 lakhs is shown under Short Term Borrowings.

(ii) 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 ₹ 8,265.84 lakhs upto 31st March 2016 under order dated GO (MS) No.183/11/1D dated 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 ₹7,200.18 lakhs to equity.The government loan of ₹1,065.66 lakhs for which conversion in to equity has not been approved is outstanding and the current portion of the same amounting to ₹852.53 lakhs is shown under Short Term Borrowings.

(iii) Keltron Component Complex Limited has availed working capital loan @ 13.5% and investment loan @ 11.5% from Government of Kerala amounting to ₹950 lakhs and ₹925 lakhs respectively repayable in 5 years.The balance outstanding against the working capital loan and investment loan as on 31.03.2023 is ₹950 lakhs and ₹791.64 lakhs respectively.Out of which the current portion of working capital loan is ₹950 lakhs and that of investment loan is ₹791.64 lakhs and is shown underShort Term Borrowings.KCCL has availed an Investment loan of ₹200 lakhs during the financial year 2019-20 and the current portion amounting to ₹ 125 lakhs is shown under Short Term Borrowings.KCCL has availed an Investment Loan of ₹200 lakhs repayable in 5 years and the loan amount outstanding as on 31st March 2023 is ₹115.57 lakhs.The current portion amounting to ₹31.66 lakhs is shown under Short Term Borrowings..KCCL has availed Investment Loan for Super Capacitor.The balance outstanding as on 31st March 2023 is ₹12.06 lakhs.The current portion amounting to ₹3.77 lakhs is shown underShort Term Borrowings.

(iv) During the financial year 2020-21,the Government of Kerala sanctioned working capital loan of ₹150 lakhs to KECL for the expansion of testing and calibration facility of production of Transducers. The loan carries interest of 9.5 % and is repayable in 5 years Out of the sanctioned amount ₹75 lakhs was released and the entire loan amount is outstanding as on 31st March 2023.The current portion amounting to ₹15 lakhs is shown underShort Term Borrowings.During the year 2021-22 ,KECL received ₹25 lakhs from GOK for the development of Vibration Isolator and the current portion amounting to ₹5 lakhs is disclosed under "Short Term Borrowings.KECL received ₹ 25 lakhs during the financial year 2021-22 for managing the working capital requirements and the current portion amounting to ₹5lakhs is disclosed under "Short Term Borrowings".During the reporting period KECL received a working capital loan of ₹25 lakhs for setting up of production facility for small capacity UPS and the current portion amounting to ₹2.91 lakhs is disclosed under "Short Term Borrowings".Further,KECL received a loan of ₹ 50 lakhs from Gok for the expansion of testing and calibration facility for production of Transducers and the current portion amounting to ₹2.50 lakhs is disclosed under "Short Term Borrowings".

l Kerala Minerals & Metals Limited released a loan of ₹ 500 lakhs 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 2023 and as confirmed by KMML is ₹450 lakhs 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.

m The holding Company has availed a loan amount of ₹ 12 lakhs 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 ₹12 lakhs availed from Travancore Titanium Products Ltd., with interest, to the State Government and is pending to be settled.

n 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, ₹400 lakhs in the form of Equity and ₹400 lakhs as interest bearing loan which carries an interest of 7% p.a and repayable in 20 quarterly equal installments of ₹ 20 lakhs each commencing from 30th September 2012 .On 30th June 2022,the holding company repaid ₹40 lakhs and the balance outstanding against this loan as on 31st March 2023 is ₹ 360 lakhs.

o The loans received from Government of Kerala are repayable after a period of 5 years and the repayment of loan will comence from the first anniversary of the drawal of loan.The interest on government loan has been fixed as 9.50% vide G.O(P) 169/2018-FIN dated 16.05.2018

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

			(₹ in lakhs)
Particulars of defaulted loans and interest thereon		Period of default	Defaulted amount
Loan from Government of Kerala	KSEDC	5-10 years	2,205.96
Loan from Government of Kerala	KSEDC	less than 5 year	237.95
Interest accrued and due Government of Kerala	KSEDC	5-10 years	2,327.69
Interest accrued and due Government of Kerala	KSEDC	less than 5 year	222.86
Loan from Kerala Minerals and Metals Limited	KSEDC	23 years	450.00
Loan from Travancore Titanium Products Limited	KSEDC	23 years	12.00
Interest accrued on loan from Travancore Titanium Products Limited	KSEDC	23 years	41.52
Loan from Malabar Cements Limited	KSEDC	12 years	360.00
Interest accrued on loan from Malabar Cements Limited	KSEDC	11 years	338.78
Loan from Government of Kerala	KCCL	2-9 years	2,069.27
Interest accrued and due Government of Kerala	KCCL	1-9 years	2,858.03
Interest accrued on loan from Department of Electronics	KCCL	less than 15 years	60.97
Loan from Government of Kerala	KECL	2-13 years	219.92
Interest accrued and due Government of Kerala	KECL	2-13 years	326.24

Note 9 : TRADE PAYABLES	**As at 31st March, 2023**	**As at 31st March, 2022**
	(₹ in lakhs)	(₹ in lakhs)
i)Due to MSME		
Supplies	11,806.59	18,401.91
Services	1,022.52	811.62
Total(i)	12,829.11	19,213.53
ii)Due to Others		
Supplies	9,038.17	11,138.43
Services	961.47	1,041.78
Total(ii)	9,999.64	12,180.21
Total	**22,828.75**	**31,393.74**

* Dues to Micro, Small and Medium enterprise. Refer Note 49.

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

Note9(1)

Trade Payable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
	As at 31st March 2023					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	9,260.03	578.52	372.99	1,594.53	**11,806.07**
(ii)	Others	4,456.64	369.25	693.01	3,519.27	**9,038.17**
(iii)	Disputed dues-MSME	-	0.52	-	-	**0.52**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**13,716.67**	**948.29**	**1,066.00**	**5,113.80**	**20,844.76**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	721.53	38.54	35.42	227.03	**1,022.52**
(ii)	Others	470.02	25.91	27.17	438.37	**961.47**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**1,191.55**	**64.45**	**62.59**	**665.40**	**1,983.99**
	Total(a+b)	14,908.22	1,012.74	1,128.59	5,779.20	22,828.75

Sl No	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
	As at 31st March 2022					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	15,197.70	1,032.40	508.97	1,596.39	**18,335.46**
(ii)	Others	4,705.04	2,265.29	1,383.42	2,663.68	**11,017.43**
(iii)	Disputed dues-MSME	26.52	-	11.64	28.29	**66.45**
(iv)	Disputed dues-Others	-	-	-	121.00	**121.00**
	Sub Total	**19,929.26**	**3,297.69**	**1,904.03**	**4,409.36**	**29,540.34**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	277.30	300.84	40.65	192.83	**811.62**
(ii)	Others	489.84	42.44	48.01	461.49	**1,041.78**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**767.14**	**343.28**	**88.66**	**654.32**	**1,853.40**
	Total(a+b)	20,696.40	3,640.97	1,992.69	5,063.68	31,393.74

Note 10 : OTHER CURRENT LIABILITIES	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Interest accrued and due - Government of Kerala	2,553.11	2,077.96
Interest accrued and due - KFC	27.29	13.14
Interest accrued and due - Travancore Titanium Products Limited.	41.52	39.77
Interest accrued and due -KSIDC	10.33	
Interest accrued and due-Malabar Cements Limited	338.78	309.61
Interest accrued and due on loan from Department of Electronics	60.97	60.97
Interest accrued on Working Capital Loan-Government of Kerala	331.80	286.34
Interest accrued on Capacity Enhancement Loan	665.40	569.44
Interest accrued on Modernisation Loan	834.99	677.02
Interest accrued on working capital loan	1,025.84	855.08
Advance from customers	2,458.77	2,568.71
Income received in advance	345.39	272.89
Current liabilities - Other finance & statutory dues	10,926.00	8,496.05
Arbitration Award Payable	330.00	330.02
Total	**19,950.19**	**16,557.00**

The holding company has disclosed Guarantee commission on expired government guarantee amounting to ₹535.81 lakhs and interest accrued thereon amounting to ₹1237.85 lakhs in Current liabilities - Other finance & statutory dues

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

Note 11 : SHORT-TERM PROVISIONS		As at 31st March, 2023	As at 31st March, 2022
		(₹ in lakhs)	(₹ in lakhs)
Provision for gratuity	(Refer Note No.32 & 64)	514.47	469.34
Provision for leave encashment	(Refer Note No.32 & 64)	172.30	206.88
Provision for warranty		450.65	460.72
Provision - others		499.33	225.09
Total		**1,636.75**	**1,362.03**

Note 12 : Property ,Plant and Equipment and Intangible Assets

FIXED ASSETS

(₹ in lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Total Cost as on 01.04.2022	Additions during the year	Sales / Transfer & Adjustment	Total Cost as on 31.03.2023	Provision up to 01.04.2022	Provided during the year	Transfer to Profit & Loss	Sales / Transfer & Adjustment	Total provision up to 31.03.2023	Written down value as on 31.03.2023	Written down value as on 31.03.2022
I.Property, plant and equipment:											
Land	165.28	-	-	165.28	-	-	-	-	-	165.28	165.28
Building	2,464.14	255.02	-	2,719.16	1,305.01	54.02	-	-	1,359.03	1,360.13	1,159.13
Electrical Fittings	550.85	14.65	0.17	565.33	448.85	22.67	-	0.17	471.35	93.98	102.00
Plant & Machinery	5,370.54	810.16	1.43	6,179.27	3,846.00	214.71	-	1.41	4,059.30	2,119.97	1,524.54
Test Instruments	982.44	164.18	-	1,146.62	600.00	54.33	-	-	654.33	492.29	382.44
Air Conditioner	131.92	34.61	-	166.53	103.88	7.66	-	-	111.54	54.99	28.04
Furniture & Fixtures	579.86	56.69	3.79	632.76	470.92	29.90	-	3.71	497.11	135.65	108.94
Office Equipments	313.09	43.54	0.61	356.02	260.01	21.62	-	0.61	281.02	75.00	53.08
Computer & data processing units	927.87	239.18	10.80	1,156.25	804.16	66.63	-	10.80	859.99	296.26	123.71
Service Equipment	3.34	4.02	-	7.36	3.28	0.25	-	-	3.53	3.83	0.06
Canteen Utensils	28.59	7.47	-	36.06	21.79	2.61	-	-	24.40	11.66	6.80
Library Books	0.20	-	-	0.20	0.20	-	-	-	0.20	0.00	0.00
Fire extinguishers	9.41	2.21	-	11.62	6.81	0.44	-	-	7.25	4.37	2.60
Water supply installations	26.55	1.95	-	28.50	19.83	1.40	-	-	21.23	7.27	6.72
Vehicle	55.29	-	-	55.29	50.09	0.65	-	-	50.74	4.55	5.20
Transit house equipments	0.45	-	-	0.45	0.44	0.01	-	-	0.45	0.00	0.01
Sub total	11,609.82	1,633.68	16.80	13,226.70	7,941.27	476.90	-	16.70	8,401.47	4,825.23	3,668.55
II. Intangible Assets:											
Software/Licenses	119.83	114.04	0.46	233.41	69.21	32.44	-	0.44	101.21	132.20	50.62
Research &development expenses	860.16	15.90	-	876.06	847.47	12.04	-	-	859.51	16.55	12.69
Technical knowhow	240.60	-	-	240.60	236.88	1.32	-	-	238.20	2.40	3.72
Sub total	1,220.59	129.94	0.46	1,350.07	1,153.56	45.80	-	0.44	1,198.92	151.15	67.03
III. Captal work in progress											
Asset under erection	-	-	-	-	-	-	-	-	0	-	-
Building under construction	265.25	86.60	124.42	227.43	-	-	-	-	0	227.43	265.25
Project Expenses not capitalised	280.61	382.34	26.97	635.98	-	-	-	-	0	635.98	280.61
Sub total	545.86	468.94	151.39	863.41	-	-	-	-	0	863.41	545.86
IV.Intangible Assets under Development											
Intangible Assets under Development	42.37	289.34	-	331.71	-	-	-	-	-	331.71	42.37
TOTAL	42.37	289.34	-	331.71	-	-	-	-	-	331.71	42.37
TOTAL	**13,418.64**	**2,521.90**	**168.65**	**15,771.89**	**9,094.83**	**522.70**	**-**	**17.14**	**9,600.39**	**6,171.50**	**4,323.81**
Previous Year	12,753.36	848.65	183.37	13,418.64	8,754.65	491.43	-	151.25	9,094.83	4,323.81	3,998.71

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 Title Deed of all Immovable Property of the Holding company are held in the name of theHolding Company. 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

12(iv)(i) Capital Work in Progress Ageing Schedule

(₹ in lakhs)

Capital Work in Progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31st March 2023					
(i)Projects in Progress					
(i) ITBG Stores building	86.61	-	-	-	86.61
(ii)Traffic Signal Division Renovation	41.47	99.35	-	-	140.82
(iii)Machinery unde Construction(KCCL)	435.09	39.28	151.89	9.73	635.98
					-
Sub Total	563.17	138.63	151.89	9.73	863.41
(ii)Projects Temporarily suspended					
					-
					-
					-
					-
					-
Sub Total	-	-	-	-	-
Total(i+ii)	563.17	138.63	151.89	9.73	863.41

12(iv)(il) Over due CWIP

(₹ in lakhs)

Capital Work in Progress	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i)Projects in Progress				
(i) Traffic Signal Division Production Building	-	-	-	-
	-	-	-	-
	-	-	-	-
(ii)Projects Temporarily suspended	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

12(v)(i)Intangible Assets under development Ageing Schedule

(₹ in lakhs)

Intangible Assets under Development	Amount in Intangible Assets under development for a period of				Total
As at 31st March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)Projects in Progress					
(i)CDAC	289.34	-	-	42.37	331.71
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	289.34	-	-	42.37	331.71
(ii)Projects Temporarily suspended					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	-	-	-	-	-
Total(i+ii)	289.34	-	-	42.37	331.71

12(v)(ii))Over due Intangible Assets under development

(₹ in lakhs)

Intangible Assets under Development	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1	-	-	-	-
Project 2	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

Note 13 : NON-CURRENT INVESTMENT (Traded at Cost)

(₹ in lakhs)

COMPANY NAME	Type of shares	COST			PROVISION FOR DIMINUTION			NET VALUE	
		Total cost as at 01.04.2022	Additions/ (Deletions) during the year	Total Cost as at 31.03.2023	Provision upto 01.04.2022	Provision for the year	Total provision upto 31.03.2023	As at 31.03.2023	As at 31.03.2022
A. Investment in Subsidiary Companies									
					-		-	-	-
KELTRON RECTIFIERS LIMITED (27,43,641Nos of face value ₹10/- each fully paid up)	Equity	274.36	-	274.36	274.36	-	274.36	-	-
KELTRON POWER DEVICES LIMITED (41,02,317 Nos of face value ₹10/- each fully paid up)	Equity	410.23	-	410.23	410.23	-	410.23	-	-
TOTAL (A)		684.59	-	684.59	684.59	-	684.59	-	-
B. Investments in Associate/Other Companies							-	-	-
QUOTED			-				-	-	-
Black Box Limited (Formerly AGC Networks Limited) (10000 Nos of face value ₹10/- each fully paid up) Market Value as on 31st March 2022- ₹75,40,000/-	Equity	12.50	(12.50)	-	-	-	-	-	12.50
UNQUOTED		-	-	-					
SIDKEL TELEVISIONS LIMITED(Associate) (1,05,000 Nos of face value ₹10/- each fully paid up)	Equity	10.50	-	10.50	10.50	-	10.50	-	-
ELCERA SUBSTRATES LIMITED (2,80,500 Nos of face value ₹10/- each fully paid up)	Equity	28.05	-	28.05	28.05	-	28.05	-	-
TOTAL (B)		51.05	(12.50)	38.55	38.55	-	38.55	-	12.50
GRAND TOTAL (A+B)		735.64	(12.50)	723.14	723.14	-	723.14	-	12.50
Previous year		1,294.59	(558.95)	735.64	1,214.59	(491.45)	723.14	12.50	80.00

Note:

The Government of Kerala,vide GO (RT)No .1315/2021/ID dated 06.12.2021 sanctioned the disinvestment of 64,000 shares held by the holding company in Black Box Limited(previously AGC Networks Limited).During the financial year 2021-22, 50,000 shares were sold and on 31st March 2022 the holding company held 10,000 shares of Black Box Limited.Later,BlackBox Limited subdivided the equity share of face value of Rs 10 into equity shares of Rs 2each.Thus on 18th May 2022, 50,000 shares were issued to the holding company and during the reporting period the holding company sold these 50,000 shares .

Note 14 : LONG-TERM LOANS AND ADVANCES	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Unsecured - Considered good		
Advance-Employees	1.34	0.65
Subsidiary Companies*	1,264.57	1,264.57
Investments pending allotment **	1,744.61	1,703.75
MAT credit as per Income Tax Act	145.38	114.08
Deposit with Customs authorities	0.30	0.10
Deposit with Central Excise Department	5.19	5.19
Excise duty paid under protest	1.27	1.27
Other Advances and Deposits	710.18	678.42
	3,872.84	**3,768.03**
Unsecured-Considered doubtful	187.69	217.69
Less: Provision for doubtful advances	187.69	217.69
Total	**3,872.84**	**3,768.03**

* Loans and advances includes amount due from Subsidiaries/Associates Companies which are defunct/under liquidation.Refer Note No-38

** The Investment pending allotment pertains to the pending allotment of shares by the subsidiary/associate companies.Refer Note 38(i)

We have reclassified Other Non-Current Assets amounting to ₹1,159.67 lakhs of Keltron Component Complex Limited under this Note in order to maintain uniformity with holding company and subsidiaries.

Note 15 : OTHER NON-CURRENT ASSETS	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
(a)Trade receivable		
Unsecured:		
Considered good; outstanding for more than six months from the date they are due for payment	21,519.16	9,566.64
Receivables outstanding for a period less than six months	1.00	11.06
Considered doubtful; outstanding for more than six months from the date they are due for payment	2,253.06	2,263.34
Less : Provision for bad & doubtful debts	(2,253.06)	(2,263.34)
Total	21,520.16	9,577.70
(b) Non-current Bank balance:		
Term Deposits with banks (more than 12 months maturity)*	34.74	25.97
Margin on Bank Guarantee**	1,475.61	2,327.94
Total	1,510.35	2,353.91
(c) Others: Accrued Income	120.43	100.94
Total [a + b + c]	**23,150.94**	**12,032.55**

* Trade Receivable includes, long outstanding dues from customers which are beyond the normal operating cycle of business, which are being followed up and the same is expected to realize in future years.

** Refer to Note No.18 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(1)

Trade Receivable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
	As at 31st March 2023	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(i)	Undisputed Trade Receivables-considered good	1.00	2.49	13,764.29	5,684.08	2,068.30	21,520.16
(ii)	Undisputed Trade Receivables-considered	-	-	-	-	2,253.06	2,253.06
(iii)	Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	1.00	2.49	13,764.29	5,684.08	4,321.36	23,773.22
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	2,253.06	2,253.06
	Total	1.00	2.49	13,764.29	5,684.08	2,068.30	21,520.16

Trade Receivable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
	As at 31st March 2022	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(i)	Undisputed Trade Receivables-considered good	4.76	0.16	6,727.53	421.75	2,417.20	9,571.40
(ii)	Undisputed Trade Receivables-considered	-	-	-	-	2,263.34	2,263.34
(iii)	Disputed Trade Receivables-considered good	6.30	-	-	-	-	6.30
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	11.06	0.16	6,727.53	421.75	4,680.54	11,841.04
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	2,263.34	2,263.34
	Total	11.06	0.16	6,727.53	421.75	2,417.20	9,577.70

Note 16 : INVENTORIES	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Loose tools and jigs	52.17	56.75
Consumable stores and spares	184.10	165.62
Work-in-progress	2,374.38	1,889.77
Raw materials and components	6,571.33	5,085.23
Goods-in-transit	210.15	472.57
Goods purchased for resale	287.93	245.21
Finished goods	788.00	216.32
Total	**10,468.06**	**8,131.47**

For mode of valuation refer point III-Inventories under Balance Sheet items of Significant Accounting Policies.
Refer Note 69.

Note 17 : TRADE RECEIVABLES	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Unsecured considered good:		
Outstanding for a period exceeding six months from the date they are due for payment	21,591.26	19,734.67
Receivables outstanding for a period less than six months	22,820.14	25,945.10
Considered doubtful; outstanding for a period exceeding six months from the date they are due for payment	444.22	374.73
Less : Provision for bad and doubtful debts	(444.22)	(374.73)
		-
Total	**44,411.40**	**45,679.77**

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

Note 17(1)

Trade Receivable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
	As at 31st March 2023	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(i)	Undisputed Trade Receivables-considered good	22,820.14	5,972.53	3,053.45	2,113.62	10,451.66	44,411.40
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	344.88	344.88
(iii)	Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	99.34	99.34
	Total	22,820.14	5,972.53	3,053.45	2,113.62	10,895.88	44,855.62
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	444.22	444.22
	Total	22,820.14	5,972.53	3,053.45	2,113.62	10,451.66	44,411.40

Trade Receivable Ageing

Sl No	Particulars	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
	As at 31st March 2022	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(i)	Undisputed Trade Receivables-considered good	25,938.54	3,420.42	5,182.04	2,683.65	8,422.34	45,646.99
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	374.73	374.73
(iii)	Disputed Trade Receivables-considered good	6.56	8.88	16.08	1.26	-	32.78
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	25,945.10	3,429.30	5,198.12	2,684.91	8,797.07	46,054.50
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	374.73	374.73
	Total	25,945.10	3,429.30	5,198.12	2,684.91	8,422.34	45,679.77

Note 18 : CASH AND BANK BALANCES	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
A. Cash and Cash Equivalents:		
Cash and stamp in hand	12.85	32.02
Remittance in transit	-	85.97
Balance in Scheduled Banks:		
Current account	4,517.48	5,354.52
Term deposits (less than 3 months maturity)	-	2,500.00
Government of Kerala - Treasury savings bank account	11.31	0.54
Total (A)	4,541.64	7,973.05
B. Other Bank balances:		
In Term deposit with maturity of more than 3 months but less than 12 months *	1,785.09	1,216.27
Margin on Letter of Credit	-	1,723.92
Margin on Bank Guarantee	1,667.67	1,213.11
Total (B)	3,452.76	4,153.30
Total (A+B)	**7,994.40**	**12,126.35**

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.15 '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 19 : SHORT-TERM LOANS AND ADVANCES	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
a) Unsecured - considered good		
Advance-Employees	75.87	69.00
Advance - Others	3,625.52	2,558.31
Deposit with Customs authorities	37.09	14.41
Deposit with Central Excise Department	0.10	0.10
Other deposits	402.18	274.97
Keltron Toolroom Research and Training Centre (KELTRAC)	110.01	65.81
Income tax refund due	999.77	706.04
GST TDS receivable	98.46	84.83
MAT Credit (Refer Note.47)	51.33	26.44
Total	**5,400.33**	**3,799.91**

(a) Current maturities of deposits, loan and advances are disclosed in this Notes and non current maturities are disclosed under Note No.14 '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 ₹666.79 lakhs 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.35.

(c) Advances - Others includes pre-paid expenses amounting to ₹ 13.63 lakhs,TDS/TCS /GST receivable amounting to ₹99.08 lakhs and Other Current Assets amounting to ₹320.47 lakhs of Keltron Component Complex Limited classified under Other Current Assets, has been re-classified under this Note in order to maintain uniformity with holding company and subsidiaries.

Note 20 : OTHER CURRENT ASSETS	As at 31st March, 2023	As at 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Accrued income	694.43	299.24
Others	15.99	63.26
Total	**710.42**	**362.50**

Refer Note No.19(c) above.

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Note 21 : REVENUE FROM OPERATIONS	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
a. Sales		
Manufacturing sales	21,392.66	19,053.22
Project sales	21,480.60	23,158.27
Trading sales	9,164.87	7,946.60
Sub total	**52,038.13**	**50,158.09**
b. Services		
Income from servicing	4,108.34	9,348.84
Income from training	1,276.02	821.73
Income from manpower supply	16.94	299.84
Income from data entry	-	-
Sub total	**5,401.30**	**10,470.41**
c. Other operating revenue		
Sales commission	15.00	12.00
Cash discount on purchase	33.97	19.68
Scrap sales	12.77	18.87
Freight and forwarding collected	123.16	114.18
Warranty written back	262.80	176.11
Exchange rate fluctuation	30.72	34.38
Others	56.57	90.87
Sub total	**534.99**	**466.09**
Total	**57,974.42**	**61,094.59**

Note 22 : OTHER INCOME	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Interest	310.13	346.73
Rent	49.74	91.80
Profit on sale of property, plant and equipment	0.97	0.13
Profit on sale of Investments*	57.35	454.45
Other sundry receipts/adjustments	22.72	18.00
Insurance claim received	2.32	0.78
Unadjusted credit in creditors written back	25.63	1.62
Matching grant	0.60	0.79
Miscellaneous income	7.92	3.76
Total	**477.38**	**918.06**

*Profit on sale of Investment pertains to the profit arised during the reporting period on account of sale of 50,000 equity shares of Black Box Limited held by the holding company which is in accordance with the decision of 261st meeting of Board of Directors of the company and pursuant to the GO (RT)No .1315/2021/ID dated 06.12.2021.

Note 23 : MATERIAL CONSUMED AND SERVICE EXPENSES	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
a. Material Consumed		
Opening stock	5,085.23	4,515.72
Add: Purchases	31,074.83	28,798.57
	36,160.06	33,314.29
Less:Closing stock	6,571.33	5,085.23
	29,588.73	28,229.06
Add:Stores and spares consumed	522.89	183.71
Total	**30,111.62**	**28,412.77**
b. Service expenses		
Sub contracting charges	2,504.91	8,479.80
Erection and commissioning	123.19	25.54
Testing and quality control	40.31	46.47
Warranty expenses	254.63	325.93
Computer /project training	866.69	653.26
After sales service	3.10	2.99
Total	**3,792.83**	**9,533.99**
c. Purchase for resale	**8,130.59**	**7,460.19**
Total (a+b+c)	**42,035.04**	**45,406.95**

Note 24 : CHANGE IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Closing Stock:		
Finished goods:		
Manufacturing items	788.00	216.32
Trading items	287.93	245.21
Work-in-progress:	2,374.38	1,889.77
Total	**3,450.31**	**2,351.30**
Less:		
Opening Stock -		
Finished goods:		
Manufacturing item	216.32	363.10
Trading item	245.21	484.07
Work-in-progress:	1,889.77	1,780.74
Total	**2,351.30**	**2,627.91**
Net	**1,099.01**	**(276.61)**

Note 25 : EMPLOYEE BENEFITS EXPENSE	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Salaries, wages and bonus	7,855.07	6,404.79
Gratuity	627.81	377.57
Leave encashment	255.44	249.17
Employer's contribution to PF and other funds	737.02	673.16
Leave travel concession	0.07	0.28
Canteen expenses	143.98	101.81
Uniforms	1.10	2.21
Staff training expenses	9.76	1.23
Maternity benefit	16.26	11.75
Other staff welfare expenses	450.60	349.74
Total	**10,097.11**	**8,171.71**

Note 26 : FINANCE COST	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Interest on Government loan	1,022.58	899.56
Interest on PNB GECLS loan	15.44	2.36
Interest on KFC loan	145.63	100.59
Interest on KSIDC Working Capital Loan	36.48	66.67
Interest on BDS-KFC	-	7.14
Interest on Canara Bank Loan	1.66	2.17
Interest on loans (Government Companies)	32.34	34.69
Interest on cash credit and overdraft from banks	165.37	108.26
Interest -Others	81.53	76.50
Bank charges	66.14	56.18
Total	**1,567.17**	**1,354.12**

Note 27 : DEPRECIATION AND AMORTIZATION EXPENSE	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Depreciation on property, plant and equipment	476.90	435.22
Amortization on intangible assets	45.80	56.21
Total	**522.70**	**491.43**

Note 28 : OTHER EXPENSES	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Power, fuel and water	381.26	327.74
Rent	37.06	39.18
Rates and taxes*	168.02	32.77
Interest and Late Fees	28.28	13.70
Insurance charges	50.69	39.74
Repair and maintenance:		
Vehicles	26.54	23.55
Building	61.80	57.62
Plant and Machinery	73.10	48.13
Others	139.59	109.56
Travelling expenses	389.39	306.62
Travelling expenses-Directors	4.54	1.14
Sales and business promotion expenses	445.35	362.72
Freight and forwarding charges	200.28	183.42
Audit fee and expenses		
Statutory audit fee	13.82	12.40
Tax audit fee	6.14	4.49
GST audit fee	0.35	0.30
Reimbursement of expenses	2.22	1.96
Internal audit fee	10.36	10.34
Cost audit fee and other services	3.14	2.20
Director's sitting fee	0.15	0.15
Legal charges	100.18	61.50
Printing and stationery	53.87	40.84
Royalty	102.36	49.64
Postage, telegram, telephone and telex charges	118.36	132.91
Security charges	160.98	139.26
Recruitment expenses	6.78	42.21
Consumption stores and spares	38.82	33.02
Moulds, tools and jigs written off	17.66	18.92
Loss on sale/discarding of property, plant and equipment	-	0.28
Research and development expenses	26.35	22.63
Miscellaneous expenses**	235.38	186.00
Total	**2,902.82**	**2,304.94**

*Rates and taxes include ROC fees amounting to ₹91.41lakhs paid by the holding company for the enhancement of Authorised Share capital of the company from ₹210 crore to ₹375 crore.

** Miscellaneous Expenses include "Other Professional fees"-₹37.28 lakhs paid by the holding company to M/s India Electronics and Semiconductor Association,IESA,Bangalore towards the preparation of Pre Feasibility Report and Detailed Project Report (DPR) for the Semi Conductor park as per the Master Service Agreement.As the project is not likely to be implemented in the forseeable future ₹37.28 lakhs paid to M/s India Electronics and Semiconductor Association,IESA,Bangalore has been considered as revenue expenditure by the holding company under "Other Professional fees.

Note 29 : PRIOR PERIOD ADJUSTMENT	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Prior period expenses	69.47	195.07
Less:Prior period income	923.16	468.97
Total	**(853.69)**	**(273.90)**

Note 30 : EXCEPTIONAL ITEMS	For the year ended 31st March, 2023	For the year ended 31st March, 2022
	(₹ in lakhs)	(₹ in lakhs)
Sundry debits written off	27.02	0.40
Sundry credits written back	(79.48)	(215.25)
Bad and doubtful debts wirtten off	-	1.15
Litigation settlement	330.00	129.55
Provision for bad and doubtful debts and advances	95.12	1,176.34
Provision for other loans and advances	-	18.69
Loss on value of fixed asset written-off	0.07	7.68
Bank Guarantee Invocation Income	-	(1.30)
Provision for Litigation Settlement	153.67	
Total	**526.40**	**1,117.26**

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.

Refer Note No-55 Litigation Settlement

M/s Insight Business Machine Private limited was awarded the Purchase Order for supply, installation, testing & commissioning of CCTV surveillance at Western Railways. The Purchase Order was shortclosed by the holding company, as they failed to comply with the terms and conditions stipulated in the order. The supplier has filed a suit against the company in MSME Court and based on the decision of the Government, now the arbitration is progressing. During the reporting period, Keltron Marketing Office, Mumbai created a provision for litigation settlement amounting to ₹153.67 lakhs being the amount payable to M/s Insight Business Machine Pvt Limited. Refer Note 56.

Note 31 CONTINGENT LIABILITIES NOT PROVIDED FOR		As at 31st March 2023	As at 31st March 2022
		(₹ in lakhs)	(₹ in lakhs)
i)	**Estimated amount of contracts remaining to be executed and not provided for on Capital Accounts**		
i)	Guarantees issued by the Banks on behalf of the Company for which counter guarantees have been issued by the Company	2,280.51	2,791.75
ii)	Letter of credit issued by the banks on behalf of the Company and outstanding.	883.32	730.44
iii)	Indemnity Bonds executed in favour of:		
	a) Customers for advances/performance	2,699.92	3,016.80
	b) Sales tax authorities	13.72	13.72
iv)	Claims against the Company not acknowledged as debts as debts		
	a) On account of Central Excise demands pending on appeal	472.67	472.67
	b) Sales tax - Central and State under dispute	133.55	128.89
	c) PF interest and damages pertaining to Central Tool Room case pending with PF Tribunal.	138.16	181.17
	d) On account of interest and service tax	1,463.30	1,463.30
	e) On account of KVAT	111.25	167.42
	f) On account of Maharashtra Value Added Tax (FY 2017-18)	63.22	63.22
	g) Official liquidator High Court of Madras in respect of liquidation of M/s FD Stewart Private Limited	-	0.11
	h) Damages on delayed payments of PF	33.94	33.94
	i) Customs duty pending on appeal	11.04	11.04
	j) E.S.I Company's contribution	18.10	18.10
	k) License fee payable as per the Order of Arbitration in respect of South Central Railways Project.	14.52	14.52
	l) On account of Pay Revision anomalies under dispute	294.80	294.80
	m) Others	14,473.05	12,554.76

(₹ in lakhs)

Note 32 PROVISION FOR GRATUITY & LEAVE ENCASHMENT	Gratuity		Leave encashment	
	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
Balance at the beginning of the year	2,363.88	2,523.52	915.93	837.23
Less: Paid during the year on account of retirement /resignation	352.16	443.34	262.50	203.77
Add: Provided during the year	623.54	288.67	307.22	282.47
Less: Contribution to Plan Asset with LIC of India	34.42	4.97	-	-
Balance at the end of the year	**2,600.84**	**2,363.88**	**960.65**	**915.93**
Classified as Non-Current	2,086.37	1,894.54	788.35	709.05
Classified as Current	514.47	469.34	172.30	206.88

Note 33 : Related party disclosures

(₹ in lakhs) (₹ in lakhs)

	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
	Kerala State Electronics Development Corporation Limited		
1	N.Narayana Moorthy(Chairman)		
	Salaries & PF	15.34	14.61
	Medical benefits		-
		15.34	14.61
2	B.Bilu (Company Secretary)		
	Salaries & allowances	17.03	15.55
	Medical benefits	0.10	0.24
		17.13	15.79
	Directors Sitting Fee		
1	R.Suresh Mohan	0.14	0.14
		0.14	0.14
	Keltron Component Complex Limited		
1	Krishna Kumar.K.G (Managing Director- from October 2016)		
	Salaries & allowances	16.11	18.51
		16.11	18.51
2	Jose Joseph (Chief Finance Officer)		
	Salaries & allowances	11.50	11.54
		11.50	11.54
3	Thahira P P(Company Secretary from 14/02/2020)		
	Salaries & allowances	3.70	4.91
		3.70	4.91
	Keltron Electro Ceramics Limited		
1	R.Satheesh Kumar(Managing Director)		
	Salaries & allowances		
		-	-

Note -34 Analytical Ratios

(₹ in lakhs)

Sl No	Particulars	Formula	2022-23	2021-22	2022-23	2021-22	% of variance	Reason for variation more than 25%
(a)	Current Ratio	Current Assets / Current Liabilities	68,984.60 / 54,620.26	70,100.00 / 56,863.15	1.26	1.23	2%	
(b)	Debt-equity Ratio	Total Debt / Shareholders Equity	12,140.34 / 25,085.31	9,579.04 / 21,369.14	0.48	0.45	8%	
(c)	Debt service coverage Ratio	Earnings available for Debt Service / Debt Service	4,860.90 / 2,541.97	5,015.63 / 4,299.22	1.91	1.17	64%	Variation due to reduction in profits and the debt service schedule as per the terms and conditions of project specific loan.
(d)	Return on Equity Ratio(in %)	Profit after Tax / Average Shareholders Equity	2,736.50 / 23,227.22	4,697.51 / 18,472.59	12%	25%	-54%	Variation due to reduction in net profits due to the impact in 1st time Deferred Tax adjustment in the PY
(e)	Inventory Turnover Ratio	Cost of Goods sold or Sales / Average Inventory	52,038.13 / 9,299.76	50,158.09 / 7,967.98	5.60	6.29	-11%	
(f)	Trade Receivables turnover Ratio	Net Sales / Average Trade Receivable	57,439.43 / 45,045.58	60,628.50 / 44,201.70	1.28	1.37	-7%	
(g)	Trade Payables turnover Ratio	Net Purchases / Average Trade Payables	42,035.04 / 27,111.25	45,406.95 / 31,402.73	1.55	1.45	7%	
(h)	Net Capital Turnover Ratio	Net Sales / Working Capital	57,439.43 / 14,364.33	60,628.50 / 13,236.85	4.00	4.58	-13%	
(i)	Net Profit Ratio(in %)	Net Profit after Tax and exceptional items / Net Sales	2,736.50 / 57,439.43	4,697.51 / 60,628.50	5%	8%	-39%	Variation due to reduction in net profits due to the impact in 1st time Deferred Tax adjustment in the PY
(j)	Return on Capital Employed(in %)	Earnings before Interest & Tax / Capital Employed(Net Worth +Total debt)	4,338.19 / 37,225.64	4,524.21 / 30,948.17	12%	15%	-20%	Reduction in ratio due to decline in profits(EBIT) and increase in credit exposure in "Short Term Borrowings"
(k)	Return on Investment	Income generated from invested funds / Average Investment	0.00	0.00	0.00	0.00	0%	

35. 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:

₹ in lakhs

Sl No	Particulars	KCCL	KECL	Total
1	Current Account	₹350.84	₹ (2.35)	₹348.49
2	Collection Account	₹304.76	₹13.54	₹318.30
	Total	**₹655.60**	**₹11.19**	**₹666.79**
3	Trade Receivable	₹ 5.72	₹ (7.60)	₹ (1.87)
4	Trade Payable	₹ 4.27	₹ (17.11)	₹(12.84)

As mentioned above the difference in current and collection account between the books of holding company and subsidiary companies amounting to ₹666.79lakhs were written off in the FY 2014-15 as exceptional item and with respect to Trade Receivable /Trade Payable an amount of ₹10.97 lakhs was booked as an expense in the books of the holding company in the financial year 2014-15.

36. 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 31st March 2023 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 ₹898.76 lakhs (Previous year : Goodwill: ₹687.64lakhs)
KCCL – Goodwill ₹790.75 lakhs (Previous year : Goodwill: ₹790.75 lakhs)

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.

37. Grant and Loan from Government of Kerala in the books of the holding company-:

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:

(i) Set-off of Investment and loan in defunct subsidiaries amounting to ₹7,200.18 lakhs against Government loan liability which are covered under freezing (as a part of BIFR Scheme) amounting to ₹8,265.84lakhs. Balance amount of ₹1065.66 lakhs may be converted to equity.

(ii) The conversion of interest accrued on Government loan to the extent of ₹10,371.88 lakhs 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 ₹600 lakhs and
(ii)Already converted Government loan to Equity of ₹1,250 lakhs again back to working capital loan.

The 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 ₹7,200.18 lakhs to equity.
2) The working capital loan as per GO(Rt) No.329/2014/ID dated 11th March 2014 of ₹1,850 lakhs shall be converted to equity.
3) Waiver of interest accrued on aforesaid loan aggregating to ₹9,230.61 lakhs
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.

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. Accordingly the converted Government Loan of ₹7,200.18 lakhs and Government grant of ₹600 lakhs is disclosed as “Share Application Money Pending Allotment” in the financial statements for FY 2019-20.

The Government Loan of ₹1,250 lakhs 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 MS) No .183/11/ID dated 26th August 2011.

Further, to improve the net worth, the holding company vide letter KSEDC/FIN/201/Fin Res/21-22/104 dated 14th October 2021represented before Government to consider the conversion of interest accrued on Government Loan amounting to ₹9,230.61 lakhs to equity share capital in line with the recommendation of Public Enterprises Board .This has been 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 and accordingly we have disclosed interest accrued on Government Loan amounting to ₹9,230.61 lakhs as "Share Application Money Pending Allotment" " in the financial statements for FY 2019-20

Thus, from the financial year 2019-20 onwards we have disclosed the aggregate amount of ₹17,030.80 lakhs- as "Share Application Money Pending Allotment".

The Authorized Share Capital and Paid-Up Share Capital of the Company was ₹21,000 lakhs/- and ₹20,355.18 lakhs respectively. In order to accommodate the issue of shares to the Government of Kerala, Extraordinary General Meeting was convened on 20thFebruary 2023 and sanctioned the increase of Authorized Share Capital to ₹37,500 lakhs and also approved the alteration of clause (v) in Memorandum and Article 11(6) in Articles of Association. All the procedural aspects of increasing the Authorized Share Capital such as filing of required forms with ROC and payment of filing fees etc. has been complied with. As above, the Equity Shares worth ₹17,030.0 lakhs were also allotted to Government of Kerala, and thereafter the Paid-Up Share Capital of the Company stood at ₹37,385.98 lakhs with effect from 10th March 2023. Hence as on 31st March 2023 the Authorized Share Capital and Paid-Up Share Capital of the Company was ₹37,500 lakhs and ₹37,385.98 lakhs respectively.

38. Loans and advances of the Holding company include:

(i) A sum of ₹ 1,744.61 lakhs is pending allotment of shares by the following subsidiary Companies:-

Sl No	Name of the Company	₹ in lakhs
(a)	Keltron Rectifiers Limited	576.43
(b)	Keltron Power Devices Limited	1,127.32
(c)	Coconics Private Limited	40.86
	Total	**1,744.61**

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.

The Government of Kerala vide G.O.(MS) No. 20/2023/ID dated 20th March 2023 accorded sanction to convert a portion of outstanding rent to KELTRON to the tone of ₹40.86 lakhs into equity shares of Coconics Pvt limited so that the shareholding of KSEDC in Coconics Pvt Ltd will increase from 26% to 28.90%. This has resulted in the holdings by State PSUs in the SPV, ie KELTRON and KSIDC together as 51%, and hence the Coconics become a 'Deemed Government Company. We have disclosed the rent receivable as Investments Pending Allotment under Note No-14 Long Term Loans & Advances.

(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 2023 ₹ in lakhs	Remarks
1	Keltron Power Devices Limited	Subsidiary Company	₹850.67	As mentioned in 38(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. 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.

2	Keltron Rectifiers Limited	Subsidiary Company	₹ 413.63	But the Hon'ble High Court of Kerala has dismissed the petition vide Order dated 31st July 2023 with a direction to file the Scheme of Revival of those subsidiary companies in the statutory formats as per the provision of the relevant law. At present, the Company is in the process of filing the application before the Hon'ble High Court of Kerala in the format as mentioned in Sec.391 to Sec.394 of the Companies Act, 1956. KELTRON is working closely with National Institute of Oceanography (NIO), Goa, National Technical Research Organisation (NTRO) as well as Indian Navy towards exploring feasibility of the repairs/refurbishment of the Large Acoustic Arrays in use by these Organizations. Since the Company has expertise and is already in the business of Naval applications, the manufacture of similar arrays for NIO and NTRO is also being explored. For undertaking the above activities facilities such as a test bench coupled with oil filling, shock vibration tests, acoustic testing etc. needs to be setup for which the landed property of KPDL and KRCL can be utilized effectively. In view of the above, 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 with respect to the said 'Long term Loan and Advances' will be dealt with, once the subject matter reaches finality as envisaged in the Revival Scheme.
	Total		**₹1,264.30**	

39. The Government of Kerala vide GO(MS) No.29/2018/ID dated 10th April 2018 has authorized the Company to form a Special Purpose Vehicle (SPV) with Kerala State Industrial Development Corporation (KSIDC) and existing Kerala based component manufacturers (including UST Global) for the manufacturing of Intel based products like Laptops and Servers. Later, Government of Kerala vide GO(MS) No.45/2018/ID dated 11th June 2018 has decided the stake holdings of joint venture partners in the SPV for the manufacturing of laptops. As per the GO the shareholding was fixed at 26% by KELTRON, 23% by KSIDC, 49% by UST Global and 2% by a startup company. Moreover, KELTRON was permitted to lease the land and building at Monvila to the SPV after completing the renovation work of the building.

The Government of Kerala vide GO(Rt) No.819/2018/ID dated 12th July 2018 has given Administrative Sanction to KELTRON for a financial assistance of ₹500 lakhs for investing 26% equity portion in the SPV amounting to ₹260 lakhs and balance ₹240 lakhs for the renovation of the building at Monvila.This has eventually resulted in the formation of Coconics Private Limited. The fund was released vide GO(Rt) No.13007/2018/ID dated 24th November 2018. The Company has initiated equity investment of ₹260 lakhs on 23rd January 2019. However, it has not been materialized owing to the restrictions in Ways & Means Clearance imposed by Government. Finally, the amount was resumed to Government Account as on 31st March 2019.Hence it was not shown as investment during the financial year 2018-19. The resumed fund was released during the month of April 2019 and investment was done on 26.04.2019.

However, Coconics Private Limited has considered the subscription money of the Company as receivable and shown as Equity Share Capital in the financial statements as on 31st March 2019.

As mentioned in Sl No 38(i) above, the Government of Kerala vide G.O.(MS) No. 20/2023/ID dated 20th March 2023 accorded sanction to convert a portion of outstanding rent to KELTRON to the tone of ₹40.86 lakhs into equity shares of Coconics Pvt limited so that the shareholding of KSEDC in Coconics Pvt Ltd will increase from 26% to 28.90%.Accordingly we have disclosed the rent receivable as Investments Pending Allotment under Note No-14 Long Term Loans & Advances.

During the reporting period in accordance with AS-23 - Accounting for Investments in Associates, the carrying amount of investment is reduced to the extent of share in losses including the losses of preceding period of the associate company. Accordingly, the carrying amount of investment has been disclosed as NIL in the Consolidated Financial Statements.

40. The holding company received a request from its subsidiary company, Keltron Electro Ceramics Limited for considering the decision taken in the 203rd Board Meeting of KECL with respect of conversion of term loan of ₹135.27 lakhs received from the holding company and interest accrued thereon amounting to ₹135.91 lakhs in to equity share capital. The company in its 257th Board Meeting held on 15th December 2020 approved the conversion of loan and interest accrued thereon. The holding company intimated KECL vide Letter No-KSEDC/KECL/2020-21/176 dated 11th January 2021 that the conversion of loan to equity has been approved and that the same is effective from 31st March 2020. The legal formalities with respect to the aforesaid conversion as per the provisions of Companies Act, 2013 has been completed at KECL and they have issued 27,11,722 share of ₹10 each to KSEDC Ltd during the reporting period and thus the investment of the holding company in KECL has increased from ₹314.44 lakhs to ₹585.61lakhs

41. The subsidiary company, KCCL has forfeited 12800 Nos. of Equity Shares to the extent of ₹ 0.75 lakhs (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.

42. 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.

43. KELTRAC is an autonomous body registered as a society under the control of Government of Kerala, which is operating in the portion of premises of Keltron Controls Aroor (KCA).As per the agreement dated 7th January 2008 regarding sharing of facilities and services of KCA with KELTRAC, charges for the building /space provided at the normal rate of ₹2/-sq.ft for 31,505 sq.ft is payable by KELTRAC. Further, the agreement also contains a clause that the aforesaid service charge may be waived off provided the work requirement of KCA shall be executed by KELTRAC on priority basis at cost. In view of the above and considering the precarious financial condition of KELTRAC the rent for the premises used by them was not being charged.

44. 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.

45. Earnings per share (EPS)

Basic & Diluted EPS	31.03.2023	31.03.2022
Profit attributable to Equity Shareholders before extraordinary items (Numerator used for calculation of diluted and basic EPS)**₹ in lakhs**	2,837.17	3,226.27
Profit attributable to Equity Shareholders (Numerator used for calculation of diluted and basic EPS))**₹ in lakhs**	2,736.50	4,697.51
Weighted Average Number of Equity Shares used as denominator for calculating :		
Basic	2,13,81,695	2,03,55,181
Diluted	2,13,81,695	3,73,85,976
EPS of ₹ 100/- each before extraordinary items		
Basic in ₹	13.27	15.85
Diluted in ₹	13.27	8.63
EPS of ₹ 100/- each		
Basic in ₹	12.80	23.08
Diluted in ₹	12.80	12.56

Dilutive potential equity shares are calculated as follows:
Share application money pending allotment divided by face value of Rs.100 each.

46. The Holding Company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,376.27 lakhs for the Assessment year 2007-08 to 2023-24, the Company's books of account shows the balance of ₹999.77 lakhs only. The Company did not account for the balance credit of ₹1,376.50 lakhs in the books considering the uncertainty attached in getting full tax credit while completing the assessment. The Holding 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.

47. 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 ₹9.34 lakhs and ₹2.40 lakhs respectively. An amount of ₹1.80 lakhs was utilized in the financial year 2015-16.During the year 2016-17 and 2017-18 MAT credit of ₹3.51 lakhs and ₹11.07 lakhs were paid respectively .During the year 2021-22 and 2022-23,MAT credit of ₹1.93 lakhs and ₹24.88 lakhs were paid. Total amount of MAT credit available at the end of financial year 2022-23 is ₹51.33 lakhs.

48. One of the main customers of the KECL, M/s BEL Bangalore has charged liquidated damages for delay in supply of goods. The total amount levied as liquidated damages up to 31st March 2021 is ₹57.82 lakhs. Out of this an amount of ₹21.95 lakhs and ₹15.68 lakhs was provided in the financial statements for the year ended 31st March 2021 and 31st March 2022 respectively. An additional provision of ₹20.19 lakhs was made in the financial statements of the reporting period.

49. The company has disclosed the outstanding Trade payable to MSME in the Note No 6 and 9.There are Micro, Small and Medium Enterprises to whom the Company owes, which are outstanding for more than 45 days as at 31st March 2023 as per the terms of agreement with them.

KECL has 14 suppliers falling under MSME category and ₹169.76 lakhs is payable to these MSME suppliers as on 31st March 2023. KCCL has only one supplier falling under MSME category and ₹0.52 lakhs is payable to them as on 31st March 2023.

The interest due to such outstanding as per MSMED Act has not been provided in the financial statements.

50. In accordance with AS 22 on Accounting for Taxes on Income and the accounting policy of the holding Company, deferred tax asset (net) amounting to ₹125.72lakhs has been recognised and taken credit for in the current year based on the management assessment that there is reasonable certainty of realisation of the asset considering the trends and projections relating to future profits likely to arise and consequential tax liability thereon under the IT act. Thus the Deferred Tax Asset as on 31st March 2023 is ₹1,683.22 lakhs. However , Deferred tax asset on unabsorbed depreciation and carry forward of losses have been recognised based on the assessment orders/intimation already passed and accordingly deferred tax asset on business loss and depreciation to the extent of ₹851.90lakhs disallowed in assessments and pending on appeal before higher authorities are not taken credit for as a matter of prudence.

The details of deferred tax asset (net) recognized as per AS-22 in the Financial Statements of Keltron Electro Ceramics Limited are as given below:

(₹ in lakhs)

Particulars	As on 31stMarch 2023	As on 31stMarch 2022
Deferred tax liability	10.44	20.56
Deferred tax asset	55.72	77.77
Net deferred tax asset/(liability)	45.28	57.21

The subsidiary company, 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.

51. 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 31.03.2023 is only ₹511.83 lakhs only (Previous year ₹450.72 lakhs).

52. The holding 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.

Meanwhile, the DVC tried to invoke the Bank guarantee of ₹277.03 lakhs availed by the company from State Bank of India towards the Security deposit for the execution of the 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 ₹330.02 lakhs to DVC.

The Arbitral Award was challenged by the Company in the DistrictCourt, and 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 allowed DVC to invoke the Bank Guarantee of ₹330.02 lakhs. Accordingly provision was created in the financial year 2018-19 for ₹330.02 lakhs as 'Arbitration Award' and the liability was disclosed under Note 8-"Other Current Liabilities" .

Provision for interest@ 8.77% on award amounting to ₹15.14 lakhs and ₹28.94 lakhs was created during the financial year 2018-19 & 2019-20 respectively and the same was included under "Interest & Late Fees" and disclosed under Note No-27 "Other Expenses" in the respective financial years.

DVC invoked the BG amounting to ₹277.03 lakhs on 22nd April 2022 and the BG amounting to ₹52.99 lakhs was invoked on 05th August 2022.DVC has not made any claim for interest on award till date. Hence, as a matter of prudence, we have not provided interest for the financial year 2020-21 ,2021-22 and 2022-23. We have vide letter KSEDC/LGL/DVC/2021-22/147 dated 22nd November 2021 requested DVC to waive the interest on award.

53. 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 holding company and subsidiary Companies with retrospective effect from 01st April 2012.Accordingly, after series of discussion between the Management and Recognized Trade Unions, a consensus was arrived and signed the Memorandum of Settlement (MoS) on 30thNovember 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. Aggrieved employees 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 has been resolved by compensating the drop in pay by giving Ad-hoc pay effected employees

Further, with respect to the disbursement of arrears of the period from 01st April 2012 to 31st October 2017, the matter has been considered in the 248th meeting of the Board of Directors of company held on 11th October 2018 and decided to disburse 85% of the arrears of the employees in the rolls of the Company on 1st November 2017 in 12 equal installments starting from the month of November 2018 and thereafter to the employees retired from service/ expired between 1st April 2012 to 31st October 2017.

The pay revision arrears for the period from 1st April 2012 to 31st March 2017, amounting to ₹1,252.08 lakhs was made in the books of accounts. The disbursement of wage revision arrear commenced from October 2018 and wage revision arrears outstanding in the books as on 31st March 2023 is ₹176.17 lakhs.

The pay revision arrears for the period 01st April 2012 to 31st October 2017, with respect to KCCL amounting to ₹522.76 lakh and KECL amounting to ₹92.87 lakhs, has been provided as expense during the financial year 2017-18 and disclosed under Note -25 – Employee benefit expenses and liability thereupon under Note 10 – Other Current liabilities in the Consolidated Financial Statements.

The total wage revision arrears outstanding in the books of KECL & KCCL as on 31st March 2023 is ₹11.13 lakhs and ₹356.13 lakhs respectively.

54. The pay revision of employees of the holding company is due for the period commencing from 01st April 2017 to 31st March 2022. As a standard practice, the recognized Trade Unions has submitted the Charter of Demand for the wage period stated above on behalf of workmen category employees. Based on our intimation, the Government of Kerala vide Letter No.D3/17/2021/ID dated 08th February 2021 has granted permission to start discussion with the recognized Trade Union with respect to the wage revision of workmen category of employees in adherence with the stipulated guidelines. In order to facilitate the preparation of Wage Revision Proposal the Company has engaged Consultant. After a series of discussion, the management and consultant had with the recognized Trade Unions, a consensus was arrived and signed the Memorandum of Settlement (MoS) on 07th October 2022.

The 265th meeting of the Board of Directors of the Holding Company held on 24thSeptember 2022 had a detailed deliberation on the Report of the Consultant in the matter of wage revision of workmen category employees for the period 2017-22, and recommended and approved the "Wage Revision Proposal 2017-22" subject to the final approval of Government. The proposal was submitted to the Industries Department, Government of Kerala on 11th October 2022.

Based on the scale of pay, fitment benefits, service weight age, methodology adopted for fixation etc., as contained in the Wage Revision Proposal 2017-22, the Holding Company has during the year ascertained the aggregate liability on account of wage revision for the period from 1st April 2017 up to 31st March 2023 amounting to ₹948.94 lakhs.(which includes arrears relatable to prior years amounting to ₹760.49 lakhs) based on the report of the consultant appointed as per government guidelines.

The Wage Revision Proposal of workmen category employees was placed before the meeting of Public Enterprises Board (PEB) chaired by respected Chief Secretary to Government of Kerala on 22nd February 2024 for formal approval of Long-Term Agreement (LTA) as required by Government norms. Since certain anomalies were noted while implementation of wage revision with reference to the guidelines, certain modification was made in the computation of the company involving matters not so material in amounts, The Company then requested that the terms of LTA as agreed by the Company with Trade Union may be approved as such. Accordingly, the matter was referred back to Finance Department, Government of Kerala for re-examination and re-submission of the proposal to PEB for consideration and approval. The Company vide Letter No.KSEDC/CHR/GOVT/WR(2017-22)/2024/51 dated 05th March 2024 has explained the anomalies in detail to Government of Kerala and the matter is under active consideration.

On account of the delay in implementation of Wage revision 2017-22,the Government of Kerala, vide GO (MS) No.66/2022/ID dated 30th June 2022, sanctioned the disbursement of Interim Relief of ₹0.03 lakhs per month to all employees with effect from June 2022. During the financial year 2022-23, an amount of ₹73.35 lakhs has been disbursed as Interim Relief to Workmen category employees and the wage revision arrears outstanding in the books as on 31st March 2023 is ₹875.59 lakhs.

It may be noted that the impact of Wage Revision has not been considered on other components of employee cost like Gratuity, Earned leave, Contribution to Provident Fund etc.

55. The holding company had placed two Purchase Orders in 2010 with M/s Softgrip Power Solutions Pvt Ltd (SOFTGRIP), Pune, for the supply of 50,000 numbers of Populated, Tested and Programmed PCBs and 90,000 numbers of Fully Assembled and Tested PCBs with one Battery fitted and other Battery separately packed with latest BOM and 10,000 Nos. of Single Phase LCD Type Meter PCB Components in KIT Form with latest BOM. The same were required for on-ward supply to M/s. United Electrical Industries Ltd., Kollam (Unilec) on terms specified in the Purchase Order by Unilec. On receipt of the products from Softgrip, it was forwarded to UNILEC. The supplies were made between 25th March 2010 and 25th February 2011.

In the course of the business Unilec rejected 42 Nos. of PCBs for various problems. Similarly, further 120 Nos. and 88 Nos. were rejected by the unit for various defects, which Unilec's Quality Control Department had documented. From time to time Unilec kept rejecting the PCBs supplied by SOFTGRIP. Thus, a total quantity of 22064 Nos. of PCBs were rejected by Unilec.

SOFTGRIP refused to accept the rejected PCB totaling to 22064 units. As a result of the poor quality of the components, the company requested SOFTGRIP to suspend further supplies. In the meanwhile, we received a letter dated 20-08-2011 from the MSMEFC, Pune stating that SOFTGRIP had filed an application with the Facilitation Council complaining of non-payment of bills amounting to ₹103.61 Lakhs. The Facilitation Council had conducted conciliation as well as arbitration as per the MSME ACT, 2006 and thereby issued an order/award for payment of ₹103.98 lakhs plus interest (as per Sec 16 of the MSME Act) against Keltron.

The Holding company filed Writ Petition before the Hon'ble High Court of Bombay to quash the impugned order and also challenging the Constitutional validity of the Arbitration proceedings as per the MSME Act, 2006

Softgrip filed an Execution Petition (EP) before the District Court, Kozhikode for realization of ₹376.45 lakhs being the award amount plus interest till 20.02.2015, ie the date when EP was filed. The company approached the Hon'ble High Court of Bombay and sought for staying the EP proceeding. The Hon' ble Court has stayed the proceedings. As on date the award amount plus interest comes to approximately more than ₹12 Crores As per the Legal Opinion received from the Standing Counsel it is opined that, "in all aspects including the legal provisions as upheld by the Honourable Supreme Court, it is best to accept the settlement terms as agreed by Softgrip and Keltron's interest in the said issue is protected by settling the matter in an out-ofcourt settlement for the agreed amount of ₹3.89 crore or lesser and arrived at, without any further delay, and subject to administrative approvals required.".The company, vide its letter dated 7th July 2023,sought government approval with regard to the out of court settlement with M/s Softgrip and the approval for the same was received from the Government on 20th August 2023,whereby the Government directed the company to go ahead with the plan of out of court settlement for an amount of ₹3.89Crores or lesser.

The matter was placed before the 270th Board Meeting held on 25th November 2023 and after a detailed discussion the Board of Directors directed that a legal opinion was to be taken from the Advocate General (AG), Government of Kerala with respect to the out of court settlement with Softgrip. The matter was presented before AG and AG also opined that an out of court settlement may be made with M/s Softgrip.

The out of court settlement was made with M/s Softgrip Power Solutions Private Limited whereby the company agreed to pay ₹300 lakhs in three equal instalments towards the full and final settlement of the entire claims of M/sSoftgrip Power Solutions Private Limited and M/s Softgrip Power Solutions Private Limited was permitted to withdraw an amount of ₹30lakhs with accrued interest if any which has been deposited by the company in Hon’ble Bombay High

Court at interim stage. Thus, during the reporting period we have disclosed ₹330 lakhs as Litigation Settlement under Note 30-Exceptional items. Accordingly, the first instalment has been disbursed during the month of February 2024.

It may be noted that provision for ₹30 lakhs had already been made in the books of the company for the amount deposited with the Hon'ble Bombay High Court. During the reporting period we have reversed the provision and disclosed the same as "Bad Sundry credits written Back" under Note 30-Exceptional Items.

56. Keltron Marketing Office, Mumbai had received a work order of ₹3,788.83lakhs from Western Railway for supply and installation of CCTV systems. The holding company, issued purchase order of ₹ 3,268.12 lakhs on 19th December 2019 to M/s Insight Business Machine Private Limited for supply, installation, testing and commissioning and comprehensive annual maintenance of CCTV Surveillance System.

Later, the holding company issued termination notice on 13th July 2020 to M/s Insight Business Machine Private Limited citing the inordinate delay in the completion of the project and non-compliance of the terms and conditions stipulated in the purchase order. As per the notice the contract was terminated from 15th July 2020 and the payment for the amount of work completed will be released as soon as the same is received from Western Railway on back to back basis.

The holding company issued short closure of work order to the supplier on 30thOctober 2020 for ₹589.95 lakhs. The initial claim of M/s Insight Business Machine Private Limited is ₹ 367.75 lakhs As per the books of the holding company the total amount outstanding to M/s Insight Business Machine Private Limited was only ₹214.08 lakhs under various heads of accounts. During the reporting period, provision has been created for the difference amount of ₹153.67lakhs in the books of KMO Mumbai as Provision for Litigation Settlement and disclosed under Note-30 Exceptional Items in the Consolidated Financial Statements.

57. 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 ₹544.15 lakhs 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 ₹125.10 lakhs up to 31st March 2015 and the excess provision of ₹ 419.05 lakhs 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 2022-23.The company has requested Government of Kerala to fix the rent for the premises.

58. Keltron Marketing Office, Chennai which is operating in its own building had let out 3,000 sq ft to Srushti –Tamilnadu Handicrafts Artisans Welfare Association (tenant) .This tenancy was renewed every 11 months by means of rental agreement executed between Keltron & Srushti with an annual hike of 10%.

    The tenant requested KELTRON to provide concession in rent for the peak Covid period (i.e. 50% for peak Covid period from 1st April 2020 to 30th June 2020 and 25% for the period from 1st July 2020 to 31st December 2021.They also requested that the hike in rent may be reduced to 5% and that the rent agreement with 5% hike may be executed for two years.

    The Board in its 269th meeting held on 9th August 2023 considered the above matter and approved the same. Accordingly, concession in rent for the period from 1st April 2020 to 31st March 2023 amounting to₹ 25.98 lakhs was written off as "Bad and Sundry Assets" during the reporting period under Note No-30-Exceptional Items.

    It may be noted that the write off entry was made in the books of Corporate office for and on behalf of Keltron Marketing Office, Chennai

59. Based on the 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 30-Exceptional Items.

    The summary of the provision for bad debts /doubtful advances /write off and write back disclosed under Note 30-Exceptional Items is as detailed below:

₹ in lakhs

Name of Unit	Provision for Bad Debts	Write off	Write back
Keltron Marketing Office,Ahmedabad	7.96		
Keltron Marketing Office,Mumbai	87.16	1.04	49.48
Keltron Marketing Office,Chennai (Refer Note-58)		25.98	
Corporate Office(Refer Note 55)			30.00
Total	**95.12**	**27.02**	**79.48**

60. Balances of Government Loan under Long Term Borrowings(Note 5) and Short Term Borrowings(Note-8),Trade Payable(Note-9),Other Current Liabilities (Note-10),Long term loans and advances(Note-14),Trade Receivable under Other Non Current Assets(Note 15),Trade Receivable (Note-17) under Current Assets, Short term loans and advances (Note-19) and Other Current Assets(Note-20) are subject to confirmation/ reconciliation

61. The technical team of the impairment committee constituted at Keltron Tool room cum Training Centre (KTTC) evaluated the fixed assets of the unit on the basis of its physical condition, useful life and wear and tear etc. and identified non usable assets. These assets had a gross value ₹15.37 lakhs and net value of ₹0.07 lakhs as on 1st April 2022.During the reporting period, KTTC has written off these non-usable assets and disclosed ₹ 0.07 lakhs as loss on value of fixed assets written off under Note 30-Exceptional Item.

62. With regard to the holding company, the quarterly reconciliation of stock statement of Keltron Equipment Complex, Karakulam given to Punjab National bank is below:

₹ in lakhs

Quarter ended	Nature of Current Asset	Amount as per financial Statement	Amount as per Stock Statement	Difference*
30-06-2022	Stock	3,388.66	3,388.66	-
	Debtors	7,030.43	7,030.43	-
30-09-2022	Stock	3,454.69	3,454.69	-
	Debtors	7,531.94	7,531.94	-
31-12-2022	Stock	3,650.16	3,650.16	-
	Debtors	7,996.94	7,996.94	-
31-03-2023	Stock	4,258.43	3,780.16	478.27
	Debtors	9,878.16	10,088.67	210.51

*Reason for Difference

(i) the difference in value of stock is due to 1) Subsequent accounting of GRIR in ERP and 2) Increase in valuation of WIP at the time of Finalisation of Accounts.

(ii) the difference in value of trade receivable is due to the fact that the un identified credits, subsequently identified and accounted at the year end.

63. The reconciliation of stock statement filed by the subsidiary company, KECL with Canara Bank,Valancherry is as below:

₹ in lakhs

Quarter ended	Nature of Current Asset	Amount as per financial Statement	Amount as per Stock Statement	Difference*
30-06-2022	Stock	470.44	470.44	-
	Debtors	1,141.91	1,141.91	-
30-09-2022	Stock	414.42	414.42	-
	Debtors	1,296.19	1,296.19	-
31-12-2022	Stock	621.91	621.91	-
	Debtors	1,310.97	1,310.97	-
31-03-2023	Stock	511.83	509.46	2.37*
	Debtors	1,019.95	1,016.71	3.24**

*Since the trading stock is slow moving it is not included in the statement submitted to bank

**Rectification during finalization.

64. 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.

65. Accrued Liability of KECL includes ₹2.03 lakhs 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.

66. In case of subsidiary company, KECL ,management noticed shortage of copper scrap valued at ₹ 7.12 lakhs 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.

67. 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 ₹11.03 lakhs against which an appeal was filed before the appellate Tribunal, Chennai by pre-depositing an amount of ₹3.50 lakhs. Matter is now pending before the Division Bench of CESTAT. The duty demanded is disclosed as Contingent Liability.

68. In case of KECL ,matching income of ₹ 0.60 lakhs is considered equivalent to depreciation on assets purchased and capitalized out of government grant for setting up of Transducer Project for financial year 2022-23 as per AS-12.

69. Plant and Machinery of KECL includes 203 moulds cost of which amounts to ₹140.74 lakhs. The WDV of the moulds held with third parties amounts to ₹58.25 lakhs as on 31st March 2023.

70. With regard to the holding company, the Board in its 259th meeting held on 22nd July 2021 approved the permanent closure of Keltron Marketing Office, Hyderabad. Further to the closure of Keltron Marketing Office, Hyderabad all future orders from Andhra Pradesh & Telangana states will be handled through Keltron Marketing Office, Bangalore. The branch audit of accounts of Keltron Marketing Office, Hyderabad is completed up to 31st March 2022 and all assets /liabilities were transferred to Keltron Marketing Office, Bangalore from 1st April 2022.

71. In respect of derivative contracts of KCCL, the premium paid, gain/losses on settlement are recognized in the Statement of Profit and Loss.

72. There are no proceedings initiated or pending against the holding/subsidiary companies for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

73. The Holding/Subsidiary company has not been declared as a willful defaulter by any bank or financial Institution or other lender.

74. The Holding/Subsidiary company has not received any fund from any persons or entities including foreign entities with the understanding (whether recorded in writing or otherwise) that the company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of funding party (ultimate beneficiaries) or provide any guarantee, security or like on behalf of the ultimate beneficiaries.

75. No charges or satisfaction is yet to be registered with Registrar of Companies beyond the statutory period.

76. There are no Scheme of Arrangements approved in terms of sections 230 to 237 of the Companies Act, 2013.

77. There are no transactions that are not recorded in the books of account to be surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

78. The Holding/Subsidiary Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

79. The Holding/subsidiary company has no transactions with companies struck off under Section 248 of Companies Act 2013 or Section 560 of the Companies Act,1956 based on the information with the company

80. 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

As per our report attached

Sd/-	Sd/-	Sd/-
For Isaac & Suresh,	**N.Narayana Moorthy**	**Sreekumar Nair**
Chartered Accountants,	Chairman	Managing Director
Firm Registration No. 001150S	DIN : 05251681	DIN: 10380526
Sd/-	Sd/-	Sd/-
CA.Sobha Sethumadhavan	**B.Bilu**	**CA Sreejan.A.S**
Partner,	Company Secretary	GM(Finance)(i/c)
Membership No. 225166		

Thiruvananthapuram
14th August 2024

UDIN: 24225166BKAIQC6890
Date: 10-09-2024

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 FOR THE YEAR ENDED 31 MARCH 2023

The preparation of the consolidated financial statements of **Kerala State Electronic Development Corporation Limited** for the year ended **31 March 2023** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) 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 **10 September 2024.**

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 2023** 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** and **Keltron Component Complex Limited** but did not conduct supplementary audit of the financial statements of **Keltron Electro Ceramics Limited, Keltron Rectifiers Limited*, Keltron Power Devices Limited*** and **Coconics Private Limited** for the year ended on that date. Further, section 139(5) and 143(6)(a) of the Act are not applicable to **Coconics Private Limited** being private entity for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this Company. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and

* Being defunct /non-working subsidiaries with NIL investment value.

is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. COMMENTS ON CONSOLIDATED PROFITABILITY
Statement of profit and loss for the year ended 31st March 2023
Profit/ (Loss) for the year: ₹2,736.50 lakh

The above is overstated by ₹1,822.08 lakh due to the following.

(i) Non-recognition of income tax liability amounting to ₹1,833.86 lakh for the years 2016-17 to 2022-23 pursuant to Government's approval (May 2020/ October 2022) for conversion of loans amounting to ₹9,050.18 lakh and interest accrued thereon amounting to ₹9,230.61 lakh outstanding as of 31-03-2016 into equity.

(ii) Non-provision of liquidated damages amounting to ₹62.88 lakh levied by Kerala State Electricity Board Limited for delayed implementation of Grid Tied Solar Power Plant project at Barapole.

(iii) Non-provision for non-moving and technologically outdated inventories amounting to ₹49.55 lakh which were manufactured against customized order from Directorate of Fisheries in November 2018.

(iv) Non-accounting of stipend reimbursable from Government of India under National Apprenticeship training scheme for the period 2018-23 amounting to ₹124.21 lakh.

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

Thiruvananthapuram
Dated: 16 -12-2024

PREETHI ABRAHAM
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

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Kerala State Electronics Development Corporation Limited

www.keltron.org