KELTRON®

52nd Annual Report
2023-24

Kerala State Electronics Development Corporation Limited
(A Govt.of Kerala Undertaking)

KELTRON House, Vellayambalam, Trivandrum-695 033
0471-2724444 www.keltron.org

52nd ANNUAL REPORT
2023-24

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

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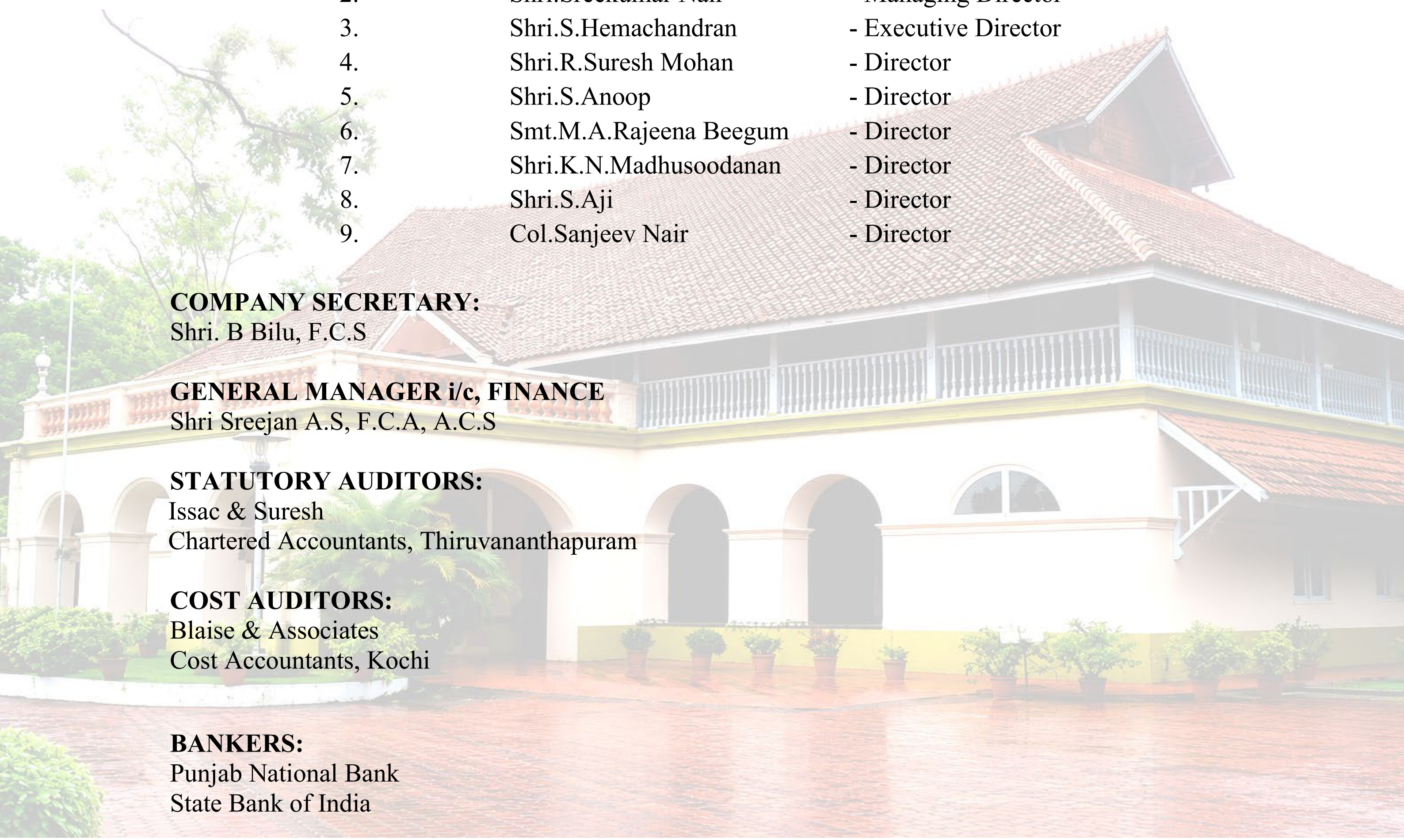
CORPORATE INFORMATION



Chairperson : Shri.N.Narayanamoorthy

Managing Director : Shri. Sreekumar Nair

Board of Directors (as on 31.03.2024):

Sl.No	Name of Director	Designation
1	Shri.N.Narayanamoorthy	- Chairperson
2.	Shri.Sreekumar Nair	- Managing Director
3.	Shri.S.Hemachandran	- Executive Director
4.	Shri.R.Suresh Mohan	- Director
5.	Shri.S.Anoop	- Director
6.	Smt.M.A.Rajeena Beegum	- Director
7.	Shri.K.N.Madhusoodanan	- Director
8.	Shri.S.Aji	- Director
9.	Col.Sanjeev Nair	- 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 Office:
Kerala State Electronics Development Corporation Limited
Corporate Office,KELTRON House,Vellayambalam Thiruvananthapuram,Kerala, India-695 033
CIN: U74999KL1972SGC002450
Email: keltron@keltron.org, Tel: 0471-2724444, 4094444
Fax: 0471-2724545
Website: www.keltron.org

FINANCIAL PERFORMANCE

I. Based on Balance Sheet

₹ In Lakhs

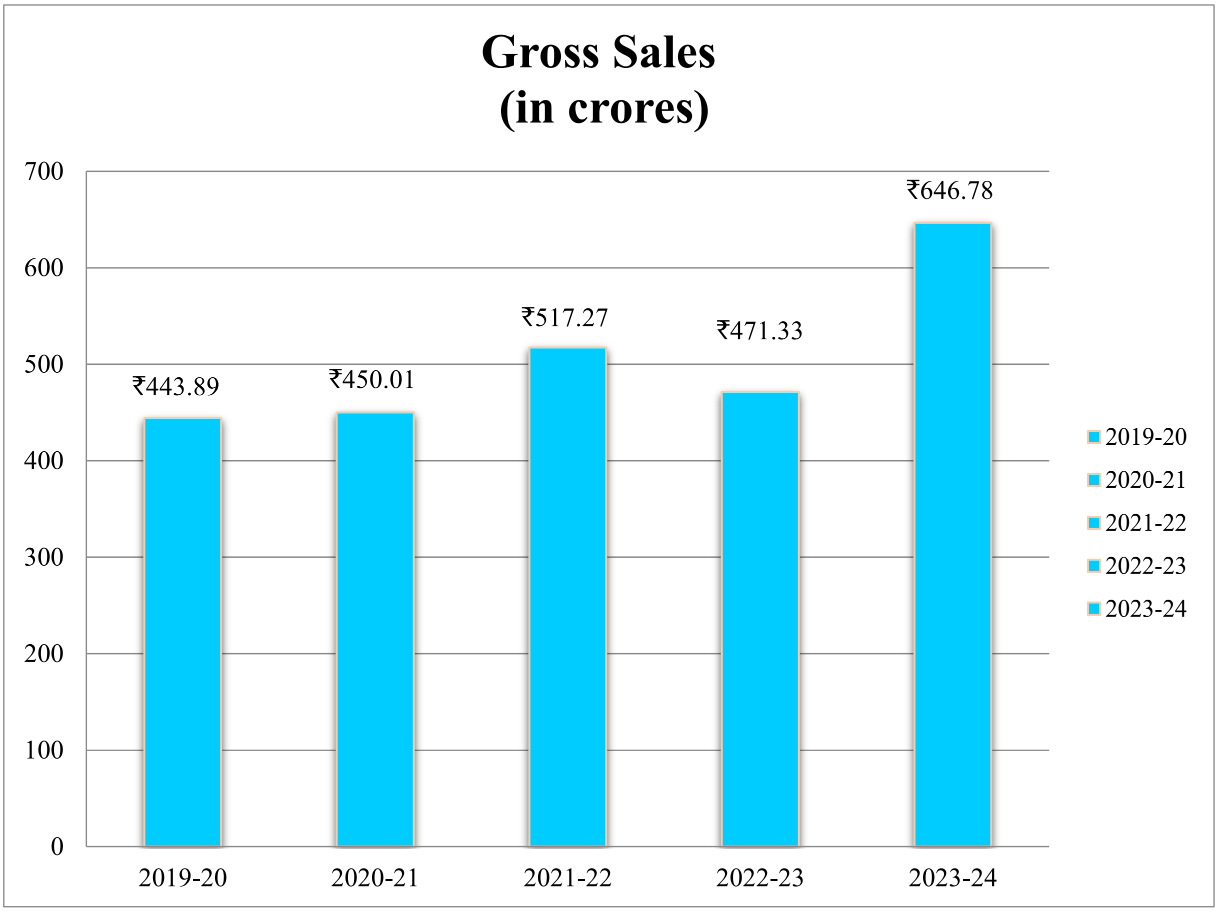
Balance Sheet	2019-20	2020-21	2021-22	2022-23	2023-24
Fixed Assets	2,785.10	2,759.90	2,996.89	3,851.40	3,874.50
Investments	3,272.94	3,272.94	3,205.44	3,464.11	3,509.87
Net Asset (Current &Non-Current)	18,350.23	18,591.99	22,661.53	26,379.78	30,190.18
Total	**24,408.27**	**24,624.83**	**28,863.86**	**33,695.29**	**37,574.55**
Share Capital	20,355.18	20,355.18	20,355.18	37,385.98	37,385.98
Share Money Pending Allotment	17,030.80	17,030.80	17,030.80	-	-
Reserves & Surplus	(19,757.45)	(19,423.30)	(14,954.86)	(12,697.46)	(11,232.42)
Loan Funds	6,779.74	6,662.15	6,432.74	9,006.77	11,420.99
Total	**24,408.27**	**24,624.83**	**28,863.86**	**33,695.29**	**37,574.55**

II. Based on Statement of Profit & Loss

₹ In Lakhs

Statement of Profit & Loss	2019-20	2020-21	2021-22	2022-23	2023-24
Net Sales	44,389.50	45,001.05	51,727.49	47,133.36	64,678.22
PBEI*	491.99	385.90	4,019.37	2,658.08	1,268.43
Profit before taxation	523.36	334.14	2,910.95	2,131.68	1,232.28
Profit after taxation	523.36	334.14	4,468.45	2,257.40	1,465.04
Earnings Per Share	2.57	1.64	21.95	10.56	3.92
Net Sales	44,389.50	45,001.05	51,727.49	47,133.36	64,678.22

* Profit/(Loss) Before Exceptional/Extra Ordinary Items


Gross Sales
(in crores)
700
600
500
400
300
200
100
0
₹443.89
₹450.01
₹517.27
₹471.33
₹646.78
2019-20
2020-21
2021-22
2022-23
2023-24
2019-20
2020-21
2021-22
2022-23
2023-24

Kerala State Electronics Development Corporation Limited

DIRECTORS' REPORT 2023-24

To
The Shareholders

Your Board of Directors have immense pleasure in presenting the 52nd Annual Report of your Company together with Audited Accounts for the year ended 31st March 2024.

FINANCIAL RESULTS

During the year under review, the Company registered a turnover of ₹64,678.22 lakhs as against ₹47,133.36 lakhs during the previous year. The operating profit for the year under review was ₹2,936.72 lakhs as against ₹3,967.81 lakhs during the previous year but posted a net profit of ₹1,465.04 lakhs against ₹2,257.40 lakhs in the corresponding previous year.

Financial results of the Company for the year 2023-24 and the year 2022-23 are given below:

Particulars	**(₹ in lakhs)**	
	2023-24	**2022-23**
Net Sales	64678.22	47,133.36
Gross Operating Profit (EBIDTA)	2936.72	3,967.81
Less:		
1. Financing Charges	1196.13	931.55
2. Depreciation	472.16	378.18
Profit (Loss) for the year	1268.43	2,658.08
Extra ordinary /exceptional	(36.15)	(526.40)
Profit/Loss before Taxation	1232.28	2,131.68
Provision for Income Tax	-	-
Deferred Tax Adjustment	232.76	125.72
Profit /Loss after Taxation	1465.04	2,257.40
Brought forward Loss	(12,726.96)	(14,984.36)
Balance (Loss) carried to Balance Sheet	(11,261.92)	(12,726.96)

During the Financial Year 2023-24, though there was an increase in Revenue, the reduction in bottom line is owing to the change in revenue mix as compared to the corresponding previous financial year. Moreover, there was an increase in Employee Cost due to the inclusion of an ascertained liability on account reassessment of terminal benefits due to pay revision 2012-2017.

Further, the Finance cost of the company has also been increased due to the increase in credit exposure due to enhanced level of operation.

Notable Achievements during the Financial Year 2023-24

During the financial year 2023–24, the Company delivered a robust financial and operational performance in terms of turnover and profits. The Company registered substantial growth in order booking reflecting strong business momentum. This performance was driven by its diversified operations spanning IT solutions, smart city and intelligent traffic management systems, defence and strategic electronics, power electronics, security and surveillance, and software development. Key achievements during the year include successful execution of large-scale projects such as smart classrooms and Tablet PCs in Tamil Nadu and Orissa. Implementation of smart city and traffic enforcement systems, and supply of critical electronic systems to prestigious national missions including Gaganyaan and Chandrayaan-3. The Company also executed significant orders for defence and nuclear sectors, including supplies to organizations such as NPCIL, DRDO, the Indian Navy etc.

Further, the Company strengthened its technological capabilities through modernization of manufacturing facilities, investment in infrastructure, and advancement in emerging areas such as AI, IoT, and e-governance solutions. These initiatives, along with continued focus on indigenous manufacturing and innovation, have reinforced the Company's position as a leading public sector enterprise in the electronics and technology domain. Furthermore, the Corporation is actively positioning Kerala as a regional electronics hub, having submitted a feasibility study for a Semiconductor Fab and High-Tech Park. This multifaceted success reflects KELTRON's commitment to national strategic sectors, including defense, space, and power electronics.

CAPITAL STRUCTURE

As on 31.03.2024 the authorized capital of the company stood at ₹37,500.00 Lakhs and paid-up capital at ₹37,385.98 Lakhs.

LOANS AND BORROWINGS

During the year the secured loans increased from ₹3,973 lakh to ₹5,987 lakh and the unsecured loans stood at ₹5,434 lakh. The Company was having fund-based credit facility of ₹2,000 lakh and non-fund-based Credit facility of ₹2,000 lakhs with Punjab National Bank and was having loan from KFC to the extent of ₹945 lakhs for meeting its working capital requirement. Further the company availed various project specific working capital loans from KSIDC to the extent of ₹1,450 lakhs.

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 ₹23.37Crores by way of duty, taxes and other levies.

SUBSIDIARY COMPANIES

Keltron Component Complex Limited, Kannur

Notable achievements during the Financial Year 2023-24:

1. In Financial year 2023-24, KCCL achieved a record Turnover of ₹9,941.55 lakhs with a Net Profit of ₹370.49 lakhs. After a long period, company's Net worth became positive (₹636 lakhs) in 2021-22. The net worth of the Company for the FY 2023-24 is ₹1,968 lakhs.

2. KCCL is approved for the Production Linked Incentive (PLI Incentive) Scheme of the Central Government. KCCL is one of the 32 companies in India approved for PLI Scheme. KCCL received ₹78 Lakhs as first year PLI Incentive from MeitY, Government of India.

3. KCCL is approved for the M-SIPS Incentive (Modified Special Incentive Package Scheme of Government of India) Scheme of the Central Government.

4. The net CSR expenditure for the financial year 2023-24 is calculated as ₹6.38 Lakhs. The CSR amount was spent during the financial year 2024–25 towards the approved CSR activities of the Company.

5. Government of Kerala invested ₹1722 lakhs as Equity investment in KCCL (Government's Equity in KCCL) during 2021-22 to 2023-24.

Financial Results of the Company for the years 2023-24 & 2022-23 are given below:

	(₹ in Lakhs)	
	2023-24	**2022-23**
Net sales	9,941.55	9,198.39
Other income	305.62	244.13
Total income	**10,247.17**	**9,442.52**
Gross operating profit	**1,143.38**	**1,182.52**
Less:		
1.Financing charges	555.82	530.13
2.Depreciation	142.17	96.37
Profit for the year	445.39	556.02
Extra ordinary income		
Profit before taxation	445.39	556.02
Provision for Income Tax/Deferred Tax	(74.90)	(92.81)
Profit after taxation	**370.49**	**463.21**
Brought forward loss	(3,707.56)	(4,170.77)
Balance(loss) carried to Balance Sheet	(3,337.07)	(3,707.56)

Keltron Electro Ceramics Limited (KECL), Kuttipuram

During the year 2023-24, KECL could achieve a sales turnover of ₹2,952.47 Lakh. The Company sold 154 pcs. of Token Display units, 82 pcs. of UPS/Power Backup Systems and 3983 pcs. of Transducers. The profit / (loss) after tax during the year was ₹416.35 Lakhs against the profit of ₹135.24 Lakhs during the previous period.

The Company has already started the production of Small Capacity UPS, for which there are requirements from various customers including holding company KSEDC. Our company 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 ₹90 crores over the last few years for major customers like NPOL – Kochi, BEL – Bangalore, NIOT – Chennai, BDL – Vizag, NSTL – Vizag and IIT – Delhi. 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 enhance the profit margin.

Financial Results of KECL for the years 2023-24 &2022-2023 are given below:

	(₹ in Lakhs)	
	2023-24	**2022-23**
Net sales	3,018.76	1708.40
Other income	28.57	8.66
Total income	**3,047.33**	**1717.06**
Gross operating profit	**766.99**	**305.13**
Less:		
1.Financing charges	127.55	107.31
2.Depreciation	52.15	48.15
Profit for the year	587.29	149.67
Extra ordinary income		
Profit before taxation	587.29	149.67
Profit for Income Tax/Deferred Tax	(170.94)	(14.43)
Profit after taxation	**416.35**	**135.24**
Brought forward loss	(165.90)	(301.14)
Balance(loss) carried to Balance Sheet	250.45	(165.90)

KSEDC BOARD OF DIRECTORS

No Director was appointed during the year or ceased from Directorship during the year.

NUMBER OF BOARD MEETINGS:

The company has convened 5 Board Meetings (29/05/2023, 09/08/2023, 25/11/2023, 16/02/2024, 27/03/2024) 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 takes appropriate action on the basis of comments given in Statutory Auditors Report and Internal Audit Report.

As on 31.03.2024 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

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 2023-24.

HUMAN RESOURCES:

In the FY 2023-24, 20 employees retired from the service on attaining superannuation. Total staff strength as on 31.03.2024 was 666 which includes 89 employees recruited during the year (59 persons on Regular basis & 30 persons on Contract basis). Company recognizes that key resources for achieving high levels of excellence are its people who need to be motivated and developed. During FY 2023-24, training was imparted to approximately 496 employees (all category of employees) through different training programs and promotion given to 56 officers creating immense goodwill and motivation among employees.

Compliance with Prevention of Sexual Harassment at Workplace (POSH) Act 2013.

a. Number of Sexual Harassment complaints received during the year – NIL
b. Number of such complaints disposed of during the year – N.A
c. Number of cases pending beyond 90 days – N.A.

Maternity Benefit Act Compliance:

The Company is committed to providing a supportive environment for its women employees. In accordance with the provisions of the Maternity Benefit (Amendment) Act, 2017, the Company provides 26 weeks of paid maternity leave to eligible employees. During the financial year under review, the Company has complied with all statutory requirements regarding maternity benefits. There were no complaints filed or pending regarding the non-payment or denial of maternity benefits during the year.

Employee demographics (Gender breakdown)

a. Male - 406
b. Female - 260
c. Transgender - 0

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 to reply the applications received under RTI.

PARTICIPATIVE MANAGEMENT

The Company believes in participative management. The rich experience and expertise of its officials were fully utilized by participating them in the decision-making process. In order to realize this, wide delegation has been given to different levels of officers across the country at Unit level. At head office also, the committee concept is used, and the decision making has been very transparent. However, to ensure objectivity and fairness, checks and balances through various Internal Control and Audit procedures have been put in place.

PERSONNEL:

The Industrial Relations in the Company have been cordial throughout the year. There were no employees in receipt of remuneration as prescribed by 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

During the Financial Year 2023-24 the Mandatory CSR spent was ₹35.85 Lakhs and the amount expended as CSR was ₹32.56 Lakhs. The unspent portion of ₹3.29 Lakhs was set off by the excess spend during the previous years. 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 were 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 were 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 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 cooperation extended by the Government of Kerala, Board for Public Sector Transformation (BPT) 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
CHAIRPERSON

Thiruvananthapuram
Dated: 25.04.2026

ANNEXURE - TO DIRECTORS' REPORT 2023-24

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;	**KEC** - As part of conservation of energy, LED lights are being used in the plant. As part of protecting our ecosystem, ensures all measures of limiting environmental pollution in our campus. For implementing Energy Conservation KEC use improved insulation, and energy-efficient motors for machineries. **KCA-** Only BLDC Fans will be purchased (Ceiling and Pedestal) and KCA have installed 49 Nos. BLDC Fans. **ITBG-** The company has undertaken several measures to conserve energy, including replacement of conventional lighting with energy-efficient tube lights, upgrading ceiling and wall fans, upgradation of UPS and other Batteries and ensuring proper AMC of required electrical/electronics machines and maintenance of infrastructure to optimize energy usage. **KLD –** Keltron Lighting Division has taken continuous measures to conserve energy in its operations. Regular monitoring of power consumption is carried out, and necessary steps are taken to optimize energy usage in manufacturing and administrative facilities. Energy-efficient lighting systems and equipment are being used wherever feasible, and employees are encouraged to follow energy conservation practices.

(ii) the steps taken by the company for utilising alternate sources of energy;	**KEC-** Use 80KVA online UPS back up with tubular batteries as an alternate energy source for EMS facility. **KCA-** Proposals pending for Solar Energy/Panel installation. **ITBG-** The organization is actively exploring and implementing alternate energy initiatives such as expansion of solar power utilization and increasing green cover through tree plantation to reduce ambient temperature and dependence on air conditioning. **KLD**- Keltron lighting Division is exploring the feasibility of utilizing alternative and renewable sources of energy, for its operations wherever technically and economically viable.
(iii) the capital investment on energy conservation equipments.	**KEC-** Online UPS and Solar Pump Controller **ITBG-** An approximate capital investment of ₹5 lakhs has been made towards procurement and installation of energy-efficient equipment as part of the company's energy conservation efforts. **KLD**-During the financial year, no significant capital investment was specifically for energy conservation equipment.

2) Technology Absorption : (i) the efforts made towards technology absorption;	**KEC -** Implementing state-of-the-art reflow and wave soldering machineries is a highly effective strategy for shifting from manual to machine-oriented PCB population, resulting in a significant reduction in labour hours and increased production efficiency. **KCA-** Developed "**Electro-Optic Transceivers and Optical Sync distribution system**" for DRDO (NPOL, Kochi) during 2024-25. It is an optical synchroniser used in Sonar systems. KCA is expecting orders about ₹1 Cr in next financial year **ITBG-** IoT Lab Facilitation Established and facilitated IoT (Internet of Things) Labs to strengthen Cyber security Initiatives. • In the process of obtaining CMMI Level 5 certification. • Enhanced credibility in handling large-scale government and enterprise IT projects • Strengthened in-house capability in emerging technologies **KLD**- Keltron Lighting Division has been making continuous efforts to absorb and adopt new technologies for improving product quality and operational efficiency. During the year, Technology Transfer from C-DAC for the Dhwani Hearing AIDS started.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	**ITBG-**NIL **KLD**- Adoption of new technologies has helped the Keltron Lighting Division in product development, improvement in product quality and enhancement of manufacturing capabilities.
(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;	Nil/Not Applicable
(b) the year of import;	Nil/ Not Applicable
(c) whether the technology been fully absorbed;	Nil/ Not Applicable
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	Not Applicable
(iv) The expenditure incurred on Research and Development.	Nil
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	NIL
a) Foreign exchange earnings	₹23.65 Lakhs
b) Foreign exchange outgo	
i. CIF value of imports	₹1829.93 Lakhs.
ii. Others	₹6.90 Lakhs.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY FOR THE FINANCIAL YEAR 2023-24

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 267th 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:
₹1,792.5 Lakhs

IV. Prescribed CSR Expenditure:
₹35.85 Lakhs

V. Details of CSR spending during the financial year:

a) Total amount to be spent for the financial year: **₹35.85Lakhs**
b) Amount un-spent if any: **₹3.29 Lakhs**

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SN.	CSR Project or activity identified	Sector in which the project is covered	District where projects or Programs was undertaken	Amount outlay (budget) project or program-wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1.	To National Association for the Blind (NAB)(Solar Power Plant)	Ensuring Environmental Sustainability	TVPM*	₹3,81,209	₹3,81,209	₹3,81,209	Directly
2.	To Karakulam Gram Panchayth (CCTV Cameras)	Promoting Rural Development Projects	TVPM*	₹2,00,000	₹2,00,000	₹2,00,000	Directly
3.	To KELTRAC (Language Lab & IT Testing Lab)	Promoting Education including Special education & Employment enhancing vocational skills	TVPM*	₹11,00,000	₹11,00,000	₹11,00,000	Directly
4.	To Gothrayanam (Kottoor Adhivasi Settlemet Area Project) (Computer Padhana Kendram & Solar Inverter)	Promoting Rural Development Projects	TVPM*	₹7,75,000	₹7,75,000	₹7,75,000	Through implementing agency The Lions international
5.	To Hearing Aid Donation	Promoting Health Care	TVPM*	₹5,00,000	₹5,00,000	₹5,00,000	Directly
6.	To Public Library,Pulinkunnu Grama Panchayat.	Setting up public libraries	TVPM*	₹1,50,000	₹1,50,000	₹1,50,000	Directly

7.	To Hilly Aqua-Pakaged Drinking Water of KIIDC	Making available safe drinking water	TVPM*	₹50,000	₹50,000	₹50,000	Directly
8.	To CUSAT students union distribution of menstrual cups in 3 campuses under CUSAT	Sanitation	TVPM*	₹99,000	₹99,000	₹99,000	Directly

*Thiruvanathapuram

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: 25.04.2026

ANNEXURE TO DIRECTORS' REPORT 2023-24

Form No.MGT-9

EXTRACT OFANNUAL RETURN AS ON THE FINANCIALYEAR ENDED ON 31.03.2024
[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:-

SN	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	23
2	Trade – Retail Trading	DIVISION 47 4741	4
3	Information and communication – Other information & communication service activities	DIVISION 61,63 6190 6399	67
4	Professional, Scientific and Technical – Other professional, scientific and technical activities	DIVISION 70,74 74909	4
5	Education	DIVISION 85 8550	2

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	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**	**99.35**	**2(87)**
3.	**COCONICS PRIVATE LIMITED**	**U30001KL2018PTC055194**	**Associate**	**28.5**	**2(6)**
4.	**KELTRON KRASNEY DEFENCE SYSTEM**	**U84220KL2023PTC081678**	**Associate**	**49**	**2(6)**
5.	**ASSOCIATION FOR DRONE AVIATION**	**U71200TN 2024NPL169765**	**Joint venture**	**5**	**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**	**36,985,974**	**36,985,974**	**98.93**	**0**	**36,985,974**	**36,985,974**	**98.93**	**0**
d) Bodies Corp	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub total (A)(1):-	**0**	**36,985,974**	**36,985,974**	**98.93**	**0**	**36,985,974**	**36,985,974**	**98.93**	**0**
2) Foreign									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	0
h) Other-Individuals	0	0	0	0	0	0	0	0	0
i) Bodies Corp.	0	0	0	0	0	0	0	0	0
j) Banks / FI	0	0	0	0	0	0	0	0	0
k) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total(A)(2):-	0	0	0	0	0	0	0	0	0
B. Public Shareholding									
1. ***Institutions***									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0

e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(1)	0	0	0	0	0	0	0	0	0
2. Non Institutions									
a) Bodies Corp. **Indian:** **Overseas:**	**0**	**4,00,000**	**4,00,000**	**1.07**	**0**	**4,00,000**	**4,00,000**	**1.07**	**0**
i) Individuals (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	**0**	**2**	**2**	**0**	**0**	**2**	**2**	**0**	**0**
j) Others(Specify)	0	0	0	0	0	0	0	0	0
Sub-total(B)(2)	**0**	**400,002**	**400,002**	**2**	**0**	**400,002**	**400,002**	**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**	**37385976**	**37385976**	**100**	**0**	**37385976**	**37385976**	**100**	**0**

ii.*Shareholding of Promoters*

SN	**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 shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1.	State	36,985,974	98	0	36,985	98	0	**0**
	Total	**36,985,974**	**98**	**0**	**36,985**	**98**	**0**	**0**

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

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

SN		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	36,985,974	98.93	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):				
	At the End of the year			36,985,974	98.93

V. INDEBTEDNESS FY 2023-24

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	₹39,73,11,531	₹50,33,65,843		**₹90,06,77,374**
ii) Interest due but not paid	₹37,61,876	₹29,30,83,959		**₹29,68,45,835**
iii) Interest accrued but not		₹11,41,26,910		**₹11,41,26,910**
Total (i+ii+iii)	**₹40,10,73,407**	**₹91,05,76,712**		**₹1,31,16,50,119**
Change in Indebtedness during the financial year - Addition - Reduction	₹20,14,21,365 (20,43,480)	₹4,00,00,000 ₹5,87,82,964		₹24,14,21,365 ₹5,67,39,484
Net Change	**₹19,93,77,885**	**9,87,82,964**		**₹29,81,60,849**

Indebtedness at the end of the financial year				
i) Principal Amount	₹59,87,32,896	₹4,33,65,843		**₹1,14,20,98,739**
ii) Interest due but not paid	₹17,18,396	₹35,18,66,923		**₹35,35,85,319**
iii) Interest accrued but not due		₹11,41,26,910		**₹11,41,26,910**
Total (i+ii+iii)	**₹60,04,51,292**	**₹1,00,93,59,676**		**₹1,60,98,10,968**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN	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, (CMD) ₹16,11,133 Shri. Sreekumar Nair (MD) ₹1,34,000 Shri. S. Hemachandran (Executive Director) ₹9,89,250		₹16,11,133 ₹1,34,000 ₹9,89,250
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - Others, specify…			
5.	Others, please specify			
6.	**Total(A)**	**₹27,34,383**		**₹27,34,383**
	Ceiling as per the Act			

B. Remuneration to other directors:

SN	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 ₹15,200 Adv.S. Aji ₹10.000					₹15,200 ₹10,000
	Total(2)	₹25,200					₹25,200
	Total(B)=(1+2)	₹25,200					₹25,200
	Total Managerial Remuneration						
	Overall Ceiling as per the Act						

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2)Income-tax Act,1961 (c)Profits in lieu of salary under section 17(3)Income-tax Act,1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission - as % of profit -others, specify…	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
Total		NIL	NIL	NIL	NIL

VII. PENALTIES/ PUNISHMENT/COMPOUNDING OF OFFENCES:

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

MANAGEMENT'S RESPONSE TO THE COMMENTS OF STATUTORY AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENT OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LTD. FOR THE YEAR 2023-24

SN	Comments of Statutory Auditor	Management's Response
	Basis for Qualified Opinion	
1.	**Other Long-Term Liabilities (Note:4) & Other Non-Current Assets-(Note 13)**	
1.	Trade payables as per Note No. 4 "Other long term liabilities" includes ₹731.57 lakhs and trade receivables as per Note No.13 'other non-current assets' includes ₹1,979.47 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.	The classification of assets and liabilities into current and non-current has been done by the company in accordance with the provisions of Schedule III of the Companies Act, 2013. As observed by the Statutory Auditor, the Company has correctly classified Trade Receivable amounting to ₹1,979.47 lakhs as non-current and have included the same under Note-13 - Other Non-Current Assets. It may be noted that out of the above ₹1,236.72 lakhs pertain to Keltron Controls, Aroor (KCA), a unit engaged in the manufacturing of products for Defence sector. Wherein, they has considered the Normal Operating Cycle as 1(one) year and accordingly have classified trade receivable outstanding beyond one year as non-current. Further, an amount of ₹542.35 lakh included in trade receivable (non-current) pertains to Keltron Marketing Office (KMO)-Mumbai, being the amount retained by our customer, M/s.Western Railway as per the terms of the contract. Regarding Trade Payables, ₹194.44 lakhs and ₹414.24 lakh pertains to KMO-Chennai and Delhi respectively. These units have classified

SN	Comments of Statutory Auditor	Management's Response
		disputed/unclaimed Trade Payables having ageing of more than 3 years as non-current.
2	**Other long term liabilities, Trade payables and Other Current liabilities(Note No.4 , Note No.7 and Note No.8)**	
2.1	Company is showing a closing balance of ₹731.57 lakhs as "Trade Payables" under long term liabilities (Note 4) and ₹53,634.23 lakhs as trade payables under current liabilities (Note 7) totalling to ₹54,365.80 lakhs. These Trade Payables includes amounts outstanding for more than three years amounting to ₹691.25 lakhs (excluding disputed dues to MSME ₹12.29 lakhs) and ₹11,486.88 lakhs under Note 4 and Note 7 respectively. As per the report of branch auditors, confirmation of balances for trade payables outstanding for more than three years are not available for verification in respect of ₹8,011.22 lakhs. Hence we are unable to comment on the existence and completeness of these liabilities. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.	The Company follows a system of obtaining confirmation from Trade Payable for major suppliers/partners and the differences if any are reconciled. As the Trade Payable includes the suppliers of components as well, it is very difficult to obtain confirmations from all suppliers considering the nature of business of the Company. However, in future we will take necessary steps to obtain confirmation from our suppliers.
2.2	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 ₹1,066 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	Interest accrued on Government Loan disclosed under Note 4 – 'Other Long-Term Liabilities' comprises of the following: (i) ₹251.90 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 ₹7,200.18 lakhs into 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

SN	Comments of Statutory Auditor	Management's Response
	Term Liabilities, since there is no clarity on the due date for repayment of Interest (Refer Note: 41 & 42).	represented before the 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. (ii) Regarding ₹889.37 lakhs, it is the interest accrued on Government loan aggregating to ₹7,187.56 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 ₹1,141.27 lakhs (₹251.90 lakh+₹889.37 lakh) as non-current on the assumption that the same is not repayable in the near future. This fact has already been disclosed under Note 41 and 42 forming part of Financial Statements for the year ended 31st March 2024.
2.3	With reference to the Note No. 4(1) and 7(1) of our financial statements disclosing ageing schedule of trade payables and 4(2) and 8(1) disclosing ageing schedule of sundry creditors – expenses, Company has not provided Interest on the principal amount remaining unpaid to suppliers and service providers registered under MSME Act amounting to ₹29,772.33 lakhs (Previous year ₹29,584.46 Lakhs). The accuracy and completeness of such balances are incapable of being ascertained in the absence of confirmations from concerned parties. Attention is also	As of 31st March 2024, certain dues to Micro, Small, and Medium Enterprises (MSMEs) have remained outstanding for more than 45 days. Although these amounts are outstanding in accordance with mutually agreed terms and no formal demand for interest has been received from the suppliers, the interest liability mandated by the MSMED Act, 2006, has not been provided for in these financial statements.

SN	Comments of Statutory Auditor	Management's Response
	invited to the Note No.50 in which company disclosed that interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements. 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.	Regarding filing of MSME-1, we will take necessary steps to file the same in years to come. This fact has already been disclosed in the Note 50 forming part of Financial Statements for the reporting period.
2.4	Other long term liabilities and other current liabilities includes an amount of ₹2,631.47 lakhs being advance from customers. The auditors of KCC and ITBG commented that advance from customers of those units includes amounts outstanding for more than three years amounting to ₹472.38 lakhs. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, the branch auditors of those units are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.	As observed by the statutory auditor, advance from customers amounting to ₹472.38 lakhs is outstanding for more than 3 years in the books of KCC and ITBG. Necessary steps have already been taken by the concerned units to reconcile these account balances and to settle the same against the corresponding Debtors Accounts.
3.	**Short term Borrowings (Note No.6)**	
3.1	Current portion of Government of Kerala loan to be disclosed under Current maturities of Long-term borrowings (unsecured) ₹505.76 lakhs. However, Company disclosed Government loan wholly due for payment amounting to ₹3,004.68 lakhs along with current maturity of Government	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'.

SN	Comments of Statutory Auditor	Management's Response
	of Kerala loan under Current maturities of Long-term borrowings (unsecured).	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 ₹3,510.44 lakh under Note 6 – 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 6(h)), which are forming part of Financial Statements for the year ended 31st March 2024.
3.2	Loan from Travancore Titanium Products Limited amounting to ₹12 lakhs and Malabar Cements Limited amounting to ₹360 lakhs and interest accrued on loan from Travancore Titanium products Limited amounting to ₹43.26 lakhs and interest accrued on loan from Malabar Cements Limited amounting to ₹367.44 lakhs are subject to confirmation from parties.	During the financial year 1999-2000, the company availed a loan of ₹12 lakhs for an interest of 14.53% from Travancore Titanium Products Limited. Later, the Government of Kerala, vide letter 32113/ H3/2003/ID dated 13th October 2003, directed the company to repay the loan with interest to the State Government and the same is pending to be settled The Government of Kerala vide GO (MS) No.146/2010/ID dated 30th March 2010 accorded sanction to the company to avail fund amounting to ₹800 lakhs from Malabar Cements Limited for the implementation of Mini Tool Room cum Training Centre at Kuttipuram. The above fund was released in the form of Investment in Equity to the extent of ₹400 lakhs and balance ₹400 lakhs as Loan with Interest @7%.The company repaid ₹40 lakhs on 30th June 2022 and hence the balance outstanding as on 31st March 2024 is ₹360 lakhs. Thereafter, an amount of ₹50 lakh has also been repaid and the balance outstanding as on date is ₹310 lakh. The correspondence with Malabar Cements Limited confirms the loan amount outstanding is available.
4.	**Short term provisions (Note No.9)**	

SN	Comments of Statutory Auditor	Management's Response
	Reference is invited to the Comments of the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the financial statements of the company for the year ended 31 March 2023 "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 for conversion of loans amounting to ₹9,050.18 lakhs and interest accrued thereon amounting to ₹9,230.61 lakh outstanding as of 31-03-2016 into equity" . As a part of relief measures, GoK had freezed interest payment of a loan from 2006-2007 to 2015-16 and the loan balance as on 31 March 2016 was ₹8,265.84 lakh. GoK further extended (17 June 2016) the relief till 2021 on a condition that the Company had to repay the principal in 10 annual instalments. The Company has not recognized the interest expense in the financial statements since 2006-2007. The Company, however, claimed interest and penal interest for the period 2016-17, 2017-18, 2018-19 and 2019-20 as expenditure for arriving taxable income for income tax purpose for the respective financial years without recognizing the same as expenditure in the financial statements. Income Tax Department has not allowed this interest claim for the financial year 2017-18 as the Company had not filed the same through income tax return. The Company filed appeal and the same is still pending. Claiming of interest has led to accumulated loss of ₹7,678.64 lakh as on 31 March 2020 and zero tax during the period 2020-21, 2021-22 and 2022-23 despite reporting an aggregate taxable income of ₹5,710.86 lakh during 2020-21 to 2022-23. Government of Kerala converted (18 October 2022) loan of ₹600 lakh, ₹1,250 lakh and ₹7,200.18 lakh (out of ₹8,265.84 lakh) and interest and penal interest aggregating to ₹9,231.61 lakh recognized by the Company in its books till 2006 to equity. The interest on the loan claimed by the company as a deduction during the period 2016-2020 is	The Government of Kerala had sanctioned interest freezing on Government Loan of ₹8,265.84 lakhs for the period from FY 2006-07 to 2015-16 vide GO (RT) No.1259/07/ID dated 24.09.07 and GO(MS)No.183/11/ID dt 26.08.11. It may be noted that Government of Kerala vide GO(MS) No.86/16/ID dt 17.06.2016 sanctioned the freezing of interest on the aforesaid loan up to financial year 2020-21 subject to the condition that the principal amount should be repaid in 10 annual instalments. The Company was not in a position to repay the 10 annual instalments and hence the interest on Government loan of ₹8,265.84 lakhs became a firm liability. Hence, during the assessment proceeding for the FY 2016-17 and FY 2017-18, Company claimed interest expense amounting to ₹5,204.99 lakhs as an eligible deduction from Taxable Income. Further, while filing the return income for FY 2018-19 and FY 2019-20 the company had claimed ₹1,466.27 lakhs and ₹1,486.03 lakhs respectively as a deductible expenditure in the Income Tax computation. However, the same was not recognized as an expense in the financial statements of the Company. As mentioned in Note-44 to the Financial Statements of the company had submitted a financial restructuring proposal to the Government of Kerala during the month of April 2018. The Government of Kerala vide GO(MS) No.53/2020/ID dated 15th May 2020 as amended vide GO(Rt) No:108/2022/ID dated 18th October 2022 had approved the conversion of Government loan of ₹7,200.18 lakhs, Government Grant of ₹600 lakhs and Interest accrued on Government loan amounting to ₹9,231.61 lakhs in to equity. The effective date of financial restructuring was fixed as 31st March 2020. With regard to Government loan amounting to ₹1,065.66 lakhs for which conversion has not been sanctioned, the company had accounted

SN	Comments of Statutory Auditor	Management's Response
	not actually a liability, as the government has converted the loan into equity. Hence the Company has no further liability in this regard and claiming of interest as deduction from 2016-17 to 2019-20 is not correct and liable for tax to the extent of ₹1,833.86 lakh. The C&AG had directed the company to make suitable accounting treatment in respect of the Comments of the Comptroller and Auditor General of India during the 2023-24. Company vide Note No.44 disclosed that" 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. Even though the company has claimed interest accrued on the aforementioned loans as an eligible deduction from Taxable Income, the Company did not recognize the interest expenses aggregating to ₹7,686.12 lakhs in the Financial Statements of the respective financial years. It may be noted that 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". However, company had not made provision for income tax during current year also which has resulted in overstatement of profit and understatement of liability to the tune of ₹1,833.86 lakhs.	₹471.17 lakhs as interest for the period from FY 2016-17 to FY 2019-20. 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. Even though the company has claimed interest accrued on the aforementioned loans as an eligible deduction from Taxable Income, the Company did not recognize the interest expenses aggregating to ₹7,686.12 lakhs in the Financial Statements of the respective financial years. It may be noted that appropriate treatment for interest accrued will be considered during the transition to Ind AS applicable with effect from the financial year 2024-25. As disclosed in Note No-56, the company has sufficient carry forward losses and unabsorbed depreciation and hence no provision for income tax was made during the financial year 2023-24.

SN	Comments of Statutory Auditor	Management's Response
	Further company vide Note No.56 disclosed that the company has claimed additional carry forward loss and unabsorbed depreciation of ₹1,837.78 lakhs for the financial years 2016-17, 2017-18, 2018-19 and 2019-20. After including the current year income of ₹204.86 lakhs the total carry forward unabsorbed depreciation and loss carried forward to future assessment year is ₹1,762.92 lakhs which is not correct in the light of above qualification. Company had not provided tax on income during current year since after adjusting the impact mentioned in para 20 of our audit report company's financial result will be loss.	
5.	**Property, Plant and Equipment and Intangible Assets (Note No.10)**	
	As reported by branch auditor of KMO, Chennai, company has not capitalized the Major renovation work happened in the company's own building during the month of August & September 2023 amounting to ₹8.96 lakhs which has resulted in overstatement of fixed assets and profit of the company.	With reference to the audit observation regarding the expenditure of ₹8.96 lakhs incurred at the KMO-Chennai it is clarify that the, works undertaken comprising electrical repairs, partition adjustments, and painting were necessitated to maintain the office premises in its existing operating condition. In accordance with AS 10: Property, Plant and Equipment issued by ICAI these costs do not result in an increase in the future economic benefits beyond the previously assessed standard of performance of the asset. As these expenditures relate to the day-to-day servicing and restoration of the facility rather than the creation of a new asset or a significant enhancement of the existing building's life, they have been appropriately recognized as revenue expenditure in the Statement of Profit and Loss.

SN	Comments of Statutory Auditor	Management's Response
6.	**Non-Current Investments (Note No.11)**	
	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) and associate Colonics private Ltd to the tune of 300.86 lakhs ((Previous year ₹260 lakhs). Book value per share of Keltron Component Complex Limited (KCCL) is ₹3.82 against face value of ₹10/- per share based on the Financial statements certified by the Managing Director (Subject to Board approval) as on 31st March, 2024 and the net worth of Coconics Private Limited is negative based on the audited financial statement of the company as on 31st March, 2023. Hence there is erosion in the net worth of these companies and there is diminution in the value of investments to the extent of ₹1,920.72 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 subsidiary and associate. However, the company has not made provision for the diminution of ₹1,920.72 lakhs and to that extent, the company has not complied with Accounting Standard: 13 resulting in overstatement of profit by ₹1,920.72 lakhs and understatement of short term provisions (Note:9) by ₹1,920.72 lakhs. Since the Audited financial statements of Coconics Private Ltd as on 31/03/2024 is not available for verification , we are unable to state whether there is any further improvements in the diminution in the value of investment.	Regarding the investment in Keltron Component Complex Ltd. (KCCL) it is submitted that KCCL is a going concern, and the Company expects that KCCL will continue to operate in the foreseeable future. KCCL is in the growth trajectory by setting up Super Capacitor Production Plant, R&D facility and modernization of existing production line. These initiatives will enable the Company to enhance the production capacity as well as the efficiency in production process. The company has considered the diminution in the value of investments in KCCL as 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 With regard to Coconics Private Limited (Coconics), the Associate Company under KELTRON Group, the net worth of the company was negative as 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 (MS) No.20/2023/ID dated 20th March 2023. During the financial year 2023-24, the equity investment of KELTRON in

SN	Comments of Statutory Auditor	Management's Response
		Coconics 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 have also been taken over by KELTRON. With these focused efforts turnaround of Coconics is foreseen. Recently, Coconics has bagged a prestigious order for the supply of laptops for a IT Service Company in the Republic of Zimbabwe. 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
7.	**Deferred tax assets**	
	Apart from previous year, during current year company had considered the unabsorbed carry forward losses relating to disallowances made in the assessments and pending on appeal before higher appellate authorities amounting to ₹1,727 lakhs while calculating the deferred tax asset. In the light of para No. 4 of our qualified opinion paragraph the same has resulted in overstatement of assets and profit of the company amounting to ₹538.82 lakhs.	As envisaged in Accounting Standarad-22 – 'Accounting for Taxes on Income', the Company has considered the timing difference on account of unabsorbed depreciation and carry forward losses amounting to ₹1,727 lakhs which can be set off against future taxable income. Accordingly, we have recognized Deferred Tax Asset amounting to ₹538.82 lakhs on unabsorbed depreciation and carry forward losses. Even though the unabsorbed depreciation and carry forward losses are on account of claims made during assessment proceedings and pending on appeal, the Company is confident of winning the appeals.
8.	**Long term loans and advances(Note No.12)**	

SN	Comments of Statutory Auditor	Management's Response
8.1	Investment pending allotment of ₹1,703.75 lakhs (Previous year: ₹1,744.61 lakhs) disclosed under Note: 12 "Long term loans and Advances" was made to subsidiary companies which are under liquidation (Keltron Rectifier Limited – ₹576.43 lakhs and Keltron Power Devices Limited – ₹1,127.32 lakhs). The company has stated reasons for non-provision of the above said investment pending allotment to subsidiary companies vide Note 43 (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 ₹1,703.75 lakhs. The non provision of the same has resulted in overstatement of profit and Long term loans and advances to the tune of ₹1,703.75 lakhs.	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 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 43(i) forming part of Financial Statement, the Hon.High Court of Kerala has ordered winding up of both the Companies. The Company 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.

SN	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 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 later it was submitted to Hon'ble High Court. The Project was not accepted by the Hon'ble High Court of Kerala. In January 2025, the Hon'ble Minster of Industries, Government of Kerala and The Secretary, Ministry of Electronics and Information Technology, Government of India had a meeting at Ernakulam, wherein the representatives of KELTRON and Centre for Materials for Electronics Technology (C-MET) were also present. In the meeting C-MET represented its requirement of about 5 acres of land at Thrissur for its expansion. It was deliberated that this 5 acres can be taken from the 12.19 acres of property in the name of KPDL/KRCL at Mulankunnathukavu, Thrissur which is adjacent to C-MET Thrissur Office and also that in the balance 7.19 acres a Joint Venture (JV) with KELTRON and C-MET for Sensor Manufacturing and Sensor Calibration facility be ventured. C-MET has given two DPRs for the above-mentioned proposals. KELTRON had sent the DPRs to Government of Kerala for approval and Government vide Go (Ms) No.39/2025/ID dated 05-05-2025, has accorded in-principle approval. After receiving the approval KELTRON had drafted a Scheme as per the specifications in the Companies Act, 1956 and filed before the Hon'ble High Court of Kerala. The Scheme submitted by the Company to the Hon'ble High Court of Kerala has been allowed on 11th December 2025. As per the Order, the Winding up Order of both KPDL and KRCL has been recalled and permitted to take over the possession of assets and liabilities from the Official Liquidator (OL). Accordingly, the

SN	Comments of Statutory Auditor	Management's Response
		documents with the OL have been handed over to the Company on 20th January 2026. As per the approved Scheme, 5 acres of land belonging to these subsidiary companies will be sold to C-MET for consideration (to be finalised based on valuation) and the remaining land of 7.19 acres will be taken over by KELTRON and will be used for setting up a common facility for sensor manufacturing, calibration and testing under the brand of KELTRON. This matter has already been placed in the 282nd Board Meeting held on 23rd January 2026 and approval has been accorded for the necessary way forward in this regard. In view of the above, no provision has been made in the books of accounts with respect to Investment pending allotment and long term loans & advances, however necessary book adjustments will be made in the coming years in which the assets/liabilities of KPDL and KRCL are brought into the books of KELTRON as per the approved Scheme.
8.2	Advance to subsidiary companies amounting to ₹1,264.30 lakhs (Previous year. ₹1,264.30lakhs) disclosed under Note: 12 "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: ₹850.67 lakhs). The company has stated reasons for non-provision of the above said advances to subsidiary companies vide Note No. 43 (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 ₹1,264.30 lakhs. To the extent of this non-provisioning of ₹1,264.30 lakhs, the profit of the company and Long term loans and Advances are overstated.	As mentioned in Management Response in para 8.1 above, the Scheme submitted by the Company has been sanctioned by the Hon'ble High Court of Kerala on 11th December 2025. As per the Order, the Winding up Order of both KPDL and KRCL has been recalled and permitted to take over the possession of assets and liabilities from the Official Liquidator (OL). As per the approved Scheme, 5 acres of land belonging to these subsidiary companies will be sold to C-MET for consideration (to be finalised based on valuation) and the remaining land of 7.19 acres will be taken over by KELTRON and will be used for setting up a common facility for sensor manufacturing, calibration and testing under the brand of KELTRON In view of the above, no provision has been made in the books of accounts with respect to Investment pending allotment and long term loans & advances, however necessary book adjustments

SN	Comments of Statutory Auditor	Management's Response
		will be made in the books of accounts in the coming year in which the assets/liabilities of KPDL and KRCL are brought into the books of KELTRON as per the approved Scheme.
8.3	In KMO, Kolkata, EMD from Contractor receivable ₹14.37 Lakhs (Net of provisions) are doubtful in nature and no confirmation of balances were provided to the branch auditors. Hence, as per the Branch auditors, the amount needs to be provisioned and accordingly the net profit for the financial year is overstated to that extent of ₹14.37 lakhs with overstatement of assets.	The balance outstanding with respect to Earnest Money Deposit receivable in the books of KMO-Kolkata as on 31st March 2024 is ₹31.65 lakhs. Out of which, they have identified non-collectable EMD's amounting to ₹13.27 lakhs and has accordingly created a provision against the same. Regarding the balance amount of ₹18.38 lakhs, the unit is confident that it will be able to recover the long outstanding EMD's and hence no provision has been made in the books of accounts as on 31st March 2024. However, the matter will be reviewed in the upcoming years and any adjustments in provisions will be made.
9.	**Other non current assets (Note No.13) and Trade Receivables (Note :15)**	
9.1	Auditors of KMO, Kolkata qualified that Trade Receivables balances of ₹2,564.49 Lakhs includes outstanding receivables of ₹2,550.86 Lakhs outstanding for more than three years which are doubtful in nature. In their opinion the debtors balances amounting to ₹ 2,550.86 Lakhs are doubtful of recovery and is required to be provisioned in the books of accounts. The net profit of the company for the financial year is overstated with corresponding overstatement of assets to the extent of ₹2,550.86 Lakhs	In response to the audit observation regarding trade receivables at the KMO-Kolkata, the unit is currently undertaking a comprehensive ageing analysis of all balances outstanding for more than three years. The KMO is in the process of evaluating the recoverability of these amounts on a case-by-case basis. Based on this assessment, an appropriate provision for doubtful debts will be recognized/write off in the financial statements in compliance with internal regulation and applicable accounting standards.
9.2	The units KCC, Monvila, KMO Mumbai , ITBG and KTTC, Kuttipuram is showing a closing balance of ₹57,034.01 lakhs as "Trade Receivables" in Note No. 13 &15 to the financial statements. The trade receivables	The Company has engaged an independent firm of Chartered Accountants to conduct a comprehensive evaluation of Trade Receivables outstanding for the period up to 31st March 2020. This

SN	Comments of Statutory Auditor	Management's Response
	include amount outstanding for more than three years amounting to ₹14,222.30 lakhs. The auditors of KCC Monvila, KMO Mumbai, ITBG and KTTC Kuttipuram had commented that the units have made a provision of ₹588.32 lakhs (after considering adjustment in corporate Office) in the books of accounts against the above trade receivables. The auditors of KLD, Mudadi commented that the total outstanding from trade receivables as on 31st March 2024 was ₹948.33 Lakhs. Out of above receivables, trade Receivable outstanding for more than 3 years reported to be ₹97.99 Lakhs, and 2 to 3 years ₹50.43 Lakhs and 1 to 2 years ₹181.91 Lakhs which altogether coming to around 35% of the total trade receivable as on the balance sheet date which is considered significant. Further they have observed that 57 receivable accounts, which have no transactions during the year with aggregate balances of ₹260.79 lakhs which constitutes 27% of the total trade receivables The auditors above units have not received any confirmation regarding the future realization of the above long outstanding receivables. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.	validation exercise is currently in progress. Upon finalization of the assessment and identification of specific irrecoverable balances, the Company will incorporate the necessary provisions in the financial statements to ensure compliance with applicable accounting frameworks and to reflect a true and fair view of the Trade Receivables. It may also be noted that, similar exercise for the period upto 31st March 2015 has been completed and necessary adjustments in Trade Receivable Account has already been incorporated. With regard to KLD, the majority of the pending receivables pertain to lighting projects executed under Government schemes, particularly those funded through MP/MLA Local Area Development Funds. In many cases, delays in realization are primarily due to: • Delay in allocation/release of funds to the executing departments • Treasury control procedures affecting timely disbursement of payments These are procedural and systemic delays, and not due to any dispute or deficiency in execution from our side. The Unit is continuously following up with the concerned authorities for the release of pending payments and are confident of recovery of these Trade Receivables. However, necessary steps may also be taken for provisioning/write unrecoverable Trade Receivables in the coming years.
9.3	The auditors of KEC had commented that the Unit is having a balance of ₹519.96 lakhs under Provision for Bad and Doubtful Debts as on	(i) The total debtors of KEC as on 31.03.2024 is ₹11,005.22 lakhs out of which debtors outstanding for more than 5 years is ₹2,766.24 lakhs.

SN	Comments of Statutory Auditor	Management's Response
	31.03.2024. This provision has been made for covering bad debts up to 2018. The balance of Sundry Debtors as on March 31, 2024 is ₹11,005.22 lakhs out of which debtors outstanding for more than 5 years is ₹2,766.24 lakhs. The total Sundry debtors includes debtors from SBU- IDCP amounting to ₹759.07 lakhs out of this ₹166.19 lakhs is outstanding for more than 5 years as on 31.03.2024. IDCP was phased out during FY 2021-22 and there is a clear uncertainty in recovery of these debtors. As the unit has not conducted an analysis of bad debts since 2018-19 and for the reasons mentioned above, the provision provided by the management is inadequate resulting in overstatement of Sundry Debtors and understatement of loss. Further Auditors of KEC commented that a total receipt of ₹163.15 lakhs which is yet to be identified is posted to miscellaneous debtors under Sundry Debtors. Since this amount is not reflected in corresponding debtors account, the correctness of party wise receivable is vitiated to such extent.	KEC has already made a provision of ₹519.96lakhs towards the non-current portion of the debtors as confirmed by the SBUs even if the outstanding debtor for more than 5 years is higher than the provision. (ii) Out of the balance amount of ₹8238.97 lakhs, 75% of which is related to last 4 years sales and the concerned SBUs are very confident in collecting the balance amount. (iii) Regarding IDCP debtors of ₹759.07 lakhs, the majority of the debtors are related to Election Commission, and the unit is confident in collecting those debtors. Hence, no provision has been created for the same. (iv) It may also be noted that, as mentioned above, the Company has engaged a firm of Chartered Accountant for reviewing the outstanding debtors for the period upto 31st March 2020 and the analysis is progressing. Based on the report of the firm, necessary provisions will be created. (v)Regarding the receipts in miscellaneous debtors, the unidentified bank receipts & GST TDS receivable are credited to miscellaneous debtors account and SBUs are following up with the customer. Once it is identified, it will be transferred to debtors account.
10.	**Inventories**	
10.1	As per the audit report of KMO, Bangalore, on physical verification, the stock item "24VDC" is not available at KMO, Bangalore which has resulted in overstatement of current assets and profit of the company by ₹0.78 lakhs	During the physical verification of inventory at KMO-Bangalore, the branch auditors noted that a stock item “"24VDC" having a value of ₹78,000 was not available for verification. The inclusion of this item

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		was an error in the Stock Statement. Necessary rectification of the stock statements was made during the financial year 2024-25. Adequate measures have been taken to ensure proper control over the storage and handling of inventory.
10.2	Auditors of KEC had commented that the inventory is not valued at NRV, wherever required by the management to determine the inventory value as per Accounting Standard (AS) 2 Valuation of Inventories. The inventory is disclosed at cost which is against the accounting policy of the company resulting in overstatement of inventory. The auditors had not quantified the value of overstatement. Total value of inventory of KEC amounts to ₹4,355.92 lakhs.	All units of the Company is following the uniform Accounting Policy with respect to the inventor, which is in line with the AS-2 issued by ICAI. In the case of KEC, certain procurement of materials is on order-to-order basis (like just in time purchase) for customized products/projects. Also, these materials are not in general nature, and it will be consumed exclusively for the project with in a short span.
10.3	Auditors of KLD commented that they have noticed non-moving hearing aid related raw material items of ₹18.6 Lakhs and lighting related raw material items ₹6.2 Lakhs were carried over from previous years without any movements under these items. Also Finished goods inventories of lighting related items amounting to ₹3.52 Lakhs were carried over from previous years without any movements. However, no provision against such non-moving items is made in the financial statements as of 31st March 2024, accordingly the closing stock of inventories and profit of the company is overstated by ₹28.32 lakhs.	Keltron Lighting Division participates in tenders for both hearing aid and lighting projects, where tender conditions typically require: • Availability of spares for a minimum period of five years • Provision of service support during warranty/AMC period Accordingly, certain inventory items categorized as non-moving are actually strategic spares maintained to meet contractual obligations. These items are being utilized gradually for service and warranty purposes. However, the division has initiated steps to: • Identify obsolete, damaged, and non-usable items • Process such items for appropriate disposal/scrapping as per applicable procedures

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		Hence, the inventory position needs to be viewed in the context of long-term service commitments and not purely based on movement during a single financial year.
11	**Cash and Cash Equivalents Note No -16**	
	The auditors of Keltron Communication Complex (KCC), Monvila had commented that "An amount of ₹84.93 lakhs credited in the bank account is not accounted in the books of accounts. As per the information and explanation given to us during our audit, the reconciliation relates to amounts received from trade debtors subsequently identified and accounted. Hence as on 31.03.2024, there is an understatement of Cash and Cash Equivalents by ₹84.93 Lakhs with corresponding overstatement of sundry debtors by same amount."	The unit KCC, Monvila manages multiple projects across Kerala involving various Panchayats, Municipalities, and Corporations. The collections are received from a wide range of sources. Due to the high volume and decentralized nature of these receipts, identifying the exact remitter (i.e., the specific local body) is often challenging. The continuous efforts are being taken by the marketing team at KCC to trace and identify the remitters. However, in certain cases, duplicate payments are also received, which are processed for refund upon verification. Any amounts that are subsequently identified are accounted for in the following financial year. An amount of ₹84.93 lakhs was credited to the Bank Accounts but was not recorded in the books of accounts during FY 2023-24. This amount has since been identified as receipts from Trade Receivable, duly reconciled, and accordingly recognized in the books of accounts during the financial year 2024-25.
12	**Short Term Loans and Advance- Note: 17**	
12.1	Advance to subsidiary companies of ₹329.50 lakhs disclosed under Note: 17-Short Term Loans and Advances, includes ₹129.98 lakhs (PY: ₹109.23 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-	As mentioned in para 6 above, the subsidiary company, Keltron Component Complex Ltd. (KCCL) is a going concern and the Company expects that KCCL will continue to operate in the foreseeable future.

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	recoverability of this advance of ₹129.98 lakhs. To this extent the profit of the company and Short Term Loans and Advances are overstated.	
12.2	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 ₹2,426.25 lakhs for the Assessment year 2007-08 to 2024-25, the Company's books of account shows the balance of ₹891.82 lakhs only. The Company did not account for the balance credit of ₹1,534.43 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. During current year, company credited a refund of ₹452.13 lakhs relating to Assessment Year 2022-23 even though the TDS accounted in the respective head is only ₹248.43 lakhs. This has resulted in understatement of short-term loans and advances amounting to ₹203.70 lakhs with corresponding overstatements of assets of the company.	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 issued to the Company in a timely manner, there is an understatement in the 'IT deducted Account' which is grouped under Note 17- Short term loans and advances and corresponding Trade Receivables under Note 15 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, 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 was reduced. As observed by the Statutory Auditors, this matter has already been disclosed by Note 57 forming part of Financial Statements.
12.3	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	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

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	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 17, the total advance paid to KELTRAC is ₹176.80 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 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 ₹176.80 lakhs.	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 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 ₹176.80 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.
12.4	KEC Karakulam Unit is having advances to suppliers for expense amounting to ₹15.80 lakhs which are still treated as advance even after	The KEC has booked all the expenses against the entire advance of ₹15.80 lakh during FY 2024-25.

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	the receipt of goods, causing an overstatement of asset and profit to the extent of ₹15.80 lakhs.	
13.	**Revenue from operation (Note No.19)**	
	Comment of auditors KLD, Mudadi is reproduced below: "We draw attention to Note A Significant Accounting Policies, PROFIT AND LOSS 1 (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 dispatches/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 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 standard which states that: Revenue from service transactions is primarily recognized as the service is performed, either by ***a.*** Completed service contract method or ***b.*** Proportionate completion method The division has recognized contract revenue of ₹589 lakhs (PY ₹544 lakhs) for the year ended 31st March 2024. Out of these,	In respect of lighting projects, KLD operates under Non-PMC guidelines, wherein: • Keltron provides technical sanction for the projects; • Project execution is carried out under the supervision of our technical team; • Project completion is certified internally by competent technical authorities within Keltron. Based on such technical certification, invoices are raised. It may also be noted that, obtaining completion certificates from legislative or administrative authorities may not always be feasible or appropriate, as such authorities may not possess the required technical expertise to certify project completion. Insisting on such certification could also impact compliance with Quality Management System (QMS) requirements. The current practice ensures that: • Revenue is recognized based on actual execution and technical validation of work; • Internal controls and technical verification mechanisms are in place. In view of the aforementioned technical control framework, it is submitted that the recognition of revenue for these projects is in strict

SN	Comments of Statutory Auditor	Management's Response
	revenues aggregating ₹264 lakhs (PY ₹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".	compliance with its established Accounting Policies and is in full alignment with the principles of AS-9 'Revenue Recognition' issued by the ICAI. The internal technical certification serves as an reliable basis for determining the completion of the performance obligation, ensuring that revenue is recognized only upon the actual delivery of services.
14.	**Expenses**	
14.1	Regular write off /write back of bad and doubtful debts / liabilities and provision for bad and doubtful debts and advances, Bank guarantee invocation income of ₹36.15 lakhs are classified as exceptional item and included and disclosed under Note No.28 though the items are the outcome of regular business transactions. We are of the opinion that the same should have been classified under Note. No.26 – "Other expenses".	Note 28 - Exceptional items include the write off/provisions of long pending trade receivable, advances, deposits, diminution in value of investment, for which separate disclosure is required to depict the performance of the Company in the normal operations for the reporting period. The disclosure of aforesaid line items under 'Exceptional Items' is due to the reason that, the effect of these items pertaining to operations of earlier years, which is long pending and having significant impact in the profitability of the reporting period. This 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'.

SN	Comments of Statutory Auditor	Management's Response
		This fact has also been disclosed in Note 28-Exceptional Items as foot notes.
14.2	As per Board Meeting Minutes 274/18 (Mn.No: 6218) and I No.276/21 (Mn.No: 6273) company approved the fixation of Pay & Allowance of Executive & Supervisory category employees of company and submission of proposal to the Government for revision of pay and allowances of Executive & Supervisory category employees for the period from 01.04.2017 to 31.03.2022 with all details as specified in Government Circular No.85/2023/Fin dated 24.08.2023. Company had not provided liability on account of arrears of Pay & Allowance of Executive & Supervisory category employees for the period 01.04.2017 to 31.03.2022 amounting to ₹1,962.74 lakhs. Since liability is confirmed and approved by Board and the company is paying interim relief provision need to be created for the same. If the liability is likely to occur and the amount can be reasonably estimated, it should be recorded in the accounting records. The non provision of same has resulted in overstatement of profit and understatement of liability by ₹1,962.74 lakhs.	The Company had vide letter KSEDC/CHR/GOVT/Pay Revision/(E&S)/2025/17 dated 14th February 2025 submitted the proposal for Wage Revision (2017-22) of Executives /Supervisory category employees. The net amount of commitment was estimated to be ₹1,758.82 lakh and as the proposal was under the consideration of Government no provision for the same was made in the books of accounts for FY 2023-24. A detailed note in this regard has been given in Note -61 to Standalone Financial Statements. In the 276th Board Meeting held on 29th January 2025(Item No-276/21(M No -6273), a detailed discussion on the proposal submitted by the consultant for pay revision of Executives /Supervisory category employees was made and the Board also noted that there would be an additional impact of ₹4 crores (approx.) owing to Gratuity of retired persons. Since, at the time of finalisation of Accounts/Audit of FY 2023-24, the matter of pay revision of Executive/Supervisory category of employees for the period 2017-22 was under the consideration of Government and in the matter of disbursement of arrears (including gratuity) was subject to the formulation of common policy framework, the Company has not given provision in the books of accounts for the FY 2023-24. This matter has also been disclosed under Note 61.
15.	**Contingent liability (Note No: 29)**	
15.1	Branch auditors of KMO, Mumbai commented that the company has defaulted in the payment to the MSME vendor viz Insight Business	Reference to the Note No.63 forming part of Financial Statements for the year ended 31st March 2024, the Company has terminated the

SN	Comments of Statutory Auditor	Management's Response
	Machines Pvt Ltd amounting to ₹104.98 lakhs as per Note 7 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 the 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 ₹1,825 Lakhs of which ₹1,457 Lakhs is shown as contingent liability as per Note No. 29 of the financial statements which includes the principal and the interest on the each of the several financial years. However, the branch has only set aside ₹153.67 lakhs as the provisions to be payable as a future liability. This provision together with payable, retention amount and security deposit comes to ₹368 lakhs. Therefore, we are unable to comment upon the impact of adjustments if any, on the financial statements of the Branch.	contract with M/s.Insight Business Machines Private Limited (Insight) by issuing Notice on 13th July 2020, owing to the non-compliance of terms and conditions of the Contract and the inordinate delay in execution of the project. Following the termination, they invoked the provisions of MSME Act and initiated proceedings before the Micro and Small Enterprises Facilitation Council. KELTRON successfully challenged the maintainability of the proceedings before the Hon'ble High Court of Mumbai which subsequently Orders the parties to resolve the dispute through Arbitration. In the ongoing Arbitration proceedings, the M/s.Insight filed its Statement of claim seeking outstanding payment, interest, damage, loss of business etc. and the Company has strongly countered the claim, demonstrating that they have failed to meet the contractual obligation resulting in delays in projects and loss of our reputation. The arbitration proceeding is currently in the final stage. In view of the above, the Company has rightly created provision of ₹153.67 lakh being the difference of basic claim amount as our ledger balances. Further, Contingent liability of ₹1,457 lakh (₹1,825 lakh - ₹368 lakh[amount as per the books including provision]) has also be disclosed in the Note No.29 (clause (l)) forming part of Financial Statement.
15.2	Reference is invited to Note No.29 of the financial statements where company had disclosed an amount of ₹4,588.20 lakhs on account of RP tech soft international legal case. As per Note No.68 company disclosed that RP tech soft international initiated arbitration against the Company during 2021 and the Hon'ble Arbitrator Justice (Retd.) KR.Udhayabhanu	Reference to the Note No.68 forming part of Financial Statements for the year ended 31st March 2024, RP Tech initiated arbitration against the Company during 2021 and the Hon'ble Arbitrator Justice (Retd) KR.Udhayabhanu was appointed and the Arbitration proceedings was conducted and concluded on 10th April 2023. The principal amount of

SN	Comments of Statutory Auditor	Management's Response
	was appointed as Arbitrator and the Arbitration proceedings was conducted and concluded on 10th April 2023. The principal amount of Arbitration Award was ₹ 2,818.19 lakhs with the addition of interest and other expenses aggregating to ₹4,588.20 lakhs in favour of RP Tech . Company filed application under section 34 of the Arbitration and Conciliation Act,1996 for setting aside of Arbitration Award before Hon Commercial court at Trivandrum. The matter is pending before court. Meanwhile, RP Tech has filed an Execution Petition before the Hon'ble Additional District Judge III Court, Thiruvananthapuram for attaching the properties of the Company which was allowed by the said Court on 12th June 2024. Against the attachment order, the Company preferred a Civil Review Petition before the Hon'ble High Court of Kerala and stayed the attachment proceedings. As per the instruction in the Order staying the attachment, the Company has paid an amount of ₹150 lakhs to RP Tech. As per the written representation received from the Standing Council of the company, it is not clear whether the company will be absolved from the liability fixed by the Arbitrator of ₹4588.20 lakhs. Company has only disclosed the same as a contingent liability and no provision made. In light of these discussions, we are unable to comment on the liability payable by the company.	Arbitration Award was ₹2,818.19 lakhs with the addition of interest and other expenses aggregating to ₹4,588.20 lakhs in favour of RP Tech. The Company filed application on 06th April 2023 to set aside the Arbitration Award before the Hon'ble Commercial Court at Thiruvananthapuram and the matter is still pending before the Court for disposal. It was also disclosed in the Note that Arbitration proceedings between the Company and BMC, Kolkata is simultaneously progressing and the Company is expecting positive outcome on this matter. In view of the above, the Company while finalizing the Financial Statement has rightly disclosed the aforesaid amount of ₹4,588.20 lakh fixed by Arbitrator the same as Contingent liability in the Note No.29 (clause – m) in the Financial Statements. However, nnecessary accounting entries and adjustments will be recognized in the books of accounts upon the final pronouncement of the Hon'ble Court and the conclusion of the ongoing BMC arbitration.
16	Reference is invited to the Note No. 47 to the financial statements in which company disclosed that "Credit balance in Trade Receivable Account amounts to ₹3,251.71 lakhs (Previous year:₹1,784 lakhs) and debit balance in Trade Payable Account amounts to ₹274.17 lakhs(Previous year : ₹255.25 lakhs) are subject to confirmation / reconciliation and consequent adjustments, if any, upon confirmation. The branch auditors had qualified that the credit balance in trade receivables are the unrecognized receipts in the bank accounts received from various debtors specifically ITBG where ₹2,629.12 lakhs relates to	It may be noted that ITBG had shown ₹3,069.06 lakhs as "Credit Balance in Trade Receivable" under Current Liabilities-Other Finance and Statutory dues. Out of which ₹2,629.12 lakhs relates to unidentified receipts from various debtors. The company has taken adequate measures to identify and reconcile the unidentified receipts in the books of ITBG.

SN	Comments of Statutory Auditor	Management's Response
	unrecognized receipts in the bank accounts received from various debtors over the years, major portion of this amount is outstanding for more three years and the accounts are non-operative without any transactions during the year. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.	
17	**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 primarily deals 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 risks and returns. 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-28 Exceptional Items.
18.	Company has conducted the cost audit up to the financial year 2020-21, and no cost audit has been conducted for the subsequent periods (2021-22 and onwards) as mandated by Section 148 of the Companies Act,	It may be noted that Cost Audit has been completed up to financial year 2021-22.The Cost Audit for financial year 2022-23 is progressing at units, and we have given necessary instructions to units to expedite

SN	Comments of Statutory Auditor	Management's Response
	2013, and the Companies (Cost Records and Audit) Rules, 2014. This may have an impact on the overall financial reporting and compliance status of the company with respect to cost audit.	the same. Further, we expect to complete the Cost Audit for the financial year 2022-23 by the end of April 2026.
19.	In respect of Units and KMO's audited by unit/KMO auditors, they have made certain qualifications. We have incorporated all material qualifications and qualifications which has impact upon the financials statements of the company under concerned paragraph of our audit report. Qualifications which are specific to the Unit or KMOs 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 respect of Annexure –I.	In the preparation of Standalone Financial Statement for the year ended 31st March 2024, 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.
20	We further report that:-	
	a) The aggregate effect of our qualifications described above in Point No 4, 5, 6, 7, 8, 9.1, 10.1, 10.3, 12.1, 12.3, 12.4 and 14.2, is that assets are overstated by ₹6,432.74 Lakhs, Liabilities are understated by ₹5,717.32 Lakhs, Profit / Reserves are overstated by ₹12,150.06 Lakhs.	Refer to the Management's Response to the respective observations stated above.
	b) Effect of our qualification numbers point 1 and 11 are overstatement of non current liabilities by ₹731.57 lakhs , non current asset by ₹1,979.47 lakhs and trade receivables by ₹84.93 lakhs with corresponding understatement of current liability by ₹731.57 lakhs , current asset by ₹1,979.47 lakh and cash and cash equivalents by ₹84.93 lakhs.	Refer to the Management's Response to the respective observations stated above.

SN	Comments of Statutory Auditor	Management's Response
	c) We are unable to determine the financial impact of the qualifications in points 2, 3, 9.2, 9.3, 10.2, 12.2, 13, 14.1, 15 to 19 in the absence of sufficient and appropriate details.	Refer to the Management's Response to the respective observations stated above.

For **Kerala State Electronics Development Corporation Limited**

Sd/-
N.Narayana Moorthy
Chairman.

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 2023-24

SN	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 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.	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".
2.	Trade payables as per Note No. 6 "Other long term liabilities" includes trade payables of holding company ₹731.57 lakhs and trade receivables as per Note No.15 'other non-current assets' includes trade receivables of holding company ₹1,979.47 lakhs (net of provision). Point no.7.1.3 and 7.1.1 of the guidance note on the Schedule III of Companies	The classification of assets and liabilities into current and non-current has been done by the holding company in accordance with the provisions of Schedule III of the Companies Act, 2013.

SN	Comments of Statutory Auditor	Management's Response
	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.	As observed by the Statutory Auditor, the Holding Company has correctly classified Trade Receivable amounting to ₹1,979.47 lakhs as non-current and have included the same under Note-15 - Other Non-Current Assets. It may be noted that out of the above ₹1,236.72 lakhs pertain to Keltron Controls, Aroor (KCA), a unit engaged in the manufacturing of products for Defence sector. Wherein, they has considered the Normal Operating Cycle as 1(one) year and accordingly have classified trade receivable outstanding beyond one year as non-current. Further, an amount of ₹542.35 lakh included in trade receivable (non-current) pertains to Keltron Marketing Office (KMO)-Mumbai, being the amount retained by our customer, M/s.Western Railway as per the terms of the contract. Regarding Trade Payables, ₹194.44 lakhs and ₹414.24 lakh pertains to KMO-Chennai and Delhi respectively. These units have classified disputed/unclaimed Trade Payables having ageing of more than 3 years as non-current.
3	**Other long term liabilities, Trade payables and Other Current liabilities(Note No.6 , Note No.9 and Note No.10)**	
3.1	Holding Company is showing a closing balance of ₹731.57 lakhs as "Trade Payables" under long term liabilities (Note 6) and ₹53,634.23 lakhs as trade payables under current liabilities (Note 9) totalling to ₹54,365.80 lakhs. These Trade Payables includes amounts outstanding for more than three years amounting to ₹691.25 lakhs (excluding disputed dues to MSME ₹12.29 lakhs) and ₹11,486.88 lakhs under Note 6 and Note 9 respectively. As per the report of branch auditors of the	The Holding Company follows a system of obtaining confirmation from Trade Payable for major suppliers/partners and the differences if any are reconciled. As the Trade Payable includes the suppliers of components as well, it is very difficult to obtain confirmations from all suppliers considering the nature of business of the Holding Company.

SN	Comments of Statutory Auditor	Management's Response
	holding company, confirmation of balances for trade payables outstanding for more than three years are not available for verification in respect of ₹8,011.22 lakhs. Hence we are unable to comment on the existence and completeness of these liabilities. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.	However, in future we will take necessary steps to obtain confirmation from our suppliers.
3.2	Other long term liabilities include interest accrued but not due on loans from Govt. of Kerala of holding company amounting to ₹1,141.27 lakhs comprising of ₹8,89.37 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 ₹1,066 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) ₹251.90 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 ₹7,200.18 lakhs into 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 the 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. (ii) Regarding ₹889.37 lakhs, it is the interest accrued on Government loan aggregating to ₹7,187.56 lakhs converted to Equity Share Capital vide GO(MS)No. 183/11/ID dated 26th

SN	Comments of Statutory Auditor	Management's Response
		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 ₹1,141.27 lakhs (₹251.90 lakh+₹889.37 lakh) as non-current on the assumption that the same is not repayable in the near future.
3.3	With reference to the Note No. 6(1) and 9(1) of our financial statements disclosing ageing schedule of trade payables and 6(2) and 10(1) disclosing ageing schedule of sundry creditors – expenses, holding company has not provided Interest on the principal amount remaining unpaid to suppliers and service providers registered under MSME Act amounting to ₹29,772.33 lakhs (Previous year ₹29,584.46 lakhs). The accuracy and completeness of such balances are incapable of being ascertained in the absence of confirmations from concerned parties. Attention is also invited to the Note No.51 in which holding company disclosed that interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements. 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.	As of 31st March 2024, certain dues to Micro, Small, and Medium Enterprises (MSMEs) have remained outstanding for more than 45 days. Although these amounts are outstanding in accordance with mutually agreed terms and no formal demand for interest has been received from the suppliers, the interest liability mandated by the MSMED Act, 2006, has not been provided for in these financial statements. Regarding filing of MSME-1, we will take necessary steps to file the same in years to come. This fact has already been disclosed in the Note 51 forming part of Financial Statements for the reporting period.

SN	Comments of Statutory Auditor	Management's Response
3.4	Other long term liabilities and other current liabilities of holding company includes an amount of ₹2,631.47 lakhs being advance from customers. The auditors of KCC and ITBG commented that advance from customers of those units includes amounts outstanding for more than three years amounting to ₹472.38 lakhs. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, the branch auditors of those units are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.	As observed by the statutory auditor, advance from customers of the Holding Company amounting to ₹472.38 lakhs is outstanding for more than 3 years in the books of KCC and ITBG. Necessary steps have already been taken by the concerned units to reconcile these account balances and to settle the same against the corresponding Debtors Accounts.
3.5	The auditors of the subsidiary company Keltron Electro Ceramics Limited (KECL) 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 suppliers .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 may be noted that the main product of the subsidiary company Keltron Electro Ceramics Limited (KECL) is 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.
4.	**Short term Borrowings (Note No.8)**	
4.1	Current portion of Government of Kerala loan to be disclosed under Current maturities of Long-term borrowings (unsecured) of holding company ₹505.76 lakhs. However holding company disclosed Government loan wholly due for payment amounting to ₹3,004.68 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 Holding Company has rightly classified the current portion of Government Loan installments aggregating to

SN	Comments of Statutory Auditor	Management's Response
		₹3,510.44 lakh 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(l)), which are forming part of Consolidated Financial Statements for the year ended 31st March 2024.
4.2	Loan from Travancore Titanium Products Limited of holding company amounting to ₹12 lakhs and Malabar Cements Limited of holding company amounting to ₹360 lakhs and interest accrued on loan from Travancore Titanium products Limited amounting to ₹43.26 lakhs and interest accrued on loan from Malabar Cements Limited amounting to ₹367.44 lakhs are subject to confirmation from parties.	During the financial year 1999-2000, the holding company availed a loan of ₹12 lakhs for an interest of 14.53% from Travancore Titanium Products Limited. Later, the Government of Kerala, vide letter 32113/ H3/2003/ID dated 13th October 2003, directed the holding company to repay the loan with interest to the State Government and the same is pending to be settled. The Government of Kerala vide GO (MS) No.146/2010/ID dated 30th March 2010 accorded sanction to the holding company to avail fund amounting to ₹800 lakhs from Malabar Cements Limited for the implementation of Mini Tool Room cum Training Centre at Kuttipuram. The above fund was released in the form of Investment in Equity to the extent of ₹400 lakhs and balance ₹400 lakhs as Loan with Interest @ 7%.The holding company repaid ₹40 lakhs on 30th June 2022 and hence the balance outstanding as on 31st March 2024 is ₹360 lakhs. Thereafter, an amount of ₹50 lakh has also been repaid and the balance outstanding as on date is ₹310 lakh. The correspondence with Malabar Cements Limited confirms the loan amount outstanding is available.
5.	**Short term provisions (Note No.11)**	
	Reference is invited to the Comments of the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the financial statements of the holding company for the year ended 31 March 2023 "Non- recognition of income tax liability amounting to ₹1,833.86 lakh for the years 2016- 17 to 2022-23 pursuant to	The Government of Kerala had sanctioned interest freezing on Government Loan of ₹8,265.84 lakhs availed by the holding company for the period from FY 2006-07 to 2015-16 vide GO (RT) No.1259/07/ID dated 24.09.07 and GO(MS)No.183/11/ID dt 26.08.11. It may be noted that Government of Kerala vide GO(MS) No.86/16/ID dt 17.06.2016

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	Government's approval for conversion of loans amounting to ₹9,050.18 lakhs and interest accrued thereon amounting to ₹9,230.61 lakh outstanding as of 31-03-2016 into equity" . As a part of relief measures, GoK had freezed interest payment of a loan from 2006-2007 to 2015-16 and the loan balance as on 31st March 2016 was ₹8,265.84 lakh. GoK further extended (17 June 2016) the relief till 2021 on a condition that the Company had to repay the principal in 10 annual instalments. The holding company has not recognized the interest expense in the financial statements since 2006-2007. The holding company, however, claimed interest and penal interest for the period 2016-17, 2017-18, 2018-19 and 2019-20 as expenditure for arriving taxable income for income tax purpose for the respective financial years without recognizing the same as expenditure in the financial statements. Income Tax Department has not allowed this interest claim for the financial year 2017-18 as the holding company had not filed the same through income tax return. The Company filed appeal and the same is still pending. Claiming of interest has led to accumulated loss of ₹7,678.64 lakh as on 31 March 2020 and zero tax during the period 2020-21, 2021-22 and 2022-23 despite reporting an aggregate taxable income of ₹5,710.86 lakh during 2020-21 to 2022-23. Government of Kerala converted (18 October 2022) loan of ₹600 lakh, ₹1250 lakh and ₹7,200.18 lakh (out of ₹8,265.84 lakh) and interest and penal interest aggregating to ₹9,231.61 lakh recognized by the Company in its books till 2006 to equity. The interest on the loan claimed by the company as a deduction during the period 2016-2020 is not actually a liability, as the government has converted the loan into equity. Hence the Company has no further liability in this regard and claiming of interest as deduction	sanctioned the freezing of interest on the aforesaid loan up to financial year 2020-21 subject to the condition that the principal amount should be repaid in 10 annual instalments. The holding company was not in a position to repay the 10 annual instalments and hence the interest on Government loan of ₹8,265.84 lakhs became a firm liability. Hence, during the assessment proceeding for the FY 2016-17 and FY 2017-18, the holding company claimed interest expense amounting to ₹5,204.99 lakhs as an eligible deduction from Taxable Income. Further, while filing the return income for FY 2018-19 and FY 2019-20 the company had claimed ₹1,466.27 lakhs and ₹1,486.03 lakhs respectively as a deductible expenditure in the Income Tax computation. However, the same was not recognized as an expense in the financial statements of the holding company. As mentioned in Note-43 to the Consolidated Financial Statements, the holding company had submitted a financial restructuring proposal to the Government of Kerala during the month of April 2018. The Government of Kerala vide GO(MS) No.53/2020/ID dated 15th May 2020 as amended vide GO(Rt) No:108/2022/ID dated 18th October 2022 had approved the conversion of Government loan of ₹7,200.18 lakhs, Government Grant of ₹600 lakhs and Interest accrued on Government loan amounting to ₹9,231.61 lakhs in to equity. The effective date of financial restructuring was fixed as 31st March 2020. With regard to Government loan amounting to ₹1,065.66 lakhs for which conversion has not been sanctioned, the holding company had accounted ₹471.17 lakhs as interest for the period from FY 2016-17 to FY 2019-20. The interest claimed in the Computation of Income Tax is absolutely an eligible deduction as per the provision of Income Tax Law and even

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	from 2016-17 to 2019-20 is not correct and liable for tax to the extent of ₹1,833.86 lakh. The C&AG had directed the company to make suitable accounting treatment in respect of the Comments of the Comptroller and Auditor General of India during the 2023- 24. Company vide Note No.43 disclosed that" 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 different 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. Even though the company has claimed interest accrued on the aforementioned loans as an eligible deduction from Taxable Income, the Company did not recognize the interest expenses aggregating to ₹7,686.12 lakhs in the Financial Statements of the respective financial years. It may be noted that 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". However company had not made provision for income tax during current year also which has resulted in overstatement of profit and understatement of liability to the tune of ₹1,833.86 lakhs. Further company vide Note No.47 disclosed that the company has claimed additional carry forward loss and unabsorbed depreciation of ₹1,837.78 lakhs for the financial years 2016-17, 2017-18, 2018-19 and	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. Even though the holding company has claimed interest accrued on the aforementioned loans as an eligible deduction from Taxable Income, the holding Company did not recognize the interest expenses aggregating to ₹7,686.12 lakhs in the Financial Statements of the respective financial years. It may be noted that appropriate treatment for interest accrued will be considered during the transition to Ind AS applicable with effect from the financial year 2024-25. As disclosed in Note No-47, the holding company has sufficient carry forward losses and unabsorbed depreciation and hence no provision for income tax was made during the financial year 2023-24.

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	2019-20. After including the current year income of ₹204.86 lakhs the total carry forward unabsorbed depreciation and loss carried forward to future assessment year is ₹1,762.92 lakhs which is not correct in the light of above qualification. Holding company had not provided tax on income during current year since after adjusting the impact mentioned in para 23 of our audit report company's financial result will be loss.	
6.	**Property, Plant and Equipment and Intangible Assets (Note No.12)**	
	As reported by branch auditor of KMO, Chennai, holding company has not capitalized the Major renovation work happened in the company's own building during the month of August & September 2023 amounting to ₹8.96 lakhs which has resulted in overstatement of fixed assets and profit of the company.	With reference to the audit observation regarding the expenditure of ₹8.96 lakhs incurred at the KMO-Chennai it is clarified that the works undertaken comprising electrical repairs, partition adjustments, and painting were necessitated to maintain the office premises in its existing operating condition. In accordance with AS 10: Property, Plant and Equipment issued by ICAI these costs do not result in an increase in the future economic benefits beyond the previously assessed standard of performance of the asset. As these expenditures relate to the day-to-day servicing and restoration of the facility rather than the creation of a new asset or a significant enhancement of the existing building's life, they have been appropriately recognized as revenue expenditure in the Statement of Profit and Loss.
7.	**Deferred tax assets**	

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	Apart from previous year, during current year holding company had considered the unabsorbed carry forward losses relating to disallowances made in the assessments and pending on appeal before higher appellate authorities amounting to ₹1,727lakhs while calculating the deferred tax asset. In the light of para No. 5 of our qualified opinion paragraph the same has resulted in overstatement of assets and profit of the company amounting to ₹538.82 lakhs.	As envisaged in Accounting Standarad-22 – 'Accounting for Taxes on Income', the holding company has considered the timing difference on account of unabsorbed depreciation and carry forward losses amounting to ₹1,727 lakhs which can be set off against future taxable income. Accordingly, we have recognized Deferred Tax Asset amounting to ₹538.82 lakhs on unabsorbed depreciation and carry forward losses. Even though the unabsorbed depreciation and carry forward losses are on account of claims made during assessment proceedings and pending on appeal, the holding company is confident of winning the appeals.
8.	**Long term loans and advances(Note No.14)**	
8.1	Investment pending allotment of ₹1703.75 lakhs (Previous year: ₹1,744.61 lakhs) of holding company disclosed under Note: 12 "Long term loans and Advances" was made to subsidiary companies which are under liquidation (Keltron Rectifier Limited – ₹576.43 lakhs and Keltron Power Devices Limited – ₹1,127.32 lakhs). 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 ₹1,703.75 lakhs. The non provision of the same has resulted in overstatement of profit and Long term loans and advances to the tune of ₹1,703.75 lakhs.	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 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 Consolidated Financial Statements, the Hon.High Court of Kerala has ordered winding up of both the Companies. The Company 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

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		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. b) Submit a viable proposal other than Solar Project, for filing before Hon'ble High court after approval of GOK. Accordingly, Keltron 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 later it was submitted to Hon'ble High Court. The Project was not accepted by the Hon'ble High Court of Kerala. In January 2025, the Hon'ble Minster of Industries, Government of Kerala and The Secretary, Ministry of Electronics and Information Technology, Government of India had a meeting at Ernakulam, wherein the representatives of KELTRON and Centre for Materials for Electronics Technology (C-MET) were also present. In the meeting C-MET represented its requirement of about 5 acres of land at Thrissur for its expansion. It was deliberated that this 5 acres can be taken from the 12.19 acres of property in the name of KPDL/KRCL at Mulankunnathukavu, Thrissur which is adjacent to C-MET Thrissur Office and also that in the balance 7.19 acres a Joint Venture (JV) with KELTRON and C-MET for Sensor Manufacturing and Sensor Calibration facility be ventured. C-MET has given two DPRs for the above-mentioned proposals. KELTRON had sent the DPRs to Government of Kerala for approval

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		and Government vide Go (Ms) No.39/2025/ID dated 05-05-2025, has accorded in-principle approval. After receiving the approval KELTRON had drafted a Scheme as per the specifications in the Companies Act, 1956 and filed before the Hon'ble High Court of Kerala. The Scheme submitted by the Company to the Hon'ble High Court of Kerala has been allowed on 11th December 2025. As per the Order, the Winding up Order of both KPDL and KRCL has been recalled and permitted to take over the possession of assets and liabilities from the Official Liquidator (OL). Accordingly, the documents with the OL have been handed over to the Company on 20th January 2026. As per the approved Scheme, 5 acres of land belonging to these subsidiary companies will be sold to C-MET for consideration (to be finalised based on valuation) and the remaining land of 7.19 acres will be taken over by KELTRON and will be used for setting up a common facility for sensor manufacturing, calibration and testing under the brand of KELTRON. This matter has already been placed in the 282nd Board Meeting held on 23rd January 2026 and approval has been accorded for the necessary way forward in this regard. In view of the above, no provision has been made in the books of accounts with respect to Investment pending allotment and long term loans & advances, however necessary book adjustments will be made in the coming years in which the assets/liabilities of KPDL and KRCL are brought into the books of KELTRON as per the approved Scheme.
8.2	Advance to subsidiary companies amounting to ₹1,264.30 lakhs (Previous year. ₹1,264.30lakhs) disclosed under Note: 12 "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: ₹850.67 lakhs).	As mentioned in Management Response in para 8.1 above, the Scheme submitted by the Company has been sanctioned by the Hon'ble High Court of Kerala on 11th December 2025. As per the Order, the Winding up Order of both KPDL and KRCL has been recalled and permitted to take over the possession of assets and liabilities from the Official Liquidator (OL). As per the approved Scheme, 5 acres of land belonging to these subsidiary companies will be sold to C-MET for

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	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 ₹1,264.30 lakhs. To the extent of this non-provisioning of ₹1,264.30 lakhs, the profit of the company and Long term loans and Advances are overstated.	consideration (to be finalised based on valuation) and the remaining land of 7.19 acres will be taken over by KELTRON and will be used for setting up a common facility for sensor manufacturing, calibration and testing under the brand of KELTRON In view of the above, no provision has been made in the books of accounts with respect to Investment pending allotment and long term loans & advances, however necessary book adjustments will be made in the books of accounts in the coming year in which the assets/liabilities of KPDL and KRCL are brought into the books of KELTRON as per the approved Scheme.
8.3	In KMO, Kolkata , EMD from Contractor receivable ₹14.37 Lakhs (Net of provisions) are doubtful in nature and no confirmation of balances were provided to the branch auditors of holding company. Hence, as per the Branch auditors of the holding company, the amount needs to be provisioned and accordingly the net profit for the financial year is overstated to that extent of ₹14.37 lakhs with overstatement of assets.	The balance outstanding with respect to Earnest Money Deposit receivable in the books of KMO-Kolkata as on 31st March 2024 is ₹31.65 lakhs. Out of which, they have identified non-collectable EMD's amounting to ₹13.27 lakhs and has accordingly created a provision against the same. Regarding the balance amount of ₹18.38 lakhs, the unit is confident that it will be able to recover the long outstanding EMD's and hence no provision has been made in the books of accounts as on 31st March 2024. However, the matter will be reviewed in the upcoming years and any adjustments in provisions will be made.
9.	**Other non current assets (Note No.15) and Trade Receivables (Note :17)**	
9.1	Auditors of KMO, Kolkata of holding company qualified that Trade Receivables balances of ₹2,564.49 Lakhs includes outstanding receivables of ₹2,550.86 Lakhs outstanding for more than three years which are doubtful in nature. In their opinion the debtors balances amounting to ₹ 2,550.86 Lakhs are doubtful of recovery and is required to be provisioned in the books of accounts. The net profit of the company	In response to the audit observation regarding trade receivables at the KMO-Kolkata, the unit is currently undertaking a comprehensive ageing analysis of all balances outstanding for more than three years. The KMO is in the process of evaluating the recoverability of these amounts on a case-by-case basis. Based on this assessment, an appropriate provision for doubtful debts will be recognized/write off in the financial statements

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	for the financial year is overstated with corresponding overstatement of assets to the extent of ₹2,550.86 Lakhs	in compliance with internal regulation and applicable accounting standards.
9.2	The units KCC, Monvila, KMO Mumbai , ITBG and KTTC, Kuttipuram of holding company is showing a closing balance of ₹57,034.01 lakhs as "Trade Receivables" in Note No. 15 &17 to the financial statements. The trade receivables include amount outstanding for more than three years amounting to ₹14,222.30 lakhs. The auditors of KCC Monvila, KMO Mumbai , ITBG and KTTC Kuttipuram had commented that the units have made a provision of ₹588.32 lakhs (after considering adjustment in corporate Office) in the books of accounts against the above trade receivables. The auditors of KLD, Mudadi commented that the total outstanding from trade receivables as on 31st March 2024 was ₹948.33 Lakhs. Out of above receivables, trade Receivable outstanding for more than 3 years reported to be ₹97.99 Lakhs, and 2 to 3 years ₹50.43 Lakhs and 1 to 2 years ₹181.91 Lakhs which altogether coming to around 35% of the total trade receivable as on the balance sheet date which is considered significant. Further they have observed that 57 receivable accounts, which have no transactions during the year with aggregate balances of ₹260.79 lakhs which constitutes 27% of the total trade receivables The auditors above units have not received any confirmation regarding the future realization of the above long outstanding receivables. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if	The Holding Company has engaged an independent firm of Chartered Accountants to conduct a comprehensive evaluation of Trade Receivables outstanding for the period up to 31st March 2020. This validation exercise is currently in progress. Upon finalization of the assessment and identification of specific irrecoverable balances, the Company will incorporate the necessary provisions in the financial statements to ensure compliance with applicable accounting frameworks and to reflect a true and fair view of the Trade Receivables. It may also be noted that, similar exercise for the period upto 31st March 2015 has been completed and necessary adjustments in Trade Receivable Account has already been incorporated. With regard to KLD, the majority of the pending receivables pertain to lighting projects executed under Government schemes, particularly those funded through MP/MLA Local Area Development Funds. In many cases, delays in realization are primarily due to: • Delay in allocation/release of funds to the executing departments • Treasury control procedures affecting timely disbursement of payments These are procedural and systemic delays, and not due to any dispute or deficiency in execution from our side. The Unit is continuously following up with the concerned authorities for the release of pending payments and are confident of recovery of these Trade Receivables.

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	any, arising from reconciliation and settlement of account balances on the financial statements.	However, necessary steps may also be taken for provisioning/write unrecoverable Trade Receivables in the coming years.
9.3	The auditors of KEC,a unit of holding company, had commented that the Unit is having a balance of ₹519.96 lakhs under Provision for Bad and Doubtful Debts as on 31.03.2024. This provision has been made for covering bad debts up to 2018. The balance of Sundry Debtors as on March 31, 2024 is ₹11,005.22 lakhs out of which debtors outstanding for more than 5 years is ₹2,766.24 lakhs. The total Sundry debtors includes debtors from SBU- IDCP amounting to ₹759.07 lakhs out of this ₹166.19 lakh is outstanding for more than 5 years as on 31.03.2024. IDCP was phased out during FY 2021-22 and there is a clear uncertainty in recovery of these debtors. As the unit has not conducted an analysis of bad debts since 2018-19 and for the reasons mentioned above, the provision provided by the management is inadequate resulting in overstatement of Sundry Debtors and understatement of loss. Further Auditors of KEC commented that a total receipt of ₹163.15 lakhs which is yet to be identified is posted to miscellaneous debtors under Sundry Debtors. Since this amount is not reflected in corresponding debtors account, the correctness of party wise receivable is vitiated to such extent.	(i) The total debtors of KEC as on 31.03.2024 is ₹11,005.22 lakhs out of which debtors outstanding for more than 5 years is ₹2,766.24 lakhs. KEC has already made a provision of ₹519.96lakhs towards the non-current portion of the debtors as confirmed by the SBUs even if the outstanding debtor for more than 5 years is higher than the provision. (ii) Out of the balance amount of ₹8,238.97 lakhs, 75% of which is related to last 4 years sales and the concerned SBUs are very confident in collecting the balance amount. (iii) Regarding IDCP debtors of ₹759.07 lakhs, the majority of the debtors are related to Election Commission, and the unit is confident in collecting those debtors. Hence, no provision has been created for the same. (iv) It may also be noted that, as mentioned above, the Company has engaged a firm of Chartered Accountant for reviewing the outstanding debtors for the period upto 31st March 2020 and the analysis is progressing. Based on the report of the firm, necessary provisions will be created. (v)Regarding the receipts in miscellaneous debtors, the unidentified bank receipts & GST TDS receivable are credited to miscellaneous debtors account and SBUs are following up with the customer. Once it is identified, it will be transferred to debtors account.

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9.4	The auditors of subsidiary company Keltron Electro Ceramics Limited (KECL) commented that the Trade Receivables includes an amount of ₹352.19 lakhs outstanding for a period more than 1 year. The company has not 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 providing provision for the Trade Receivables.	As observed by the statutory auditors of subsidiary company, Keltron Electro Ceramics Limited (KECL) an amount of ₹ 352.19 lakhs is outstanding for a period of more than 1 year. Out of which, ₹72.21 lakhs pertains to holding company, ₹95.26 lakhs from various local bodies of Government and the remaining from regular customer BEL- Bangalore, NPOL – Kochi and there is no doubt regarding the collection of the same. Total outstanding in receivable includes ₹ 60 lakhs due from customers of ceramic capacitors and thermistors, majority of whom has closed down the business. The company 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. Confirmation of balance outstanding from KSEDC Ltd is already obtained by the company. In case of BEL the confirmation as on 31-12-2024 is available and in case of defence labs such as NPOL, local bodies of Govt. etc. obtaining confirmation is difficult as they will not respond to debtors' confirmation mail.
10.	**Inventories**	
10.1	As per the audit report of KMO, Bangalore, a unit of holding company, on physical verification, the stock item "24VDC" is not available at KMO, Bangalore which has resulted in overstatement of current assets and profit of the company by ₹0.78 lakhs	During the physical verification of inventory at KMO-Bangalore, the branch auditors noted that a stock item “"24VDC" having a value of ₹78,000 was not available for verification. The inclusion of this item was an error in the Stock Statement. Necessary rectification of the stock statements was made during the financial year 2024-25. Adequate measures have been taken to ensure proper control over the storage and handling of inventory.
10.2	Auditors of KEC, a unit of holding company, had commented that the inventory is not valued at NRV, wherever required by the management	All units of the Company is following the uniform Accounting Policy with respect to the inventor, which is in line with the AS-2 issued by

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	to determine the inventory value as per Accounting Standard (AS) 2 Valuation of Inventories. The inventory is disclosed at cost which is against the accounting policy of the company resulting in overstatement of inventory. The auditors had not quantified the value of overstatement. Total value of inventory of KEC amounts to ₹4,355.92 lakhs.	ICAI. In the case of KEC, certain procurement of materials is on order-to-order basis (like just in time purchase) for customized products/projects. Also, these materials are not in general nature, and it will be consumed exclusively for the project with in a short span.
10.3	Auditors of KLD, a unit of holding company, commented that they have noticed non-moving hearing aid related raw material items of ₹18.6 Lakhs and lighting related raw material items ₹6.2 Lakhs were carried over from previous years without any movements under these items. Also Finished goods inventories of lighting related items amounting to ₹3.52 Lakhs were carried over from previous years without any movements. However, no provision against such non-moving items is made in the financial statements as of 31st March 2024, accordingly the closing stock of inventories and profit of the company is overstated by ₹28.32 lakhs.	Keltron Lighting Division participates in tenders for both hearing aid and lighting projects, where tender conditions typically require: • Availability of spares for a minimum period of five years • Provision of service support during warranty/AMC period Accordingly, certain inventory items categorized as non-moving are actually strategic spares maintained to meet contractual obligations. These items are being utilized gradually for service and warranty purposes. However, the division has initiated steps to: • Identify obsolete, damaged, and non-usable items • Process such items for appropriate disposal/scrapping as per applicable procedures Hence, the inventory position needs to be viewed in the context of long-term service commitments and not purely based on movement during a single financial year.
11	**Cash and Cash Equivalents Note No -18**	
	The auditors of Keltron Communication Complex (KCC), Monvila, a unit of holding company, had commented that "An amount of ₹84.93 lakhs credited in the bank account is not accounted in the books of accounts. As per the information and explanation given to us during our	The unit KCC, Monvila manages multiple projects across Kerala involving various Panchayats, Municipalities, and Corporations. The collections are received from a wide range of sources. Due to the high volume and decentralized nature of these receipts, identifying the exact

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	audit, the reconciliation relates to amounts received from trade debtors subsequently identified and accounted. Hence as on 31.03.2024, there is an understatement of Cash and Cash Equivalents by ₹84.93 Lakhs with corresponding overstatement of sundry debtors by same amount."	remitter (i.e., the specific local body) is often challenging. The continuous efforts are being taken by the marketing team at KCC to trace and identify the remitters. However, in certain cases, duplicate payments are also received, which are processed for refund upon verification. Any amounts that are subsequently identified are accounted for in the following financial year. An amount of ₹84.93 lakhs was credited to the Bank Accounts but was not recorded in the books of accounts during FY 2023-24. This amount has since been identified as receipts from Trade Receivable, duly reconciled, and accordingly recognized in the books of accounts during the financial year 2024-25.
12	**Short Term Loans and Advance- Note: 19**	
12.1	As per Note No.47, company disclosed that "The holding Company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,426.25 lakhs for the Assessment year 2007-08 to 2024-25, the Company's books of account shows the balance of ₹891.82 lakhs only. The Company did not account for the balance credit of ₹1,534.43 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. During current year, holding company credited a refund of ₹452.13 lakhs relating to Assessment Year 2022-23 even though the TDS accounted in the respective head is only ₹248.43 lakhs. This has resulted in understatement of short term loans and advances amounting to ₹203.70 lakhs with corresponding overstatements of assets of the company.	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 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, 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

SN	Comments of Statutory Auditor	Management's Response
		over a period of time the wide variation in the reconciliation between IT deducted Account and 26AS Statements was reduced. As observed by the Statutory Auditors, this matter has already been disclosed by Note 47 forming part of Financial Statements.
12.2	As per Note No. 44 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 ₹176.80 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	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-44, "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 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 ₹176.80 lakhs to KELTRAC for meeting its urgent

SN	Comments of Statutory Auditor	Management's Response
	overstatement of profit and Long term loans and advances to the tune of ₹176.80 lakhs.	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.
12.3	KEC Karakulam a unit of holding company, is having advances to suppliers for expense amounting to ₹15.80 lakhs which are still treated as advance even after the receipt of goods, causing an overstatement of asset and profit to the extent of ₹15.80 lakhs.	The KEC has booked all the expenses against the entire advance of ₹15.80 lakh during FY 2024-25.
13.	**Revenue from operation (Note No.21)**	
	Comment of auditors KLD, Mudadi,a unit of holding company, is reproduced below: "We draw attention to Note A Significant Accounting Policies, PROFIT AND LOSS 1 (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 dispatches/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 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 standard which states that:	In respect of lighting projects, KLD operates under Non-PMC guidelines, wherein: • Keltron provides technical sanction for the projects; • Project execution is carried out under the supervision of our technical team; • Project completion is certified internally by competent technical authorities within Keltron. Based on such technical certification, invoices are raised. It may also be noted that, obtaining completion certificates from legislative or administrative authorities may not always be feasible or appropriate, as such authorities may not possess the required technical expertise to certify project completion. Insisting on such certification could also impact compliance with Quality Management System (QMS) requirements. The current practice ensures that:

SN	Comments of Statutory Auditor	Management's Response
	Revenue from service transactions is primarily recognized as the service is performed, either by *a.* Completed service contract method or *b.* Proportionate completion method The division has recognized contract revenue of ₹589 lakhs (PY ₹544 lakhs) for the year ended 31st March 2024. Out of these, revenues aggregating ₹264 lakhs (PY ₹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".	• Revenue is recognized based on actual execution and technical validation of work; • Internal controls and technical verification mechanisms are in place. In view of the aforementioned technical control framework, it is submitted that the recognition of revenue for these projects is in strict compliance with its established Accounting Policies and is in full alignment with the principles of AS-9 'Revenue Recognition' issued by the ICAI. The internal technical certification serves as an reliable basis for determining the completion of the performance obligation, ensuring that revenue is recognized only upon the actual delivery of services.
14.	**Expenses**	
14.1	Regular write off /write back of bad and doubtful debts / liabilities and provision for bad and doubtful debts and advances, Bank guarantee invocation income of ₹36.15 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	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

SN	Comments of Statutory Auditor	Management's Response
	opinion that the same should have been classified under Note. No.28– "Other expenses".	'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 has also been disclosed in Note 30-Exceptional Items as foot notes.
14.2	As per Board Meeting Minutes 274/18 (Mn.No: 6218) and I No.276/21 (Mn.No: 6273) holding company approved the fixation of Pay & Allowance of Executive & Supervisory category employees of company and submission of proposal to the Government for revision of pay and allowances of Executive & Supervisory category employees for the period from 01.04.2017 to 31.03.2022 with all details as specified in Government Circular No.85/2023/Fin dated 24.08.2023. Company had not provided liability on account of arrears of Pay & Allowance of Executive & Supervisory category employees for the period 01.04.2017 to 31.03.2022 amounting to ₹1,962.74 lakhs. Since liability is confirmed and approved by Board and the company is paying interim relief provision need to be created for the same. If the liability is likely to occur and the amount can be reasonably estimated, it should be recorded in the accounting records. The non provision of same has resulted in overstatement of profit and understatement of liability by ₹1,962.74 lakhs.	The holding company had vide letter KSEDC/CHR/GOVT/Pay Revision/(E&S)/2025/17 dated 14th February 2025 submitted the proposal for Wage Revision (2017-22) of Executives /Supervisory category employees. The net amount of commitment was estimated to be ₹1,758.82 lakh and as the proposal was under the consideration of Government no provision for the same was made in the books of accounts for FY 2023-24. A detailed note in this regard has been given in Note -59 to Consolidated Financial Statements. In the 276th Board Meeting held on 29th January 2025(Item No-276/21(M No -6273), a detailed discussion on the proposal submitted by the consultant for pay revision of Executives /Supervisory category employees was made and the Board also noted that there would be an additional impact of ₹4 crores (approx.) owing to Gratuity of retired persons. Since, at the time of finalisation of Accounts/Audit of FY 2023-24, the matter of pay revision of Executive/Supervisory category of employees for the period 2017-22 was under the consideration of Government and in the matter of disbursement of arrears (including gratuity) was subject to the formulation of common policy framework, the Company has not

SN	Comments of Statutory Auditor	Management's Response
		given provision in the books of accounts for the FY 2023-24. This matter has also been disclosed under Note 59.
15.	**Contingent liability (Note No: 31)**	
15.1	Branch auditors of KMO , Mumbai, a unit of holding company, commented that the company has defaulted in the payment to the MSME vendor viz Insight Business Machines Pvt Ltd amounting to ₹104.98 lakhs as per Note 7 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 the 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 ₹1,825 Lakhs of which ₹1,457 Lakhs is shown as contingent liability as per Note No. 31 of the financial statements which includes the principal 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. This provision together with payable , retention amount and security deposit comes to ₹368 lakhs . Therefore, we are unable to comment upon the impact of adjustments if any, on the financial statements of the Branch.	Reference to the Note No.63 forming part of Financial Statements for the year ended 31st March 2024, the Holding Company has terminated the contract with M/s.Insight Business Machines Private Limited (Insight) by issuing Notice on 13th July 2020, owing to the non-compliance of terms and conditions of the Contract and the inordinate delay in execution of the project. Following the termination, they invoked the provisions of MSME Act and initiated proceedings before the Micro and Small Enterprises Facilitation Council. KELTRON successfully challenged the maintainability of the proceedings before the Hon'ble High Court of Mumbai which subsequently Orders the parties to resolve the dispute through Arbitration. In the ongoing Arbitration proceedings, the M/s.Insight filed its Statement of claim seeking outstanding payment, interest, damage, loss of business etc. and the Holding Company has strongly countered the claim, demonstrating that they have failed to meet the contractual obligation resulting in delays in projects and loss of our reputation. The arbitration proceeding is currently in the final stage.

SN	Comments of Statutory Auditor	Management's Response
		In view of the above, the Holding Company has rightly created provision of ₹153.67 lakh being the difference of basic claim amount as our ledger balances. Further, Contingent liability of ₹1,457 lakh (₹1,825 lakh -₹368 lakh[amount as per the books including provision]) has also be disclosed in the Note No.31 (clause (o)) forming part of Financial Statement.
15.2	Reference is invited to Note No.31 of the financial statements where holding company had disclosed an amount of ₹4,588.20 lakhs on account of RP tech soft international legal case. As per Note No.55 company disclosed that RP tech soft international initiated arbitration against the Company during 2021 and the Hon'ble Arbitrator Justice (Retd.) KR.Udhayabhanu was appointed as Arbitrator and the Arbitration proceedings was conducted and concluded on 10th April 2023. The principal amount of Arbitration Award was ₹2,818.19 lakhs with the addition of interest and other expenses aggregating to ₹4,588.20 lakhs in favour of RP Tech . Company filed application under section 34 of the Arbitration and Conciliation Act,1996 for setting aside of Arbitration Award before Hon Commercial court at Trivandrum. The matter is pending before court. Meanwhile, RP Tech has filed an Execution Petition before the Hon'ble Additional District Judge III Court, Thiruvananthapuram for attaching the properties of the Company which was allowed by the said Court on 12th June 2024. Against the attachment order, the Company preferred a Civil Review Petition before the Hon'ble High Court of Kerala and stayed the attachment proceedings. As per the instruction in the Order staying the attachment, the Company has paid an amount of ₹150 lakhs to RP Tech. As per the written representation received from the Standing Council of the company, it is not clear whether the company will be absolved from the liability fixed by the	Reference to the Note No.55 forming part of Financial Statements for the year ended 31st March 2024, RP Tech initiated arbitration against the Company during 2021 and the Hon'ble Arbitrator Justice (Retd) KR.Udhayabhanu was appointed and the Arbitration proceedings was conducted and concluded on 10th April 2023. The principal amount of Arbitration Award was ₹2,818.19 lakhs with the addition of interest and other expenses aggregating to ₹4,588.20 lakhs in favour of RP Tech. The Company filed application on 06th April 2023 to set aside the Arbitration Award before the Hon'ble Commercial Court at Thiruvananthapuram and the matter is still pending before the Court for disposal. It was also disclosed in the Note that Arbitration proceedings between the Company and BMC, Kolkata is simultaneously progressing and the Company is expecting positive outcome on this matter. In view of the above, the Company while finalizing the Financial Statement has rightly disclosed the aforesaid amount of ₹4,588.20 lakh fixed by Arbitrator the same as Contingent liability in the Note No.31 (clause – p) in the Financial Statements. However, nnecessary accounting entries and adjustments will be recognized in the books of accounts upon the final pronouncement of the Hon'ble Court and the conclusion of the ongoing BMC arbitration.

SN	Comments of Statutory Auditor	Management's Response
	Arbitrator of ₹4,588.20 lakhs . Company has only disclosed the same as a contingent liability and no provision made. In light of these discussions, we are unable to comment on the liability payable by the company.	
16	Reference is invited to the Note No. 68 to the financial statements in which holding company disclosed that "Credit balance in Trade Receivable Account amounts to ₹3,251.71 lakhs (Previous year:₹1,784 lakhs) and debit balance in Trade Payable Account amounts to ₹274.17 lakhs (Previous year : ₹255.25 lakhs) are subject to confirmation / reconciliation and consequent adjustments, if any, upon confirmation. The branch auditors had qualified that the credit balance in trade receivables are the unrecognized receipts in the bank accounts received from various debtors specifically ITBG where ₹2,629.12 lakhs relates to unrecognized receipts in the bank accounts received from various debtors over the years, major portion of this amount is outstanding for more three years and the accounts are non-operative without any transactions during the year. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.	It may be noted that ITBG had shown ₹3,069.06 lakhs as "Credit Balance in Trade Receivable" under Current Liabilities-Other Finance and Statutory dues. Out of which ₹2,629.12 lakhs relates to unidentified receipts from various debtors. The company has taken adequate measures to identify and reconcile the unidentified receipts in the books of ITBG.
17	**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	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	The company primarily deals with manufacturing, supply installation and maintenance of electronic systems. As envisaged in AS-17, there is

SN	Comments of Statutory Auditor	Management's Response
	view of the claim of the holding company that it is not having reportable segments	no distinguishable business segment or geographical segment which is subject to different risks and returns. 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.	As envisaged in AS-28, Impairment of Assets, the company has made an assessment of each item of assets at unit level as on the reporting date with respect to indications of any impairment. Accordingly, necessary adjustments if any will be made in the Financial Statements, disclosed in Note-28 Exceptional Items.
18.	The holding company has conducted the cost audit up to the financial year 2020-21, and no cost audit has been conducted for the subsequent periods (2021-22 and onwards) as mandated by Section 148 of the Companies Act, 2013, and the Companies (Cost Records and Audit) Rules, 2014. This may have an impact on the overall financial reporting and compliance status of the company with respect to cost audit.	It may be noted that Cost Audit of the Holding Company has been completed up to financial year 2021-22.The Cost Audit for financial year 2022-23 is progressing at units, and we have given necessary instructions to units to expedite the same. Further, we expect to complete the Cost Audit for the financial year 2022-23 by the end of April 2026.
19.	The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that provision for bad and doubtful debts have been established, amounting to ₹183.23 lakhs for trade receivable (unsecured) and ₹0.83 lakhs for short term loans and advances (unsecured).However, a review of records indicates no actual bad debts have been written off. A detailed examination of these accounts is necessary to identify and promptly write off uncollectible balances.	The subsidiary company, Keltron Component Complex Limited (KCCL), has taken necessary steps to write off the uncollectible balances after obtaining approval from the Board of Directors. Further, it may be noted that out of the ₹183.23 lakhs, ₹100 lakhs(approximately)is outstanding on account of legal suits .
20.	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.	The process of appointment of independent directors is progressing at Keltron Component Complex Limited (KCCL).As soon as the appointment of independent directors are made, the Audit Committee will be reconstituted with majority of independent directors.

SN	Comments of Statutory Auditor	Management's Response
21.	The subsidiary Company Keltron Component Complex Limited (KCCL) has received share application money of ₹1,722.37 lakhs over the years which has remained unallotted for over 60 days, exceeding the statutory limit prescribed under the Companies Act,2013. As per the Act, shares must be allotted or the money refunded within 60days of the receipt, However due to the authorised share capital reaching it maximum limit, the company has been unable to proceed with the allotment. A request for an increase in authorised capital has been submitted to the Government.	At present, authorized share capital of the Subsidiary Company, Keltron Component Complex Limited (KCCL) is ₹3,500 Lakhs and the Issued, Subscribed and Paid-up Share capital is ₹3,422.81 Lakhs. In order to allot shares to the Government of Kerala, against their 'Equity investment in KCCL' amounting to ₹1,722.37 Lakhs (as on 31.03.2024), authorized share capital of the Company needs to be increased first. Company had already taken up the matter and got the Board approval and submitted the details to the Government for approval for increasing the authorized share capital. The matter is pending with the Government of Kerala
22.	The auditors of the subsidiary company Keltron Component Complex Ltd(KCCL) commented that the company received government grants totalling ₹132.78 lakhs from the Kerala Government during the financial years 2007-08 and 2008-09.These grants were recorded as Capital Reserve. However, the grants were specifically allocated for projects which have been fully utilised. In our opinion, this accounting treatment is not in compliance with Accounting Standard (AS) 12, Accounting for Government Grants.	The matter will be presented and discussed in the upcoming Board meeting. Once the same is approved by the Board of Directors, the Grants received during the FY 2007-08 & 2008-09 will be written back as income for the FY 2024-25.
23	We further report that:-	
	a) The aggregate effect of our qualifications described above in Point No 5, 6, 7, 8,1,8.2,8.3, 9.1, 10.1, 10.3, 12.2, 12.3, 12.4 14.2, is that assets are overstated by ₹6,284.84 Lakhs, Liabilities are understated by ₹3,796.60 Lakhs, Profit / Reserves are overstated by ₹10,081.44 Lakhs.,	Refer to the Management's Response to the respective observations stated above.
	b) Effect of our qualification numbers point 2 and 11 are overstatement of non-current liabilities by ₹731.57 lakhs, non-current asset by ₹1,979.47 lakhs and trade receivables by ₹84.93	Refer to the Management's Response to the respective observations stated above.

SN	Comments of Statutory Auditor	Management's Response
	lakhs with corresponding understatement of current liability by ₹731.57 lakhs, current asset by ₹1,979.47 lakh and cash and cash equivalents by ₹84.93 lakhs.	
	c) We are unable to determine the financial impact of the qualifications in points 1, 3,4, 9.2, 9.3,9.4, 10.2, 12.1, 13,14.1,15,16,17,18,19,20,21and 22 in the absence of sufficient and appropriate details.	Refer to the Management's Response to the respective observations stated above.

For **Kerala State Electronics Development Corporation Limited**

Sd/-
N.Narayana Moorthy
Chairman

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
A	**COMMENTS ON PROFITABILITY:** Statement of Profit & Loss for the year ended 31st March 2024 Profit (Loss) for the year: ₹1,465.04 lakhs. The is overrated by ₹343.40 lakhs due to the following:	
(i)	Non-creation of provision for doubtful receivables amounting to ₹83.74 lakhs related to rent receivable from loss-making Associate Company, M/s Coconics Private Limited. This has resulted in corresponding overstatement of Other Current Assets.	The Company leased 63 cents of land to its Associate Company M/s Coconics Private Limited (Coconics), from 26th April 2019 for a monthly rent of Rs.3 lakhs plus applicable taxes. M/s Coconics Private Limited failed to pay the rent since inception and amount due from them as at 31st March 2022 was ₹124.60 lakhs. The net-worth of Coconics became negative from the financial year 2020-21 and hence a due diligence study was conducted on Coconics. Based on the due diligence report a proposal for investment restructuring was given by KELTRON to Government of Kerala and the same was approved vide Government vide GO (MS) No.20/2023/ID dated 20th March 2023. Accordingly, the equity investment of KELTRON in Coconics was increased from 26% to 28.90% by the conversion of rent receivable amounting to ₹40.86 lakh 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 Coconics become a 'Deemed Government Company' The rent receivable amounting to ₹83.74 lakhs is still outstanding in the books of KCC, Monvila.

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
		Recently, the control and management of Coconics has also been taken over by KELTRON, in anticipation of receipt of Orders from Government Sector. The Coconics has also bagged a prestigious order from a IT Service Company from Republic of Zimbabwe. The Company is positive that there will be an improvement in the financial position of Coconics in near future. Accordingly, we expect that the Coconics will be in a position to pay off the aforementioned outstanding in the years to come. Hence, no provision has been created against the receivable from Coconics during this audit period.
(ii)	Non-recognition of liquidated damages amounting to ₹226.08 lakhs imposed by Bharat Electronics Limited (BEL) due to delayed delivery of Towed Array for the Advanced Torpedo decoy System. This has resulted in corresponding overstatement of Current Assets –Trade Receivables.	The delayed delivery of Towed Array for Advances Torpedo Decoy System (ATDS) happened in the course of execution of the project for Bharath Electronics Limited. However, the supply has been completed with the consent of the customer firms, though there is no written agreement in place, an implied understanding between the concerned unit (KCA) and the end customer regarding the time of supply. The slippage of the original delivery date was mainly due to design updates, additional modifications etc., from the end customer. Hence, there is a possibility of reimbursement for the Liquidated Damages (LD) amount deducted by the customer. Moreover, the Customer had previously committed that a waiver of the LD may be considered upon completion of the full lot delivery.

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
		Now, KCA has completed the full delivery, and the final billing is currently under process. Active follow up are being made with the Customer in order to consider the matter of the waiver of LD during our recent communications with respect to this project. It may also be noted that, the same Customer has given further orders for same system subsequently. Hence, based on the discussions and the long-standing relation with the Customer, the Unit believe there is a strong likelihood that the LD imposed might be waived. In view of the above, while finalising the Accounts of KCA, the Unit has not created any provision for bad debts with respect to the LD, against the Trade Receivables as on 31st March 2024. However, we ensure that this matter will be reviewed in the finalisation of next year Accounts and necessary provisioning/adjustments if any required will be done.
(iii)	Non-reversal of excess Project Management and Consultancy charges amounting to Rs.33.58 lakhs recognized as revenue in previous years for the CAPEX portion of the Safe Kerala Project, which was subsequently reduced during discussions and placing orders from Government of Kerala. This has resulted in corresponding overstatement of Current Assets –Trade Receivables.	KCC, Monvila, had invoiced the CAPEX portion of the Safe Kerala Project during the financial years 2020–21 and 2021–22. With respect to this project, prior to the issuance of the comprehensive Government Order (GO(MS) No. 26/2023 /TRANS dt 18/4/2023), several meetings were taken place at Government level. In one of such meeting held on 16.11.2022, the Additional Chief Secretary (Finance) has decided that KELTRON would be eligible to claim PMC (Project Management and Consultancy) charges only on the invoice

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
		value in the capacity of the System Integrator and not on the entire CAPEX investment. The comprehensive Government Order formalizing this decision was issued at a later stage after invoicing of CAPEX portion. Consequently, an amount of ₹33.58 lakhs with respect to PMC, being the difference between invoiced value and sanctioned value of CAPEX is included under Trade Receivable. The Safe Kerala Project is an ongoing project, which is under Annual Maintenance Contract (AMC) and we are also executing the Operations side as well. Regarding the write off of excess PMC, the matter will be review during the finalisation of Accounts of next financial year after critical evaluation of subject matter.
B	**COMMENTS ON CASHFLOW** **A. Cash flow from Operating Activities** **Net Cash flow from operating Activities-Rs (2,651.73) lakhs**	
(iv)	This is understated by ₹2,827.76 lakhs due to incorrect inclusion of deposit made as margin against Letters of Credit and Bank Guarantees with banks, under operating activities. This has resulted in corresponding overstatement of cash flow from investing activities.	It may be noted that while undertaking a project/order the Company has to submit Bank Guarantees (BG) to its Customers as per the terms and conditions as specified in the tender documents/agreement etc. For availing BGs from Bank, Terms Deposit has to be kept as margin money. The line-item Margin on Bank Guarantees disclosed under Note 16 - Cash and Bank Balances are Term Deposits on which lien has been marked by bank for issuing a Bank Guarantee. The net increase of ₹2,827.76 lakh compared to corresponding previous year figure in the line item Other Bank Balances (Note 16B) is mainly on account of increase in Margin on Bank

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
		Guarantee. As per AS -3, Cash Flow Statements, issued by ICAI, the Operating Activities are principal revenue producing activities that are not Financing or Investing Activities. It may be noted that, in our case the BGs are availed specifically for the implementation of projects, which we considered as a principal revenue producing activity of the Company and hence the increase in Margin on Bank Guarantee has rightly been classified under Operating Activity in the Cash Flow Statement. Further, while finalising the accounts for FY 2024-25, the increase/decrease in margin on bank Guarantee will be disclosed in the Cash Flow Statement in accordance with the requirements of Ind AS-7 'Statement of Cashflow'.

For **Kerala State Electronics Development Corporation Limited**

Sd/-
N.Narayana Moorthy
Chairman

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
A	**COMMENTS ON CONSOLIDATED PROFITABILITY:** Consolidated Statement of Profit & Loss for the year ended 31st March 2024 Profit for the year:₹2,136.39 lakhs. The is overrated by ₹343.40 lakhs due to the following	
(i)	Non-creation of provision for doubtful receivables amounting to ₹83.74 lakhs related to rent receivable from loss-making Associate Company, M/s Coconics Private Limited. This has resulted in corresponding overstatement of Other Current Assets.	The Holding Company leased 63 cents of land to its Associate Company M/s Coconics Private Limited (Coconics), from 26th April 2019 for a monthly rent of ₹3 lakhs plus applicable taxes. M/s Coconics Private Limited failed to pay the rent since inception and amount due from them as at 31st March 2022 was ₹124.60 lakhs. The net-worth of Coconics became negative from the financial year 2020-21 and hence a due diligence study was conducted on Coconics. Based on the due diligence report a proposal for investment restructuring was given by KELTRON to Government of Kerala and the same was approved vide Government vide GO (MS) No.20/2023/ID dated 20th March 2023. Accordingly, the equity investment of KELTRON in Coconics was increased from 26% to 28.90% by the conversion of rent receivable amounting to ₹40.86 lakh 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 Coconics become a 'Deemed Government Company' The rent receivable amounting to ₹83.74 lakhs is still outstanding in the books of KCC, Monvila. Recently, the control and management of Coconics has also been taken over by KELTRON, in anticipation of receipt of Orders from Government

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
		Sector. The Coconics has also bagged a prestigious order from an IT Service Company from Republic of Zimbabwe. The Company is positive that there will be an improvement in the financial position of Coconics in near future. Accordingly, we expect that the Coconics will be in a position to pay off the aforementioned outstanding in the years to come. Hence, no provision has been created against the receivable from Coconics during this audit period.
(ii)	Non-recognition of liquidated damages amounting to ₹226.08 lakhs imposed by Bharat Electronics Limited (BEL) due to delayed delivery of Towed Array for the Advanced Torpedo decoy System. This has resulted in corresponding overstatement of Current Assets –Trade Receivables.	The delayed delivery of Towed Array for Advances Torpedo Decoy System (ATDS) happened in the course of execution of the project for Bharath Electronics Limited. However, the supply has been completed with the consent of the customer firms, though there is no written agreement in place, an implied understanding between the concerned unit (KCA) and the end customer regarding the time of supply. The slippage of the original delivery date was mainly due to design updates, additional modifications etc., from the end customer. Hence, there is a possibility of reimbursement for the Liquidated Damages (LD) amount deducted by the customer. Moreover, the Customer had previously committed that a waiver of the LD may be considered upon completion of the full lot delivery. Now, KCA has completed the full delivery, and the final billing is currently under process. Active follow up are being made with the Customer in order to consider the matter of the waiver of LD during our recent communications with respect to this project. It may also be noted that, the same Customer has given further orders for same system subsequently. Hence, based on the discussions and the long-standing

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
		relation with the Customer, the Unit believe there is a strong likelihood that the LD imposed might be waived. In view of the above, while finalising the Accounts of KCA, the Unit has not created any provision for bad debts with respect to the LD, against the Trade Receivables as on 31st March 2024. However, we ensure that this matter will be reviewed in the finalisation of next year Accounts and necessary provisioning/adjustments if any required will be done.
(iii)	Non-reversal of excess Project Management and Consultancy charges amounting to ₹33.58 lakhs recognized as revenue in previous years for the CAPEX portion of the Safe Kerala Project, which was subsequently reduced during discussions and placing orders from Government of Kerala(April 2023). This has resulted in corresponding overstatement of Current Assets –Trade Receivables.	KCC, Monvila, had invoiced the CAPEX portion of the Safe Kerala Project during the financial years 2020–21 and 2021–22. With respect to this project, prior to the issuance of the comprehensive Government Order (GO(MS) No. 26/2023 /TRANS dt 18/4/2023), several meetings were taken place at Government level. In one of such meeting held on 16.11.2022, the Additional Chief Secretary (Finance) has decided that KELTRON would be eligible to claim PMC (Project Management and Consultancy) charges only on the invoice value in the capacity of the System Integrator and not on the entire CAPEX investment. The comprehensive Government Order formalizing this decision was issued at a later stage after invoicing of CAPEX portion. Consequently, an amount of ₹33.58 lakhs with respect to PMC, being the difference between invoiced value and sanctioned value of CAPEX is included under Trade Receivable. The Safe Kerala Project is an ongoing project, which is under Annual Maintenance Contract (AMC) and we are also executing the Operations side as well. Regarding the write off of excess PMC, the matter will be

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
		review during the finalisation of Accounts of next financial year after critical evaluation of subject matter.
B	**COMMENTS ON CONSOLIDATED CASHFLOW** **Consolidated Cashflow Statement for the year ended 31st March 2024.** **A. Cash flow from Operating Activities** **Net Cash flow from operating Activities-₹(2,151.36) lakhs**	
(iv)	This is understated by ₹2,827.76 lakhs due to incorrect inclusion of deposit made as margin against Letters of Credit and Bank Guarantees with banks, under operating activities. This has resulted in corresponding overstatement of cash flow from investing activities.	It may be noted that while undertaking a project/order the Company has to submit Bank Guarantees (BG) to its Customers as per the terms and conditions as specified in the tender documents/agreement etc. For availing BGs from Bank, Terms Deposit has to be kept as margin money. The line-item Margin on Bank Guarantees disclosed under Note 18 - Cash and Bank Balances are Term Deposits on which lien has been marked by bank for issuing a Bank Guarantee. The net increase of ₹2,827.76 lakh compared to corresponding previous year figure in the line item Other Bank Balances (Note 18B) is mainly on account of increase in Margin on Bank Guarantee. As per AS -3, Cash Flow Statements, issued by ICAI, the Operating Activities are principal revenue producing activities that are not Financing or Investing Activities. It may be noted that, in our case the BGs are availed specifically for the implementation of projects, which we considered as a principal revenue producing activity of the Company and hence the increase in Margin on Bank Guarantee has rightly been classified under Operating Activity in the Cash Flow Statement.

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 2023-24

Sl. No.	Comments of Comptroller & Auditor General of India (C&AG)	Management's Response
		Further, while finalising the accounts for FY 2024-25, the increase/decrease in margin on bank Guarantee will be disclosed in the Cash Flow Statement in accordance with the requirements of Ind AS-7 'Statement of Cashflow'.

For **Kerala State Electronics Development Corporation Limited**

Sd/-
N.Narayana Moorthy
Chairman

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 2023-24

SN	Comments of Principal Secretary (Finance)	Management's Response
1	Though the revenue of the company has increased from ₹474.98 crore in the last year to ₹650.24 crore during the period under review at an increase of at the rate of 36%, the profit has declined from ₹22.57 crore to ₹14.65 crore at a decline of at the rate of 35%,which is mainly due to the inordinate hike in the item 'material consumed and service expenses' at the rate of 48%.The Company should look in to the matter seriously and take remedial steps to limit such expenditure in commensurate with the operational income.	As observed by the Finance department, the "Total Income" of the company for FY 2023-24 has increased by 36% whereas the profit of the company has decreased by 35%. This is mainly on account of the following (i) There had been an increase in Employee Cost by 5% which is mainly due to the accounting of ascertained liability of ₹3.80 crores on towards the Gratuity and Earned Leave arrear payable to the retired employees on account of Wage Revision 2012-17, as disclosed in the Note No.59 forming part of Financial Statements for the year ended 31st March 2024. (ii) As observed by the Finance Department, there had been an increase in Material Consumed and Service Expenses by 48%, this is owing to the fact that the revenue from operation has also increased, moreover there has been a change revenue mix as compared to the corresponding previous year. (iii) It may be noted that the Finance Cost has increased by 28% when compared to that of the previous year. This is due to the fact that the borrowings of the company from banks and other financial institutions have increased by 51% as on the reporting date. (iv) During the corresponding previous FY 2022-23, the Company had accounted ₹9.23 crores as Prior Period Income (Refer Note No.27 & 35) and this has also contributed to the profit of ₹22.57 crores reported in FY 2022-23.

**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 2023-24**

SN	Comments of Principal Secretary (Finance)	Management's Response
		As opined by the Finance Department, the Company is putting in adequate internal control system in place to control the expenditure incurred.
2	The Company should take urgent steps to clear its borrowings as the interest dues are more than the actual principal amount at present, especially in Govt. of Kerala loans.	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 (G-BDS). 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. Currently, the Company is focusing on increasing the manufacturing content in the revenue and also on projects from states outside Kerala. We anticipate that this strategic move will improve the liquidity position in the coming years. 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.

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 2023-24

SN	Comments of Principal Secretary (Finance)	Management's Response
3	Guarantee Commission pertaining to the old expired guarantee amounting to ₹535,81 lakh and interest accrued thereon amounting to ₹1,302.15lakhs are outstanding as on 31st March 2024. The Company should take necessary steps to clear the Guarantee commission dues.	As observed by the Finance Department, the Guarantee Commission amounting to ₹535.81 lakhs pertains to the old expired guarantees given by Government having aging of more than 20 years. The interest accrued thereon amounting to ₹1,302.15 lakhs was outstanding as on 31st March 2024. This was reflected under Note 8 - Other Current Liabilities under the head "Current liabilities – Other finance & statutory dues" forming part of Financial Statements. 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.
4.	The Company should take necessary steps for the revaluation of its Property, Plant and Equipment or intangible assets or both.	Noted, will take necessary steps for the revaluation of Property, Plant and Equipment and Intangible Assets.

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 2023-24

SN	Comments of Principal Secretary (Finance)	Management's Response
5.	The Company should take urgent steps to strengthen the internal financial controls to overcome the inherent limitation on financial reporting.	The company has engaged firms of Chartered Accountants empanelled with Government of Kerala for conducting Internal Audit for its manufacturing facilities/marketing offices etc. As per the terms of appointment, the Internal Auditors reviews, analyses and report on the compliance with Accounting Standards, corporate guidelines and other statutory requirements etc., in accordance with the Standards of Internal Audit issued by ICAI. 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.
6	The Company should take necessary steps to conduct Cost audit.	It may be noted that Cost Audit has been completed up to financial year 2021-22. The Cost Audit for the financial year 2022-23 is nearing completion, and necessary steps will be taken to update the same in the ongoing financial year.

For **Kerala State Electronics Development Corporation Limited**

Sd/-
N.Narayana Moorthy
Chairman

STANDALONE FINANCIAL STATEMENTS

2023-24

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 2024, 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, 2024, its profit and cash flows for the year ended on that date.

Basis for Qualified Opinion

1. Trade payables as per Note No. 4 “Other long-term liabilities” includes ₹731.57 lakhs and trade receivables as per Note No.13 ‘other non-current assets’ includes ₹1,979.47 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 these criteria as non-current. The wrong classification has resulted in over statement of non-current asset/liability and understatement of current asset /liability.

2. **Other long-term liabilities, Trade payables and Other Current liabilities (Note No.4, Note No.7 and Note No.8)**

    2.1 Company is showing a closing balance of ₹731.57 lakhs as "Trade Payables" under long term liabilities (Note 4) and ₹53,634.23 lakhs as trade payables under current liabilities (Note 7) totaling to ₹54,365.80 lakhs. These Trade Payables includes amounts outstanding for more than three years amounting to ₹691.25 lakhs (excluding disputed dues to MSME ₹12.29 lakhs) and ₹11,486.88 lakhs under Note 4 and Note 7 respectively. As per the report of branch auditors, confirmation of balances for trade payables outstanding for more than three years are not available for verification in respect of ₹8,011.22 lakhs. Hence, we are unable to comment on the existence and completeness of these liabilities. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.

2.2 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 ₹1,066 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: 41 & 42).

2.3 With reference to the Note No. 4(1) and 7(1) of our financial statements disclosing ageing schedule of trade payables and 4(2) and 8(1) disclosing ageing schedules of sundry creditors – expenses, Company has not provided Interest on the principal amount remaining unpaid to suppliers and service providers registered under MSME Act amounting to ₹29,772.33 lakhs (Previous year ₹29,584.46 Lakhs). The accuracy and completeness of such balances are incapable of being ascertained in the absence of confirmations from concerned parties. Attention is also invited to the Note No.50 in which company disclosed that interest due on outstanding Trade payable to MSME as per MSMED Act has not been provided in the financial statements. 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.

2.4 Other long-term liabilities and other current liabilities includes an amount of ₹2,631.47 lakhs being advance from customers The auditors of KCC and ITBG commented that advance from customers of those units includes amounts outstanding for more than three years amounting to ₹472.38 lakhs. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, the branch auditors of those units are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.

3. Short term Borrowings (Note No.6)

3.1 Current portion of Government of Kerala loan to be disclosed under Current maturities of Long-term borrowings (unsecured) ₹505.76 lakhs. However Company disclosed Government loan wholly due for payment amounting to ₹3,004.68 lakhs along with current maturity of Government of Kerala loan under Current maturities of Long-term borrowings (unsecured).

3.2 Loan from Travancore Titanium Products Limited amounting to ₹12 lakhs and Malabar Cements Limited amounting to ₹360 lakhs and interest accrued on loan from Travancore Titanium products Limited amounting to ₹43.26 lakhs and interest accrued on loan from Malabar Cements Limited amounting to ₹367.44 lakhs are subject to confirmation from parties.

4. Short term provisions (Note No.9)

Reference is invited to the Comments of the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the financial statements of the company for the year ended 31 March 2023 "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 for conversion of loans amounting to ₹9,050.18 lakhs and interest accrued thereon amounting to ₹9,230.61 lakh outstanding as of 31-03-2016 into equity" . As a part of relief measures, GoK had freezed interest payment of a loan from 2006-2007 to 2015-16 and the loan balance as on 31 March 2016 was ₹8,265.84 lakh. GoK further extended (17 June 2016) the relief till 2021 on a condition that the Company had to repay the principal in 10 annual instalments. The Company has not recognized the interest expense in the financial statements since 2006-2007. The Company, however, claimed interest and penal interest for the period 2016-17, 2017-18, 2018-19 and 2019-20 as expenditure for arriving taxable income for income tax purpose for the respective financial years without recognizing the same as expenditure in the financial statements. Income Tax Department has not allowed this interest claim for the financial year 2017-18 as the Company had not filed the same through income tax return. The Company filed appeal and the same is still pending. Claiming of interest has led to accumulated loss of ₹7,678.64 lakh as on 31 March 2020 and zero tax during the period 2020-21, 2021-22 and 2022-23 despite reporting an aggregate taxable income of ₹5,710.86 lakh during 2020-21 to 2022-23. Government of Kerala converted (18 October 2022) loan of ₹600 lakh, ₹1,250 lakh and ₹7,200.18 lakh (out of ₹8,265.84 lakh) and interest and penal interest aggregating to ₹9,231.61 lakh recognized by the Company in its books till 2006 to equity. The interest on the loan claimed by the company as a deduction during the period 2016-2020 is not actually a liability, as the government has converted the loan into equity. Hence the Company has no further liability in this regard and claiming of interest as deduction from 2016-17 to 2019-20 is not correct and liable for tax to the extent of ₹1,833.86 lakh.

The C&AG had directed the company to make suitable accounting treatment in respect of the Comments of the Comptroller and Auditor General of India during the 2023-24.

Company vide Note No.44 disclosed that" 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. Even though the company has claimed interest accrued on the aforementioned loans as an eligible deduction from Taxable Income, the Company did not recognize the interest expenses aggregating to ₹7,686.12 lakhs in the Financial Statements of the respective financial years. It may be noted that 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".

However, company had not made provision for income tax during current year also which has resulted in overstatement of profit and understatement of liability to the tune of ₹1,833.86 lakhs.

Further company vide Note No.56 disclosed that the company has claimed additional carry forward loss and unabsorbed depreciation of ₹1,837.78 lakhs for the financial years 2016-17, 2017-18, 2018-19 and 2019-20. After including the current year income of ₹204.86 lakhs the total carry forward unabsorbed depreciation and loss carried forward to future assessment year is ₹1,762.92 lakhs which is not correct in the light of above qualification.

Company had not provided tax on income during current year since after adjusting the impact mentioned in para 20 of our audit report company's financial result will be loss.

5. **<u>Property, Plant and Equipment and Intangible Assets (Note No.10)</u>**

As reported by branch auditor of KMO, Chennai, company has not capitalized the Major renovation work happened in the company's own building during the month of August & September 2023 amounting to ₹8.96 lakhs which has resulted in overstatement of fixed assets and profit of the company.

6. **<u>Non-Current Investments (Note No.11)</u>**

Company is holding investment in the shares of its subsidiaries, Keltron Component Complex Limited (KCCL) to the tune of ₹2,618.50 lakhs (Previous year ₹2,618.50 lakhs) and associate Colonics private Ltd to the tune of ₹300.86 lakhs ((Previous year ₹260 lakhs). Book value per share of Keltron Component Complex Limited (KCCL) is ₹3.82 against face value of ₹10/- per share based on the Financial statements certified by the Managing Director (Subject to Board approval) as on 31st March, 2024 and the net worth of Coconics Private Limited is negative based on the audited financial statement of the company as on 31st March, 2023. Hence there is erosion in the net worth of these companies and there is diminution in the value of investments to the extent of ₹1,920.72 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 subsidiary and associate. However, the company has not made provision for the diminution of ₹1,920.72 lakhs and to that extent, the company has not complied with Accounting Standard: 13 resulting in overstatement of profit by ₹1,920.72 lakhs and understatement of short term provisions (Note:9) by ₹1,920.72 lakhs.

Since the Audited financial statements of Coconics private Ltd as on 31/03/2024 is not available for verification, we are unable to state whether there are any further improvements in the diminution in the value of investment.

7. <u>Deferred tax assets</u>

Apart from previous year, during current year company had considered the unabsorbed carry forward losses relating to disallowances made in the assessments and pending on appeal before higher appellate authorities amounting to ₹1,727 lakhs while calculating the deferred tax asset. In the light of para-No. 4 of our qualified opinion paragraph the same has resulted in overstatement of assets and profit of the company amounting to ₹538.82 lakhs.

8. <u>Long term loans and advances (Note No.12)</u>

8.1 Investment pending allotment of ₹1,703.75 lakhs (Previous year: ₹1,744.61 lakhs) disclosed under Note: 12 "Long term loans and Advances" was made to subsidiary companies which are under liquidation (Keltron Rectifier Limited – ₹576.43 lakhs and Keltron Power Devices Limited – ₹1,127.32 lakhs). The company has stated reasons for non-provision of the above said investment pending allotment to subsidiary companies vide Note 43(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 ₹1,703.75 lakhs. The non provision of the same has resulted in overstatement of profit and long-term loans and advances to the tune of ₹1,703.75 lakhs.

8.2 Advance to subsidiary companies amounting to ₹1,264.30 lakhs (Previous year. ₹1,264.30lakhs) disclosed under Note: 12 "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: ₹850.67 lakhs).

The company has stated reasons for non-provision of the above said advances to subsidiary companies vide Note No. 43 (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 ₹1,264.30 lakhs. To the extent of this non-provisioning of ₹1,264.30 lakhs, the profit of the company and Long term loans and Advances are overstated

8.3 In KMO, Kolkata , EMD from Contractor receivable ₹14.37 Lakhs (Net of provisions) are doubtful in nature and no confirmation of balances were provided to the branch auditors Hence, as per the Branch auditors, the amount needs to be provisioned and accordingly the net profit for the financial year is overstated to that extent of ₹14.37 lakhs with overstatement of assets.

9. <u>Other non-current assets (Note No.13) and Trade Receivables (Note :15)</u>

9.1 Auditors of KMO, Kolkata qualified that Trade Receivables balances of ₹2,564.49 Lakhs include outstanding receivables of ₹2,550.86 Lakhs outstanding for more than three years which are doubtful in nature. In their opinion the debtors balances amounting to ₹2,550.86 Lakhs are doubtful of recovery and is required to be provisioned in the books of accounts. The net profit of the company for the financial year is overstated with corresponding overstatement of assets to the extent of ₹2,550.86 Lakhs

9.2 The units KCC, Monvila, KMO Mumbai, ITBG and KTTC, Kuttipuram is showing a closing balance of ₹57,034.01 lakhs as "Trade Receivables" in Note No. 13 &15 to the financial statements. The trade receivables include amount outstanding for more than three years amounting to ₹14,222.30 lakhs. The auditors of KCC Monvila, KMO Mumbai,ITBG and KTTC Kuttipuram had commented that the units have made a provision of ₹588.32 lakhs (after considering adjustment in corporate Office) in the books of accounts against the above trade receivables.

The auditors of KLD, Mudadi commented that the total outstanding from trade receivables as on 31st March 2024 was ₹948.33 Lakhs. Out of above receivables, trade Receivable outstanding for more than 3 years reported to be ₹97.99 Lakhs, and 2 to 3 years ₹50.43 Lakhs and 1 to 2 years ₹181.91 Lakhs which altogether coming to around 35% of the total trade receivable as on the balance sheet date which is considered significant. Further they have observed that 57 receivable accounts, which have no transactions during the year with aggregate balances of ₹260.79 lakhs which constitutes 27% of the total trade receivables.
The auditors above units have not received any confirmation regarding the future realization of the above long outstanding receivables. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.

9.3 The auditors of KEC had commented that the Unit is having a balance of ₹519.96 lakhs under Provision for Bad and Doubtful Debts as on 31.03.2024. This provision has been made for covering bad debts up to 2018. The balance of Sundry Debtors as on March 31, 2024 is ₹11,005.22 lakhs out of which debtors outstanding for more than 5 years is ₹2,766.24 lakhs. The total Sundry debtors includes debtors from SBU- IDCP amounting to ₹759.07 lakhs out of this

₹166.19 lakh is outstanding for more than 5 years as on 31.03.2024. IDCP was phased out during FY 2021-22 and there is a clear uncertainty in recovery of these debtors. As the unit has not conducted an analysis of bad debts since 2018-19 and for the reasons mentioned above, the provision provided by the management is

inadequate resulting in overstatement of Sundry Debtors and understatement of loss.

Further Auditors of KEC commented that a total receipt of ₹163.15 lakhs which is yet to be identified is posted to miscellaneous debtors under Sundry Debtors Since this amount is not reflected in corresponding debtors account, the correctness of party wise receivable is vitiated to such extent.

10. <u>Inventories.</u>

10.1 As per the audit report of KMO, Bangalore, on physical verification, the stock item "24VDC" is not available at KMO, Bangalore which has resulted in overstatement of current assets and profit of the company by ₹0.78 lakhs.

10.2 Auditors of KEC had commented that the inventory is not valued at NRV, wherever required by the management to determine the inventory value as per Accounting Standard (AS) 2 Valuation of Inventories. The inventory is disclosed at cost which is against the accounting policy of the company resulting in overstatement of inventory. The auditors had not quantified the value of overstatement. Total value of inventory of KEC amounts to ₹4,355.92 lakhs.

10.3 Auditors of KLD commented that they have noticed non-moving hearing aid related raw material items of ₹18.6 Lakhs and lighting related raw material items ₹6.2 Lakhs were carried over from previous years without any movements under these items. Also Finished goods inventories of lighting related items amounting to ₹3.52 Lakhs were carried over from previous years without any movements. However, no provision against such non-moving items is made in the financial statements as of 31st March 2024, accordingly the closing stock of inventories and profit of the company is overstated by ₹28.32 lakhs.

11. <u>Cash and cash equivalents Note No.16</u>

The auditors of Keltron Communication Complex (KCC), Monvila had commented that “An amount of ₹ 84.93 lakhs credited in the bank account is not accounted in the books of accounts. As per the information and explanation given to us during our audit, the reconciliation relates to amounts received from trade debtors subsequently identified and accounted. Hence as on 31.03.2024, there is an understatement of Cash and Cash Equivalents by ₹84.93 Lakhs with corresponding overstatement of sundry debtors by same amount.”

12. Short Term Loans and Advance- Note: 17

12.1 Advance to subsidiary companies of ₹329.50 lakhs disclosed under Note: 17-Short Term Loans and Advances, includes ₹129.98 lakhs (PY: ₹109.23 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 ₹129.98 lakhs. To this extent the profit of the company and Short-Term Loans and Advances are overstated.

12.2 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 ₹2,426.25 lakhs for the Assessment year 2007-08 to 2024-25, the Company's books of account show the balance of ₹891.82 lakhs only. The Company did not account for the balance credit of ₹1,534.43 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.

During current year, company credited a refund of ₹452.13 lakhs relating to Assessment Year 2022-23 even though the TDS accounted in the respective head is only ₹248.43 lakhs. This has resulted in understatement of short-term loans and advances amounting to ₹203.70 lakhs with corresponding overstatements of assets of the company.

12.3 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 17, the total advance paid to KELTRAC is ₹176.80 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 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 ₹176.80 lakhs.

12.4 KEC Karakulam Unit is having advances to suppliers for expense amounting to ₹15.80 lakhs which are still treated as advance even after the receipt of goods, causing an overstatement of asset and profit to the extent of ₹15.80 lakhs.

13. Revenue from operation (Note No.19)

Comment of auditors KLD, Mudadi is reproduced below:
“We draw attention to Note A Significant Accounting Policies, PROFIT AND LOSS l (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 dispatches/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 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 standard which states that:

Revenue from service transactions is primarily recognized as the service is performed, either by

a. Completed service contract method or

b. Proportionate completion method

The division has recognized contract revenue of ₹589 lakhs (PY ₹544 lakhs) for the year ended 31st March 2024. Out of these, revenues aggregating ₹264 lakhs (PY ₹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”.

14. Expenses

14.1 Regular write off /write back of bad and doubtful debts / liabilities and provision for bad and doubtful debts and advances, Bank guarantee invocation income of ₹36.15 lakhs is classified as exceptional item and included and disclosed under Note No.28 though the items are the outcome of regular business transactions. We are of the opinion that the same should have been classified under Note. No.26 – “Other expenses”.

14.2 As per Board Meeting Minutes 274/18 (Mn.No: 6218) and I No.276/21 (Mn.No: 6273) company approved the fixation of Pay & Allowance of Executive & Supervisory category employees of company and submission of proposal to the Government for revision of pay and allowances of Executive & Supervisory category employees for the period from 01.04.2017 to 31.03.2022 with all details as specified in Government Circular No.85/2023/Fin dated 24.08.2023. Company had not provided liability on account of arrears of Pay & Allowance of Executive & Supervisory category employees for the period 01.04.2017 to 31.03.2022 amounting to ₹1,962.74 lakhs. Since liability is confirmed and approved by Board and the company is paying interim relief provision need to be created for the same. If the liability is likely to occur and the amount can be reasonably estimated, it should be recorded in the accounting records. The non provision of same has resulted in overstatement of profit and understatement of liability by ₹1,962.74 lakhs.

15. <u>Contingent liability (Note No: 29)</u>

15.1 Branch auditors of KMO , Mumbai commented that the company has defaulted in the payment to the MSME vendor viz Insight Business Machines Pvt Ltd amounting to ₹104.98 lakhs as per Note 7 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 the 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 ₹1,825 Lakhs of which ₹1,457 Lakhs is shown as contingent liability as per Note No. 29 of the financial statements which includes the principal and the interest on the each of the several financial years. However, the branch has only set aside ₹153.67 lakhs as the provisions to be payable as a future liability. This provision together with payable, retention amount and security deposit comes to ₹368 lakhs. Therefore, we are unable to comment upon the impact of adjustments if any, on the financial statements of the Branch.

15.2 Reference is invited to Note No.29 of the financial statements where company had disclosed an amount of ₹4,588.20 lakhs on account of RP tech soft international legal case. As per Note No.68 company disclosed that RP tech soft international initiated arbitration against the Company during 2021 and the Hon'ble Arbitrator Justice (Retd.) KR.Udhayabhanu was appointed as Arbitrator and the Arbitration proceedings was conducted and concluded on 10th April 2023. The principal amount of Arbitration Award was ₹2,818.19 lakhs with the addition of interest and other expenses aggregating to ₹4,588.20 lakhs in favour of RP Tech . Company filed application under section 34 of the Arbitration and Conciliation Act,1996 for setting aside of Arbitration Award before Hon Commercial court at Trivandrum. The matter is pending before court. Meanwhile, RP Tech has filed an Execution Petition before the Hon'ble Additional District Judge III Court, Thiruvananthapuram for attaching the properties of the Company which was allowed by the said Court on 12th June 2024. Against the attachment order, the Company preferred a Civil Review Petition before the Hon'ble High Court of Kerala and stayed the attachment proceedings. As per the instruction in the Order staying the attachment, the Company has paid an amount of ₹150 lakhs to RP Tech. As per the written representation received from the Standing Council of the company, it is not clear whether the company will be absolved from the liability fixed by the Arbitrator of ₹4,588.20 lakhs. Company has only disclosed the same as a contingent liability and no provision made. In light of these discussions, we are unable to comment on the liability payable by the company.

16. Reference is invited to the Note No. 47 to the financial statements in which company disclosed that "Credit balance in Trade Receivable Account amounts to ₹3,251.71 lakhs (Previous year: ₹1,784 lakhs) and debit balance in Trade Payable Account amounts to ₹274.17 lakhs (Previous year: ₹255.25 lakhs) are subject to confirmation / reconciliation and consequent adjustments, if any, upon confirmation. The branch auditors had qualified that the credit balance in trade receivables are the unrecognized receipts in the bank accounts received from various debtors specifically ITBG where ₹2,629.12 lakhs relate to unrecognized receipts in the bank accounts

received from various debtors over the years, major portion of this amount is outstanding for more three years and the accounts are non-operative without any transactions during the year. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.

17. <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. (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).

18. Company has conducted the cost audit up to the financial year 2020-21, and no cost audit has been conducted for the subsequent periods (2021-22 and onwards) as mandated by Section 148 of the Companies Act, 2013, and the Companies (Cost Records and Audit) Rules, 2014. This may have an impact on the overall financial reporting and compliance status of the company with respect to cost audit.

19. In respect of Units and KMO's audited by unit/KMO auditors, they have made certain qualifications. We have incorporated all material qualifications and qualifications which has impact upon the financials statements of the company under concerned paragraph of our audit report. Qualifications which are specific to the Unit or KMOs 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 respect of Annexure –I.

20. We further report that: -

a) The aggregate effect of our qualifications described above in Point No 4, 5, 6, 7, 8, 9.1, 10.1, 10.3, 12.1, 12.3, 12.4 and 14.2, is that assets are overstated by ₹6,432.74 Lakhs, Liabilities are understated by ₹5,717.32 Lakhs, Profit / Reserves are overstated by ₹12,150.06 Lakhs.

b) Effect of our qualification numbers point 1 and 11 are overstatement of non-current liabilities by ₹731.57 lakhs, on-current asset by ₹1,979.47 lakhs and trade receivables by ₹84.93 lakhs with corresponding understatement of current liability by ₹731.57 lakhs, current asset by ₹1,979.47 lakh and cash and cash equivalents by ₹84.93 lakhs.

c) We are unable to determine the financial impact of the qualifications in points 2,3, 9.2, 9.3, 10.2, 12.2,13,14.1,15 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 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.6 of financial statements includes loan from Travancore Titanium Products Limited amounting to ₹12 lakhs and Note No. 6(j) 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.10 of financial statements. Property, plant and equipment's, the title deeds of certain land are 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.55 of financial statements which states that balances of Government loan under Long-term borrowings (Note-3) Other long-term liabilities (Note-4) and short-term borrowings (Note 6), Trade payables (Note-7), Other current liabilities (Note8), Long term loans and advances (Note-12), Trade receivables under Other non-current assets (Note-13),

   Trade receivables (Note-15) under Current assets, short term loans and advances (Note - 17) and other current assets (Note 18) are subject to confirmation/ reconciliation.

4. Note No.52 of financial statements with regard to non-provision of rent payable for the period 2016-17 to 2023-24 to Government of Kerala for the staff quarters building occupied by KMO New Delhi.

5. Note No.60 of financial statements which states about the provisioning of pay revision arrears payable to workmen category employees amounting to ₹963.27 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.

6. Note No. 62 which states about the out of court settlement of Softgrip Power Solution Private Limited case

7. 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:

<table>
<tr><th>SN</th><th>Units</th><th>Emphasis of Matter</th></tr>
<tr><td>1</td><td>KMO – NEW DELHI</td><td>a Note 42(c) states that DVAT Input standing in the books from the previous year's amounting to ₹16.54 Lakhs (including in 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.
b. 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.</td></tr>
<tr><td>2</td><td>KMO - BANGLORE</td><td>a. There is a turnover difference between GST1 & GST3B return for ₹0.19 Lakhs which needs to be amended in GST returns.
b. There is a Output Tax difference between GST1 & GST3B return for ₹0.035 Lakhs which needs to be amended in GST returns.
c. There is a Inward Input Tax credit difference between GST3B & GST2B return for ₹0.39 Lakhs which needs reconciliation.
d. Also during the course of audit while scrutinizing the GST returns, we noted that Bill no 20 Dt.20/03/2024 with Invoice amount ₹26.04 Lakhs with Buyer name as Commissioner of Police, Chennai for which the GST number mentioned in invoice pertains to Tax deductor Type instead of Regular Taxpayer Type. This requires amendment of the GST number in GST portal which enables the buyer (Commissioner of Police , Chennai)to avail Inward Input Tax credit.
e. The residual value taken for all assets is based on number of units for each class of asset and not at 5% of Cost value.
f. During the course of audit, Cash expenses amounting to ₹0.069 Lakhs has not been accounted in Book of Accounts, but rectified before completion of audit, Management has not provided Cash balance confirmation certificate and we could not verify the Cash balance physically during the course of audit. Hence management is advised to undertake Cash balance verification periodically/annually.

g. TDS demand of ₹0.59 Lakhs is a contingent liability which pertains to following years:
<table><tr><th>FY</th><th>Demand Amount (₹ in Lakhs)</th></tr><tr><td>2008-09</td><td>0.0105</td></tr><tr><td>2007-08</td><td>0.1029</td></tr></table></td></tr>
</table>

2016-17	0.0046
2013-14	0.2253
2012-13	0.0192
2011-12	0.0077
2010-11	0.2221
Total	**0.5923**

3 KMO - MUMBAI

a. In respect of Inventories during the reporting period the Mumbai branch as per its physical verification report conducted and certified by the management has reported following values:-

SN	Particulars	Non Moving items (₹ in Lakhs)	Slow Moving Items (₹in Lakhs)	Obsolete Items (₹ in Lakhs)
1	Quantities	0.028	0.0049	0.0028
2	Value	4.94	1.075	0.33

However, no provision has been made on diminution in the value of obsolete, non-moving and slow-moving inventory in the financial statement.

b. It has been observed from the online TRACES portal of the branch that there is various outstanding demands 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.

Sr. No	Financial Years	Processed Demand Outstanding (₹ In Lakhs)
1	2007-08	0.264
2	2009-10	1.87
3	2010-11	4.32
4	2011-12	0.165
5	2012-13	0.65
6	2013-14	0.074
7	2015-16	0.188
8	2017-18	0.0105
9	2018-19	9.76
10	2019-20	1.44
11	2020-21	0.297
12	2021-22	1.05
13	2022-23	2.37

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<tr><td>14</td><td>2023-24</td><td>1.53</td></tr>
<tr><td></td><td>TOTAL</td><td>23.99</td></tr>
</table>
The Branch has received notices dated 21-06-2023 and 03-08-2023 from the office of the Income Tax (TDS) for the Recovery of Outstanding demand of ₹1.77 Lacs along with the unconsumed Challan of ₹22.25 Lacs which was not replied by the branch. The management has stated that they are in process of taking necessary action and the outstanding demand of the TDS will be eliminated once the TDS Returns for the previous financial Years are revised / rectified and the same will not have any financial implications and therefore no provisions for the same has been created.
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<tr>
<td>4</td>
<td>INFORMATION TECHNOLOGY AND BUSINESS GROUP (ITBG), VELLAYAMBALAM</td>
<td>
a. The Company has not renewed rental agreement of the current parties whose details are as follows:
<table>
<tr><th>SL No</th><th>Party Name</th><th>Rental Agreement Expiry Date</th></tr>
<tr><td>1</td><td>Kottayam Municipality</td><td>30.09.2021</td></tr>
</table>
</td>
</tr>
<tr>
<td>5</td>
<td>KELTRON CONTROLS 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 under the head current liabilities and not under the head non-current liabilities.
b. Note 19 (Revenue from Operations) and Note 14 (Inventories) in the financial statements, which highlights:

Sales revenue amounting to ₹3,127.61 Lakhs was recognized on 30th and 31st March 2024, as part of the total turnover for the year. Upon review, it was noted that the dispatch of goods relating to these transactions occurred after the reporting date. While this aligns with the entity's current operational practices, it is being assessed for alignment with the guidance under Accounting Standard (AS) 9 on Revenue Recognition.
The corresponding trade receivables related to these sales have been recognized in the balance sheet as of 31st March 2024. It is noted that the transfer of underlying risks and rewards of ownership to the customers occurred subsequent to the reporting date.
The related inventory was excluded from the closing inventory balance as of 31st March 2024. Although this reflects the company's treatment, Accounting Standard (AS) 2 on Inventory

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<td>Valuation suggests including such items as part of the inventory until dispatch.

c. We disagree with the presentation of GST Payable as a negative balance under short term loans and advances, as GST payable typically represents a liability and should be classified under current liabilities.

c. 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 practices and principles following in India, in case of loose tools being it has to be valued as per AS 2.

e. Note 38 of the financial statements, which describes the Company's recognition of warranty provisions. While the provision has been disclosed, the financial statements do not include detailed explanations of the assumptions and methodology used in estimating the provision.</td>
</tr>
<tr>
<td>6</td>
<td>KELTRON COMMUNICATION COMPLEX (KCC), MONVILA</td>
<td>a. The unit has shown the following accounts under Long Term Loans and Advances detailed in Note No. 17 for which confirmation of balances are not available for verification. The unit has made provisions against these receivables in the books of accounts.
<table>
<tr><th>Ledger Name</th><th>Account Balance (₹ in Lakhs)</th><th>Provision Created (₹ in Lakhs)</th><th>Remarks</th></tr>
<tr><td>Miscellaneous Advance

(Vat Credit-₹22.69 lakhs, Service Tax Credit-4.32 lakhs and other deposits- ₹14.99 lakhs, General Sales Tax-₹2.39 lakhs, VAT Payable (Dr)-₹2.40 lakhs)</td><td>46.81</td><td>46.81</td><td rowspan="2">Provision created for unidentified or unrealizable amount in the books of accounts as per board's approval.</td></tr>
<tr><td>Excise Deposit</td><td>1.69</td><td>1.69</td></tr>
</table>
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<tr>
<td>7</td>
<td></td>
<td>
<table>
<tr><td>Rent Deposit</td><td>1.55</td><td>1.55</td><td></td></tr>
<tr><td>Other Deposit</td><td>92.14</td><td>84.97</td><td>The provision relates to Pune CGRAPS Project (₹84.97 lakhs) which is outstanding for more than eleven years.</td></tr>
</table>
</td>
</tr>
<tr>
<td>7</td>
<td>KELTRON LIGHTING DIVISION (KLD), KOZHIKODE</td>
<td>a. We draw attention to Note 31 to the Financial Statements where in 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 been informed that the appeal has been filed by the division against the order and rearing is being awaited. No further updates on appeal proceedings from the attorneys regarding this pending litigation against the order passed by the Joint Commissioner of Customs are available. 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.</td>
</tr>
<tr>
<td>8</td>
<td>KELTRON EQUIPMENT COMPLEX (KEC), KARAKULAM</td>
<td>a. The Unit is following a policy of writing off Tools, Jigs and Fixtures by apportioning the expenses in 4 years equally, Refer Note no A - Significant accounting policies to Standalone Financial Statement. Each tool is used for different purpose and in different capacity and therefore wear and tear may differ from item to item. We are unable to comment whether this policy is optimum for all type of tools, jigs and fixtures.
b. The Unit has entered into an agreement on 24.11.2014 with C-DAC for jointly developing SES MK 1 for a total contract value of ₹185 Lakhs. The project was scheduled to be completed by 23.05.2016 and Unit has paid an advance of ₹50 Lakhs. The development process is still not completed and is shown in Note 10 under the Intangible asset under development.
The Unit has entered into another agreement on 03.10.2019 with C-DAC for jointly developing SES MK 2 for a total contract value</td>
</tr>
</table>

		of ₹413.34 Lakhs. The project was scheduled to be completed by 20.11.2020 and the Unit has paid ₹333.79 Lakhs including GST till date. The development process of this project is also still not completed and is shown in Note 10 under the Intangible asset under development. We have not ascertained the financial effect of delayed execution and the consequent technical obsolescence. c. The Unit has received an amount of ₹969.03 Lakhs as advance from customers as at 31.03.2024. Out of this, an amount of ₹13.20 Lakhs has been received for services and GST liability has been provided for the same. The management considered the rest of advances are for material procurement. d. Finance cost in Note 24 includes interest on delay in payment of excise duty amounting to ₹10.34 Lakhs under the head Interest-Others. e. The Prior Period Income in Note 37 comprises of the following;

SN	Particulars	₹ (in Lakhs)
1	Reimbursement of stipend of Apprenticeship training for previous years	124.21
2	Excess provision written back for subcontracting charges under arbitration	9.06
3	Excess provision written back for bad debt	38.27
	Total	**171.55**

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 ₹(18,028.40) lakhs as at March 31, 2024, total revenues of ₹64,794.06 lakhs and net cash outflow amounting to ₹584.13 lakh 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. Apart from confirmation of balances received from some of the trade payables, balances outstanding to other trade creditors, accounts payable, deposit from subcontractors, EMD from contractors, retention money from contractors, sundry creditors for expenses, advances from customers, balances due from trade receivables, advances and security deposits made 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 total accumulated losses of the division as on 31st March 2024 ₹ 1,299.55 Lakhs (PY ₹1,543.79 Lakhs). The Division operates with the financial supports from other associate units/divisions under the parent company and as on 31St March 2024, the division owes ₹2,390.38 Lakhs (PY ₹2,321.96 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 returns. An amount of ₹0.02 Lakhs has been incurred due to late filing of TDS returns. 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 GST portal (GSTR 2A) for the year was ₹ 97.05 Lakhs. However, as per books, the total availed ITC was ₹ 84.52 Lakhs. The reasons for difference of ₹12.53 Lakhs is identified and explained to us as follows: • On Hearing Aid related inward supplies ₹9.16 Lakhs treated as in eligible.

- Proportionate ITC not Availed on common expenses not availed ₹1.40 Lakhs.
- ITC not booked on Capital Assets purchases ₹0.68 Lakhs.
- Due to Invoices wrongly uploaded by suppliers not pertaining to the division ₹1.87 Lakhs. Accordingly, neither ITC nor related cost has been recognized in the books on these wrongly uploaded invoices.
- Excess ITC in books due to timing differences between Books and GSTR 2A ₹0.11 Lakhs.
- RCM ITC excess accounted in books ₹0.47 Lakhs.

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 ITCs 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 JVs signed only by the person who prepared the vouchers.

f. SMT (Surface Mount Technology) machine and its related and supportive machineries with net book value of around ₹57.6 Lakhs (Gross Book Value ₹2.2Crores) which is a major asset and constitutes 89% of the total net book value of Plant and Machinery owned by the division, is not functioning and fully idle without any productivity and completely in halt for many years. The management's efforts to repair this machine from time to time in order to make these assets as useful has not been successful. 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.

g. Royalty amount of ₹10.27Lakhs (PY ₹12.98Lakhs) 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 in the financial statements. Treating such expenses as non-operative in the profit and loss account of the division is not correct.

h. 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. i. The division has not availed any funded facilities from banks, financial institutions and others 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. There were no LC balances outstanding as of 31st March 2024 as confirmed by bank, however, the margin deposit of ₹5.83 Lakhs made on 30th August 2023 is still lying under short term loans and advances (other deposits). LC margin deposits are supposed to be used either against the settlement of documents under LCs or closed immediately upon settlement of documents under LCs alternatively. j. 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 2024. The provision against warranty expenses opening balance was ₹36.36Lakhs and actual expenses incurred during the year was ₹12.24 Lakhs resulting in an excess provision of ₹8.5 Lakhs and the same was written back during the year. The current year's provision made was ₹19.91 lakhs, which is expected to be sufficient based on the past trends. k. An amount of ₹1Lakhs carried over from earlier year EMD received from contractors Enetech Energy Managers PVT Ltd ₹0.5 lakhs and Illuminato Lighting Technologies ₹0.5Lakhs. These deposits are very old and non-moving in nature without any confirmations. l. As per the explanation provided to us, TDS Demand of ₹0.06 Lakhs (₹0.01 Lakhs for the FY 2009-10 Q4 and ₹0.05 Lakhs 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.

		m. 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 option" clause above. • No records seen maintained regarding purchase, issue, progress work, installation stages of completion, work completion certificates etc. • Invoicing to the customers is made on lump sum and not based on stages of completion. • 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. • Many cases are noticed with 100% invoicing done before obtaining work completion certificates from the customers. • Noticed many instances of works executed without work orders received from customers and agreements signed by them. • E-Tender documents for awarding works to subcontractors are not available for our verification in many cases. • Head office approval is not seen recorded on few projects awarded to subcontractors having contract amounts below ₹10Lakhs.We have been informed that, Head Office approval is required for project value awarded up to ₹10 Lakhs. • Work orders to subcontractors are not available on record in many cases. • Contracts agreements though executed but are not signed by the subcontractors in many cases. • Neither security cheque nor bank guarantees with validity until the expiry of warranty period found obtained against many projects. • Work completion certificates by subcontractors are not obtained for many projects. • 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	a. Balances under Trade payables, Accounts payable, Deposit from Subcontractors, EMD from contractors, Retention money from

	CUM TRAINING CENTRE (KTTC), KUTTIPURAM	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 ₹68.41 Lakhs (PY ₹81.87 Lakhs) and the total accumulated losses is ₹661.65 Lakhs (PY ₹593.24 Lakhs). The Division operates with the financial supports from other associate units/divisions under the parent company and the division owes ₹941.41 Lakhs (PY ₹942.43 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 instances of delay in depositing TDS amounts and filing GST /TDS Returns. TDS deducted amounts aggregating ₹0.04 Lakhs accounted as TDS payable as of 31st March 2024, were neither paid on time within the due dates nor shown in the quarterly TDS returns for the year 2023-2024. It was also noted that the total Interest paid by the division on delay in depositing TDS during the year 2022-23 ₹0.03 Lakhs and Interest and late fees incurred on account of GST return ₹0.005 Lakhs. d. We have noticed un-availed GST ITC credits of ₹0.25 Lakhs which are appearing at GST Portal as per the invoices uploaded by the suppliers. We were informed that these ITC credits were not known to the division and as a result of invoices wrongly uploaded by the suppliers at the GST portal without any underlying transactions with the division. 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. We have also noticed instances of booking division's expenditures using payment/Journal vouchers without routing these transactions through supplier accounts. However, these vouchers were subsequently rectified during the course of our audit by routing these entries through respective supplier accounts. The practice of direct booking of expenses through JVs and payment vouchers may 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 suppliers in GST Portal, we have noticed that there were few invoices uploaded by two suppliers "Alleppey Parcel Services LLP & DAILY EXPRESS LLP" which attracts GST payable on RCM basis. The taxable value of such supply is ₹0.052 Lakhs and applicable RCM ₹0.003 Lakhs (CGST and SGST). Neither RCM Liability nor RCM ITC ledgers under RCM have been maintained by the Division during the year instead these items were subsumed with GST output tax / input tax ledgers respectively. f. No Proper authorization found on Journal vouchers prepared and accounted. Many instances seen with JVs are signed only by the person who prepared the vouchers. g. 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 ₹20.04 Lakhs which constitutes 32.5% of the total Plant and machinery net book 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 ₹1,629.92 Lakhs for the year 2023-24. Being the profit includes supplies to various government entities including Grama panchayath's and Municipalities, in our opinion, the organization may expand its consideration of related parties to include such entities for comprehensive disclosure under AS-18.
4	KMO - MUMBAI	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:-

Statute	**Nature of Dues**	**Amount (₹ in Lakhs)**	**Period of which The dues relate**	**Due Dates**	**Date of Payment**	**Remarks i any**

		GST	GST (TDS)	0.120	FY 2023-24	10th of Subsequent Month	No Payment Made	GST(TDS) not deducted and not Paid
		GST	GST (TDS)	0.232	FY 2023-24	10th of Subsequent Month	No Payment Made	GST(TDS) not deducted and not paid
		Income Tax	194C	0.0051	FY 2023-24	7th of Subsequent Month	No Payment made	TDS not deducted and Paid
		Income Tax	194J	1.40732	FY 2023-24	7'h of Subsequent Month	No Payment Made	TDS deducted and not Paid
5	KMO - KOLKATTA	Comparatives figures for the year ended March 31, 2023 have been audited by another auditor who has expressed a modified opinion vide their report dated August 25, 2023 on the financial statements of the Kolkata Branch for the year ended March 31, 2023.						
6	KMO - CHENNAI	a. During the month of October 2023, company has made payment for property tax of ₹0.77 Lakhs twice for the F.Y 23-24. b. The residual value taken for assets is ₹1 irrespective of no of units in that particular class of asset. The accounting policy adopted regarding the treatment of residual value of fixed assets varies from Bangalore branch and Chennai Branch. Management needs to adopt a uniform standard accounting policy through the company for uniform treatment of residual value of fixed assets and needs to comply as per Companies Act, 2013. c. TDS demand of ₹3.88 Lakhs is a contingent liability which pertains to following years:						

F.Y	Demand Amount (₹ in Lakhs)
2009-10	0.13
2010-11	0.45
2011-12	0.0014
2012-13	0.0016
2014-15	0.015
2017-18	2.96
2018-19	0.056
2019-20	0.0113
2020-21	0.25
2022-23	0.0003
Total	**3.88**

d. Branch has not made provision for interest on amount outstanding to the MSME vendors in accordance with the section 15 & 16 of the Micro, Small & Medium enterprises Development Act 2006

e. On scrutinizing GST returns, we have observed that one of the supplier - M/s Sense Image Technologies has filed GST return in the month of November 2023, without submitting proof of completion of rendered services as per work order terms and conditions. Hence management has not taken GST credit amounting to ₹5.84 Lakhs.

f. ₹14.41 Lakhs has not been written off from Long term liabilities which is mentioned in the previous Independent audit report dt.13.12.2023.The management needs to give proper attention and do the needful.

g. During the audit, we observed that their accounting software (Tally) allows for modification / addition / deletion of accounting entries on prior dates. Necessary controls needs to implemented by the Head office to prevent the same.

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, pursuant to notification No. G.S.R 463(E) dated 05/06/2015 issued by the Government of India provisions of section 164(2) of the Act is not applicable to the Company.

i) The company has not contravened the provisions of Section 197 (16) of the Act in payment of remuneration to directors.

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

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:29 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. Based on our examination which included test checks and information given to us, the Company has used accounting software for maintaining its books of account, which did not have a feature of recording audit trail (edit log) facility throughout the year for all relevant transactions recorded in the respective software, in absence of audit trail for the said period, the question of our commenting on whether the audit trail was tampered with doesn't arise.

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

Date:30th April 2025
UDIN:25225166BMKULR3002
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	Balances of service tax ₹157.13 Lakhs Credit and ₹54.64 Lakhs Debit are appearing in the books of accounts for which no explanation or information were provided to us.
2	KMO – MUMBAI	a. 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 ₹126.46 Lakhs, ₹16.02 Lakhs and ₹149.21 Lakhs as per the Note No.12 and 17 of the financial statements, respectively. Balance confirmations and 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.

		b. In regards to the deposits received from dealers (Security Deposits) it is classified as Other Current Liabilities from whom the outstanding payable is less than 12 Months amounting to ₹10.47 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 ₹99.99 Lakhs as per Note no. 4 of the financial Statements and EMD from contractor classified as other current liabilities for ₹7.21 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. c. As per Section 44 of CGST Act 2017, every registered person is required to furnish GSTR-9/GSTR-9C if the aggregate turnover exceeds ₹500 lakhs in a financial Year. It has also come to our notice that the branch was required to file GSTR 9 (Annual report) and GSTR-9C Annual reconciliation Statement for the financial years 2020-21 to F'Y 2022-23 but the branch has fail to file the same till the date of this report. Hence the branch may be liable to pay the late fee as per section 47 of CGST Act 2017. The Branch has not provided any provision for the late fees / interest / penalty if any on such non filing for the form GSTR-9 and GSTR-9C in the relevant financial years because of which we are not able to quantify the impact of the adjustment if any on the financial statement of the branch.

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<td>INFORMATION TECHNOLOGY AND BUSINESS GROUP (ITBG), VELLAYAMBALAM</td>
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a. The unit is not maintaining a system to identify and classify "EMD and Security Deposits" (Credit Balance) related to completed projects and non-completed projects/contracts. As per the information and explanation given to us, account balances in the EMD/Security Deposits include amounts relating to completed projects/contract and most of them are outstanding for more than 3 years. As stated in Note No. 4 & 8 under "Long Term liabilities/other current liabilities-other finance", an amount of ₹2,683.35 lakhs is outstanding as EMD and Security Deposits from contractors/Dealers as on 31-03-2024. The details of these account balances are provided below.
<table>
<tr><th>Particulars</th><th>Balance as on 31.03,2024</th><th>Outstanding for more than 3 years</th></tr>
<tr><td>Security Deposit form Dealers</td><td>2610.00 lakhs</td><td>9.91lakhs</td></tr>
<tr><td>EMD from Contractors</td><td>73.35 lakhs</td><td>25.20 lakhs</td></tr>
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Due to the non-availability of confirmation and reconciliation of afore mentioned account balance, we are unable to quantify the impact of adjustments on the financial statements, if any, arising from reconciliation and settlement of EMD and Security Deposits account balances of completed projects.
b. The unit is showing a closing balance of ₹171.35 lakhs as “earnest Money Deposits”(Debit Balance) under “Other Deposits” in Note No 12 & 17 to the financial statements related to completed and non-completed projects. This includes ₹60.94 lakhs outstanding for more than three years against which the unit has made a provision of ₹14.39 lakhs in the books of accounts. There is no confirmation of the account balances available for the balance ₹46.55 lakhs or any reason for delay in the realization of deposits for the completed projects and hence the future realization of the earnest money deposit cannot be commented
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</tr>
</table>

		upon. As the confirmation and reconciliation of afore mentioned account balance are not available, we are unable to quantify the impact of adjustments on the financial statements, if any, arising from reconciliation and settlement of EMD account balances of completed projects. c. The unit is showing a closing balance of ₹27.06 lakhs as "VAT credit receivable input account" shown in "Advances Others" under "Short Term Loans and Advances" in Note No. 17 to the financial statement, being excess VAT payment made in earlier years. As informed by the management, a refund application has been made during the year 2017-18 to recover this amount. In our verification, no further communication or correspondence is available for confirmation of the future realization of this current asset. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements. d. The balance outstanding in Service Tax Credit account ₹10.62 lakhs (Dr) under the head Current Assets-Advance Others as detailed in Note no.17 to financial statements. As informed by the management, a refund application has been made during the year 2019-20 to recover this amount, which is pending with High Court of Kerala. Due to the non availability of reconciliation of the above account we are unable to quantify the impact of adjustments, if any, on the financial statements. e. The unit has disclosed an amount of ₹525.171- lakhs as "Input Credit CGST", "Input Credit SGST" and "Input Credit IGST" under the head Advance-Others as detailed in Note No.17 to financial statements of the unit, being un reconciled opening balance difference. Due to the non availability of reconciliation of the above account we are unable to quantify the impact of adjustments, if any, on the financial statements.

<table>
<tr>
<td>4</td>
<td>KELTRON COMMUNICATION COMPLEX (KCC), MONVILA</td>
<td>
a. The unit is showing a closing balance of ₹92.27 lakhs as "Earnest Money Deposits" (Debit Balance) under "Other Deposits in Note No. 12 & 17 to the financial statements related to completed and non-completed projects. This includes ₹13.131- lakhs outstanding for more than three years against which the unit has made a provision of ₹5.07 lakhs in the books of accounts. There is no confirmation of the account balances available for the balance ₹8.06 lakhs or any reason for delay in the realization of deposits for the completed projects and hence the future realization of the earnest money deposit cannot be commented upon. As the confirmation and reconciliation of afore mentioned account balance are not available, we are unable to quantify the impact of adjustments on the financial statements, if any, arising from reconciliation and settlement of EMD account balances of completed projects.
b. The unit is not maintaining a system to identify and classify "EMD and Security Deposits" (Credit Balance) related to completed projects and non-completed projects/contracts. As per the information and explanation given to us, account balances in the EMD/security/other deposits include amounts relating to completed projects/contract and most of them are outstanding for more than 3 years. As stated in Note No. 4 & 8 to the financial statements under "Long Term liabilities/other current liabilities-other finance", an amount of ₹652.38 lakhs is outstanding as EMD and Security Deposits from contractors/Dealers as on 31-03-2024. The details of these account balances are provided below.
<table>
<tr><th>Particulars</th><th>Balance as on 31.03.2024</th><th>Outstanding for more than 3 years</th></tr>
<tr><td>Security Deposit from Dealers</td><td>601.97 lakhs</td><td>1.97 lakhs</td></tr>
</table>
</td>
</tr>
</table>

EMD from Contractors	30.71 lakhs	28.13 lakhs
Dep. from Canteen Contractors	0.80 lakhs	0.50 lakhs
Other Deposits and Advances	18.90 lakhs	17.50 lakhs

Due to the non-availability of confirmation and reconciliation of afore mentioned account balance, we are unable to quantify the impact of adjustments on the financial statements, if any, arising from reconciliation and settlement of EMD and Security Deposits account balances of completed projects.

c. The unit has shown an amount of ₹5.20 lakhs as Capital Reserves in Note No 2 to the financial statement stating “Subsidy for Printed Circuit Board Division”. The Computation of the reserve or details regarding the nature and existence of the reserve were not available to us for verification. Hence in absence of specific details we are unable to verify the correctness of the same.

d. The unit is showing a closing balance of ₹240.47 lakhs as "Accrued Liability" in Note No 4 & 8 to the financial statements. On verification of the books of accounts, there are amounts outstanding for more than three years for which there is no confirmation on the existence of the liability.

Ledger Name	Balance as on 31.03.2024	Outstanding for more than 3 years	Remarks
Sub contracting Charges	65.68 lakhs	48.68 lakhs	Provision made in 31.03.2017. No invoices/expenses identified or

			accounted against the provision till date of our report.
Ex-gratia	12.74 lakhs	0.32 lakhs	No confirmation on the existence of these availability for verification.
Bonus	25.84 lakhs	2.66 lakhs	
Audit Fee and Expenses	2.99 lakhs	0.77 lakhs	
Printing & Stationery	0.05 lakhs	0.04 lakhs	
Professional Tax	1.73 lakhs	1.73 lakhs	

In absence of specific details, we are unable to comment on its consequential impact if any, on the financial statement.

e. The unit is showing a closing balance of ₹40.69 lakhs as "VAT credit receivable Input account" shown in "Advances Others" under "Short Term Loans and Advances" in Note No. 17 to the financial statement, being excess VAT payment made in earlier years. As informed by the management, a refund application has been made during the year 2017-18 and 2018-19 to recover this amount. In our verification, no further communication or correspondence is available for confirmation of the future realization of this current asset. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.

f. The unit is showing a closing balance of ₹1.27 lakhs as Excise Duty paid under Protest shown under Long Term Loans and Advances in Note No. 12 to the financial statement, which is kept for more than 10 years. In absence of specific details and confirmation we are unable to verify the correctness of the same.

5	KELTRON LIGHTING DIVISION (KLD), KOZHIKODE	a. The carrying value of Inventories as per the financial statements is ₹123.75Lakhs comprises of raw materials ₹45.64 Lakhs, Finished Goods ₹68.14Lakhs, work in progress ₹5.71 Lakhs and loose tools and jigs items of ₹4.26 Lakhs based on the physical verification of inventories made by the management; while the accounting software shows closing stock value of inventories at ₹33.14Lakhs. The difference of ₹112.83 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 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. Non-moving items of raw material inventories included in the opening stock of inventories with aggregate value of ₹4.27 lakhs have been scraped, disposed off and written off from books during the year. It is noted that, inventory items of finished goods includes items of hearing aids with carrying value of ₹49.78 Lakhs which are valued and recognized in the financial statements without adequate basis for valuation of inventories as suggested by the Accounting Standard 2 which specifically suggests that the cost of inventories should comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Also, the standard specifically suggests to exclude administrative overheads that do not contribute to bringing the inventories to their present location and condition and selling and distribution costs. In the absence of satisfactory and adequate underlying data/information regarding the valuation of finished goods of hearing aids, we are unable satisfy ourselves and to quantify the effect of the same on the profit of the Division and its financial position. We have been informed that out of the total number of finished goods inventories of hearing aids of 1436 units, 20 units were held by third parties to whom these items were sent as samples on return basis. We

		have not received confirmations from the counter parties for 2 units of hearing aids with respect to physical availability of these items with them. During the year the division has produced 369 units of TBE107 LT type hearing aids. However, none of these items were sold by 31st March 2024 and all these items are included in the closing stock of finished goods as on 31st March 2024 with carrying value of ₹15.16 Lakhs. During the course of our audit, we have also observed that during the financial year 2024-25 only 1 unit of TBE107 LT type of heating aid was sold till the date of completion of our audit for the year 2023-24. The division was unable to provide adequate explanation with respect to non-materialization of any sale of these items since their production. These items are likely to be non-moving in nature, however, no provision against such slow moving inventories are made in the financial statements. In the absence of satisfactory and adequate underlying data/information regarding the possible sale of these slow-moving items, we are unable satisfy ourselves on recognition of such items in the value of inventory as on 31st March 2024 and to quantify the effect of the same on the profit of the Division and its financial position. We have been provided with an inventory list of work in progress of hearing aids and lights as on 31st March 2024 with carrying value of ₹5.7 Lakhs. In the absence of adequate cost records and other relevant data with respect to production process, we are unable verify the completeness and quantum of such work in progress inventory value and to quantify the effect of the same on the profit of the Division and its financial position. The above inventories also include Tools and Jigs valued at ₹4.26 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 ₹1.42 Lakhs was written off out of these items as of 31st March 2024. 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. b. During 2021-22, the division had 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. However, no underlying documents are available to establish that their recognition as intangible assets and to ensure that future economic benefits that are attributable to the asset will flow to the enterprise as suggested by Accounting Standard 26. 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 ₹4 Lakhs 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 and recognition of such payment as intangible assets. c. An amount of ₹85.97 lakhs classified 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. d. 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 Enterprises are long outstanding, no provision for bad or doubtful debts provided for against these dues. No confirmation of balance from them available on record.

		e. 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. f. 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 four years. No provision for bad or doubtful debts provided for against these dues. No confirmation of balance from them available on record.
6	KELTRON TOOL ROOM CUM TRAINING CENTRE (KTTC), KUTTIPURAM	a. We are informed that raw material 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 of raw material as per the financial statements is ₹3.51 lakhs based on the physical verification of inventory of stocks taken by the management as on 31st March 2024. No quantitative movement details are available in the accounting system as the accounting system is not configured to recognize the production process and movement of items from raw material to working progress, semi finished goods and finished goods. The value of closing stock is aligned in the accounting system by passing respective stock journal as on 31st March 2024, which may deviate from the physical stock. However, we are informed that such deviation may not be material. b. The Electronic Credit Ledger under Cess at GST Portal shows a balance of ₹0.0009 lakhs as of 31" March 2024; 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. c. 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	₹(lakhs)
Advances from Customers	0.01
Deposit from Sub Contractors	0.28
E M D from Contractors	7.11
Retention Money from Contractors	10.31
Total	**17.71**

7	KEC	a. The Unit has a policy of accounting for Retention Money and Security Deposits deducted from suppliers and collected by customers within the Sundry Creditors and Sundry Debtors accounts, respectively. This accounting treatment leads to either understatement or overstatement of Retention Money and Security Deposit accounts, Sundry Creditors and Sundry Debtors. This practice does not align with the requirements of Accounting Standard (AS) 9 - Revenue Recognition, which requires that retention amounts be recognized and presented separately from general receivables and payables. As per Accounting Standard (AS) 1 - Disclosure of Accounting Policies, it is essential to present financial statements with clarity and accuracy, ensuring that assets and liabilities are properly classified to represent the true financial position. By not separately recording Retention Money and Security Deposits, the Standalone Financial Statements may not provide a true and fair view of the Unit's receivables and payables, potentially misleading stakeholders regarding the Unit's liquidity and financial obligations.

		b. The liquidated damages collected from suppliers and remitted to customers are accounted for within Sundry Creditors and Sundry Debtors, respectively. This accounting treatment results in the understatement of both expenses and income, while simultaneously causing an overstatement of Sundry Creditors and Sundry Debtors. The inclusion of liquidated damages in Sundry Debtors and Sundry Creditors can distort the calculation of provisions for Bad and Doubtful Debts. This treatment is in contravention of the Generally Accepted Accounting principles (GAAP) and Accounting Standard (AS) 9 "Revenue Recognition," which mandates proper identification and allocation of income to ensure that the balances of Sundry Debtors and Sundry Creditors are accurately represented in the Standalone Financial Statements. b. The Unit have no uniform policy or method for absorption and allocation of labour charges and other overheads to different SBUs of the Unit. This has an impact on the allocation of overhead in different SBUs and in arriving value of work in progress, consequently affects the profitability of the Unit. We are unable to quantify the same. d. 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 are removed from the provision each year. Unit is not making adjustments in the provisions for repairs that are taken place during the warranty period by ascertaining the cost of repairs. e. The physical verification reports provided by the individual Strategic Business Units (SBUs) are not reconciling with the fixed assets register and it indicates inconsistencies in asset tracking and valuation. Additionally, certain non-usable items identified in the physical verification report have not been impaired, contrary to the requirements of Accounting Standard (AS) 28 on "Impairment of Assets," which mandates that assets no longer providing economic benefit should be impaired to reflect their recoverable value accurately.

		The lack of impairment provision for non-usable assets and the discrepancies between physical verification report and the fixed asset register lead to a misstatement in the valuation of fixed assets and a potential overstatement of the Unit's asset base. In our opinion, these factors result in the Standalone Financial Statements not presenting a true and fair. f. The Unit is not checking for compliance with Section 206AB of the Income Tax Act, 1961. This section mandates higher rates of Tax Deducted at Source (TDS) for specified persons who have not filed their income tax returns for the preceding financial years. Failure to adhere to this provision may result in the Unit deducting TDS at lower rates rather than the higher rates prescribed under Section 206AB, potentially leading to non-compliance with Income Tax Act. This oversight raises concerns about the Unit's adherence to statutory requirements and could expose the Unit to risk of penalties and interest for any shortfall in TDS deduction. g. The Unit has not collected and paid GST on the liquidated damages collected from suppliers. We are unable to quantify the same as the liquidated damages are credited to the Individual party ledgers under Sundry Creditors. The Unit has not collected and paid GST on sale of scraped battery for ₹0.42 lakhs to Techser Solution Pvt Ltd. h. Unit has not complied with the statutory requirement to file annual return in Form 3 as mandated by the Minimum Wages Act, 1948. i. The disputed dues to MSME (Note 4) includes ₹12.29 lakhs payable to M/s Ultra Life Batteries. A case has been initiated against the supplier before Hon. Sub Court, Trivandrum for damages incurred to the Unit for the battery explosion. As it is seen from the records provided by the management, the case is dismissed on non-payment of court fee. The effect of these incidents is not ascertainable.

<table>
<tr><td></td><td></td><td>j. The Unit has not filed the GSTR-9C Audit Report for the financial years 2017-18, 2018-19, 2019-20, as well as the GSTR-9C Reconciliation Statements for the financial years 2020-21, 2021-22 and 2022-23 as required under the Goods and Services Tax (GST) Act, 2017. This omission is a non-compliance with Section 44(2) of the Central Goods and Services Tax (CGST) Act, 2017, which mandates that registered taxpayers with an aggregate turnover exceeding the prescribed threshold to file an audited reconciliation statement in Form GSTR- 9C annually, along with their annual return (GSTR-9).</td></tr>
<tr><td>8</td><td>KMO - Chennai</td><td>Long pending items which needs special attention
<table>
<tr><td>Particulars</td><td>Schedule</td><td>Amount(lakhs)</td><td>Nature</td></tr>
<tr><td>TDS on Salary - Debit Balance</td><td>8 (Other current liabilities)</td><td>0.11</td><td>Current Liability</td></tr>
<tr><td>Service Tax Credit</td><td>17(Short-term loans and advances)</td><td>1.09</td><td>Current Assets</td></tr>
<tr><td>General Sales Tax</td><td>8 (Other current liabilities)</td><td>0.005</td><td>Current Liability</td></tr>
<tr><td>Recoveries-KRC-BL10706</td><td>8 (Other current liabilities)</td><td>0.07</td><td>Other Current Liability</td></tr>
<tr><td>Service Tax - BL10653</td><td>8 (Other current liabilities)</td><td>8.43</td><td>Other Current Liability</td></tr>
</table></td></tr>
</table>

		SERVICE TAX-KRISHI KALYAN CESS-BL10658	8 (Other current liabilities)	0.004	Other Current Liability
		Internal Audit Fee FY 2017-18	8 (Other current liabilities)	0.27	Current Liability - Accrued Liability
		Internal Audit Fee FY 2018-19	8 (Other current liabilities)	0.30	Current Liability - Accrued Liability
		Internal Audit Fee FY 2019-20	8 (Other current liabilities)	0.30	Current Liability - Accrued Liability
		Internal Audit Fee FY 2020-21	8 (Other current liabilities)	0.30	Current Liability - Accrued Liability
		Internal Audit Fee FY 2021-22	8 (Other current liabilities)	0.30	Current Liability - Accrued Liability
		Provisions for Other Taxes	17(5hort-term loans and provisions)	0.41	Current Liability
		Total		11.59	

9	KMO - Bangalore	Long pending items which needs special attention

Particulars	Schedule	₹ (lakhs)	Nature
TDS on Contract - Debit Balance	8 (Other current liabilities)	2.36	Current Liability
VAT credit Receivable	17 (Short-term loans and advances)	0.0003	Current Assets
Bonus Unpaid	8 (Other current liabilities)	0.08	Current Liability - Accrued Liability
K R C Trivandrum	8 (Other current liabilities)	0.002	Current Liability - Accrued Liability
Ex gratia for 14-15 Unpaid	8 (Other current liabilities)	0.24	Current Liability – Accrued Liability
Bonus / Ex Gratia For 15-16 Unpaid	8 (Other current liabilities)	0.01	Current Liability - Accrued Liability
Bonus / Ex Gratia For 17-18 Unpaid	8 (Other current liabilities)	0.07	Current Liability - Accrued Liability

			Audit Fee For 2019-20	8 (Other current liabilities)	0.15	Current Liability - Accrued Liability
			Bonus / Exgratia For 2019-20 Not Paid (Mr.PraveenKumar R)	8 (Other current liabilities)	0.03	Current Liability - Accrued Liability
			Bonus / Exgratia For 2020 - 21 (Milton)	8 (Other current liabilities)	0.03	Current Liability - Accrued Liability
			Other Professional Fees &Exp. (Reverse Charges Payable On Payment Of Advocates)	8 (Other current liabilities)	0.05	Current Liability - Accrued Liability
			For The Year Up To 31-03-2012	8 (Other current liabilities)	0.88	Current Liability - Accrued Liability
			Ex Gratia Provision 2015-16 Balance	8 (Other current liabilities)	0.06	Current Liability - Accrued Liability
			Water Charges For 2015-16	8 (Other current liabilities)	0.06	Current Liability -

			Accrued Liability
Provision For Ex Gratria2015-16	8 (Other current liabilities)	0.17	Current Liability - Accrued Liability
Various Expenses 2018-19	8 (Other current liabilities)	0.03	Current Liability - Accrued Liability
Electricity Charges	8 (Other current liabilities)	0.03	Current Liability - Accrued Liability
Total		**4.25**	

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

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

Date : 30th April 2025
UDIN: 25225166BMKULR3002
Place : Trivandrum

“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 in excel format and no audit trail has been implemented and can be altered without proper authentication.

The branch auditors of KEC Karakulam, KCC Monvila, ITBG, KCA Aroor, KMO Kolkata, KMO Delhi, KMO, Mumbai, KMO - Chennai and KMO Ahmadabad had commented that the respective branches /KMOs has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

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.

KMO Bangalore: ”The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. (Fixed asset item "ISRO" is not available at branch)”.

ii) The Company has maintained proper records showing full particulars of intangible assets in corporate office in excel format and no audit trail has been implemented and can be altered without proper authentication.

The branch auditors of KEC Karakulam, KCC- Monvila, ITBG had commented that the respective branches has maintained proper records showing full particulars of intangible assets.

The branch auditor of KLD, Kozhikode have not reported this point even though branch has intangible asset.

For KMO Kolkata, KMO, Delhi, KMO- Ahmedabad, KCA Aroor, KTTC Kuttipuram, 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 have been physically verified by the management at reasonable intervals during the year by all units except KMO Chennai and KMO, Bangalore. No material discrepancies were noticed on such verification except KEC Karakulam where discrepancies were identified in the physical verification by the management in some cases where physical quantity is not tally with the quantity reported in Fixed Asset Register. The management is in the process of reconciliation of the same and yet to make necessary rectifications in the books of account of the company.

As per the representation received , there is no material discrepancy in physical verification of fixed assets at Corporate office. However physical verification reports were not available for our verification . Hence we are not in a position to confirm the same.

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 of KEC- Karakulam has commented that "Unit has lost the original Title deeds for the 15.62 acres of land. 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 the unit 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 2024 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 of 10% or more were noticed on such verification except KMO Bangalore, for which the comments of statutory branch auditors are reproduced below:-

KMO Bangalore- “The company has not conducted physical verification of inventory at reasonable intervals and material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is not reasonable. On physical verification during the course of audit , the stock item "24VDC" not available at branch valuing to ₹78,000/-“

The auditors of KEC Karakulam had commented that “ the inventory has been physically verified by the management regularly during the year except for the PEG division of unit”.

(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:

(₹ in lakhs)

Quarter ended	Nature of Current Asset	Amount as per financial Statement	Amount as per Stock Statement	Difference*
31-03-2024	Stock	4305.35	4169.69	135.66
	Debtors	11245.75	11118.44	127.31

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 made an investment of ₹40.86 lakhs in Coconics private Ltd, the net worth of which is negative upto the financial year 2022-23 (For the financial year 2023-24 audited financial statements are not available) , 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. The cost audit of the company has been completed only upto the financial year 2020-21.

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 31/03/2024	Amount settled within 6 months	Statutory dues not settled within 6 months	Remarks	Unit
1	TDS u/s 194J	1.41		1.41	TDS not Deducted from the Month of January 2024 to march 2024 and not paid.	KMO Mumbai
2	TDS u/s 194C	0.005		0.005	TDS not Deducted from the Month of April 2023 to march 2024 and not paid.	KMO Mumbai
3	GST(TDS)	0.35		0.35	TDS not Deducted from the Month of April 2023 to march 2024 and not paid.	KMO Mumbai
4	Recoveries - ESI	1.57		1.57		KEC
5	Unpaid Bonus	0.54		0.54		KEC
6	GST(Reverse Charge)	0.05		0.05	This is on account of Reverse Charge payable on GPAI premium paid on December 2023. ₹0.05 lakhs has been	Corporate Office.

					subsequently remitted on 28th February 2025	
7	TDS	0.04	0.04			KTTC
8	TDS	0.13		0.13	Have not been collected and paid	KTTC
9	KVAT (tax & Interest)	4.74		4.74	During the year Appeal was finalised by the order of Commissioner Appeals and this demand is pending from the date of order ie .30/11/2023 this demand is not paid by the unit as there is a refund order of ₹6.41 lakhs for financial year 2011-12 and unit has requested set off demand against the refund.	KCC

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 2024

Sl. No	Particulars	Financial Year	Liability as on 31/03/2024	Unit	Forum where dispute is pending
1	MVAT(Dispute is pending with the Dy commissioner of SalesTax (Mumbai))	01.04.2017 to 30.06.2017	63.22	KMO Mumbai	Dy commissioner of Sales Tax(Mumbai)
2	West Bengal Value Added Tax Rules 2005(Demand as per order no. 2011-2012/41/05/V/5)(Hon'ble WB Taxation Tribunal)	2011-12	75 .00	KMO Kolkata	WB Taxation Tribunal
3	West Bengal Value Added Tax Rules 2005(Demand as per order no. 2009--	2009-10	50.20	KMO Kolkata	The Fast Track revisional authority.

	2010/04/00/V/290)(The Fast track revisional authority)				
4	Service Tax (Cenvat Credit availed on common input services) (CESTAT Bangalore)	2008-09 to 2011-12	1406.84	ITBG	CESTAT Bangalore
5	Service tax (Interest and penalty for delayed payment) (Commissioner Appeals)	2016-17	28.23	ITBG	Commissioner Appeals-Trivandrum
6	KVAT (Interest and penalty for delayed payment) (Commissioner Appeals)	2013-14	111.25	ITBG	Commissioner Appeals-Trivandrum
7	GST(Deputy commissioner)	2017-18	598.92	ITBG	Deputy Commissioner
8	GST(state Tax office)	2018-19	14.78	ITBG	State Tax officer
9	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 and not considered for accounting. An amount of ₹472.67 lakhs is disclosed as contingenty liability based on the letter from office of commissioner of central excise , customs and		472.67	KEC	Not available

	service tax dated 16/06/2021				
10	PF Interest &Damages(The Employees State Insurance Corporation has claimed before the BIFR an amount of ₹34.27 lakhs towards dues. But the Unit has not received the demand and hence not accounted.		4.16	KEC	PF Tribunal
11	ESIC demand(As per ESIC profile of the unit ,there is a demand of ₹229.67 lakhs and the same is disclosed as contingent liability .		229.67	KEC	ESIC
12	Service tax demand(The Additional Commissioner, Office of Central E GST & Central Excise Trivandrum has raised a total Service tax demand of ₹17.29 lakhs vide DIN 20230958TH00000072E9 dated 21/9/2023. The unit has filed an appeal against this order on 15/12/2023.The demand after deducting pre deposit is disclosed as contingent liability		17.29	KEC	Not available
13	GST demand(The Assistant Commissioner, Office of Central GST & Central Excise Trivandrum has raised a total GST demand of ₹0.69 lakhs vide DIN 202402580TH500888AF7 dated 9/2/2024. The unit has filed an appeal having ARN AD320524013644G against this order on 23/5/2024.The demand after deducting pre deposit is disclosed as contingent liability		0.69	KEC	Not available

14	Customs Duty Dispute	1996	28.00	KEC	Order dated 01/04/2025. Time limit for filing appeal is upto 01/06/2025 and as per representation from Unit ,Unit will appeal before due date for filing appeal.
15	Sales tax Act	1994-95 1995-96 1996-97	3.14	KCA	Assistant commissioner ,sales tax, cutback
16	ESI Act		13.72	KCA	High court of Kerala
17	Provident fund		134.00	KCA	Regional Provident fund commissioner-I
18	GST Act	2017-18	19.56	KCA	State tax officerCherthala
19	ESI demand	01-04-1992 to 30-11-2006	20.49	Coporate Office	ESIC

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 defaulted in repayment of dues to financial institutions and banks and 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 (Rs.in lakhs)
Loan from Government of Kerala	5-12 years	2502.53
Loan from Government of Kerala	Less than 5 years	502.15
Interest accrued and due Government of Kerala	5-12 years	2705.24
Interest accrued and due Government of Kerala	Less than 5 years	402.73
Loan from KSIDC(CPMO)	Less than 5 years	249.16
Loan from KSIDC(BEL)	Less than 5 years	300.00
Interest Outstanding on loan from KSIDC	Less than 5 years	5.10

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 has been received by the company during the year except ITBG and KCC, Monvila and shared with us for reporting under this clause.

Auditors of ITBG and KCC, Monvila commented that they have considered the whistle blower complaints received by the unit during the year (and upto the date of their report) , while determining the nature , timing and extent of their audit procedures.

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, KTTC Kuttipuram, KLD Kozhikode, KMO Chennai and KCA Aroor. The branch auditors of KTTC Kuttipuram, KLD Kozhikode, KMO Chennai and KCA Aroor have not reported this point. In KMO, Bangalore since there does not exist an internal audit system this point is not applicable

KEC- Karakulam -Statutory branch auditors have commented that "we have been provided only with the draft Internal Audit Report for the FY 2023-24. We have considered the major points raised by them which has bearing on the financial statements.".

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)

Date : 30th April 2025
UDIN: 25225166BMKULR3002
Place : Trivandrum

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

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 2023-24 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, KCA had commented that all accounting transactions are maintained in IT System. These division are using the software "Oracle" for accounting transactions. 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	-	Not applicable

	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. Auditors of KEC, Karakulam commended that” Yes, The Unit has an IT system based on Oracle ERP Software. The software is not fully operational as some of the reports are not able to generate from the software. Reports generated from the software particularly, Inventory and Fixed Asset reports are not tallying with the physical verification reports. However, the integrity of the accounts is not compromised. The software and hardware are to be upgraded to meet the growing statutory compliance requirements such as audit trial.”		
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.	There is no 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 during the year under audit.	Not Applicable	Not Applicable

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.	During current year Company has not received funds for any specific schemes from Central /State agencies. Company had accounted an amount of ₹10.50 lakhs as subsidy from Govt of Kerala in respect of Bill Discounting system availed from KFC as per GO(P)No.63/2022 /FIN.	-	-
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 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	KMO Bangalore, KMO Chennai -Not Applicable		
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, KMO Chennai - Nil		
6. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities?	KMO Bangalore, KMO Chennai-Nil .		
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 Chennai-Not Applicable KMO Bangalore- A case filed by one of the employee for quashing the punishment imposed and granting consequential monetary benefits is pending before the Honorable High Court of Karnataka. Still 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, ITBG 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?	1. The auditors of KLD,KTTC, KCA, and KEC 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. a. 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. b. KCA-The company's pricing policy absorbs all the fixed and variable costs of production as well as allocation of Overheads. However, the company has not carried out any cost audit for

		the year. Hence, we are unable to comment upon the pricing policy due to the lack of cost audit. c. KEC - However method of absorption and allocation of labour charges and overhead adopted by the Unit is not supported by uniform policies and calculations. This will have an impact on the allocation of overhead in different SBU's and thereby affect the profitability of SBUs. 2. KCC and ITBG –The auditors of KCC and ITBG had not answered the question. They had commented that allocation of fixed costs cannot be verified at unit level.
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 concerned units reported that the units have not received any kind of government assistance for technology upgradation /modernization of its manufacturing process. Hence this clause is not applicable.
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 ITBG, KEC and KCC had reported positively this point. 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. The auditors of KTTC and KLD had reported that" As mentioned above in Para 1, the control over normal and abnormal losses is diluted and is inadequately monitored. "
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 there are no deteriorated stores and spares of closed units. KTTC and KLD have not correctly answered this point.

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 ITBG have 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 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 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." KEC- Yes, Unit has a regular programme of physical verification and valuation of its inventory. Discrepancies were identified in the valuation of inventory. The management is yet to make necessary rectifications in the books of account of the Unit. KCA- The company has an effective system in place for Physical verification of inventory at year end. As per the 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.
7	State the extent of utilization of plant and machinery during the year vis-à-vis installed capacity.	The auditors of KCA, KCC and ITBG reported that the manufacturing activity is based on the Customer specific Orders. KEC- Plant and machinery is utilized for installed capacity in full. Auditors of KTTC reported that Current Production is against confirmed orders. No Installed Capacity is determined for the products currently produced by the Division. 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 9,222 and LED Lights 2,647.

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, ITBG 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, ITBG, KCA and KTTC come under this sector and the reports of the auditors of these units/KMO's are considered and reported hereunder.**
1	Whether the Company's pricing policy absorbs all fixed and variable cost of production and the overheads allocated at the time of fixation of price.	Auditors of, KMO Ahmedabad, KMO, Mumbai, ITBG, KCC Monvila have reported that Pricing policy is formulated at Corporate Office and as per the information available from the Corporate office, the pricing policy followed is basically cost- plus margin and it varies on case to case basis based on the business segments. The prices are usually fixed by the company in such a manner so as at covers all variable cost of production and absorbs other overheads so as to provide a reasonable margin to the company. Auditors of KMO Kolkata 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 and KMO, Chennai-"The company's pricing policy needs to be improved" 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, KMO Chennai and KCA - Aroor reported that these units are not generating any revenue in the form of commission from the government or other organizations during the year. As per the information available from Corporate Office ,there is no instances of getting commission from Government for work executed. However, for certain areas the Company was empaneled as Total Solution Providers (TSP) by Government of Kerala, for which the margin was fixed by Government. The auditors of KLD Kozhikode and KMO-Mumbai, have confirmed the recovery of commission for work executed on behalf of Government/other organizations and record of same in the books of accounts. All units including corporate office have an efficient system for billing and collection of revenue subject to following KTTC- “However, we have noticed the following: During the year the Division has earned intra-state service income of ₹7.06 lakhs- by way of Course fees from associate entity "ITBG" on account of utilization of division facilities to conduct various courses during the year by ITBG. We have been informed that the billing to ITGB was made based on the course and revenue share details prepared by KSB and notified by ITBG to the division, however, we have not been provided with any underlying documents, details or records of various courses executed and prepared by the division to confirm the completeness of recognition of such revenue. Accordingly, we were unable to verify and confirm the completeness of recognition of the revenue allocated to the division with respect to such business.” KCA- However, 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.
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 2023-24

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 2023-24. With respect to Plan Fund parking at Government Treasury, the interest will not accrue as per the nature of such account.
5	Whether the Company has entered into Memorandum of Understanding with its Administrative Ministry, if so, whether the impact thereof has been properly dealt with in the financial statements.	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 2023-24.
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.**
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 KMO Kolkata and KMO Ahmadabad 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 The comments of auditors of other units are as follows; KMO Chennai and KMO Bangalore: Effectiveness of the system followed in recovery of dues in respect of sale activities needs to be improved. On sample verification, the dues outstanding and it's recoveries have been properly recorded in the books of accounts. KMO Mumbai: It has been observed that there are dues Outstanding for more than 3 years on the reporting period. Generally there is proper system for recovery of dues is in place. ITBG and KCC: The unit does not follow a system of obtaining confirmation and performing reconciliation of balances in respect of trade receivables, and trade payables. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments if any, arising from reconciliation and settlement of account balances on the financial statements. As explained to us, a Debtors Monitoring Cell is functioning at Head Office level.

		KCA AROOR: Generally, Yes. However, in case of collection there is debtors due for 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. 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. The total outstanding from trade receivables as on 31st March 2024 was ₹948.33 Lakhs. Out of above receivables, trade Receivable outstanding for more than 3 years reported to be ₹97.99 Lakhs, and 2 to 3 years ₹50.43 Lakhs and 1 to 2 years ₹81.91 Lakhs which altogether coming to more than 35% of the total trade receivable on the balance sheet date which is considered significant. Further We have observed that 57 receivable accounts, which have no transactions during the year with aggregate balances of Rs.260.79 lakhs which constitutes 27% of the total trade receivables. As these dues are more than at least 365 days old, we are unable to comment on the recoverability of the same and in the absence of any confirmation of balances. KEC - Yes, the Unit has a 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 for the qualifications mentioned in basis for qualified opinion paragraph. 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 except KLD, KTTC and KMO Bangalore 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 auditors of KLD, KTTC, KEC and KMO Bangalore have reported as follows: KMO Bangalore – Company has not conducted physical verification of inventory at reasonable intervals and material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is not reasonable. On physical verification during the course of audit, the stock item "24VDC" not available at branch valuing to ₹78,000. KLD and 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. 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)/gate passes 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 the value of inventory. KEC- Yes, Unit has a regular programme of physical verification and valuation of its inventory. Discrepancies was identified in the valuation of inventory. The management is yet to make necessary rectifications in the books of account of the Unit.
3	The effectiveness of the system followed in recovery of dues in respect of sale activities may be examined and reported.	The auditors of KMO Ahmadabad, KMO Mumbai and KMO Kolkata under this sector have reported that there exists an effective system to follow the recovery of dues in respect of sale activities.

		The auditors of KCC, KLD, ITBG, KTTC and KEC also positively reported this para subject to their qualified opinion paragraph. The auditors of KMO Chennai and KMO Bangalore commended that Effectiveness of the system followed in recovery of dues in respect of sale activities needs to be improved. KCA- However, 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.
	Miscellaneous Sector **a) Technology Oriented**	**KMO's Ahmedabad, 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 on its valuation and accounting in the books.	The auditors of KMO's have reported that no instances were noted.
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 Ahmadabad has 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 for 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 KMO Ahmedabad and KMO Kolkata 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. KMO Mumbai -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 from Corporate office presently accounts of KMO Bangalore and KMO Chennai are maintained by the “Corporate Marketing - Finance “department and audit of the accounts of these units are also coordinated from “Corporate Marketing-Finance “department on behalf of these units. The accounts/ Sales and inventory of these units are maintained in tally software and the back up of tally date is taken periodically. 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. With respect to Tally data periodical back up are taken. With respect to the database of Oracle based software, company's IT Business Group is having effective system for protecting data maintained in the server as per the IT Security Policy. The accounts/sales/inventory of all units /branches are maintained in the tally / ERP software at the respective/ branches . Company has a "Payroll Preparation Management Software"(PPMS) for processing the payroll of all units/KMO's. Further, the attendance of employees is managed through "Keltron Attendance Management System" Company's IT Business Group is having effective system for protecting data maintained in the server as per the IT Security Policy.
	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 dispatches/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 Basis of qualified opinion paragraph of the Unit.
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 procured 70% of its imported raw materials purchase from only one party called "Knowels IPC (M) SDN BHD and remaining 30% from 2 parties called "Xiamen Unibest Import and Export Co Ltd and Arrow Electronics Asia (S) PTE LTD

		With respect to local purchases of components for the manufacture of hearing aids, the division has direct agreements with Centre for Development of Advanced Computing (CDAC) a government entity. As purchases of components required for the manufacture of hearing aids are mainly from above four suppliers, there exists 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 50% of its raw-material purchase from only one party called "Rowline Solutions" during the year. 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 statements which may lead to material misstatement. KTTC- We have observed that none of the Receivables /Loans other than related/ associate entities and have made any positive confirmation of balances as at the year-end or at any time during the year. Also, we have observed that confirmation of balances was not obtained from few of the trade payables. This dilutes the control over the quality and quantity of balances stated in the financial statements which may lead to material misstatement.
4	Cash Book	KLD-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 with respect to absence from work for preparation of pay slips found maintained evidencing 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 with respect to absence from work for preparation of pay slips found maintained evidence lack of Internal control over employee salary payouts.
6	Advances to employees	KTTC- No Physical register found maintained with respect to advances to employees. Balance due from employees as on 31st March 2024 was ₹20,000/- evidencing lack of internal control over employee advances.
7	Canteen Expenses	KTTC- Division has incurred canteen expenses aggregating ₹2.85 lakhs to KECL during the year towards staff meals cost, however, no approval or policy copy held with division on these expenses.
8	Accounting Vouchers	KTTC- We have noticed many instances accounting vouchers kept on record without proper authorization. Many instances seen with JVs are signed only by the person who prepared the vouchers.
9	MSME Classification and disclosure	KTTC- Summary classifications of trade payables as on 31st March 2024 as dues to Micro, Small & Medium Enterprises and due to other trade creditors have been determined to the extent such parties have been identified on the basis of information collected by the Management of the division. This has been relied upon by us, however, 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. Further, no interest is seen paid during the year or provided as payables as on 31st March 2024 to such identified MEME trade payables.

10	Accounting Software:	KTTC- The division has used an accounting software "Tally" which is operated by a third party software service provider, for maintaining its books of account in which no audit trail feature is seen enabled and in the absence of a Type 2 Control Report from a practicing Chartered Accountant complying with SAE 3402/SOC1/SOC2, we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tampered with.

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

Date : 30th April 2025
UDIN: 25225166BMKULR3002
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 the company as of 31 March 2024 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, 2024:

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. The bank guarantee amounting to Rs.103.42 lakhs in SBI and Rs.42.01 lakhs in PNB have expired as at the year ended 31.03.2024 which is still pending for revocation and the fixed deposit given as margin against BG is pending for recovery.
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 controls wherein no edit log facility or audit trail is implemented. Upgrading the system is required for proper IT controls and independent system audit is recommended for data accuracy.
10. Company's system of IT in which ERP does not support generation of reports necessary for various disclosures required as Sch.III
11. 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
12. 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.
13. The internal control regarding review of long pending advances, deposits and Trade payables.

14. 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 absence of proper system of balance confirmation and reconciliations of trade receivables and trade payable, Earnest Money deposit etc,
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 weaknesses 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 Divisions Internal Control system over Payables has material weaknesses which may result in material misstatement of Trade Payables and Cost of goods sold. f. The division's internal control system over recording of business transactions has material weaknesses with respect to reconciliation of financial accounts pertaining to Input Tax under Goods and Service Tax with the relevant tax records and returns which may result in

		misstatement of such amounts in the financial statements
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 weaknesses 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 Divisions Internal Control system over Payables has material weaknesses which may result in material misstatement of Trade Payables and Cost of goods sold. g. The Divisions Internal Control system over cash disbursement has material weakness 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 31,2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2024 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)

Date : 30th April 2025
UDIN: 25225166BMKULR3002
Place : Trivandrum

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

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH 2024

Particulars	Note no.	As at 31st March 2024 ₹ in lakhs	As at 31st March 2023 ₹ in lakhs
EQUITY AND LIABILITIES			
Shareholder's Funds			
(a) Share capital	1	37,385.98	37,385.98
(b) Reserves and surplus	2	(11,232.42)	(12,697.46)
Non-current liabilities			
(a) Long-term borrowings	3	1,200.39	1,406.98
(b) Other long-term liabilities	4	4,673.73	3,843.47
(c) Long-term provisions	5	2,638.67	2,311.54
Current liabilities			
(a) Short-term borrowings	6	10,220.60	7,599.79
(b) Trade payables	7		
i)Dues to Micro,Small & Medium Enterprises	(i)	29,637.36	29,492.32
ii)Dues to Others	(ii)	23,996.87	9,020.78
(c) Other current liabilities	8	18,930.52	15,677.49
(d) Short-term provisions	9	1,253.85	1,215.46
TOTAL		**1,18,705.55**	**95,256.35**
ASSETS			
Non-current assets			
(a)Property ,Plant and Equipment and Intangible Assets	10		
(i))Property ,Plant and equipment		3,257.36	3,143.26
(ii) Intangible assets		138.75	149.00
(iii) Capital work-in-progress		141.68	227.43
(iv) Intangible Assets under development		336.71	331.71
(b) Non-current investment	11	3,509.87	3,464.11
(c) Deferred tax Asset		1,915.98	1,683.22
(d) Long-term loans and advances	12	3,519.74	3,703.76
(e) Other non-current assets	13	3,311.78	3,225.28
Current Assets			
(a) Inventories	14	7,501.44	6,917.05
(b) Trade receivables	15	82,095.77	60,623.52
(c) Cash and cash equivalents	16A	3,109.21	3,905.96
(d) Other bank balances	16B	4,643.98	1,816.21
(e) Short-term loans and advances	17	4,262.47	5,287.67
(f) Other current assets	18	960.81	778.17
TOTAL		**1,18,705.55**	**95,256.35**
Significant Accounting Policies and Notes 1 to 81 are integral part of this financial statement.			

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

Per our report of even date attached

For the Auditors	Chairman	Managing Director
	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: 25225166BMKULR3002		Thiruvananthapuram
30th April 2025		27th March 2025

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2024

Particulars	Note	For the year ended 31st March 2024 ₹ in lakhs	For the year ended 31st March 2023 ₹ in lakhs
Revenue from operations	19	64,678.22	47,133.36
Less: Excise duty		-	
Net Revenue from operations		64,678.22	47,133.36
Other income	20	345.86	365.21
Total Income		65,024.08	47,498.57
Expenses			
Material consumed and service expenses	21	51,727.81	34,961.91
Change in inventory of Finished Goods, Work-in-progress and Stock-in -trade	22	(129.52)	(494.01)
Employee cost	23	8,537.69	8,098.05
Finance cost	24	1,196.13	931.55
Depreciation/amortization	25	472.16	378.18
Other expenses	26	2,113.13	1,922.79
Prior period adjustment	27	(85.16)	(874.07)
		63,832.24	44,924.40
Add/Less: Consumption for captive capital		(76.59)	(83.91)
Total Expenses		63,755.65	44,840.49
Profit/(Loss) for the year before exceptional and extraordinary items		1,268.43	2,658.08
Less : Exceptional items	28	36.15	526.40
Profit/(Loss) for the year before extraordinary items		1,232.28	2,131.68
Extraordinary Items		-	
Profit /(Loss) for the year before Tax		1,232.28	2,131.68
Current Tax		-	
Deferred Tax		(232.76)	(125.72)
Profit /(Loss) for the year		1,465.04	2,257.40
Balance of profit/(loss) carried over to Balance Sheet		1,465.04	2,257.40
Earnings per share:			
Basic		3.92	10.56
Diluted		3.92	10.56

Significant Accounting Policies and Notes 1 to 81 are integral part of this financial statement.

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

Per our report of even date attached to Balance Sheet
For Isaac & Suresh
Chartered Accountants,
Firm Registration No.001150S

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

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)

UDIN: 25225166BMKULR3002
30th April 2025

Thiruvananthapuram
27th March 2025

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2024

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(loss) before extraordinary items and tax	**1,232.28**	**2,131.68**
Adjustments for :		
Depreciation/Amortisation	472.16	378.18
Provision for bad debts	145.98	95.12
Provision for loans, advances and deposits	2.25	-
Provision for Litigation Settlement	-	153.67
Bad sundry debits written off	16.38	27.02
Bad sundry credits written back	(41.68)	(79.48)
Interest expenses	1,140.87	883.70
Interest income	(277.90)	(232.61)
Profit on sale of fixed assets	(0.64)	-
Profit on sale of investments	-	(57.35)
Loss on discarding of fixed assets	-	0.07
Operating Profit Before Working Capital Changes	**2,689.70**	**3,300.00**
Adjustments for (increase)/decrease in operating assets:		
Trade and other receivables	(24,943.93)	(9,675.35)
Inventories	(584.38)	(1,468.32)
Other loans and advances	1,206.95	(1,439.23)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables and other liabilities	18,979.93	3,875.58
Net Cash from operating activities	**(2,651.73)**	**(5,407.32)**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(442.61)	(809.40)
Proceeds from sale of fixed assets	0.66	-
Intangible assets	(52.67)	(423.36)
Interest received	142.43	107.09
Term deposits with bank	347.89	843.58
Investment In Keltron Krasny Defence Systems Private Limited	(4.90)	
Investment In Coconics Private Limited	(40.86)	
Sale of investment	-	69.85
Net cash used in investing activities	**(50.06)**	**(212.24)**
C. CASHFLOW FROM FINANCING ACTIVITIES:		
Receipt of Government loan	400.00	500.00
Working Capital Term Loan from KSIDC	93.68	641.09
Working Capital facility from KFC-BDS	1,972.56	-
Working capital revolving fund loan-KFC	(121.45)	852.49
Covid Relief Loan from KFC	(68.51)	(57.97)
L&T loan from KFC	(444.22)	(5.42)
PNB GECLS Loan	(14.17)	-
Repayment of Long term Loan from Malabar Cements limited	-	(40.00)
Interest paid	(509.18)	(278.36)
Cash Credit facility from Punjab National Bank	596.33	683.85
Net cash used in financing activities	**1,905.04**	**2,295.68**
ABSTRACT:		
A. Net Cash from Operating Activities	(2,651.73)	(5,407.32)
B. Net Cash used in Investing Activities	(50.06)	(212.24)
C. Net Cash used in Financing Activities	1,905.04	2,295.68
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(796.75)**	**(3,323.88)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**3,905.96**	**7,229.84**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**3,109.21**	**3,905.96**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**(796.75)**	**(3,323.88)**

Note:

i)

Particulars	As at 31st March 2024	As at 31st March 2023
Cash and cash equivalents consists of:	₹ in lakhs	₹ in lakhs
a) Cash and stamp in hand	5.56	8.68
b) Remittance in transit	0.24	-
c) Balance in Scheduled Banks:		
Current account	2,979.17	3,885.97
Term deposits (less than 3 months maturity)	104.93	-
d) Government of Kerala - Treasury savings bank account	19.31	11.31
Total	**3,109.21**	**3,905.96**

Per our report of even date attached to Balance Sheet

On belalf of Board of Directors
CIN : U74999KL1972SGC002450

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

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

UDIN: 25225166BMKULR3002
30th April 2025

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)

Thiruvananthapuram
27th March 2025

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. <u>Property, plant and equipment</u>

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. <u>Expenses</u>

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 2024

Note 1 : SHARE CAPITAL	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
Authorised Share Capital		
3,75,00,000 equity shares of ₹100/- each	37,500.00	37,500.00
Issued, subscribed and paid up		
3,73,85,976 equity shares of ₹100 each.	37,385.98	37,385.98
Total	**37,385.98**	**37,385.98**

(a)

Reconcilation of number of shares outstanding:	As at 31st March 2024		As at 31st March 2023	
	No of Shares	₹ in lakhs	No of Shares	₹ in lakhs
Shares outstanding at the beginning of the year	3,73,85,976	37,385.98	2,03,55,181	20,355.18
Share allotment during the year to:				
Government of Kerala			1,70,30,795	17,030.80
Malabar Cements Limited	-	-	-	-
Shares outstanding at the end of the year	3,73,85,976	37,385.98	3,73,85,976	37,385.98

The Government of Kerala vide GO (MS) No.53/2020/ID dated 15th May 2020 approved the conversion of Government loan 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 previous year,1,70,30,795 shares of Rs 100 were alloted to the Government of Kerala pursuant to the increase in share capital.

(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 2024		As at 31st March 2023	
	No of Shares	% holdings	No of Shares	% holdings
Government of Kerala	3,69,85,976	99%	3,69,85,976	99%

(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 2024, 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 2024		As at 31st March 2023	
	No of Shares	% holdings	No of Shares	% holdings
Government of Kerala	3,69,85,976	99%	3,69,85,976	99%

(f) Refer Note no.41.

Note 2 : RESERVES AND SURPLUS	As at 31st March 2024	As at 31st March 2023
	₹ 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	(12,726.96)	(14,984.36)
Add : Net Profit/(Loss) for the year	1,465.04	2,257.40
Net balance of Loss	(11,261.92)	(12,726.96)
Total [(i) + (ii)]	**(11,232.42)**	**(12,697.46)**

Note 3 : LONG-TERM BORROWINGS		As at 31st March 2024	As at 31st March 2023
		₹ in lakhs	₹ in lakhs
Secured			
Kerala Financial Corporation-Covid 19 Relief Loan	(a)	-	44.17
PNB GECLS Loan	(b)	99.17	155.83
Sub total (i)		99.17	200.00
Unsecured			
Loan from Government of Kerala	(c)	1,101.22	1,206.98
Sub total (ii)		1,101.22	1,206.98
Total		**1,200.39**	**1,406.98**

(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 2024 is ₹38.90 lakhs and the same is dislosed under Short Term Borrowings.This Credit facility carries an interest of 10.50% p.a. as on 31st March 2024.

(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 ₹99.17 lakhs has been disclosed under Long Term Borrowings.This loan carries an interest of 9.25% p.a. as on 31st March 2024.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 installments.But the company was not in a position to service the loan installments as stipulated in the GO.Later on as part of financial restructuring scheme,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 ₹ 106.57 lakhs is shown under Long Term Borrowings.Refer Note No 44.

(ii) 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 2024 is ₹100 lakhs.Out of which the non current portion amounting to ₹15 lakhs is shown under Long Term Borrowings.

(iii) 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 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 2024 is ₹41 lakhs and the non current portion amounting to ₹ 6.15 lakhs is shown under Long Term Borrowings.

(iv) 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 2024.The non current portion amounting to ₹31 lakhs is shown under Long Term Borrowings.

(v) 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 2024 and the non current portion amounting to ₹70 lakhs is shown under Long Term Borrowings.

(vi) 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 2024.The non current portion amounting to ₹17.50 lakhs is shown under Long Term Borrowings.

(vii) 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 2024.The non current portion amounting to ₹90 lakhs is shown under Long Term Borrowings.

(viii) 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 2024.The non current portion amounting to ₹100 lakhs is shown under Long Term Borrowings.

(ix) 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 2024.The non current portion amounting to ₹195 lakhs is shown under Long Term Borrowings.

(x) 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 2024.The non current portion amounting to ₹130 lakhs is shown under Long Term Borrowings.

(xi) During the financial year 2023-24,the company received ₹400 lakhs vide G.O.(Rt)No.607/2023/ID dated 21/06/2023 for modernisation of manufacturing facilities of various units and for the project of manufacturing medical equipments.The entire loan amount is outstanding as on 31st March 2024.The non current portion amounting to ₹340 lakhs 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-6 Short Term Borrowings.

(f) Refer Note No.41

Note 4 : OTHER LONG-TERM LIABILITIES	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
i) Dues to MSME*		
Trade Payable for supplies	39.49	36.46
Trade Payable for services	14.80	14.87
ii) Dues to Others*		
Trade Payable for supplies**	521.14	135.01
Trade Payable for services	156.14	160.32
Long-term liability-other finance	2,364.94	1,720.78
Interest accured but not due on loans-Government of Kerala***	1,141.27	1,141.27
Advance from customers	435.95	634.76
Total	**4,673.73**	**3,843.47**

* 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 4(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 2024					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	2.10	1.62	0.07	23.41	**27.20**
(ii)	Others	0.28	0.83	4.99	515.04	**521.14**
(iii)	Disputed dues-MSME	-	-	-	12.29	**12.29**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**2.38**	**2.45**	**5.06**	**550.74**	**560.63**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	-	-	0.05	14.75	**14.80**
(ii)	Others	-	8.60	9.49	138.05	**156.14**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**-**	**8.60**	**9.54**	**152.80**	**170.94**
	Total(a+b)	**2.38**	**11.05**	**14.60**	**703.54**	**731.57**

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	0.03	0.07	0.21	23.86	**24.17**
(ii)	Others	-	3.00	2.46	129.55	**135.01**
(iii)	Disputed dues-MSME	-	-	-	12.29	**12.29**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**0.03**	**3.07**	**2.67**	**165.70**	**171.47**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	-	3.98	-	10.89	**14.87**
(ii)	Others	9.54	14.30	31.16	105.32	**160.32**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**9.54**	**18.28**	**31.16**	**116.21**	**175.19**
	Total(a+b)	**9.57**	**21.35**	**33.83**	**281.91**	**346.66**

Note 4(2)

Sundry Creditors for Expenses under Long Term Liabilities-Other Finance.

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 2024					
(i)	MSME	-	-	-	-	**-**
(ii)	Others	0.04	0.02	0.00	3.58	**3.64**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Total	**0.04**	**0.02**	**0.00**	**3.58**	**3.64**

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					
(i)	MSME	-	-	-	-	**-**
(ii)	Others	0.33	-	0.00	15.87	**16.20**
(iii)	Disputed dues-MSME	-	-	-		**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Total	**0.33**	**-**	**0.00**	**15.87**	**16.20**

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

Note 5 : LONG TERM PROVISIONS		**As at 31st March 2024**	**As at 31st March 2023**
		₹ in lakhs	**₹ in lakhs**
Provision for gratuity *	(Refer to Note No.37)	1,888.92	1,628.70
Provision for leave encashment*	(Refer to Note No.37)	718.17	641.24
Provision for warranty	(Refer to Note No.36)	31.17	41.19
Provision - others		0.41	0.41
Total		**2,638.67**	**2,311.54**

* Refer Note No-64

Note 6 : SHORT TERM BORROWINGS		**As at 31st March 2024**	**As at 31st March 2023**
		₹ in lakhs	**₹ in lakhs**
Secured			
Cash credit from Punjab National Bank	(a)	1,819.83	1,223.50
Kerala Financial Corporation-Working Capital Revolving Fund Loan	(b)	811.04	932.50
Kerala State Industrial Development Corporation-Working Capital Term Loar	(c)	1,189.16	1,095.48
Kerala Financial Corporation-Bill Discounting System	(d)	1,972.56	-
Kerala Financial Corporation-L&T Loan	(e)	-	444.22
Current Maturities of Long Term Borrowings.			
Kerala Financial Corporation-Covid 19 Relief Loan	(f)	38.90	63.24
PNB GECLS Loan	(g)	56.67	14.17
Overdraft from State Bank of India		0.00	0.00
Sub total (i)		**5,888.16**	**3,773.11**
Unsecured			
Current Maturities of Long Term Borrowings:			
Loan from Government of Kerala	(h)	3,510.44	3,004.68
Loans wholly due for payment:			
Loan from Kerala Minerals and Metals Limited	(i)	450.00	450.00
Loan from Travancore Titanium Products Limited	(j)	12.00	12.00
Loan from Malabar Cements Limited	(k)	360.00	360.00
Sub total (ii)		**4,332.44**	**3,826.68**
Total		**10,220.60**	**7,599.79**

(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 13.05% p.a. as on 31st March 2024.Further,the company has non fund based facility of ₹ 2,000 lakhs.For disclosure regarding stock statement submitted to bank Refer Note No-74.

(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 10.50% p.a. as on 31st March 2024.

(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	**Working Capital Loan for:**	**Unit /Project**	**Rate of Interest per annum as on 31st March 2024**	**Amount of Loan Sanctioned**	**Loan Outstanding as on 31st March 2024**
				(₹ in lakhs)	**(₹ in lakhs)**
(i)	Designing, manufacturing and supply of underwater signal conditioning unit and underwater communication and accoustic positioning systems for NPOL ,Kochi	KCA/NPOL	10.50%	₹ 400	₹ 140
(ii)	Manufacture & supply of Electromagnetic Logs ,Retransmission units and accessories for Controller Procurement Material Organisation (Kochi), Naval Base, Ernakulam	KEC/CPMO,Kochi	10.00%	₹ 250	₹ 249.16
(iii)	Manufacture and Supply of amplifiers & indicator panels for Bharat Electronics ,Bangalore	KEC/BEL	10.00%	₹ 300	₹ 300
(iv)	Manufacture & Supply of Under Water Accoustic Communication System for Bharat Electronics Bangalore	KEC/BEL	10.00%	₹ 100	₹ 100
(v)	Manufacture & supply of Electromagnetic Logs ,Retransmission units and accessories for Controller Procurement Material Organisation (Visag),East Naval Command ,Visakhapatnam	KEC/CPMO,Vizag	10.00%	₹ 400	₹ 400
	Loan from KSIDC oustanding on 31st March 2024				**₹1,189.16**

* As per the repayment schedule, the closure date of Working Capital loans availed from KSIDC for the execution of CPMO (₹250 lakhs) and BEL (₹300 lakhs) Projects was 24th March 2024.As mentioned above the principal outstanding amount against these loans(Sl no (ii) and (iii)) on 31st March 2024 were ₹249.16 lakhs and ₹300 lakhs respectively.These loans were closed only on 10th June 2024 and thus there is a default of 79 days in the repayment of the same.The interest outstanding against these loans as on 31st March 2024 were ₹2.23 lakhs and ₹2.87lakhs respectively and the same was paid on 2nd April 2024.

(d) The company availed Bill Discounting Facility as envisaged vide GO (Rt)No:1555/2020/Fin dt 25.02.2020 in line with G.O(P) No10/2020/FIN dated 24.01.2020 from Kerala Financial Corporation under the Govt -Bill Discounting Scheme to the extent of ₹2,000 lakhs during the financial year 2019-20.This facility was for a period of one year and was secured by the Corporate Guarantee and first charge with promissory notes of Goverment on the Trade Receivable discounted through the Goverment BDS platform.This facility was not renewed on expiry as there was no requirement to avail the GBDS facility therafter.Later,the Government again recommended GBDS for releasing payment of pending bills to contractors (including PSU's).As the company faced severe financial constraints owing to restrictions imposed on Treasury payments the company decided to avail GBDS facility through Kerala Financial Corporation. The effective rate of interest is 10.00% of which maximum 5% will be borne by Government of Kerala.The liability against this facility on 31st March 2024 is ₹1,972.56 lakhs.

(e) 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 was ₹444.22 lakhs.During the reporting period,the loan was closed by adjusting the proceeds received from L&T against the loan.

(f) 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 2024 is ₹38.90 lakhs and the same is included and disclosed under Short Term Borrowings.This Credit facility carries an interest of 10.50% p.a. as on 31st March 2024.

(g) 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 ₹56.67 lakhs has been disclosed under Short Term Borrowings.This loan carries an interest of 9.25% p.a. as on 31st March 2024.This loan is also secured with the assets of the primary loan under Short Term Borrowings.

(h)(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 2024 is ₹400 lakhs and the same is shown under Short Term Borrowings.

(iii) 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 Government resumed ₹150 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.The balance outstanding against this loan on 31st March 2024 is ₹200 lakhs 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.1300/2018/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 on2nd April 2019.The balance outstanding against this loan as on reporting date is ₹500 lakhs and the same 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 2024 is ₹100 lakhs and the current portion amounting to ₹85 lakhs is shown under Short Term Borrowings.

(vi) 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.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 2024 is ₹41lakhs and the current portion amounting to ₹34.85 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 2024.The current portion amounting to ₹124 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 2024 and the current portion amounting to ₹130 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 2024.The current portion amounting to ₹32.50 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 2024.The current portion amounting to ₹110 lakhs is shown under Short Term Borrowings.

(xi) 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 2024.The current portion amounting to ₹100 lakhs is shown under Short Term Borrowings.

(xii) 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 2024.The current portion amounting to ₹105 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 2024.The current portion amounting to ₹70 lakhs is shown under Short Term Borrowings.

(xiv) During the financial year 2023-24,the company received ₹400 lakhs vid eG.O.(Rt)No.607/2023/ID dated 21/06/2023 for modernisation of manufacturing facilities of various units and for the project of manufacturing medical equipments.The entire loan amount is outstanding as on 31st March 2024.The current portion amounting to ₹60 lakhs is shown under Short Term Borrowings.

(xv) 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 ₹959.09 lakhs is shown underShort Term Borrowings

(xvi) 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) 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.

(j) 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.

(k) 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.During the financial year 2022-23,the company repaid ₹40 lakhs.The balance outstanding against this loan as on 31st March 2024 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	5-12 years	2,502.53
Loan from Government of Kerala	less than 5 year	502.15
Interest accrued and due Governement of Kerala	5-12 years	2,705.24
Interest accrued and due Governement of Kerala	less than 5 year	402.73
Loan from Kerala Minerals and Metals Limited	24 years	450.00
Loan from Travancore Titanium Products Limited	24 years	12.00
Interest accrued on loan from Travancore Titanium Products Limited	24 years	43.26
Loan from Malabar Cements Limited	13 years	360.00
Interest accrued on loan from Malabar Cements Limited	12 years	367.44

Note 7 : TRADE PAYABLES	**As at 31st March 2024**	**As at 31st March 2023**
	₹ in lakhs	**₹ in lakhs**
i)Due to MSME		
Supplies	27,873.84	27,834.11
Services	1,763.52	1,658.21
Total(i)	**29,637.36**	**29,492.32**
ii)Due to Others		
Supplies	22,849.49	8,023.83
Services	1,147.38	996.95
Total(ii)	**23,996.87**	**9,020.78**
Total	**53,634.23**	**38,513.10**

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

Note 7(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 2024					
(a)	**Trade Payable-for Supplies**					-
(i)	MSME	7,718.75	2,343.17	10,825.79	6,961.82	**27,849.53**
(ii)	Others	18,907.55	412.34	238.11	3,291.49	**22,849.49**
(iii)	Disputed dues-MSME	-	-	-	24.31	**24.31**
(iv)	Disputed dues-Others	-	-	-	-	-
	Sub Total	**26,626.30**	**2,755.51**	**11,063.90**	**10,277.62**	**50,723.33**
(b)	**Trade Payable-for Services**					-
(i)	MSME	907.54	75.80	51.49	728.69	**1,763.52**
(ii)	Others	532.27	95.06	39.48	480.57	**1,147.38**
(iii)	Disputed dues-MSME	-	-	-	-	-
(iv)	Disputed dues-Others	-	-	-	-	-
	Sub Total	**1,439.81**	**170.86**	**90.97**	**1,209.26**	**2,910.90**
	Total(a+b)	**28,066.11**	**2,926.37**	**11,154.87**	**11,486.88**	**53,634.23**

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	11,311.54	5,069.15	2,328.87	**27,809.80**
(ii)	Others	3,235.75	806.76	691.77	3,289.55	**8,023.83**
(iii)	Disputed dues-MSME	-	-	-	24.31	**24.31**
(iv)	Disputed dues-Others	-	-	-	-	-
	Sub Total	**12,335.99**	**12,118.30**	**5,760.92**	**5,642.73**	**35,857.94**
(b)	**Trade Payable-for Services**					-
(i)	MSME	721.53	178.91	115.40	642.37	**1,658.21**
(ii)	Others	470.02	47.00	31.13	448.80	**996.95**
(iii)	Disputed dues-MSME	-	-	-	-	-
(iv)	Disputed dues-Others	-	-	-	-	-
	Sub Total	**1,191.55**	**225.91**	**146.53**	**1,091.17**	**2,655.16**
	Total(a+b)	**13,527.54**	**12,344.21**	**5,907.45**	**6,733.90**	**38,513.10**

Note 8 : OTHER CURRENT LIABILITIES	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
Current liabilities - Other finance & statutory dues	12,651.74	9,691.89
Interest accrued and due - Government of Kerala *	3,107.97	2,550.54
Interest accrued & due - KFC	7.65	27.29
Interest accrued and due - Travancore Titanium Products Limited.	43.26	41.52
Interest accrued & due -KSIDC Loan	9.54	10.33
Interest accrued & due-Malabar Cements Limited	367.44	338.78
Advance from customers	2,195.52	2,341.75
Income received in advance	317.40	345.39
Arbitration Award Payable (Refer Note 62)	230.00	330.00
Total	**18,930.52**	**15,677.49**

Guarantee commission on expired government guarantee amounting to ₹535.81 lakhs and interest accrued thereon amounting to ₹1,302.15 lakhs is included in Current liabilities - Other finance & statutory dues.

*Refer Note 42.

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

Note 8(1)

Sundry Creditors for Expenses under Current Liabilities-Other Finance.

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 2024					
						-
(i)	MSME	74.67	4.90	-	1.11	80.68
(ii)	Others	195.15	10.60	8.97	602.17	816.89
(iii)	Disputed dues-MSME	-	-	-	-	-
(iv)	Disputed dues-Others	-	-	-	-	-
	Total	**269.82**	**15.50**	**8.97**	**603.28**	**897.57**

Current liabilities Other Finance-Sundry Creditors for Expenses

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					
						-
(i)	MSME	39.34	-	0.66	0.81	40.81
(ii)	Others	268.10	10.35	6.85	589.57	874.87
(iii)	Disputed dues-MSME	-	-	-	-	-
(iv)	Disputed dues-Others	-	-	-	-	-
	Total	**307.44**	**10.35**	**7.51**	**590.38**	**915.68**

Note 9 : SHORT-TERM PROVISIONS		As at 31st March 2024	As at 31st March 2023
		₹ in lakhs	₹ in lakhs
Provision for gratuity*	(Refer to Note No.37)	348.33	414.25
Provision for leave encashment*	(Refer to Note No.37)	158.48	148.85
Provision for warranty	(Refer to Note No.36)	545.33	450.65
Provision - others		201.71	201.71
Total		**1,253.85**	**1,215.46**

* Refer Note No-64.

Note 10 : Property ,Plant and Equipment and Intangible Assets

₹ in lakhs

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Total Cost as on 01-04-2023	Additions during the year	Sales / Transfer & Adjustment	Total Cost as on 31-03-2024	Provision Up To 01-04-2023	Provided during the year	Transfer to Profit & Loss	Sales / Transfer & Adjustment	Total provision up to 31-03-2024	Written down value as on 31-03-2024	Written down value as on 31-03-2023
I.Property ,Plant and Equipment:											
Land	155.79	-	-	155.79	-	-	-	-	-	155.79	155.79
Building	2,240.61	161.26	-	2,401.87	1,143.31	46.26	-	-	1,189.57	1,212.30	1,097.30
Electrical Fittings	478.43	31.28	2.93	506.78	402.64	15.09	-	2.93	414.80	91.98	75.79
Plant & Machinery	1,892.74	74.91	5.62	1,962.03	1,101.75	103.47	-	5.62	1,199.60	762.43	790.99
Test Instruments	1,146.62	106.26	23.94	1,228.94	654.33	57.11	-	23.94	687.50	541.44	492.29
Air Conditioner	166.52	15.80	1.29	181.03	111.53	9.79	-	1.32	120.00	61.03	54.99
Furniture & Fixtures	471.66	25.48	3.81	493.33	390.85	19.45	-	3.81	406.49	86.84	80.81
Office Equipments	313.61	26.21	13.71	326.11	242.71	28.21	-	13.71	257.21	68.90	70.90
Computer & data processing units	1,112.82	82.01	-	1,194.83	819.88	128.55	-	-	948.43	246.40	292.94
Service Equipment	7.36	-	0.05	7.31	3.53	0.27	-	0.05	3.75	3.56	3.83
Canteen Utensils	36.06	0.55	0.27	36.34	24.40	2.97	-	0.27	27.10	9.24	11.66
Library Books	0.20	-	-	0.20	0.20	-	-	-	0.20	0.00	0.00
Fire extinguishers	11.62	0.15	-	11.77	7.25	0.72	-	-	7.97	3.80	4.37
Water supply installations	28.51	4.41	0.35	32.57	21.23	1.70	-	0.34	22.59	9.98	7.28
Vehicle	50.47	-	-	50.47	46.16	0.65	-	-	46.81	3.66	4.31
Transit house equipments	0.45	-	-	0.45	0.44	-	-	-	0.44	0.01	0.01
Sub total	8,113.47	528.32	51.97	8,589.82	4,970.21	414.24	-	51.99	5,332.46	3,257.36	3,143.26
II. Intangible Assets:											
Software/Licenses	228.26	31.79	-	260.05	98.22	41.77	-	-	139.99	120.06	130.04
Research &development	876.06	6.13	-	882.19	859.51	13.30	-	-	872.81	9.38	16.55
Technical knowhow	240.60	9.75	-	250.35	238.19	2.85	-	-	241.04	9.31	2.41
Sub total	1,344.92	47.67	-	1,392.59	1,195.92	57.92	-	-	1,253.84	138.75	149.00
III. Captal work in progress											
Asset under erection	-	-	-	-	-	-	-	-	-	-	-
Building under constuction	227.43	55.08	140.83	141.68	-	-	-	-	-	141.68	227.43
Project Expenses not capitalised	-	-	-	-	-	-	-	-	-	-	-
			-							-	-
Sub total	227.43	55.08	140.83	141.68	-	-	-	-	-	141.68	227.43
IV.Intangible Assets under Development											
Intangible Assets under Developme	331.71	5.00	-	336.71	-	-	-	-	-	336.71	331.71
										-	-
Total	331.71	5.00	-	336.71	-	-	-	-	-	336.71	331.71
TOTAL	**10,017.53**	**636.07**	**192.80**	**10,460.80**	**6,166.13**	**472.16**	**-**	**51.99**	**6,586.30**	**3,874.50**	**3,851.40**
Previous year	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

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.

10(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 2024					
(i)Projects in Progress					
(i)ITBG Store Building	-	141.68	-	-	141.68
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	-
Sub Total	-	141.68	-	-	141.68
(ii)Projects Temporarily suspended					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	-	-	-	-	-
Total(i+ii)	-	141.68	-	-	141.68
					-

10(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				
	-	-	-	-
	-	-	-	-
(ii)Projects Temporarily suspended	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

10(3)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 2024	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)Projects in Progress					
(i)CDAC	5.00	165.33	82.67	83.71	336.71
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	5.00	165.33	82.67	83.71	336.71
(ii)Projects Temporarily suspended					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	-	-	-	-	-
Total(i+ii)	5.00	165.33	82.67	83.71	336.71
					-

10(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 11 : NON-CURRENT INVESTMENT (Trade at Cost)

(₹ in lakhs)

Sl No	COMPANY NAME	Type of shares	COST: Total cost as at 01.04.2023	COST: Additions /(Deletions) during the year	COST: Total Cost as at 31.03.2024	PROVISION FOR DIMINUTION: Provision upto 01.04.2023	PROVISION FOR DIMINUTION: Deletion / Provision for the year	PROVISION FOR DIMINUTION: Total provision upto 31.03.2024	NET VALUE: As at 31.03.2024	NET VALUE: As at 31.03.2023
	A. Investment in Subsidiary Companies									
1	KELTRON COMPONENT COMPLEX LIMITED.(KCCL) (26190833 (PY:26190833) Nos of face value Rs. 10/- each fully paid up) (Present Market value is not available as shares are not traded)	Equity	2,618.50	-	2,618.50	-	-	-	2,618.50	2,618.50
2	KELTRON ELECTRO CERAMICS LIMITED (KECL) (5856130 Nos of face value Rs. 10/- each fully paid up)	Equity	585.61	-	585.61	-	-	-	585.61	585.61
3	KELTRON RECTIFIERS LIMITED (2743641Nos of face value Rs. 10/- each fully paid up)	Equity	274.36	-	274.36	274.36	-	274.36	-	-
4	KELTRON POWER DEVICES LIMITED (4102317 Nos of face value Rs. 10/- each fully paid up)	Equity	410.23	-	410.23	410.23	-	410.23	-	-
	TOTAL (A)		3,888.70	-	3,888.70	684.59	-	684.59	3,204.11	3,204.11
	B. Investments in Associate Companies									
1	COCONICS PVT LTD (2,60,000 Nos of face value Rs.100./- each fully paid up)	Equity	260.00	40.86	300.86			-	300.86	260.00
2	KELTRON KRASNY DEFENCE SYSYTEMS PVT Ltd (49,000 equity shares of Rs 10/- each fully paid up)	Equity		4.90	4.90				4.90	-
3	SIDKEL TELEVISIONS LIMITED (105000 Nos of face value Rs. 10/- each fully paid up)	Equity	10.50	-	10.50	10.50		10.50	-	-
	TOTAL (B)		270.50	45.76	316.26	10.50	-	10.50	305.76	260.00
	C. Investments in Other Companies									
1	ELCERA SUBSTRATES LIMITED (280500 Nos of face value Rs. 10/- each fully paid up)	Equity	28.05	-	28.05	28.05		28.05	-	-
	TOTAL (C)		28.05	-	28.05	28.05	-	28.05	-	-
	GRAND TOTAL (A+B+C)		4,187.25	45.76	4,233.01	723.14	-	723.14	3,509.87	3,464.11
	Previous year		3,928.58	258.67	4,187.25	723.14	-	723.14	3,464.11	3,205.44

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 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 Coconics becomes a 'Deemed Government Company." During the reporting period 40,860 shares of Rs 100 each were allotted by M/s Coconics Private limited.

4.The 267th Board Meeting held on 10th March 2023 approved the formation and incorporation of a Joint Venture company with Krasny Defence Technologies Limited,Mumbai.Accordingly,Keltron Krasny Defence Systems Private Limited was incorporated on 29th May 2023 with the objective of providing products and services in the defence sector.During the reporting period Keltron invested in 49% of the equity capital in the joint venture company and 49,000 equity shares of Rs 10 each were allotted by Keltron Krasny Defence Systems Private Limited .

5.Companies in Sl No-A-3 & 4,B-3,C-1 are defunct companies.

Note 12 : LONG-TERM LOANS AND ADVANCES	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
a) Unsecured - Considered good		
Advance-Employees	0.00	1.34
Subsidiary Companies*	1,264.30	1,264.30
Investments pending allotment **	1,703.75	1,744.61
Advance -Others	85.54	163.04
Deposit with Customs authorities	-	0.30
Deposit with Central Excise Dept.	-	1.69
Excise duty paid under protest	1.27	1.27
Other Deposits	464.88	527.21
Sub-total (a)	3,519.74	3,703.76
b) Unsecured-Considered doubtful	49.48	184.10
Less: Provision for doubtful advances	(49.48)	(184.10)
Sub-total (b)	-	-
Total [(a) + (b)]	**3,519.74**	**3,703.76**

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

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

** The Investment pending allotment pertains to the pending allotment of shares to the subsidiary and associate companies , the details are disclosed in Note No.43 (i)

Note 13 : OTHER NON-CURRENT ASSETS	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
(a)Trade receivable*		
Unsecured:		
Considered good; outstanding for more than six months from the date they are due for	1,979.47	1,593.49
Receivables outstanding for a period less than six months	-	1.00
Considered doubtful; outstanding for more than six months from the date they are due for	1,099.29	2,253.06
Less : Provision for bad and doubtful debts	(1,099.29)	(2,253.06)
Total	1,979.47	1,594.49
(b) Non-current Bank balance:		
Term deposits with Banks (more than 12 months maturity)***	34.80	34.74
Margin on Bank Guarantee****	1,127.65	1,475.61
Total	1,162.45	1,510.35
(c) Others: Accrued Income	169.86	120.44
Total [a + b + c]	**3,311.78**	**3,225.28**

* 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.16 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 13(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 2024	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
(i)	Undisputed Trade Receivables-considered good	-	372.71	592.46	299.93	714.37	1,979.47
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	1,099.29	1,099.29
(iii)	Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	-	372.71	592.46	299.93	1,813.66	3,078.76
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	1,099.29	1,099.29
	Total	**0.00**	**372.71**	**592.46**	**299.93**	**714.37**	**1,979.47**

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	-	889.81	321.33	382.35	1,594.49
(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	-	889.81	321.33	2,635.41	3,847.55
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	2,253.06	2,253.06
	Total	**1.00**	**0.00**	**889.81**	**321.33**	**382.35**	**1,594.49**

Note 14 : INVENTORIES	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
(Inventories as taken, valued and certified by the Managing Director)		
Loose tools and jigs	42.88	52.17
Consumable stores and spares	94.99	56.63
Work-in-progress	1,826.17	1,700.46
Raw materials and components	5,274.79	4,856.06
Goods-in-transit	62.11	55.04
Goods purchased for resale	57.91	94.55
Finished goods	142.59	102.14
Total	**7,501.44**	**6,917.05**

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

Note 15 : TRADE RECEIVABLES	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
Unsecured, considered good:		
Outstanding for a period exceeding six months from the date they are due for payment	46,547.11	41,136.43
Receivables outstanding for a period less than six months	35,548.66	19,487.09
Considered doubtful; outstanding for a period exceeding six months from the date they	256.70	281.90
Less : Provision for bad and doubtful debts	(256.70)	(281.90)
Total	**82,095.77**	**60,623.52**

(a) Trade receivable includes an amount of ₹ 86.62 laks due from subsidiary companies being the 'Related parties' as specified in AS 18. This has been disclosed in Note No.38. Related Party Transactions.

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

Note 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 2024	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
(i)	Undisputed Trade Receivables-considered good	35,548.66	3,217.55	9,094.29	15,080.50	19,154.77	82,095.77
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	256.70	256.70
(iii)	Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	**35,548.66**	**3,217.55**	**9,094.29**	**15,080.50**	**19,411.48**	**82,352.47**
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	256.70	256.70
	Total	**35,548.66**	**3,217.55**	**9,094.29**	**15,080.50**	**19,154.77**	**82,095.77**

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	15,853.06	7,395.37	12,021.79	60,623.52
(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**	**15,853.06**	**7,395.37**	**12,303.69**	**60,905.42**
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	281.90	281.90
	Total	**19,487.09**	**5,866.21**	**15,853.06**	**7,395.37**	**12,021.79**	**60,623.52**

Note 16 : CASH AND BANK BALANCES	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
A. Cash and Cash Equivalents:		
Cash and stamp in hand	5.56	8.68
Remittance in transit	0.24	-
Balance in Scheduled Banks:		
Current account	2,979.17	3,885.97
Term deposits (less than 3 months maturity)	104.93	-
Government of Kerala - Treasury savings bank account	19.31	11.31
Total	3,109.21	3,905.96
B. Other Bank balances:		
In Term deposit with maturity of more than 3 months but less than 12 months	13.51	148.54
Margin on Bank Guarantee*	4,630.47	1,667.67
Total	4,643.98	1,816.21
Total (A+B)	**7,753.19**	**5,722.17**

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

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

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

Cash and stamp in hand include bank balances in the name of the site-in-charges of the Company and is not material.

Note 17 : SHORT-TERM LOANS AND ADVANCES	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
a) Unsecured - considered good		
Advance-Employees	88.62	73.13
Subsidiary Companies	329.50	408.30
Advance - Others	1,992.92	3,195.51
Deposit with Customs authorities	6.37	2.48
Deposit with Central Excise Department	0.10	0.10
Other deposits	681.22	399.91
Keltron Toolroom Research and Training Centre (KELTRAC)	176.80	110.01
Income Tax Refund Due	891.82	999.77
GST TDS Receivable	95.12	98.46
Total	**4,262.47**	**5,287.67**

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

Note 18 : OTHER CURRENT ASSETS	As at 31st March 2024	As at 31st March 2023
	₹ in lakhs	₹ in lakhs
Accrued income	960.81	778.17
Total	**960.81**	**778.17**

Note 19 : REVENUE FROM OPERATIONS	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
a. Sales		
Manufacturing sales	13,123.94	11,091.45
Project sales	18,772.67	21,480.60
Trading sales	13,701.26	8,927.72
Sub total	45,597.87	41,499.77
b. Services		
Income from servicing	17,172.37	3,977.01
Income from training	1,473.22	1,275.05
Income from manpower supply	147.64	16.95
Sub total	18,793.23	5,269.01
c. Other operating revenue		
Sales commission	12.00	39.00
Cash discount on purchase	13.96	33.97
Scrap sales	0.77	12.77
Freight and forwarding collected	4.14	3.02
Excess Provision/Warranty written back	233.41	262.80
Exchange rate fluctuation	22.84	13.02
Sub total	287.12	364.58
Total	64,678.22	47,133.37
	-	
Total	**64,678.22**	**47,133.36**

Note 20 : OTHER INCOME	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
Interest	277.90	232.61
Rent	50.72	49.64
Profit on sale of fixed assets	0.64	-
Profit on sale of Investments	-	57.35
Other sundry receipts/adjustments	15.25	20.55
Agricultural income	1.35	5.06
Total	**345.86**	**365.21**

Note 21 : MATERIAL CONSUMED AND SERVICE EXPENSES	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
a. Material Consumed		
Opening stock	4,856.06	3,803.40
Add: Purchases	36,385.28	25,024.86
	41,241.34	28,828.26
Less:Closing stock	5,274.79	4,856.06
	35,966.55	23,972.20
Add:Stores and spares consumed	141.05	515.36
Total	36,107.60	24,487.56
b. Service expenses		
Sub contracting charges	1,770.03	2,504.91
Errection and commissioning	122.09	123.19
Testing and quality control	53.98	40.31
Warranty expenses	330.31	254.63
Computer /project training	1,000.71	866.69
After sales service	208.42	3.10
Total	3,485.54	3,792.83
c. Purchase for resale	12,134.67	6,681.52
Total (a+b+c)	**51,727.81**	**34,961.91**

Note 22 : CHANGE IN INVENTORY FOR FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
Closing Stock:		
Finished goods:		
Manufacturing items	142.59	102.14
Trading items	57.91	94.55
Work-in-progress:	1,826.17	1,700.46
Total	2,026.67	1,897.15
Less:		
Opening 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
Net	**(129.52)**	**(494.01)**

Note 23 : EMPLOYEE COST	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
Salaries, wages and bonus	6,551.85	6,267.73
Gratuity	422.77	509.03
Leave encashment	282.98	247.92
Employer's contribution to PF and other Funds	630.48	570.49
Leave travel concession	-	0.07
Canteen expenses	147.84	132.91
Uniforms	2.18	1.10
Staff training expenses	17.33	9.76
Maternity benefit	28.90	16.26
Other staff welfare expenses	453.36	342.78
Total	**8,537.69**	**8,098.05**

Note 24 : FINANCE COST	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
Interest on government loan	557.42	485.66
Interest on KFC loan	120.85	145.63
Interest on Loan - KSIDC	113.92	36.48
Interest on Bill Discounting Scheme - KFC	9.48	-
Interest PNB GECLS Loan	15.14	15.44
Interest on loans (Government Companies)	33.59	34.15
Interest on cash credit and overdraft from banks	226.17	102.05
Interest -Others	71.73	72.19
Bank charges	47.83	39.95
Total	**1,196.13**	**931.55**

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

Note 25 : DEPRECIATION/AMORTIZATION	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
Depreciation on tangible assets	414.24	333.13
Amortization on intangible assets	57.92	45.05
	472.16	**378.18**

Note 26 : OTHER EXPENSES	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
Power, fuel and water	182.48	164.83
Rent	38.75	35.11
Rates and taxes	60.42	162.04
Interest and Late Fees	38.65	28.28
Insurance charges	31.50	28.05
Repair and maintenance:		
Motor vehicle	10.88	24.36
Building	108.61	54.96
Plant and machinery	21.35	29.92
Other assets	129.59	131.14
Travelling expenses	456.57	364.12
Travelling expenses-Directors	2.55	2.52
Advertisement and publicity	10.35	3.72
Sales and business promotion expenses	107.31	90.53
Freight and forwarding charges	59.74	41.38
Audit fee and expenses		
Statutory audit fee	12.37	12.37
Tax audit fee	3.81	3.81
Reimbursement of expenses	2.12	1.30
Internal audit fee	9.41	9.61
Cost audit fee and other services	1.35	3.14
Director's sitting fee	0.39	0.14
Legal charges	125.71	99.76
Printing and stationery	40.19	42.14
Royalty	148.37	102.36
Other professional fee	97.10	96.34
Bank guarantee commission	48.06	10.93
Postage and telephone charges	64.33	113.03
Security charges	153.99	144.40
Site office expenses	6.57	8.38
Recruitment expenses	1.22	6.78
Corporate social responsibility expenses	31.63	27.05
Agriculture expenses	5.91	6.24
Moulds, tools and jigs written off	14.30	17.66
Other charges	87.55	56.39
Total	**2,113.13**	**1,922.79**

Note 27 : PRIOR PERIOD ADJUSTMENT	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
Prior period expenses	64.43	49.04
Less:		
Prior period Income	149.59	923.11
	-	-
Net	**(85.16)**	**(874.07)**

Refer to Note 35 for details

Note 28 : EXCEPTIONAL ITEMS	For the year ended 31st March 2024	For the year ended 31st March 2023
	₹ in lakhs	₹ in lakhs
Sundry debits written off	16.38	27.02
Sundry credits written back	(41.68)	(79.48)
Provision for bad and doubtful debts/advances	145.98	95.12
Provision for other loans and advances	2.25	-
Excess Provision written Back	(85.30)	
Loss on value of fixed asset written-off	-	0.07
Bank Guarantee Invocation Income	(1.48)	-
Litigation Settlement (Refer Note 62)	-	330.00
Provision for Litigation Settlement (Refer Note 63))	-	153.67
Net	**36.15**	**526.40**

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

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

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

Note 29 : CONTINGENT LIABILITIES NOT PROVIDED FOR	As at 31st March 2024 (₹ in lakhs)	As at 31st March 2023 (₹ in lakhs)
i) Guarantees issued by the banks on behalf of the Company for which counter guarantees have been issued by the Company	5,805.59	2,268.45
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	3,073.69	2,699.92
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	80.29	133.55
c) PF interest and damages	138.16	138.16
d) On account of interest and service tax	1,451.72	1,463.30
e) On account of KVAT	111.25	111.25
f) On account of Maharashtra Value Added Tax (FY 2017-18)	63.22	63.22
g) On account of Customs Duty	32.66	-
h) On account of GST	633.87	-
i) On account of ESI	250.16	-
j) License fee payable as per the Order of Arbitration in respect of South Central Railway project.	14.52	14.52
k) On account of Wage Revision arrear 2012-17	294.80	294.80
l) On account of Insight Business Machine Pvt. Ltd., Mumbai MSME case (Arbitration)	1,457.36	1,457.36
m) On account of legal suit filed by RP Tech soft International(case pending before Commercial Court,Trivandrum)	4,588.20	4,588.20
n) On account of legal suit filed by Eden Consultancy Private Limited(case pending before High Court of Kolkatta)	1,242.72	1,242.72
o) On account of legal suit filed by Hippocampus(case pending before NCLAT)	1,307.83	1,307.83
p) Others	209.69	5,776.34

	Note 30 : PARTICULARS OF TURNOVER	For the year ended 31st March 2024 (₹ in lakhs)	For the year ended 31st March 2023 (₹ in lakhs)
A	**REVENUE FROM MANUFACTURING**		
1	Control Instrumentation systems	1,494.02	1,176.20
2	Power electronics products/systems	978.34	562.90
3	Special products/systems	4,925.97	3,997.28
4	Strategic service products/systems	4,188.95	3,747.64
5	Traffic Signals products/enforcement systems	46.56	461.42
6	ID card projects	14.14	32.06
7	Products for differently abled	34.11	284.66
8	Security and surveillance products/systems	614.41	78.00
9	Lighting products	264.28	219.17
10	Hearing Aids	553.99	504.17
11	Others	9.17	27.95
		13,123.94	**11,091.45**
B	**REVENUE FROM PROJECTS**		
1	Solar light	233.99	327.12
2	Traffic signal/enforcement system/Facility Management	172.66	872.03
3	Security surveillance systems and management	2,258.15	1,948.00
4	Computer, accessories & IT infrastructure	10,007.16	15,271.45
5	Smart card/Identity card	10.95	61.64
6	Lighting Systems	335.09	357.11
7	Strategic service products/systems	807.78	1,034.44
8	Safe Kerala Project	495.04	-
9	Smart City Projects	2,089.43	889.75
10	E Governance	1,693.58	-
11	Others	668.84	719.06
		18,772.67	**21,480.60**
C	**RESALE**		
1	Computer and accessories	13,547.42	8,648.97
2	Control instrumentation systems	118.46	0.84
3	Products for differently abled	17.95	258.98
4	Security systems	6.86	4.43
5	ID card	7.11	10.45
6	Others	3.46	4.05
		13,701.26	**8,927.72**
D	**REVENUE FROM SERVICES**		
1	Income from training	1,473.22	1,275.05
2	Income from manpower supply	147.64	16.95
3	Service income	16,260.82	2,899.86
4	Income from maintenance or repair	466.81	247.89
5	Erection and commissioning	68.44	94.46
6	Business auxiliary	376.30	734.80
		18,793.23	**5,269.01**
	Total sales (A+B+C+D)	**64,391.10**	**46,768.78**

Note 31 CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS	FOR THE YEAR 2023-24 Current year (₹ in lakhs)	% OF CONSUM-PTION	FOR THE YEAR 2022-23 Previous year (₹ in lakhs)	% OF CONSUM-PTION
Imported	1,832.36	5%	1,157.28	5%
Indigenous	34,275.24	95%	23,330.28	95%
Total:	**36,107.60**	**100%**	**24,487.56**	**100%**

Note: Imported figures are as determined by the Management.

Note 32 : FOREIGN EXCHANGE EARNINGS	For the current financial year 2023-24 (₹ in lakhs)	For the previous financial year 2022-23 (₹ in lakhs)
Export of goods	-	8.18
Others	23.65	10.17

Note 33 : EXPENDITURE IN FOREIGN CURRENCY	For the current financial year 2023-24 (₹ in lakhs)	For the previous financial year 2022-23 (₹ in lakhs)
Capital expenditure	-	19.01
Travelling and business promotion	6.90	7.08

Note 34 : VALUE OF IMPORTS CALCULATED ON CIF BASIS	2023-24 (₹ in lakhs)	2022-23 (₹ in lakhs)
Raw materials and components	1,788.68	1,142.94
Capital goods	41.25	0.31

(₹ in lakhs)

Note 35 : PRIOR PERIOD ITEMS	For the year ended			
	31st March 2024		31st March 2023	
	Dr	Cr	Dr	Cr
a) PRIOR PERIOD EXPENSES				
Salaries and wages	3.56			
Bonus	0.18			
Overtime Wages	48.08		0.10	
Bonus/Exgratia			0.25	
Exgratia	0.79			
Entry Tax/Sales Tax/VAT	0.15			
Other professional charges	0.23			
Business promotion expenses	0.02			
Testing & Quality Control	0.15		0.71	
Repairs and Maintenance	0.35		0.70	
Interest on GST	0.09			
Freight	0.14			
GST			0.12	
TDS	0.11			
Insurance Charges			0.06	
Interest			9.81	
Postage &Telephone charges	0.01			
Audit fees and expenses	0.05		0.05	
Travelling expense and conveyance	0.03		0.33	
Water Charges			0.15	
Electricity Charges	0.12			
SubContracting Charges	1.60			
Sales reversal			30.11	
Other sundry expenses	2.05		0.03	
Building Tax			0.54	
EMD	1.72			
Sales/Income Reversal	5.00			
Others			6.08	
Sub total	64.43	-	49.04	-
Net	**64.43**		**49.04**	
b) PRIOR PERIOD INCOME				
Service income		16.73		893.47
Salaries & Wages(Reimbursement of Stipend of Apprenticeship Training Received from Board of Apprenticeship Training)		124.21		
Income From Commercial Training & Coaching				17.51
Purchase for resale				1.90
Materials and Components			0.70	
Salaries and wages				8.79
Exgratia		0.09		
Interest-Margin on Bank Guarantee	0.73		6.91	
Sub contracting charges		9.06		
Water Charges				0.12
Depreciation on Fixed assets		0.03		
Other sundry expense		0.20		8.93
Sub total	0.73	150.32	7.61	930.72
Net		**149.59**		**923.11**
Net prior period Items	**(85.16)**		**(874.07)**	

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 36 : PROVISION FOR WARRANTIES

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

(₹ in lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
Balance as at the beginning of the year	491.84	511.79
Provision made during the year	330.31	254.63
		-
Unutilised provision written back (Net of utilised)	245.65	274.58
Provision required at the end of the year	**576.50**	**491.84**
Classified as Non-Current	31.17	41.19
Classified as Current	545.33	450.65

(₹ in lakhs)

Note 37 **PROVISION FOR GRATUITY & LEAVE ENCASHMENT**	Gratuity		Leave encashment	
	As at 31st March 2024	As at 31st March 2023	As at 31st March 2024	As at 31st March 2023
Balance at the beginning of the year	2,042.95	1,797.96	790.09	732.66
Less: Paid during the year on account of retirement /resignation	220.06	229.62	196.42	190.49
Add: Provided during the year	422.77	509.03	282.98	247.92
Less: Contribution to Plan Asset with LIC of India	8.41	34.42		-
Balance at the end of the year	**2,237.25**	**2,042.95**	**876.65**	**790.09**
Classified as Non-Current	1,888.92	1,628.70	718.17	641.24
Classified as Current	348.33	414.25	158.48	148.85

(₹ in lakhs)

FAIR VALUE OF PLAN ASSET FOR FUNDED GRATUITY WITH LIC OF INDIA	As at 31st March 2024	As at 31st March 2023
Fair value of asset at the beginning	596.56	554.41
Expected Return on the Plan	41.90	41.68
Acturial Gain/(Loss)	2.18	(2.08)
Employer's Contribution	15.00	40.00
Fund management charges	6.59	5.58
Benefits paid	84.10	31.87
Fair value of asset at the year end	564.95	596.56
Actual return on plan asset	44.08	39.60

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

Note 38 : RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31ST MARCH 2024

(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
2 Krasny Defence System Private Limited

III Key Management Personnel:

1 Sri.N Narayana Moorthy,Chairman
2 Sri Sreekumar Nair,Managing Director
3 Sri B.Bilu, Company Secretary

(B) Transactions with related parties:

(₹ in lakhs)

	Particulars	For the year ended 31st March 2024			For the year ended 31st March 2023		
		Subsidiaries	Associates	Key Management Personnel	Subsidiaries	Associates	Key Management Personnel
i.	Purchase of goods	329.41	-	-	369.58	-	-
ii	Sale of goods	84.38	-	-	108.79	-	-
iii.	Service rendered (Sole selling Agency)*	-	-	-	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	2.01	-	-	1.81	-	-
ix.	Managerial Remuneration	-	-	37.08	-	-	32.48
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 2024			As at 31st March 2023		
		Subsidiaries	Associates	Key Management Personnel	Subsidiaries	Associates	Key Management Personnel
i.	Trade receivable	86.62	-	-	150.32	-	-
ii.	Trade payable	279.05	-	-	407.23	-	-
iii.	Loans and advances	0.03	-	-	3,376.34	40.86	-
	Other Receivable		83.75			83.75	

(D) 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 2024	Outstanding as on 31st March 2023	Outstanding as on 31st March 2024	Outstanding as on 31st March 2023
i.	Keltron Component Complex Limited	47.92	13.00	0.60	2.49
ii.	Keltron Electro Ceramics Limited	38.71	76.83	278.44	356.13
		86.63	89.83	279.05	358.62

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

(₹ in lakhs)

	Subsidiaries/Associates	Outstanding as on 31st March 2024	Outstanding as on 31st March 2023
a.	**Subsidiaries:**		
i.	Keltron Component Complex Limited.	129.98	109.23
ii.	Keltron Electro Ceramics Limited	199.52	299.07
iii.	Keltron Rectifiers Limited* (i)	990.06	990.06
iv.	Keltron Power Devices Limited* (i)	1,977.98	1,977.98
	Total	3,297.54	3,376.34
	Less: Provision for doubtful advances:		
	Total	-	-
	Net Total	3,297.54	3,376.34

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 42% of the total loans and advances due to the company.

Note 39 : MANAGERIAL REMUNERATION

(₹ in lakhs)

	For the year ended 31st March 2024	For the year ended 31st March 2023
1 N.Narayana Moorthy(Chairman)		
Salaries & PF	16.11	15.34
Medical benefits	-	-
	16.11	15.34
2 Sreekumar Nair(Managing Director)		
Salaries & PF	1.34	
Medical benefits		
	1.34	-
3 B.Bilu (Company Secretary)		
Salaries & PF	19.16	17.03
Medical benefits	0.47	0.10
	19.63	17.13

Directors Sitting Fee

Name of the Directors	For the year ended 31st March 2024	For the year ended 31st March 2023
1 R.Suresh Mohan	0.13	0.14
	0.13	0.14
2 S.Aji	0.10	
	0.10	-
3 M.Narayanan Namboothiripad	0.16	
	0.16	-

Note:40(i) DISCLOSURE RELATING TO CSR EXPENDITURE (₹ in lakhs)

a)	**Gross amount required to be spent by the company during the FY 2023-24**	**35.85**
b)	**Amount spent during the the financial year 2023-24**	**31.63**

Sl No	Particulars	Paid in cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-
(ii)	Purposes other than (i) above	7.30	24.33	31.63

c)	Movement of CSR provision	2023-24 (₹ in lakhs)	2022-23 (₹ in lakhs)
	As on 1st April	(1.93)	-
	Additional provision required during the year	35.85	25.12
	Less:Amount spend during the year	31.63	27.05
	As on 31st March	2.28	(1.93)

d)	Additional Disclosure:	2023-24 (₹ in lakhs)	2022-23 (₹ in lakhs)
(i)	Amount to be spend on CSR expenditure in accordance with section 135	35.85	25.12
(ii)	Amount unspend/(excess spend)carried forward from earlier years	(8.83)	(6.90)
(iii)	Amount actually spend during the year	31.63	27.05
	(Excess amount spend carry forward)/Shortfall	(4.61)	(8.83)
	Reason for shortfall	NA	NA

e)	Nature of CSR activities	2023-24 (₹ in lakhs)	2022-23 (₹ in lakhs)
(i)	Promoting health care including preventive health care	5.00	1.00
(ii)	Promoting Education	10.08	8.80
(iii)	Women Empowerment	-	7.00
(iv)	Rural Development projects	9.75	9.75
(v)	Social development	-	0.50
(vi)	Public libraries	1.50	
(vii)	Making available safe drinking water	0.50	
(viii)	Sanitation	0.99	
(ix)	Ensuring Environmental Sustainability	3.81	
	TOTAL	**31.63**	**27.05**

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

Note 40(ii) Analytical Ratios

Sl No	Particulars	Formula	2023-24 ₹ in lakhs	2022-23 ₹ in lakhs	2023-24	2022-23	% of variance	Reason for variation more than 25%
(a)	Current Ratio	Current Assets / Current Liabilities	1,02,573.68 / 84,039.20	79,328.60 / 63,005.83	1.22	1.26	-3.06%	
(b)	Debt-equity Ratio	Total Debt / Shareholders Equity	11,421.00 / 26,153.55	9,006.76 / 24,688.52	0.44	0.36	20%	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	2,852.74 / 3,158.33	3,401.46 / 1,920.94	0.90	1.77	-49%	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	1,465.04 / 25,421.04	2,257.40 / 23,559.82	6%	10%	-40%	Variation due to reduction in net profits.
(e)	Inventory Turnover Ratio	Cost of Goods sold or Sales / Average Inventory	45,597.87 / 7,209.25	41,499.77 / 6,182.88	6.32	6.71	-6%	
(f)	Trade Receivables turnover Ratio	Net Sales / Average Trade Receivable	64,391.11 / 71,359.65	46,768.78 / 51,762.03	0.90	0.90	0%	
(g)	Trade Payables turnover Ratio	Net Purchases / Average Trade Payables	51,727.81 / 46,073.66	34,961.91 / 34,680.58	1.12	1.01	11.37%	
(h)	Net Capital Turnover Ratio	Net Sales / Working Capital	64,391.11 / 18,534.49	46,768.78 / 16,322.76	3.47	2.87	21%	Variation due to increase in turnover
(i)	Net Profit Ratio(in %)	Net Profit after Tax and exceptional items / Net Sales	1,465.04 / 64,391.11	2,257.40 / 46,768.78	2%	5%	-53%	Variation due to reduction in net profits
(j)	Return on Capital Employed(in %)	Earnings before Interest & Tax / Capital Employed(Net Worth +Total debt)	2,380.58 / 37,574.55	3,023.28 / 33,695.28	6%	9%	-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	0	0%	

41. 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 company proposed to convert Government Loan of ₹8,265.84 lakhs (as a part of BIFR Scheme).

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 to be converted to equity
3) Waiver of interest accrued on aforesaid loan aggregating to ₹9,230.61lakhs
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.

The Government Loan of ₹1,250 lakhs as covered under GO(Rt) No.329/2014/ID dated 11.03.2014 was included under Note -1 Share Capital, as the shares are already converted and allotted to Government of Kerala vide GO (MS) No.183/11/ID dated 26th August 2011.

As mentioned above, the Government of Kerala, vide the GO(MS) No.53/2020/ID dated 15th May 2020 sanctioned the conversion of ₹7,200.18 lakhs in to Equity Share Capital. The balance amount of ₹1,065.66 lakhs for which conversion has not been sanctioned is being disclosed as Loans from Government of Kerala under Note No-3 & 6.The interest thereon has also been provided in the financial statements from financial year 2016-17 onwards.(refer Note -42)

With reference to point No-3 above, 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 ₹9,230.62 lakhs to equity share capital in line with the recommendation of Public Enterprises Board.

The Government of Kerala vide GO(Rt) No:108/2022/ID dated 18th October 2022(by amending the GO(MS) No.53/2020/ID dated 15th May 2020) sanctioned the conversion of interest accrued on Government Loan amounting to ₹9,230.62lakhs to equity share capital.

The Authorized Share Capital and Paid-Up Share Capital of the Company was ₹21,000lakhs 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.

As above, the Equity Shares worth ₹17,030.80 lakhs (I.e.,₹7,200.18 lakhs +₹600 lakhs +₹9,230.62 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.Thus,from 10th March 2023, the Authorized Share Capital and Paid-Up Share Capital of the Company is ₹37,500 lakhs and ₹37,385.98lakhs respectively.

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

Sl No	Particulars	Loan and Interest outstanding as on 31st March 2024		Interest provided up to
		Principal	Interest (including penal interest)	
(I)	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.	₹106.57	₹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)No1115/2019/ID dt 10.11.2019 Current portion of principal & Interest accrued thereon shown under Sl.No-II (e)	₹15.00		31st March 2024
d	Loan taken vide GO(Rt)No.193/2020/ID dt 29.02.2020 Current portion of principal & Interest accrued thereon shown under Sl.No-II (f)	₹6.15		31st March 2024
e	Loan taken vide GO(Rt)No.224/2020/ID dt 11.03.2020Current portion of principal & Interest accrued thereon shown under Sl.No-II(g)	₹31.00		31st March 2024
f	Loan taken vide GO(Rt) No:127/2021/ID dt 30.01.2021Current portion of principal & Interest accrued thereon shown under Sl.No-II (h)	₹70.00		31st March 2024
g	Loan taken vide GO (Rt)No.232/2021/ID dt 19.02.2021 Current portion of principal & Interest accrued thereon shown under Sl.No-II(i)	₹17.50		31stMarch 2024
h	Loan taken vide GO (Rt)No.895/2021/ID dt 18.08.2021 Current portion of principal & Interest accrued thereon shown under Sl.No-II(j)	₹90.00		31stMarch 2024
i	Loan taken vide GO (Rt)No.1104/2021/ID dt 02.10.2021.Current portion of principal & Interest accrued thereon shown under Sl.No-II(k)	₹100.00		31stMarch 2024

j	Loan taken vide GO (Rt)No.933/2022/ID dt 26.08.2022.Current portion of principal & Interest accrued thereon shown under Sl.No-II(l)	₹195.00		31st March 2024
k	Loan taken vide GO (Rt)No.939/2022/ID dt 29.08.2022.Current portion of principal & Interest accrued thereon shown under Sl.No-II(m)	₹130.00		31st March 2024
l	Loan taken vide GO (Rt)No.607/2023/ID dt 21.06.2023.Current portion of principal & Interest accrued thereon shown under Sl.No-II(n)	₹340.00		31st March 2024
	Sub Total	**₹1,101.22**	**₹1,141.27**	Interest accrued disclosed under Note-4-Other Long Term Liabilities
(II)	**Current**			
a	Loan taken vide GO (MS) No.559/12/IDdt 30.03.2012	₹600.00	₹997.73	31st March 2024
b	Loan taken vide GO(Rt)No.1538/2017/ID dt 08.11.2017.	₹200.00	₹135.76	31st March 2024
c	Loan taken vide GO(Rt)No.367/2018/ID dt 28.03.2018	₹400.00	₹253.14	31st March 2024
d	Loan taken vide GO(Rt)No.1300/2018/ID dt 24.11.2018 and interest accrued thereon	₹500.00	₹293.15	31st March 2024
e	Loan taken vide GO.(Rt) No.1115/2019/ID dt 10.11.2019 & interest accrued thereon(refer Sl.No-(I)(c))	₹85.00	₹42.20	31st March 2024
f	Loan taken vide GO(Rt)No.193/2020/ID dt 29.02.2020& interest accrued thereon (refer Sl.No-(I)(d))	₹34.85	₹16.08	31st March 2024
g	Loan taken vide GO(Rt)No.224/2020/ID dt 11.03.2020 & Interest accrued thereon (refer Sl.No-(I)(e)	₹124.00	₹62.65	31st March 2024
h	Loan taken vide GO(Rt) No:127/2021/ID dt 30.01.2021 & interest accrued thereon (referSl.No-(I)(f)	₹130.00	₹64.25	31st March 2024

i	Loan taken vide GO (Rt)No.232/2021/ID dt 19.02.2021 & interest accrued thereon (referSl.No-(I)(g))	₹32.50	₹15.72	31st March 2024
j	Loan taken vide GO (Rt)No.895/2021/ID dt 18.08.2021 & Interest accrued thereon (referSl.No-(I)(h)	₹110.00	₹50.72	31st March 2024
k	Loan taken vide GO (Rt)No.1104/2021/ID dt 02.10.2021.Current portion of principal & Interest accrued thereon (refer Sl.No-(I)(i)	₹100.00	₹48.88	31st March 2024
l	Loan taken vide GO (Rt)No.933/2022/ID dt 26.08.2022.Current portion of principal & Interest accrued thereon (refer Sl.No--(I)(j))	₹105.00	₹45.09	31st March 2024
m	Loan taken vide GO (Rt)No.939/2022/ID dt 29.08.2022.Current portion of principal & Interest accrued thereon (refer Sl.No-(I)(k)	₹70.00	₹30.09	31st March 2024
n	Loan taken vide GO (Rt)No.607/2023/ID dt 21.06.2023.Current portion of principal & Interest accrued thereon (refer Sl.No-(I)(l))	₹60.00	₹27.05	31stMarch 2024
o	Loans not included in financial restructuring as per GO (MS) No.53/2020/ID dated 15th May 2020	₹959.09	₹1,025.46	31st March 2024
	Sub Total	**₹3,510.44**	**₹3,107.97**	Interest accrued disclosed under Note-8-Other Current Liabilities
	Grand total	**₹4,611.66**	**₹4,249.24**	

***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.

43. Loans and Advances include

(i) A sum of ₹1,703.75 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
	Total	**1,703.75**

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

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

Sl No	Name of the Company	Subsidiary/ Associate	Amount Outstanding as on 31st March 24 ₹ in lakhs	Remarks
1	Keltron Power Devices Limited	Subsidiary Company	₹850.67	As mentioned in 43(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

2	Keltron Rectifiers Limited	Subsidiary Company	₹ 413.63	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. Subsequently a meeting was 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 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**	

44. 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 1st April 2016 to 31st March 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 1st April 2016 to 31st March 2021, thus the interest accrued became a firm liability.

Meanwhile, as mentioned in Note – 41,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 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 on account of interest accrued:

₹ in lakhs

Sl No	**Particulars**	**Principal amount of Loan**	**Interest accrued up to the date of conversion to equity. (i,e 31st March 2020)**
(i)	Conversion of grant released as per GO.(MS) No.30/07 ID dt 12.03.2007 Converted to Working Capital loan from the date of sanction vide GO.(Rt) No.329/2014/ID dt 11.03.2014	₹600	₹1,244.89
(ii)	Conversion of Initial Investment Loan vide GO.(MS) No.114/07/ID dt 21.08.2007 later converted into Equity vide GO.(MS) No.183/11/ID/ dt 26.08.2011 reconverted in to Working Capital Loan vide GO.(Rt.)No.329/2014/ID dt 11.03.2014	₹1,250	₹1,975.25
(iii)*	Interest payable owing to the withdrawal of relief and concession granted vide GO.(MS) No.86/16/ID dt 17.07.2016, due to the non-payment of principal instalments and interest as per the terms.	₹8,265.84	₹4,937.15
	Grand Total		**₹8,157.29**

*This includes Government loan amounting to ₹1,065.66 lakhs for which conversion has not been sanctioned and interest accrued thereon amounting to ₹471.17 lakhs. The interest for the period 2016-17 to 2019-20 has been accounted as stated in Note No-41.

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.

It may be noted that at the time of assessment proceedings for the Assessment Year 2017-18 and 2018-19 (Previous Year 2016-17 & 2017-18), the company has claimed the interest accrued on the aforementioned loans (Sl No (i),(ii) & (iii)) 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)& (iii)) as an eligible deduction in the Original Income Tax Return.The year wise break up of interest claimed is as given below:

Sl No	**Financial Year**	**Interest Claimed (₹ in lakhs)**
1	2016-17	₹3,453.68
2	2017-18	₹1,751.31
3	2018-19	₹1,466.27
4	2019-20	₹1,486.03
	Grand Total	**₹8,157.29**

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.

Even though the company has claimed interest accrued on the aforementioned loans as an eligible deduction from Taxable Income, the Company did not recognize the interest expenses aggregating to ₹7,686.12 lakhs in the Financial Statements of the respective financial years. It may be noted that 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.

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 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 financial year 2022-23.The investment of the company in KECL as on 31st March 2024 is ₹585.61 lakhs

47. Credit balance in Trade Receivable Account amounts to ₹3,251.71 lakhs (Previous year:₹1,784 lakhs) and debit balance in Trade Payable Account amounts to ₹274.17 lakhs(Previous year : ₹255.25 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, tax asset (net) amounting to ₹232.76 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 2024 is ₹1,915.98 lakhs. Deferred tax asset on unabsorbed carry forward of losses relating to disallowances made in the assessments and pending on appeal before higher appellate authorities have also been considered for the purpose of the above .

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 ₹22.84 lakhs (Previous year: decreased by ₹13.02 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 4 and 7.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 2024 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 2023-24.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)

Sl No	Basic & Diluted EPS	31st March 2024	31st March 2023
a	Profit attributable to Equity Shareholders before extraordinary items (Numerator used for calculation of diluted and basic EPS) **₹ in lakhs**	1,232.28	2,131.68
b	Profit attributable to Equity Shareholders (Numerator used for calculation of diluted and basic EPS) **₹ in lakhs**	1,465.04	2,257.40
c	Weighted average number of Equity Shares used as denominator for calculating : Basic Diluted	 3,73,85,976 3,73,85,976	 2,13,81,695 2,13,81,695
d	EPS of ₹100/- before extraordinary items Basic Diluted	 ₹3.30 ₹3.30	 ₹9.97 ₹9.97
e	EPS of ₹ 100/- each Basic Diluted	 ₹3.92 ₹3.92	 ₹10.56 ₹10.56

55. Balances of Government Loan under Long Term Borrowings(Note-3) and Short Term Borrowings(Note-6),Other Long Term Liabilities (Note -4),Trade Payable(Note-7),Other Current Liabilities(Note -8),Long term loans and advances(Note-12),Trade Receivable under Other Non Current Assets(Note 13),Trade Receivable (Note-15) under Current Assets, Short term loans and advances (Note-17) and Other Current Assets(Note-18) 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 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 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 ₹1,837.78 lakhs for the financial years 2016-17, 2017-18, 2018-19 and 2019-20. After including the current year income of ₹204.86 lakhs (as per the Income Tax Return filed),the total carry forward unabsorbed depreciation and loss carried forward to future assessment year is ₹1,762.92 lakhs.

57.The Company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,426.25 lakhs for the Assessment year 2007-08 to 2024-25, the Company's books of account shows the balance of ₹891.82 lakhs only. The Company did not account for the balance credit of ₹1,534.43 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 30th November 2017.

However on implementation of revised scale of pay from November 2017, various anomalies such as drop in pay, stagnation in scale, duplication of scale of pay for multiple grades etc has been noted. 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 2024 is ₹172.09 lakhs

59.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 1st April 2012 to 31stOctober on installment basis. 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.

60.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 11th October 2022.

Based on the scale of pay, fitment benefits, service weightage, methodology adopted for fixation etc., as contained in the Wage Revision Proposal 2017-22, the Company has during the financial year 2022-23, 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 financial year 2022-23 by credit to Accrued Salaries & Wages under Current Liabilities.

Further, during the reporting period liability for the financial year 2023-24 amounting to ₹179.17lakhs has been provided for in the accounts.

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. Finally, the matter was again considered in the PEB meeting held on 1st February 2025,in which the LTA proposal was approved subject to the general condition specified by the Finance Department, Government of Kerala.

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. The interim relief disbursed to Workmen category employees for the financial year 2022-23 and 2023-24 amounts to ₹73.35 lakhs and ₹91.48 lakhs respectively and the wage revision arrears outstanding in the books as on 31st March 2024 is ₹963.27 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.

61. The Company has submitted the proposal for Pay revision of Executives and Supervisory categories of employees vide letter KSEDC/CHR/GOVT/Pay Revision/(E&S)/2025/17 dated 14thFebruary 2025. As per the proposal the financial commitment was estimated to ₹1,960.96 lakhs and after adjusting the Interim Relief of ₹202.14 lakh (paid in FY 2022-23 & 2023-24), the net amount of commitment was estimated to be ₹1,758.82 lakh.

 The proposal is under the consideration of Government of Kerala, however it seems to be that the matter regarding applicability of pay revision with retrospective effect and disbursement of arrears will be based on the common policy framework of which is yet to be finalised by Government. Hence, no provision has been made in the books of account of the Company in the FY 2023-24.

62. 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 25thFebruary2011.

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 20th August 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 20th February 2015, i.e. 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 ₹1,200 lakhs 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`₹389 lakhs 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 ₹389 lakhs 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/s Softgrip Power Solutions Private Limited and M/s Softgrip Power Solutions Private Limited was permitted to withdraw an amount of ₹30 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 financial year 2022-23 we have disclosed ₹330 lakhs as Litigation

Settlement under Exceptional items. Accordingly, the first instalment has been disbursed during the month of February 2024 and hence the Arbitration Award payable as on 31st March 2024 is ₹230 lakhs

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 financial year 2022-23, we have reversed the provision and disclosed the same as "Bad Sundry credits written Back" under Exceptional Items.

63. 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 ₹367.75lakhs.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 financial year 2022-23, 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 Exceptional Items in the Standalone Financial Statements.

64. 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. KSEB Limited awarded a work order to Keltron Equipment Complex, Karakulam, for the supply, installation, testing, commissioning, operation and maintenance of 3MW grid tied canal top solar power project at Barapole. The customer (KSEB Limited) deducted an amount of ₹136.41 lakhs, as liquidated damages at a rate of 0.05% per day for a total of 105 days for delay in completion of the project.The Company requested KSEB Limited 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 lakhs (reduced from ₹136.41 lakhs) was finally imposed. As the possibility of realisability of the amount deducted as liquidated damages is very remote a provision for ₹62.88 lakhs has been made in the financial statements for FY 2023-24 and disclosed under Note-28 Exceptional Items in the Standalone Financial Statements.

66. During the financial year 2018-19,Keltron Equipment Complex,Karakulam (unit)received an order from Kerala State Fisheries Department for the supply of 2,500 numbers of Navic messaging receiver. The unit supplied 1,550 numbers to the Fisheries Department. Later, the customer (Kerala State Fisheries Department) informed the unit that as two-way communication is not possible in the device they do not require the balance quantity of Navic Messaging receiver. Hence, 950 numbers of the device is still lying at the factory premises of Keltron Equipment Complex, Karakulam.The value of 950 numbers of Navic Messaging receiver as ascertained and included by the unit in their Work in Progress is ₹49.55 lakhs.

The aforementioned items have become technologically outdated and obsolete and hence ₹49.55 lakhs being the value of 950 numbers of Navic Messaging receiver has been written off from the value of inventory in the financial statements of the company for FY 2023-24.The adjustment entries in this regard have been made in the books of Corporate Office.

67. 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 ₹2,770 lakhs 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 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 was included and disclosed under "Other Current Liabilities".

Provision for interest @8.77% on award amounting to ₹15.15 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.

We have vide letter KSEDC/LGL/DVC/2021-22/147 dated 22nd November 2021 requested DVC to waive the interest on award. DVC has not made any claim for interest on award till date.

Since, DVC has settled the matter by BG invocation as mentioned above and claim for interest was not made so far, the provision for interest aggregating to ₹44.09 lakhs was written back during the reporting period under "Excess Provision Written Back" and disclosed under Note -28 "Exceptional Items"

68. The Company has been awarded a contract for the supply, installation, commissioning and management of Data Centre solution, servers and system software under smart governance program by Bidhanagar Municipal Corporation (BMC), Kolkata for a value of ₹8,400 lakhs during August 2016. As a part of execution of project, RP Techsoft International Pvt Ltd was subcontracted the implementation of hardware part for a value of ₹7,120.73 lakhs, with a payment terms on back

to back basis.The hardware supply was completed by 30th June 2017 and the development of software solutions were progressing. Meanwhile, during August 2018, the Principal Secretary Urban Development, West Bengal convened a meeting and informed that they are implementing a state wide project and they did not wish to go further in BMC alone. It was also intimated that the amounts invested by the Company will be settled, however no further progress in the matter has taken place thereafter.

RP Tech initiated arbitration against the Company during 2021 and the Hon'ble Arbitrator Justice (Retd.) KR.Udhayabhanu was appointed as Arbitrator and the Arbitration proceedings was conducted and concluded on 10th April 2023. The principal amount of Arbitration Award was ₹2,818.19 lakhs with the addition of interest and other expenses aggregating to ₹4,588.20 lakhs in favour of RP Tech. The Company filed an application on 6thApril 2023 under section 34 of the Arbitration and Conciliation Act,1996 for setting aside of Arbitration Award before the Hon'ble Commercial Court at Thiruvananthapuram. The matter is still pending before the court.

Meanwhile, RP Tech has filed an Execution Petition before the Hon'ble Additional District Judge III Court, Thiruvananthapuram for attaching the properties of the Company which was allowed by the said Court on 12th June 2024. Against the attachment order, the Company preferred a Civil Review Petition before the Hon'ble High Court of Kerala and the stayed the attachment proceedings. As per the instruction in the Order staying the attachment, the Company has paid an amount of ₹150 lakhs to RP Tech after 31st March 2024.

Simultaneously, the Arbitration between the Company and BMC is progressing before the Hon'ble Justice Kalyan Jyothi Sengupta, the Sole Arbitrator in Re AP No.585/24 and 586/24 at Kolkatta.

In view of the above, the Company has disclosed the Arbitration Award of ₹4,588.20 lakhs as Contingent Liabilities in the Note 29 forming part of Financial Statements.

69. Keltron Marketing Office, Chennai which is operating in its own building had let out 3,000 sqft 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 financial year 2022-23 under 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.

70. The Company has, as done in the earlier years, conducted an evaluation of balances reflected under Trade Receivable, Trade Payable, Sundry debits and Sundry credits in the books for a period up to 31st March 2015. The assignment was entrusted to M/s.Krishnan Retna & Associates, Chartered Accountants.The firm evaluated the realisability of Trade Receivable/Sundry debits and position of Trade Payable/Sundry credits covering the period 2005 to 2015 covering all the major units of KELTRON. They completed their assignment and submitted their report. We placed the aforementioned report on the 263rd Meeting of the Board of Directors of the Company held on

5th May 2022.The Board after a detailed discussion approved the unit wise write off and write back subject to the following:

(i) Write off up to ₹ 1lakhs is approved.
(ii) For writing off debtors/debit balances above ₹ 1lakhs the unit has to certify that the debtor/account cannot be realized at all.
(iii) For the time being write off can be implemented for the period 2005-2010.
(iv) No debtor after 2015 has to be written off for the present.
(v) A relook on the debtors issue for the period 2010 to 2015 needs to be done for further action

Accordingly, write off of long outstanding debtors/advances and other sundry debit balances was not implemented and instead necessary provision for the same after adjusting existing provision for bad & doubtful debts /advances were made in the books of the company.

₹ in lakhs

Sl No	Name of the Unit	Financial year	Provision for bad & Doubtful debts	Provision for doubtful advances
1	Keltron Equipment Complex	2018-19	273.52	
2	Keltron Communication Complex	2018-19	308.11	114.72
3	Keltron Controls Aroor	2018-19	282.21	3.47
4	Information Technology Business Group	2021-22	430.77	18.17
5	Keltron Lighting Division,Mudadi	2021-22	0.98	0.52
	Total		**1,295.59**	**136.88**

It may be noted that we have received collection of ₹ 11.42 lakhs against the above and the provision created was reversed and transferred to Excess Provision Written Back.

Based on the decision taken in the 263rd Board Meeting held on 5th May 2022, the Debtors/deposits & other advances having value of less than ₹1 lakh was written off/adjusted against the provision in the financial statements of the respective units as detailed below:

₹ in lakhs

Sl No	Name of the Unit	Debtors	Deposits/Other Advances etc
1	Keltron Equipment Complex	23.21	
2	Keltron Communication Complex	25.85	1.65
3	Keltron Controls Aroor	13.17	3.47
4	Information Technology Business Group	19.11	3.78
5	Keltron Lighting Division,Mudadi	0.98	0.52
	Total	**82.32**	**9.42**

With regard to Debtors/deposits and other advances having value of more than ₹1 lakh the units were instructed to constitute a committee at unit level to analyse debtors /advances/deposits and other sundry debits .The committee observed that the amount outstanding are mainly on account of liquidated damages deducted by the customers. These balances are outstanding for more than 10 years and the chances of recoverability is very remote. Hence the committee constituted at various units recommended the write off of Debtors/deposits as detailed below:

₹ in lakhs

Sl No	Name of the Unit	Debtors	Deposits/Other Advances etc
1	Keltron Equipment Complex	240.53	
2	Keltron Communication Complex	282.26	113.07
3	Keltron Controls Aroor	267.40	
4	Information Technology Business Group	411.66	14.39
	Total	**1,201.85**	**127.46**

Accordingly, necessary entries were passed in the books of Corporate Office

71. 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 28-Exceptional Items.

The summary of the provision for bad debts /doubtful advances /write off and write back disclosed under Note 28-Exceptional Items is as detailed below:

₹ in lakhs

Name of Unit	Provision for Bad Debts	Provision for Bad Loans & Advances	Write off	Sundry Credits Written back	Excess Provision Written Back
Corporate Office					44.09[1]
Keltron Equipment Complex, Karakulam	70.01[2]				40.20[3]
Keltron Marketing Office, Mumbai	75.97	2.25	16.38	41.68[4]	
Keltron Controls,Aroor					1.01
Total	**145.98**	**2.25**	**16.38**	**41.68**	**85.30**

(1) Refer Note-67, in the matter of interest reversal of DVC

(2) It may be noted Provision for Bad & Debts amounting to ₹ 62.89 lakhs have been made in the books of Corporate office for and on behalf of KEC. Refer Note -65.

(3) It may be noted that during the financial year 2021-22, provision for bad debts amounting to ₹ 243.35 lakhs was made in KEC. Later, they identified that excess provision was created to the extent of ₹30.43 lakhs. Hence, during the reporting period, the same was written back in the financial statements of KEC. Further a collection of ₹ 9.77 lakhs was received during the financial year 2023-24 against the debtors for which provision has been created as per the report of M/s Krishna Retna & Associates. The same was also written back during the financial year 2023-24.

(4) The write back of Sundry credits amounting to ₹0.50 lakhs have been made in the books of Corporate Office for and on behalf of KMO Mumbai.

72. 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.

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

74. 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 statements**	**Amount as per stock statements**	**Difference***
30-06-2023	Stock	3,578.31	3,578.31	-
	Debtors	9,506.41	9,506.41	-
30-09-2023	Stock	3,954.78	3,954.78	-
	Debtors	8,332.72	8,332.72	-
31-12-2023	Stock	4,713.34	4,713.34	-
	Debtors	8,423.07	8,423.07	-
31-03-2024	Stock	4,305.35	4,169.69	135.66
	Debtors	11,245.75	11,118.44	127.31

*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 at the time of submission of stock report, some invoices were raised in last date of year end and not included in debtors report generated in ERP.

75. 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.

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

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

78. 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.

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

80. 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

81. 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

For Isaac & Suresh, **Chartered Accountants,** **(FRN 001150S)**	**Sd/-** **N.Narayana Moorthy** **Chairman** **DIN : 05251681**	**Sd/-** **Sreekumar Nair** **Managing Director** **DIN:10380526**
Sd/- **Sobha Sethumadhavan, FCA** **Partner (M.No.225166)** Thiruvananthapuram **UDIN:25225166BMKULR3002** 30th April 2025	**Sd/-** **B.Bilu** **Company Secretary**	**Sd/-** **CA Sreejan.A.S** **GM i/c (Finance)**

Thiruvananthapuram
27th March 2025.

STATEMENT PURSUANT TO SECTION 129(3) OF THE COMPANIES ACT, 2013
PARTICULARS OF SHARES HELD BY KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED (KSEDC)
THIRUVANANTHAPURAM AS AT 31ST MARCH 2024

₹ 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 Electro Ceramics Limited	2023-24	589.45	298.57	3,472.31	2,584.29	Equity	585.61	3,018.76	587.29	416.35	NIL	99.35%
2	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%
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: *With regard to company mentioned in Sl No-2,statutory audit for FY 2023-24 is pending completion.Hence the audited figures for FY 2022-23 has been considered.
The Companies mentioned in Sl No.3 & 4 are under liquidation.

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

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

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

Thiruvananthapuram
UDIN:25225166BMKULR3002
30th April 2025

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)

Thiruvananthapuram
27th March 2025

सत्यमेव जयते

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2024

The preparation of the financial statements of **Kerala State Electronics Development Corporation Limited (Company)** for the year ended **31 March 2024** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **30 April 2025.**

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 2024** 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 2024
Profit for the year - ₹ 1465.04 lakh
This is overstated by ₹343.4 lakh on account of the following:

(i) Non-creation of provision for doubtful receivables amounting to ₹83.74 lakh related to rent receivable from loss-making Associate Company, M/s Coconics Private Limited. This has resulted in corresponding overstatement of Other Current Assets.

(ii) Non recognition of liquidated damages amounting to ₹226.08 lakh imposed by Bharat Electronics Limited (BEL) due to delayed delivery of Towed Array for the Advanced Torpedo Decoy System. This has resulted in corresponding overstatement of Current Assets – Trade Receivables.

(iii) Non-reversal of excess Project Management and Consultancy charges amounting to **₹33.58 lakh** recognized as revenue in previous years for the CAPEX portion of the Safe Kerala Project, which was subsequently reduced during discussions and placing orders from the Government of Kerala (April 2023). This has resulted in corresponding overstatement of Current Assets - Trade Receivables.

B. COMMENTS ON CASH FLOW

(iv) A. Cash flow Operating activities
Net cash from operating activities ₹ (2651.73) lakh

This is understated by ₹2,827.76 lakh due to incorrect inclusion of deposit made as margin against Letters of Credit and Bank Guarantees with banks, under operating activities. This has resulted in corresponding overstatement of cash flow from investing activities.

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

VISHNUKANTH P B
ACCOUNTANT GENERAL (AUDIT-II) KERALA

Thiruvananthapuram
Dated: 18-03-2026

GOVERNMENT OF KERALA

No.3246307/PU-D2/112/2025-FIN

Finance (PU-D) Department
Thiruvananthapuram
Dated : 01.11.2025

From

The Additional Chief Secretary (Finance)

To

The Managing Director
Keltron House
Vellayambalam
Thiruvananthapuram - 695033

Sir,

Sub :- Finance Department - Comments on the Audited Annual Accounts of Kerala State Electronics Development Corporation Ltd (KSEDC) for the Financial year 2023-2024-reg.

Ref :- Your letter No. KSEDC/CF/FIN/Comments/2025-26/85 dated 16.06.2025.

Inviting attention to the reference cited, I am to forward herewith the Comments of the Additional Chief Secretary (Finance) on the Audited Annual Accounts of Kerala State Electronics Development Corporation Ltd (KSEDC) for the Financial Year 2023-24.

A printed copy of the Annual Report incorporating the Comments may be forwarded to this Department and receipt of the Comments Certificate may be acknowledged.

Yours faithfully,
JAYALEKSHMI T M
Joint Secretary
For Additional Chief Secretary (Finance)

Approved for Issue

Raye

Section Officer

COMMENTS OF ADDITIONAL CHIEF SECRETARY (FINANCE) ON THE AUDITED ANNUAL ACCOUNTS OF KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION (KSEDC) FOR THE FINANCIAL YEAR 2023-24

1) Though the revenue of the company has increased from Rs.474.98 Crore in the last year to Rs.650.24 Crore during the period under review at an increase of at the rate of 36%, the profit has declined from Rs.22.57 Crore to Rs.14.65 Crore at a decline of at the rate of 35%, which is mainly due to the inordinate hike in the item 'material consumed and service expenses' at the rate of 48%. The Company should look into the matter seriously and take remedial steps to limit such expenditure in commensurate with the operational income.

2) The Company should take urgent steps to clear its borrowings as the interest dues are more than the actual principal amount at present, especially in Govt.of Kerala loans.

3) Guarantee Commission pertaining to the old expired guarantee amounting to Rs.535.81 lakh and interest accrued thereon amounting to Rs.1302.15 lakh are outstanding as on 31/03/2024. The Company should take necessary steps to clear the Guarantee commission dues.

4) The Company should take necessary steps for the revaluation of its property, plant and equipment or intangible assets or both.

5) The Company should take urgent steps to strengthen the internal financial controls to overcome the inherent limitation on financial reporting.

6) The company should take necessary steps to conduct cost audit.

SOBHA V R
ADDITIONAL SECRETARY
FOR ADDITIONAL CHIEF SECRETARY (FINANCE)

Thiruvananthapuram
31.10.2025

CONSOLIDATED FINANCIAL STATEMENTS

2023-24

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 2024, 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, 2024, 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 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. Trade payables as per Note No. 6 "Other long term liabilities" includes trade payables of holding company ₹731.57 lakhs and trade receivables as per Note No.15 'other non-current assets' includes trade receivables of holding company ₹1979.47 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.

3. Other long term liabilities, Trade payables and Other Current liabilities (Note No.6 , Note No.9 and Note No.10)

3.1 Holding company is showing a closing balance of ₹ 731.57 lakhs as "Trade Payables" under other long term liabilities (Note 6) and ₹53,634.23 lakhs as trade payables under current liabilities (Note 9) totaling to ₹ 54,365.80 lakhs. These Trade Payables includes amounts outstanding for more than three years amounting to ₹ 691.25 lakhs (excluding disputed dues to MSME ₹12.29 lakhs) and ₹11486.88 lakhs under Note 6 and Note 9 respectively. As per the report of branch auditors of holding company, confirmation of balances for trade payables outstanding for more than three years are not available for verification in respect of ₹ 8011.22 lakhs. Hence, we are unable to comment on the existence and completeness of these liabilities. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.

3.2 Other long term liabilities include interest accrued but not due on loans from Govt. of Kerala of holding company 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 .

3.3 With reference to the Note No. 6(1) and 9(1) of our financial statements disclosing ageing schedule of trade payables and 6(2) and 10(1) disclosing ageing schedule of sundry creditors – expenses ,holding company has not provided Interest on the principal amount remaining unpaid to suppliers and service providers registered under MSME Act amounting to ₹29,772.33 lakhs (Previous year ₹ 29584.46 Lakhs). The accuracy and completeness of such balances are incapable of being ascertained in the absence of confirmations from concerned parties. Attention is also invited to the Note No.51 in which holding company disclosed that interest due on outstanding Trade payable to MSME as per

MSMED Act has not been provided in the financial statements. 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.

3.4 Other long term liabilities and other current liabilities of holding company includes an amount of ₹2,631.47 lakhs being advance from customers. The auditors of KCC and ITBG commented that advance from customers of those units includes amounts outstanding for more than three years amounting to ₹472.38 lakhs. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, the branch auditors of the holding company of those units are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.

3.5 The auditors of subsidiary company Keltron Electro Ceramics Limited (KECL) 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 suppliers. As a result, we are unable to quantify impact on the financial statement arising out of not providing interest on delayed payment to MSME.

4. Short term Borrowings (Note No.8)

4.1 Current portion of Government of Kerala loan to be disclosed under Current maturities of Long-term borrowings (unsecured) of holding company ₹505.76 lakhs. However holding company disclosed Government loan wholly due for payment amounting to ₹3,004.68 lakhs along with current maturity of Government of Kerala loan under Current maturities of Long-term borrowings (unsecured).

4.2 Loan from Travancore Titanium Products Limited of holding company amounting to ₹12 lakhs and Malabar Cements Limited of holding company amounting to ₹360 lakhs and interest accrued on loan from Travancore Titanium products Limited amounting to ₹43.26

lakhs and interest accrued on loan from Malabar Cements Limited amounting to ₹367.44 lakhs are subject to confirmation from parties.

5. **Short term provisions (Note No.11)**

Reference is invited to the Comments of the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the financial statements of the holding company for the year ended 31 March 2023 "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 for conversion of loans amounting to ₹9,050.18 lakhs and interest accrued thereon amounting to ₹9,230.61 lakh outstanding as of 31-03-2016 into equity" .

As a part of relief measures, GoK had freezed interest payment of a loan from 2006-2007 to 2015-16 and the loan balance as on 31 March 2016 was ₹ 8265.84 lakh. GoK further extended (17 June 2016) the relief till 2021 on a condition that the Company had to repay the principal in 10 annual instalments. The holding company has not recognized the interest expense in the financial statements since 2006-2007. The holding company, however, claimed interest and penal interest for the period 2016-17, 2017-18, 2018-19 and 2019-20 as expenditure for arriving taxable income for income tax purpose for the respective financial years without recognizing the same as expenditure in the financial statements. Income Tax Department has not allowed this interest claim for the financial year 2017-18 as the holding company had not filed the same through income tax return. The Company filed appeal and the same is still pending. Claiming of interest has led to accumulated loss of ₹ 7678.64 lakh as on 31 March 2020 and zero tax during the period 2020-21, 2021-22 and 2022-23 despite reporting an aggregate taxable income of ₹ 5710.86 lakh during 2020-21 to 2022-23. Government of Kerala converted (18 October 2022) loan of ₹ 600 lakh, 1250 lakh and ₹7200.18 lakh (out of ₹ 8265.84 lakh) and interest and penal interest aggregating to ₹ 9231.61 lakh recognized by the Company in its books till 2006 to equity. The interest on the loan claimed by the company as a deduction during the period 2016-2020 is not actually a liability, as the government has converted the loan into equity. Hence the Company has no further liability in this regard and claiming of interest as deduction from 2016-17 to 2019-20 is not correct and liable for tax to the extent of ₹ 1833.86 lakh.
The C&AG had directed the company to make suitable accounting treatment in respect of the Comments of the Comptroller and Auditor General of India during the 2023- 24.

Company vide Note No.43 disclosed that" 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. Even though the company has claimed interest accrued on the aforementioned loans as an eligible deduction from Taxable Income, the Company did not recognize the interest expenses aggregating to ₹ 7,686.12 lakhs in the Financial Statements of the respective financial years. It may be noted that 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".
However company had not made provision for income tax during current year also which has resulted in overstatement of profit and understatement of liability to the tune of ₹ 1,833.86 lakhs.

Further company vide Note No.47 disclosed that the company has claimed additional carry forward loss and unabsorbed depreciation of ₹1,837.78 lakhs for the financial years 2016-17, 2017-18, 2018-19 and 2019-20. After including the current year income of ₹204.86 lakhs the total carry forward unabsorbed depreciation and loss carried forward to future assessment year is ₹1762.92 lakhs which is not correct in the light of above qualification.

Holding company had not provided tax on income during current year since after adjusting the impact mentioned in para 23 of our audit report company's financial result will be loss.

6. **Property, Plant and Equipment and Intangible Assets (Note No.12)**
As reported by branch auditor of KMO, Chennai, holding company has not capitalized the Major renovation work happened in the company's own building during the month of August & September 2023 amounting to ₹8.96 lakhs which has resulted in understatement of fixed assets and profit of the company.

7. **Deferred tax assets**
Apart from previous year, during current year holding company had considered the unabsorbed carry forward losses relating to disallowances made in the assessments and pending on appeal before higher appellate authorities amounting to ₹1,727 lakhs while calculating the deferred tax asset. In the light of para No. 5 of our qualified opinion paragraph the same has resulted in overstatement of assets and profit of the company amounting to ₹538.82 lakhs.

8. **Long term loans and advances(Note No.14)**

8.1 Investment pending allotment of ₹1703.75 lakhs (Previous year: ₹1,744.61 lakhs) of holding company disclosed under Note: 14 "Long term loans and Advances" was made to subsidiary companies which are under liquidation (Keltron Rectifier Limited – ₹576.43 lakhs and Keltron Power Devices Limited – ₹1127.32 lakhs). 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 ₹1703.75 lakhs. The non provision of the same has resulted in overstatement of profit and Long term loans and advances to the tune of ₹1703.75 lakhs.

8.2 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: ₹850.67 lakhs).

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.

8.3 In KMO, Kolkata , EMD from Contractor receivable ₹ 14.37 Lakhs (Net of provisions) are doubtful in nature and no confirmation of balances were provided to the branch auditors of the holding company. Hence , as per the Branch auditors of the holding company, the amount needs to be provisioned and accordingly the net profit for the financial year is overstated to that extent of ₹14.37 lakhs with overstatement of assets.

9. Other non current assets (Note No.15) and Trade Receivables (Note :17)

9.1 Auditors of KMO, Kolkata of Holding company qualified that Trade Receivables balances of ₹2,564.49 Lakhs of the holding company includes outstanding receivables of ₹2,550.86 Lakhs outstanding for more than three years which are doubtful in nature. In their opinion the debtors balances amounting to ₹ 2,550.86 Lakhs are doubtful of recovery and is required to be provisioned in the books of accounts. The net profit of the company for the financial year is overstated with corresponding overstatement of assets to the extent of ₹2550.86 Lakhs

9.2 The units KCC, Monvila, KMO Mumbai , ITBG and KTTC, Kuttipuram of holding company is showing a closing balance of ₹ 57,034.01 lakhs as "Trade Receivables" in Note No. 15 &17 to the financial statements. The trade receivables include amount outstanding for more than three years amounting to ₹14,222.30 lakhs. The auditors of KCC Monvila, KMO Mumbai , ITBG and KTTC Kuttipuram had commented that the units have made a provision of ₹ 588.32 lakhs (after considering adjustment in corporate Office) in the books of accounts against the above trade receivables.

The auditors of KLD, Mudadi commented that the total outstanding from trade receivables as on 31st March 2024 was Rs 948.33 Lakhs. Out of above receivables, trade Receivable outstanding for more than 3 years reported to be Rs 97.99 Lakhs, and 2 to 3 years Rs 50.43 Lakhs and 1 to 2 years Rs 181.91 Lakhs which altogether coming to around 35% of the total trade receivable as on the balance sheet date which is considered significant. Further they have observed that 57 receivable accounts, which have no transactions during the year with aggregate balances of ₹260.79 lakhs which constitutes 27% of the total trade receivables
The auditors of above units have not received any confirmation regarding the future realization of the above long outstanding receivables. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.

9.3 The auditors of KEC a unit of holding company had commented that the unit is having a balance of ₹519.96 lakhs under Provision for Bad and Doubtful Debts as on 31.03.2024. This provision has been made for covering bad debts up to 2018. The balance of Sundry Debtors as on March 31, 2024 is ₹ 11005.22 lakhs out of which debtors outstanding for more than 5 years is ₹2766.24 lakhs. The total Sundry debtors includes debtors from SBU- IDCP amounting to ₹759.07 lakhs out of this ₹166.19 lakhs is outstanding for more than 5 years as on 31.03.2024. IDCP was phased out during FY 2021-22 and there is a clear uncertainty in recovery of these debtors. As the unit has not conducted an analysis of bad debts since 2018-19 and for the reasons mentioned above, the provision provided by the management is inadequate resulting in overstatement of Sundry Debtors and understatement of loss.

Further Auditors of KEC commented that a total receipt of ₹163.15 lakhs which is yet to be identified is posted to miscellaneous debtors under Sundry Debtors. Since this amount is not reflected in corresponding debtors account, the correctness of party wise receivable is vitiated to such extent.

9.4 The auditors of subsidiary company Keltron Electro Ceramics Limited (KECL) commented that the Trade Receivables includes an amount of ₹352.19 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.

10. Inventories.

10.1 As per the audit report of KMO Bangalore, a unit of holding company on physical verification, the stock item "24VDC" is not available at KMO, Bangalore which has resulted in overstatement of current assets and profit of the company by ₹0.78 lakhs.

10.2 Auditors of KEC, a unit of holding company had commented that the inventory is not valued at NRV, wherever required by the management to determine the inventory value as per Accounting Standard (AS) 2 Valuation of Inventories. The inventory is disclosed at cost which is against the accounting policy of the company resulting in overstatement of inventory. The auditors had not quantified the value of overstatement. Total value of inventory of KEC amounts to ₹4355.92 lakhs.

10.3 Auditors of KLD, a unit of holding company had commented that they have noticed non-moving hearing aid related raw material items of Rs 18.6 Lakhs and lighting related raw material items Rs 6.2 Lakhs were carried over from previous years without any movements under these items. Also Finished goods inventories of lighting related items amounting to ₹3.52 Lakhs were carried over from previous years without any movements. However, no provision against such non-moving items is made in the financial statements as of 31st March 2024, accordingly the closing stock of inventories and profit of the company is overstated by ₹28.32 lakhs.

11. Cash and cash equivalents Note No.18

The auditors of Keltron Communication Complex (KCC), Monvila, a unit of holding company, had commented that "An amount of ₹ 84.93 lakhs credited in the bank account is not accounted in the books of accounts. As per the information and explanation given to us during our audit, the reconciliation relates to amounts received from trade debtors subsequently identified and accounted. Hence as on 31.03.2024, there is an understatement of Cash and Cash Equivalents by ₹84.93 Lakhs with corresponding overstatement of sundry debtors by same amount."

12. Short Term Loans and Advance- Note: 19

12.1 As per Note No.47, company disclosed that "The holding company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,426.25 lakhs for the Assessment year 2007-08 to 2024-25, the Company's books of account shows the balance of ₹891.82 lakhs only. The Company did not account for the balance credit of ₹1,534.43 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.

During current year, holding company credited a refund of ₹452.13 lakhs relating to Assessment Year 2022-23 even though the TDS accounted in the respective head is only ₹248.43 lakhs. This has resulted in understatement of short term loans and advances amounting to ₹203.70 lakhs with corresponding overstatements of assets of the company.

12.2 As per Note No. 44, 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 ₹176.80 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 176.80 lakhs.

12.3 KEC Karakulam a unit of holding company is having advances to suppliers for expense amounting to ₹15.80 lakhs which are still treated as advance even after the receipt of goods, causing an overstatement of asset and profit to the extent of ₹15.80 lakhs.

13. Revenue from operation (Note No.21)

Comment of auditors KLD Mudadi a unit of holding company is reproduced below:

"We draw attention to Note A Significant Accounting Policies, PROFIT AND LOSS l (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 dispatches/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 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 standard which states that:

Revenue from service transactions is primarily recognized as the service is performed, either by

a. Completed service contract method or

b. Proportionate completion method

The division has recognized contract revenue of ₹589 lakhs (PY ₹544 lakhs) for the year ended 31st March 2024. Out of these, revenues aggregating ₹264 lakhs (PY ₹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".

14. Expenses

14.1 Regular write off /write back of bad and doubtful debts / liabilities and provision for bad and doubtful debts and advances, Bank guarantee invocation income of ₹36.15 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".

14.2 As per Board Meeting Minutes 274/18 (Mn.No: 6218) and I No.276/21 (Mn.No: 6273) holding company approved the fixation of Pay & Allowance of Executive & Supervisory category employees of company and submission of proposal to the Government for revision of pay and allowances of Executive & Supervisory category employees for the period from 01.04.2017 to 31.03.2022 with all details as specified in Government Circular No.85/2023/Fin dated 24.08.2023. Holding company had not provided liability on account of arrears of Pay & Allowance of Executive & Supervisory category employees for the period 01.04.2017 to 31.03.2022 amounting to ₹ 1962.74 lakhs. Since liability is confirmed and approved by Board and the company is paying interim relief provision need to be created for the same. If the liability is likely to occur and the amount can be reasonably estimated, it should be recorded in the accounting records. The non provision of same has resulted in overstatement of profit and understatement of liability by ₹1962.74 lakhs.

15. **Contingent liability (Note No: 31)**

15.1 Branch auditors of KMO Mumbai, a unit of holding company commented that the company has defaulted in the payment to the MSME vendor viz Insight Business Machines Pvt Ltd amounting to ₹ 104.98 lakhs as per Note 7 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 the 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 ₹1,825 Lakhs of which ₹1457 Lakhs is shown as contingent liability as per Note No. 31 of the financial statements which includes the principal and the interest on the each of the several financial year. However, the branch has only set aside Rs 153.67 lakhs as the provisions to be payable as a future liability. This provision together with payable , retention amount and security deposit comes to ₹368 lakhs . Therefore, we are unable to comment upon the impact of adjustments if any, on the financial statements of the Branch.

15.2 Reference is invited to Note No.31 of the financial statements where holding company had disclosed an amount of ₹4588.20 lakhs on account of RP tech soft international legal case. As per Note No.55 company disclosed that RP tech international initiated arbitration against the Company during 2021 and the Hon'ble Arbitrator Justice (Retd.) KR. Udhayabhanu was appointed as Arbitrator and the Arbitration proceedings was conducted and concluded on 10th April 2023. The principal amount of Arbitration Award was ₹ 2,818.19 lakhs with the addition of interest and other expenses aggregating to ₹4,588.20 lakhs in favour of RP Tech . Company filed application under section 34 of the Arbitration and Conciliation Act,1996 for setting aside of Arbitration Award before Hon Commercial court at Trivandrum. The matter is pending before court. Meanwhile, RP Tech has filed an Execution Petition before the Hon'ble Additional District Judge III Court, Thiruvananthapuram for attaching the properties of the Company which was allowed by the said Court on 12th June 2024. Against the attachment order, the Company preferred a Civil Review Petition before the Hon'ble High Court of Kerala and stayed the attachment proceedings. As per the instruction in the Order staying the attachment, the Company has paid an amount of ₹150 lakhs to RP Tech. As per the written representation received from the Standing Council of the company , it is not clear whether the company will be absolved from the liability fixed by the Arbitrator of ₹4588.20 lakhs . Company has only disclosed the same as a contingent liability and no provision made. In light of these discussions, we are unable to comment on the liability payable by the company.

16. Reference is invited to the Note No. 68 to the financial statements in which holding company disclosed that “Credit balance in Trade Receivable Account amounts to ₹3,251.71 lakhs (Previous year:₹1,784 lakhs) and debit balance in Trade Payable Account amounts to ₹274.17 lakhs(Previous year : ₹255.25 lakhs) are subject to confirmation / reconciliation and consequent adjustments, if any, upon confirmation. The branch auditors had qualified that the credit balance in trade receivables are the unrecognized receipts in the bank accounts received from various debtors specifically ITBG where ₹2,629.12 lakhs relates to unrecognized receipts in the bank accounts received from various debtors over the years, major portion of this amount is outstanding for more three years and the accounts are non-operative without any transactions during the year . Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of adjustments, if any, arising from reconciliation and settlement of account balances on the financial statements.

17. **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.
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.

18. The holding company has conducted the cost audit up to the financial year 2020-21, and no cost audit has been conducted for the subsequent periods (2021-22 and onwards) as mandated by Section 148 of the Companies Act, 2013, and the Companies (Cost Records and Audit) Rules, 2014. This may have an impact on the overall financial reporting and compliance status of the company with respect to cost audit.

19. The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that provision for bad and doubtful debts have been established, amounting to ₹183.23 lakhs for trade receivable (unsecured) and ₹0.83 lakhs for short term loans and advances (unsecured). However, a review of records indicates no actual bad debts have been written off. A detailed examination of these accounts is necessary to identify and promptly write off and uncollectible balances.

20. 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.

21. The subsidiary Company Keltron Component Complex Limited (KCCL) has received share application money of ₹1722.37 lakhs over the years which has remained unallotted for over 60 days, exceeding the statutory limit prescribed under the Companies Act, 2013. As per the Act, shares must be allotted or the money refunded within 60 days of receipt. However, due to the authorized share capital reaching its maximum limit, the company has been unable to proceed with the allotment. A request for an increase in authorized capital has been submitted to the government.

22. The auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that the company received government grants totaling ₹ 132.78 lakhs from the Kerala Government during the financial years 2007-08 and 2008-09. These grants were recorded as Capital Reserve. However, the grants were specifically allocated for projects which have been fully utilized. In our opinion, this accounting treatment is not in compliance with Accounting Standard(AS) 12,'Accounting for Government Grants'.

23. We further report that :-

a) The aggregate effect of our qualifications described above in Point No. 5,6,7,8.1,8.2,8.3,9.1,10.1,10.3,12.2,12.3,14.2 is that assets are overstated by ₹6284.84 Lakhs, Liabilities are understated by ₹3796.60 Lakhs, Profit / Reserves are overstated by ₹10081.44 Lakhs.

b) Effect of our qualification numbers point 2 and 11 are overstatement of non current liabilities by ₹731.57 lakhs , non current asset by ₹1979.47 lakhs and trade receivables by ₹ 84.93 lakhs with corresponding understatement of current liability by ₹ 731.57 lakhs , current asset by ₹ 1979.47 lakh and cash and cash equivalents by Rs 84.93 lakhs.

c) We are unable to determine the financial impact of the qualifications in points 1,3,4,9.2,9.3,9.4,10.2,12.1,13,14.1,15,16,17,18,19,20,21 and 22in 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(n) 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.64 of financial statements with regard to non-provision of rent payable for the period 2016-17 to 2023-24 to Government of Kerala for the staff quarters building occupied by KMO New Delhi, a unit of holding company

4. Note No.68 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.

5. Note No.58 of financial statements which states about the provisioning of pay revision arrears payable to workmen category employees amounting to ₹963.27 lakhs of holding company.

   In the same Note holding company disclosed that, the 279th Board meeting held on 8th July 2025 considered the disbursement of arrears to the worker category of employees separated by way of retirement/death. The approximate financial implication is ₹220 lakhs for the difference in Gratuity and ₹109 lakhs for the 30% arrears. The holding company has not provided the same in accounts since the approval has been done only after approval of standalone financial statements of the Company but adequate disclosure has been made.

   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.

6. Note No. 60 which states about the out of court settlement of Softgrip Power Solution Private Limited case of holding company.

7. Note No 14 in respect of Loans and advances for ₹ 0.27 lakhs and Note No 9 in respect of Trade payables for ₹568.72 lakhs to the financial statements of Keltron Electro Ceramics Limited (KECL) were pending for reconciliation and confirmation of balances.

8. 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 ₹(18,028.40) lakhs as at March 31, 2024, total revenues of ₹64,794.06 lakhs and net cash outflow amounting to ₹584.13 lakh 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 ₹2855.90 lakhs as at 31st March 2024, total revenues of ₹13294.51 lakhs and net cash inflow amounting ₹1191.83 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, 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 group 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, pursuant to notification No. G.S.R 463(E) dated 05/06/2015 issued by the Government of India provisions of section 164(2) of the Act is not applicable to the Company.

h) The company has not contravened the provisions of Section 197 (16) of the Act in payment of remuneration to directors.

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) 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 group 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 group.

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) Based on our examination which included test checks and information given to us by the holding company and based on the reports of the auditors of the subsidiary Keltron Component Complex Limited as represented to us , the group (except Keltron Electro Ceramics Limited) has used accounting software for maintaining its books of account, which did not have a feature of recording audit trail (edit log) facility throughout the year for all relevant transactions recorded in the respective software. In the absence of audit trail for the said period, the question of our commenting on whether the audit trail was tampered with doesn't arise.The auditors of Keltron Electro Ceramics Limited have not correctly reported this point.

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

Date : 30th July 2025
UDIN: 25225166BMKUMI8754
Place : Trivandrum

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

"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 unfavorable 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 unfavorable 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 (ix)(a) Para no (xx)
3	Keltron Electro Ceramics Limited	Subsidiary company	Para no(ii)(a) Para no (ix)(a)

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

Date:30-07-2025
UDIN: 25225166BMKUMI8754
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 2023-24 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	KSEDC LTD (in case of Corporate Office, All units and All KMOs except Chennai, Bangalore and Ahmadabad.)	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, KCA had commented that all accounting transactions are maintained in IT System. These division are using the software "Oracle" for accounting transactions. 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	Yes. But the IT system used by the company is very old and outdated. The implications of processing of accounting transactions outside IT systems are as follows: l) EDP system of the compony not able to provide us with closing stock valuation report of Stock in trade (i.e, only closing stock-in-trade quantity can be generated) 2) It was noted that in case of PPD sales items EDP system of the company not able to provide us with closing stock of PPD sales item. The same was calculated manually which has direct impact on	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 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

	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. Auditors of KEC, Karakulam commended that" Yes, The Unit has an IT system based on Oracle ERP Software. The software is not fully operational as some of the reports are not able to generate from the software. Reports generated from the software particularly, Inventory and Fixed Asset reports are not tallying with the physical verification reports. However, the integrity of the accounts is not compromised. The software and hardware are to be upgraded to meet the growing statutory compliance requirements such as audit trial."	Profit and loss account as well as Balance Sheet. 3) EDP system of the company not able to generate ageing report as on 31.O3.2O24.	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 may be stated.	There is no 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 during the year under audit.	During the period covered under audit there was no restructuring of an existing loan or cases of waiver/ write debts/ loan/interest etc. due to the company's inability to repay the loan.	The company has an outstanding loans amount of ₹47 lakhs and ₹145 lakhs with GOK along with outstanding interest against these loans. The letter for conversion of principal and interest outstanding on 2 GOK loans for ₹47 lakhs and ₹145 lakhs respectively to equity share capital of the company is pending for approval from GOK for various

			administrative and regulatory compliances.
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.	During current year Company has not received funds for any specific schemes from Central /State agencies. Company had accounted an amount of ₹10.50 lakhs as subsidy from Govt of Kerala in respect of Bill Discounting system availed from KFC as per GO(P)No.63/2022 /FIN.	Yes. The funds receivable for specific schemes from central/state agencies were properly accounted for as per its terms and conditions. There was no deviation observed on our verification of such records.	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.

Directions under section143(5) of the Companies Act, 2013	KSEDC LTD (In case of KMO, Chennai, KMO-Bangalore, and KMO-Ahmadabad)	KCCL	KECL
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	Not applicable	Not applicable
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	Not applicable	Not applicable
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	Not applicable	Not applicable
4.If the company has been selected for 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	KMO Bangalore, KMO Chennai -Not Applicable	Not applicable	Not applicable
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, KMO Chennai - Nil	Not applicable	Not applicable
6. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities?	KMO Bangalore, KMO Chennai-Nil .	Not applicable	Not applicable

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 Chennai-Not Applicable KMO Bangalore- A case filed by one of the employee for quashing the punishment imposed and granting consequential monetary benefits is pending before the Honorable High Court of Karnataka. Still not yet listed.	Not applicable	Not applicable

Sector specific sub-directions under section 143(5) of the Companies Act,2013				
SN		**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?	1. The auditors of KLD,KTTC, KCA, and KEC 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. a. 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 incorporates all fixed and variable production costs, along with allocated overheads. However, we observe that while these costs are determined using a standard costing model, the company does not currently have a formal policy in place for regularly reviewing and updating the standard costs used in pricing decisions. We have been informed that this review process will be introduced shortly as part of the implementation of new ERP software.	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.		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

		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. b. KCA-The company's pricing policy absorbs all the fixed and variable costs of production as well as allocation of Overheads. However, the company has not carried out any cost audit for the year. Hence, we are unable to		control over the cost of production of each project.

		comment upon the pricing policy due to the lack of cost audit. c. KEC - However method of absorption and allocation of labour charges and overhead adopted by the Unit is not supported by uniform policies and calculations. This will have an impact on the allocation of overhead in different SBU's and thereby affect the profitability of SBUs. 2.KCC and ITBG –The auditors of KCC and ITBG had not answered the question. They had commented that allocation of fixed costs cannot be verified at unit level.		
2	Whether the Company has utilized the government assistance for technology	The auditors of concerned units reported that the	During the period covered under audit the company has not	Yes. The Company has

	upgradation/modernization of its manufacturing process and timely submitted the utilization certificates.	units have not received any kind of government assistance for technology upgradation /modernization of its manufacturing process. Hence this clause is not applicable.	received any government assistance for technology upgradation/ modernization of its manufacturing process.	utilized Government Assistance of ₹25 lakhs for the development of Vibration Isolator(Phase-II)
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 ITBG, KEC and KCC had reported positively this point. 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	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.

		experience in the field. The auditors of KTTC and KLD had reported that" As mentioned above in Para 1, the control over normal and abnormal losses is diluted and is inadequately monitored. "		
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.	There is no by-product. The finished products are valued at cost or net realizable value whichever is lower. The net realizable 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 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 there are no deteriorated stores and spares of closed units. KTTC and KLD have not correctly answered this point.	The company has made adequate provision for the depletion in the value of stores and spares based on an internal technical assessment of their usability. The inventory carrying amount reported in the balance sheet as of the reporting date reflects this provision for value depletion.	Yes.

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 ITBG have 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 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 regards accounting for the effect of the shortage or	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 inventory items for more than 10 years have been identified and the value of stock was written down during 2023-24. As per report of technical committee raw materials valued ₹47.74 lakhs, finished goods valued ₹0.22 lakhs and general stores of value ₹ 0.54 lakhs which are non-moving for more than 10 years were written down and the value of finished goods

		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." KEC- Yes, Unit has a regular programme of physical verification and valuation of its inventory. Discrepancies were identified in the valuation of inventory. The management is yet to make necessary rectifications in the books of account of the Unit.		has been reduced from ₹27.96 lakhs to ₹19.57 lakhs due to quality deterioration. On the basis of report Audit committee recommended to write down the value of the inventory in the books of accounts for the year 2023-24 and the same has been done.

		KCA- The company has an effective system in place for Physical verification of inventory at year end. As per the 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.		

<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, KCC and ITBG reported that the manufacturing activity is based on the Customer specific Orders.
KEC- Plant and machinery is utilized for installed capacity in full.
Auditors of KTTC reported that Current Production is against confirmed orders. No Installed Capacity is determined for the products currently produced by the Division.
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 9,222 and LED Lights 2,647.</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>6,59,51,738</td><td>43.97%</td></tr>
</table>
<table>
<tr><th colspan="3">Crystals</th></tr>
<tr><td>Installed capacity</td><td>Utilized capacity</td><td>Percentage % of Utilization</td></tr>
<tr><td>20,84,000</td><td>0</td><td>0</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>

MPP Capacitors		
Installed capacity	Utilized capacity	Percentage % of Utilization
1,80,00,000	1,81,92,744	101.07%

Resistors		
Installed capacity	Utilized capacity	Percentage % of Utilization
21,70,00,000	3,77,73,000	17.41%

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, ITBG 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 discount , 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. With respect of Liquidated damages charged 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. During the year the company debited the P&L Account for an amount of ₹ 111.51 lakhs on account of liquidated damages.
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 Ahmedabad, KMO Mumbai, ITBG, KCC Monvila have reported that Pricing policy is formulated at Corporate Office and as per the information available from the Corporate office, the pricing policy followed is basically cost-plus margin and it varies on case to case basis based on the business segments. The prices are usually fixed by the company in such a manner so as at covers all variable cost of production and absorbs other overheads so as to provide a	Not applicable	Not applicable

		reasonable margin to the company. Auditors of KMO Kolkata 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 and KMO, Chennai-		

		"The company's pricing policy needs to be improved" 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, KMO Chennai and KCA - Aroor reported that these units are not generating any revenue in the form of commission from the government or other organizations during the year. As per the information available from Corporate Office ,there is no instances of getting	Not applicable	Not applicable

		commission from Government for work executed. However, for certain areas the Company was empaneled as Total Solution Providers (TSP) by Government of Kerala, for which the margin was fixed by Government. The auditors of KLD Kozhikode and KMO-Mumbai, have confirmed the recovery of commission for work executed on behalf of Government/other organizations and record of same in the books of accounts. All units including corporate office have an efficient system for billing and collection of revenue subject to following KTTC- "However, we have noticed the following: During the year the Division has earned intra-		

		state service income of Rs 7.06 lakhs- by way of Course fees from associate entity "ITBG" on account of utilization of division facilities to conduct various courses during the year by ITBG. We have been informed that the billing to ITGB was made based on the course and revenue share details prepared by KSB and notified by ITBG to the division, however, we have not been provided with any underlying documents, details or records of various courses executed and prepared by the division to confirm the completeness of recognition of such revenue. Accordingly, we were unable to verify and confirm the completeness of recognition of the revenue allocated to the division with		

		respect to such business." KCA- However, 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.		
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 2023-24	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 2023-24. With respect to Plan Fund parking at Government Treasury, the interest will not accrue as per the	Not applicable	Not applicable

		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/KMO the Company has not entered into Memorandum of Understanding with any of its Administrative Ministry during 2023-24.	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 KMO Kolkata and KMO Ahmadabad 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 The comments of auditors of other units are as follows; KMO Chennai and KMO Bangalore: Effectiveness of the system followed in	Not applicable	The company has reported an effective system for recovery of dues from its sales activities. The bulk of the dues from trading activities are from the Government of Kerala or its executing agencies and programs. However, the company has no regular system of obtaining confirmation of balances from its debtors. In the absence of such a process, the effectiveness of the quality and quantity of the receivables cannot be vouchsafed. This will render the company's

		recovery of dues in respect of sale activities needs to be improved. On sample verification, the dues outstanding and it's recoveries have been properly recorded in the books of accounts. KMO Mumbai: It has been observed that there are dues Outstanding for more than 3 years on the reporting period. Generally there is proper system for recovery of dues is in place. ITBG and KCC: The unit does not follow a system of obtaining confirmation and performing reconciliation of balances in respect of trade receivables, and trade payables. Due to non-availability of confirmations and reconciliations of the aforesaid account balances, we are unable to quantify the impact of		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 396 Receivable accounts, which have no transactions during the year with aggregate balances of ₹164.25 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 ₹30.42 lakhs being receipts from unidentified parties as disclosed under current liabilities. Moreover, ₹ 27.25 lakhs being credit

		adjustments if any, arising from reconciliation and settlement of account balances on the financial statements. As explained to us, a Debtors Monitoring Cell is functioning at Head Office level. KCA AROOR: Generally, Yes. However, in case of collection there is debtors due for 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. 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		balances in customer's accounts is also disclosed under current liabilities.

		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. The total outstanding from trade receivables as on 31st March 2024 was Rs948.33 Lakhs. Out of above receivables, trade Receivable outstanding for more than 3 years reported to be Rs 97.99 Lakhs, and 2 to 3 years Rs50.43 Lakhs and 1 to 2 years Rs81.91 Lakhs which altogether		

		coming to more than 35% of the total trade receivable on the balance sheet date which is considered significant. Further We have observed that 57 receivable accounts, which have no transactions during the year with aggregate balances of ₹260.79 lakhs which constitutes 27% of the total trade receivables. As these dues are more than at least 365 days old, we are unable to comment on the recoverability of the same and in the absence of any confirmation of balances. KEC - Yes, the Unit has a 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 for the qualifications mentioned in basis for qualified opinion paragraph. 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 pppare not available on record.		
2	Whether the Company has an effective system for physical verification, valuation of stock, treatment of non-	The auditors of the units/KMO except KLD, KTTC and	Not applicable	The company has reported an effective system for physical

	moving items and accounting the effect of shortage/excess noticed during physical verification.	KMO Bangalore 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 auditors of KLD, KTTC, KEC and KMO Bangalore have reported as follows: KMO Bangalore – Company has not conducted physical verification of inventory at reasonable intervals and material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is not reasonable. On physical verification during the course of audit, the stock item "24VDC" not available at		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, 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

		branch valuing to ₹78000. KLD and 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. 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)/gate passes are not seen raised with respect to materials purchased. This		the control over inventory and may result in material misstatement of the sales and the value of inventory.

		practice dilutes the control over inventory and may result in material misstatement of the sales, purchases and the value of inventory. KEC- Yes, Unit has a regular programme of physical verification and valuation of its inventory. Discrepancies was identified in the valuation of inventory. The management is yet to make necessary rectifications in the books of account of the Unit.		
3	The effectiveness of the system followed in recovery of dues in respect of sale activities may be examined and reported.	The auditors of KMO Ahmadabad, KMO Mumbai and KMO Kolkata under this sector have reported that there exists an effective system to follow the recovery of dues in respect of sale activities. The auditors of KCC, KLD, ITBG, KTTC and KEC also positively reported this	Not applicable	See Para 1 above in this section.

		para subject to their qualified opinion paragraph. The auditors of KMO Chennai and KMO Bangalore commended that Effectiveness of the system followed in recovery of dues in respect of sale activities needs to be improved. KCA- However, 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.		
I	**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	KMO's Ahmadabad has reported that the company has been following the terms and	Not applicable	Not applicable

	been affected and accounted for.	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.	Not applicable	Not applicable
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	Not applicable	The company has utilized Government assistance of ₹25 lakhs for the development of Vibration Isolator(Phase-II) during the

		or subsidy during reporting period. In respect of Corporate Office as per the information available from management, there exist a system for effective utilization of Loans/Grant in Aid/ Subsidy.		year 2023-24. Utilization certificate has been promptly submitted. Loans and grants received in earlier years have been reported to be effectively utilized. No diversion of funds has 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 auditors of KMO Ahmedabad and KMO Kolkata under this sector have reported that they have a computerized system for its financial	Not applicable	Accounting, sales, payroll and inventory are computerized. The data in the above areas are in electronic format.

	the company has evolved proper security policy for data/ software/hardware?	accounting purpose and proper security measures had been taken for security of data/software/hardware. KMO Mumbai - 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		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.

		detailed system security review of the above areas. As per the information available from Corporate office presently accounts of KMO Bangalore and KMO Chennai are maintained by the “Corporate Marketing - Finance “department and audit of the accounts of these units are also coordinated from “Corporate Marketing-Finance “department on behalf of these units. The accounts/ Sales and inventory of these units are maintained in tally software and the back up of tally date is taken periodically. 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. With respect to Tally data periodical back up are taken. With respect to the database of Oracle based software, company's IT Business Group is having effective system for protecting data maintained in the server as per the IT Security Policy. The accounts/sales/inventory of all units /branches are maintained in the tally / ERP software at the respective/ branches . Company has a "Payroll Preparation Management Software"(PPMS) for processing the payroll of all units/KMO's. Further, the attendance of employees is managed through "Keltron Attendance Management System"		

		Company's IT Business Group is having effective system for protecting data maintained in the server as per the IT Security Policy.		
	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 dispatches/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	Not applicable	Not applicable

		policy is not in line with Generally Accepted Accounting Principles and a departure from applicable accounting standards as mentioned in Basis of qualified opinion paragraph of the Unit.		
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 procured 70% of its imported raw materials	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.

		purchase from only one party called “Knowels IPC (M) SDN BHD and remaining 30% from 2 parties called "Xiamen Unibest Import and Export Co Ltd and Arrow Electronics Asia (S) PTE LTD With respect to local purchases of components for the manufacture of hearing aids, the division has direct agreements with Centre for Development of Advanced Computing (CDAC) a government entity. As purchases of components required for the manufacture of hearing aids are mainly from above four suppliers, there exists 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 50% of its raw-material purchase from only one party called "Rowline Solutions" during the year. 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 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 misstatement. KTTC- We have observed that none of the Receivables /Loans other than related/ associate entities and have made any positive confirmation of balances as at the year-end or at any time during the year. Also, we have	Not applicable	We have observed that some of the Receivables/ Loans and Advances/trade creditors/payables have made positive confirmation of balances as at the year-end or at any time during the year. Other than above balances especially old ones not confirmed and this dilutes the control over the quality and quantity stated in the financial statemPents.

		observed that confirmation of balances was not obtained from few of the trade payables. This dilutes the control over the quality and quantity of balances stated in the financial statements which may lead to material misstatement.		
D	Cash Book	KLD-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	Not applicable	Not applicable
E	Staff salary and allowances	KLD-Attendance registers and access system parallelly maintained for Permanent,	Not applicable	Not applicable

		trainee and Apprentice staff. Manual Register for Contract Staff is being maintained. No Physical register with respect to absence from work for preparation of pay slips found maintained evidencing 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 with respect to absence from work for preparation of pay slips found maintai ned evidence lack of Internal control over employee salary payouts.		
F	Advances to employees	KTTC- No Physical register found maintained with respect to	Not applicable	Not applicable

		advances to employees. Balance due from employees as on 31st March 2024 was Rs20,000/- evidencing lack of internal control over employee advances.		
G	Canteen Expenses	KTTC- Division has incurred canteen expenses aggregating ₹2.85 lakhs to KECL during the year towards staff meals cost, however, no approval or policy copy held with division on these expenses.	Not applicable	Not applicable
H	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 Govt. of Kerala which is not in line with the repayment terms mentioned. 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 ₹ 653.50 lakhs as on 31/03/2024, out of which ₹109.88 lakhs is default for the year 2023-24 and ₹543.61 lakhs was defaulted upto 31/03/2023.
I	Accounting Vouchers	KTTC- We have noticed many instances accounting vouchers kept on record without proper authorization. Many instances seen with JVs are signed only by the person who prepared the vouchers.	Not applicable	Not applicable
J	MSME Classification and disclosure	KTTC- Summary classifications of trade payables as on 31st March 2024 as dues to Micro, Small & Medium Enterprises and due to other trade creditors have been determined to the extent such parties have been identified on the basis of information collected by the Management of the division. This has been relied upon by us,	Not applicable	Not applicable

		however, 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. Further, no interest is seen paid during the year or provided as payables as on 31st March 2024 to such identified MEME trade payables.		
K	Accounting Software:	KTTC- The division has used an accounting software "Tally" which is operated by a third party software service provider, for maintaining its books of account in which no audit trail feature is seen enabled and in the absence of a	Not applicable	Not applicable

		Type 2 Control Report from a practicing Chartered Accountant complying with SAE 3402/SOC1/ SOC2, we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tampered with.		

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

Date :30-07-2025
UDIN:25225166BMKUMI8754
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 2024 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, 2024:

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. The bank guarantee amounting to ₹103.42 lakhs in SBI and ₹42.01 lakhs in PNB have expired as at the year ended 31.03.2024 which is still pending for revocation and fixed deposit given as margin against BG is pending for recovery.
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 controls wherein no edit log facility or audit trail is implemented. Upgrading the system is required for proper IT controls and independent system audit is recommended for data accuracy.
j) Company's system of IT in which ERP does not support generation of reports necessary for various disclosures required as Schedule III
k) 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
l) 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.

m) The internal control regarding review of long pending advances, deposits and Trade payables.

n) 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	The absence of proper system of balance confirmation and reconciliations of trade receivables and trade payable, Earnest Money deposit etc.
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 recording of business transaction has material weaknesses with respect to reconciliation of financial accounts

		pertaining to Input Tax under Goods and Service Tax with the relevant tax records and returns which may result in misstatement of such amounts in the financial statements.
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. Auditors of subsidiary company Keltron Component Complex Limited (KCCL) commented that the following material weaknesses have been identified in the operating effectiveness of the company's internal financial controls :-
    a) Information Technology(IT) System was not operating effectively which could potentially result in the Company to forcefully perform many of its functions manually which would also possibly result in human errors and duplication. This could further lead to wrong disclosure with respect to revenue, expenditure, assets and liabilities.
    b) The company 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.
3. Auditors of subsidiary company Keltron Electro Ceramics Limited (KECL) commented that the company has the following weaknesses in its internal financial controls over financial reporting:
    a) Company'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) Company's internal control system 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) Company's internal control system 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) Company's internal control system 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 31,2024, 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, 2024 Consolidated financial statements of the Group, and these material weaknesses may affect our opinion on the Consolidated financial statements of the Group.

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

Date : 30th July 2025
UDIN: 25225166BMKUMI8754
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, 2024

Particulars	Note No.	As at 31st March, 2024	As at 31st March, 2023
		(₹ in lakhs)	(₹ in lakhs)
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share capital	2	37,385.98	37,385.98
(b) Reserves and surplus	3	(11,962.16)	(13,973.04)
Share application money pending allotment	4	1,722.37	1,672.37
Minority Interest		-	-
Non-current liabilities			
(a) Long-term borrowings	5	1,743.34	1,935.77
(b) Other long-term liabilities	6	5,078.92	4,169.30
(c) Long-term provisions	7	3,187.85	2,916.31
(d) Deferred tax liabilities (Net)		-	-
Current liabilities			
(a) Short-term borrowings	8	13,081.29	10,204.57
(b) Trade payables	9		
i)Dues to Micro,Small & Medium Enterprises	(i)	30,042.83	29,662.61
ii)Dues to Others	(ii)	24,745.71	10,037.04
(c) Other current liabilities	10	24,024.84	19,950.24
(d) Short-term provisions	11	1,908.48	1,636.75
TOTAL		**1,30,959.45**	**1,05,597.90**
ASSETS			
Non-current assets			
(a) Property ,Plant and Equipment and Intangible Assets	12		
(i) Property, plant and equipment		5,744.43	4,825.23
(ii) Intangible assets		140.34	151.15
(iii) Goodwill on consolidation		1,689.51	1,689.51
(iv) Capital work-in-progress		191.25	863.41
(v) Intangible Assets under development		336.71	331.71
(b) Non-current investments	13	-	-
(c) Investment in Associate Company		2.18	-
(d) Deferred Tax Asset		1,930.94	1,728.50
(e) Long-term loans and advances	14	3,873.49	3,886.91
(f) Other non-current assets	15	3,311.79	3,225.27
Current Assets			
(a) Inventories	16	10,555.97	10,468.06
(b) Trade receivables	17	87,821.55	64,253.32
(c) Cash and cash equivalents	18A	3,341.53	4,541.64
(d) Other bank balances	18B	6,743.05	3,452.76
(e) Short-term loans and advances	19	4,303.60	5,386.26
(f) Other current assets	20	973.11	794.17
TOTAL		**1,30,959.45**	**1,05,597.90**
Significant Accounting Policies	A		

Significant Accounting Policies and Notes 1 to 86 are integral part of this Consolidated Financial Statement.

Per our report attached

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

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

Sd/-
N.Narayana Moorthy
Chairman
DIN:05251681

Sd/-
Sreekumar Nair
Managing Director
DIN:10380526

Sd/-
CA.Sobha Sethumadhavan
Partner
Membership No.225166
UDIN: 25225166BMKUMI8754
30th July 2025

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

Thiruvananthapuram
8th July 2025

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2024

Particulars	Note No.	For the year ended 31st March, 2024 (₹ in lakhs)	For the year ended 31st March, 2023 (₹ in lakhs)
Gross Revenue from operations	21	77,741.07	57,974.42
Less: Excise duty		-	-
Net Revenue from operations		77,741.07	57,974.42
Other income	22	530.87	477.38
Total Revenue		**78,271.94**	**58,451.80**
Expenses			
Material consumed and service expenses	23	59,396.42	42,035.04
Changes in inventory of finished goods, work-in-progress and stock-in -trade	24	101.61	(1,099.01)
Employee benefits expense	25	10,702.13	10,097.11
Finance cost	26	1,877.49	1,567.16
Depreciation and amortization expense	27	666.46	522.70
Other expenses	28	3,250.89	2,902.82
Prior period adjustment	29	(85.15)	(853.69)
		75,909.85	**55,172.13**
Add/(Less): Consumption for captive capital items		(76.59)	(83.91)
Total Expenses		**75,833.26**	**55,088.22**
(Loss)/Profit for the year before exceptional and extraordinary items		**2,438.68**	**3,363.58**
Less : Exceptional items	30	168.58	526.40
(Loss)/Profit for the year before extraordinary items		**2,270.10**	**2,837.18**
Extraordinary items		-	-
(Loss)/Profit for the year before Tax		**2,270.10**	**2,837.18**
Current tax		215.51	95.31
Deferred tax		(202.44)	(113.79)
(Loss)/Profit before minority interest		**2,257.03**	**2,855.66**
Minority interest		77.06	119.15
Share of profit/(loss) in Associate Company		(43.58)	-
Balance of (Loss)/Profit carried over to Balance Sheet		**2,136.39**	**2,736.51**
Earnings per share:			
Basic		5.71	12.80
Diluted		5.71	12.80
Nominal value per share		100	100
Significant Accounting Policies	A		

Significant Accounting Policies and Notes 1 to 86 are integral part of this Consolidated Financial Statement.

On behalf of Board of Directors
CIN : U74999KL1972SGC002450

Per our report 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: 25225166BMKUMI8754
30th July 2025

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

Thiruvananthapuram
8th July 2025

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2024

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit for the year before extraordinary items	**2,270.10**	**2,837.16**
Adjustments for :		
Depreciation/amortisation	666.47	522.70
Provision for bad debts	145.98	95.12
Provision for loans, advances and deposits	2.25	-
Provision for Litigation Settlement	-	153.67
Bad sundry debits written off	16.38	27.02
Bad sundry credits written back	(41.68)	(79.48)
Interest expenses	1,770.32	1,457.55
Interest income	(299.79)	(309.30)
Profit on sale of property, plant and equipment	(0.75)	(0.94)
Profit on sale of investment	-	(57.35)
Profit on Sale of Intangible Assets	-	(0.03)
Loss on sale of property, plant and equipment	-	0.07
Capial Reserve - Written Back	(2.28)	-
Incentive against PLI Scheme	(77.84)	-
Unrealised Foreign Exchange gain	(0.41)	(9.70)
Transfer to reserve	(0.28)	(0.60)
Operating Profit Before Working Capital Changes	**4,448.47**	**4,635.89**
Adjustments for (increase)/decrease in operating assets:		-
Trade and other receivables	(26,627.56)	(10,717.07)
Inventories	(82.76)	(2,336.79)
Other loans and advances	1,227.48	(1,727.29)
Adjustments for increase/(decrease) in operating liabilities:	-	-
Trade payables and other liabilities	18,994.14	4,861.18
Cash generated from operation	**(2,040.23)**	**(5,284.08)**
Income tax paid	(111.13)	
Net Cash from operating activities	**(2,151.36)**	**(5,284.08)**
		-
B. CASH FLOW FROM INVESTING ACTIVITIES:		-
Purchase of property, plant and equipment	(1,060.20)	(1,946.89)
Proceeds from sale of property, plant and equipment	0.77	-
Intangible assets	(52.67)	(423.42)
Interest received	166.33	185.60
Term deposits with more than 1 year maturity	(114.64)	984.62
Investment In Keltron Krasny Defence Systems Private Limited	(4.90)	-
Investment In Coconics Private Limited	(40.86)	-
Sale of Asset		1.01
Sale of investment	-	69.85
Others	-	-
Net cash used in investing activities	**(1,106.17)**	**(1,129.23)**
		-
C. CASH FLOW FROM FINANCING ACTIVITIES:		-
Receipt of Government loan	400.00	500.00
Share application money	50.00	650.00
Demand loan from Bank	-	-
Recoupment of Government Grant	-	-
Working Capital Term Loan from KSIDC	93.68	641.09
Working Capital facility from KFC-BDS	1,972.56	-
Working capital revolving fund loan-KFC	(121.46)	852.49
Covid Relief Loan from KFC	(68.51)	(57.97)
L&T loan from KFC	(444.22)	(5.43)
Overdraft from State Bank of India	0.00	0.00
PNB GECLS Loan	(14.17)	-
Repayment of Long term Loan from Malabar Cements limited	-	(40.00)
Interest paid	(576.66)	(713.27)
Cash Credit facility from Punjab National Bank	596.33	683.85
Increase/(decrease) in short term borrowings	169.87	471.14
Net cash used in financing activities	**2,057.42**	**2,981.90**
		-
ABSTRACT:		-
A. Net Cash from Operating Activities	(2,151.36)	(5,284.08)
B. Net Cash used in Investing Activities	(1,106.17)	(1,129.23)
C. Net Cash used in Financing Activities	2,057.42	2,981.90
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,200.11)**	**(3,431.41)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**4,541.64**	**7,973.05**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**3,341.53**	**4,541.64**
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,200.11)**	**(3,431.41)**

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

Particulars	As at 31st March 2024	As at 31st March 2023
Cash and cash equivalents consists of:	(₹ in lakhs)	(₹ in lakhs)
a) Cash and stamp in hand	7.83	12.85
b) Remittance in transit	0.24	-
c) Balance in Scheduled Banks:		
Current account	3,209.22	4,517.48
Term deposits (less than 3 months maturity)	104.93	-
d) Government of Kerala - Treasury savings bank account	19.31	11.31
Total	**3,341.53**	**4,541.64**

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/-
N.Narayana Moorthy
Chairman
DIN:05251681

Sd/-
Sreekumar Nair
Managing Director
DIN:10380526

Sd/-
CA.Sobha Sethumadhavan
Partner
Membership No.225166
UDIN: 25225166BMKUMI8754
30th July 2025

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

Thiruvananthapuram
8th July 2025

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 ₹5,000/- 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/associate/joint venture 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, 2024 and number of shares held	Proportion (%) of shareholding as on 31st March, 2023 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	99.35% 58,56,130 equity shares of ₹10 each fully paid up
Coconics Private Limited	28.90% 3,00,860 equity shares ₹100./- each fully paid up	26.00% 2,60,000 equity shares ₹100./- each fully paid up
Keltron Krasny Defence System Private Limited	49.00% 49,000 equity shares of ₹10/- 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 2024 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

Name of the subsidiaries	Proportion (%) of shareholding as on 31st March 2024 and number of shares held	Present Status of the Subsidiaries/Associated Companies
		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	97.36%	26,430.03	74.69%	1,595.62
Subsidiaries				
KCCL	0.56%	152.21	15.20%	324.69
KECL	2.08%	563.96	6.51%	139.02
Minority Interest	-	-	3.60%	77.06
Total	**100%**	**27,146.20**	**100%**	**2,136.39**

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2024

Note 2 : SHARE CAPITAL	As at 31st March, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Authorised Share Capital		
3,75,00,000 equity shares of ₹100/- each (Previous year : 3,75,00,000 equity shares of ₹ 100/- each)	37,500.00	37,500.00
Issued, subscribed and paid up		
3,73,85,976 equity shares of ₹ 100/- each fully paid up (Previous year : 3,73,85,976 equity shares of ₹ 100/- each)	37,385.98	37,385.98
Total	**37,385.98**	**37,385.98**

(a)

Reconcilation of number of shares outstanding:	As at 31st March 2024		As at 31st March 2023	
	No of Shares	(₹ in lakhs)	No of Shares	(₹ in lakhs)
Shares outstanding at the beginning of the year	3,73,85,976	37,385.98	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	3,73,85,976	37,385.98

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 ₹9,230.61lakhs

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 previous year,1,70,30,795 shares of Rs 100 were alloted to the Government of Kerala pursuant to the increase in share capital.

(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

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 2024		As at 31st March 2023	
	No of Shares	% holdings	No of Shares	% holdings
Government of Kerala	3,69,85,976	99%	3,69,85,976	99%

(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 2024, 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 2024		As at 31st March 2023	
	No of Shares	% holdings	No of Shares	% holdings
Government of Kerala	3,69,85,976	99%	3,69,85,976	99%

(f) Refer Note No.37

Note 3 : RESERVES AND SURPLUS	As at 31st March, 2024	As at 31st March, 2023
	(₹ 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	**129.50**	**284.60**
(iii) Surplus/(Deficit) as per Statement of Profit and Loss.		
Balance of Loss as per last Balance Sheet	(14,288.47)	(17,355.18)
Add : Net (Loss)/Profit for the year	2,136.39	2,736.50
Add: Minorities share absorbed	29.59	119.10
Add : Goodwill adjustment on share issued during the period	-	211.11
Net balance of loss	**(12,122.49)**	**(14,288.47)**
Total [(i) + (ii)+(iii)]	**(11,962.16)**	**(13,973.04)**

(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

Note 4 : SHARE APPLICATION MONEY PENDING ALLOTMENT	As at 31st March, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Share application money pending allotment	1,722.37	1,672.37
Total	**1,722.37**	**1,672.37**

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 , ₹100 lakhs 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".During the financial year 2023-24,the Government of Kerala vide GO(Rt) No-939/2023/ID dated 14/09/2023 released an amount of ₹50 lakhs under the head of account "Government Equity Investment in KCCL" for modernisation and expansion of of Super capacitor production facility at KCCL. Accordingly, KCCL has disclosed ₹1,722.37 lakhs as "Share Application Money Pending Allotment" in the reporting period.

Note 5 : LONG-TERM BORROWINGS		As at 31st March, 2024	As at 31st March, 2023
		(₹ in lakhs)	(₹ in lakhs)
Secured			
Kerala Financial Corporation-Covid 19 Releif Loan	(a)	-	44.17
PNB GECLS Loan	(b)	99.17	155.83
Sub total (i)		99.17	200.00
Unsecured			
Loan from Government of Kerala	(c)	1,644.17	1,735.77
Sub total (ii)		1,644.17	1,735.77
Total		**1,743.34**	**1,935.77**

(a) 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 2024 is ₹ 38.90 lakhs and the same is disclosed under Short Term Borrowings.This Credit facility carries an interest of 10.50% p.a. as on 31st March 2024.

(b) 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 ₹99.17 lakhs has been disclosed under Long Term Borrowings.This loan carries an interest of 9.25% p.a. as on 31st March 2024.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 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 ₹106.57 lakhs is shown under Long Term Borrowings.Refer Note No 43.

(ii) 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 2024 is ₹100 lakhs.Out of which the non current portion amounting to ₹15 lakhs is shown under Long Term Borrowings.

(iii) 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 2024 is ₹ 41la and the non current portion amounting to ₹ 6.15 lakhs is shown under Long Term Borrowings.

(iv) 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 2024.The non current portion amounting to ₹31lakhs is shown under Long Term Borrowings.

(v) 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 2024 and the non current portion amounting to ₹ lakhs is shown under Long Term Borrowings.

(vi) 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 2024.The non current portion amounting to ₹17.50 lakhs is shown under Long Term Borrowings.

(vii) 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 2024. The non current portion amounting to ₹ [illegible] lakhs is shown under Long Term Borrowings.

(viii) 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 2024 The non current portion amounting to ₹100 lakhs is shown under

(ix) 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 2024.The non current portion amounting to ₹195 lakhs is shown under Long Term

(x) 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 2024.The non current portion amounting to ₹130 lakhs is shown under Long Term Borrowings.

(xi) During the financial year 2023-24,the holding company received ₹400 lakhs vid eG.O.(Rt)No.607/2023/ID dated 21/06/2023 for modernisation of manufacturing facilities of various units and for the project of manufacturing medical equipments.The entire loan amount is outstanding as on 31st March 2024.The non current portion amounting to ₹340 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 2024 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 2024 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 2024 is ₹12.05lakhs.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 31st March 2024 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 31st March 2024 is ₹47lakhs 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 2024.The non current portion amounting to ₹60 lakhs is shown under "Long Term Borrowings".During the year 2021-22 ,KECL received ₹25lakhs 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 ₹20lakhs is disclosed under "Long Term Borrowings".During the financial year 2022-23, KECL received a working capital loan of ₹25 lakhs for setting up of production facility for small capacity UPS and the non current portion amounting to ₹20 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 ₹40lakhs is disclosed under "Long Term Borrowings".During the reporting period,KECL received ₹25lakhs for the development of Vibration Isolator (Phase-II)and the non current portion amounting to ₹ [illegible]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, 2024**	**As at 31st March, 2023**
	(₹ in lakhs)	(₹ in lakhs)
i) Dues to MSME		
Trade Payable for supplies*	39.49	36.45
Trade Payable for services*	14.80	14.87
ii) Dues to Others		
Trade Payable for supplies*	521.14	135.01
Trade Payable for services*	156.14	160.32
Long-term liability-other finance	2,366.97	1,722.93
Interest accured but not due on loans-Government of Kerala***	1,544.43	1,464.96
Interest accured on working capital loan- Government of Kerala		
Interest accued on Loan - Malabar Cements Limited	435.95	634.76
Advance from customers		
Total	**5,078.92**	**4,169.30**

* Dues to Micro, Small and Medium enterprise . Refer Note No.51.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 2024					
(a)	**Trade Payable-for Supplies**					**-**
(i)	MSME	2.11	1.62	0.07	23.40	**27.20**
(ii)	Others	0.27	0.83	4.99	515.05	**521.14**
(iii)	Disputed dues-MSME	-	-	-	12.29	**12.29**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**2.38**	**2.45**	**5.06**	**550.74**	**560.63**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	-	-	0.05	14.75	**14.80**
(ii)	Others	-	8.60	9.49	138.05	**156.14**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**-**	**8.60**	**9.54**	**152.80**	**170.94**
	Total(a+b)	**2.38**	**11.05**	**14.60**	**703.54**	**731.57**

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	0.07	0.21	23.86	**24.16**
(ii)	Others	-	3.00	2.46	129.55	**135.01**
(iii)	Disputed dues-MSME	-	-	-	12.29	**12.29**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**0.02**	**3.07**	**2.67**	**165.70**	**171.46**
(b)	**Trade Payable-for Services**					**-**
(i)	MSME	-	3.99	-	10.88	**14.87**
(ii)	Others	9.54	14.30	31.16	105.32	**160.32**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Sub Total	**9.54**	**18.29**	**31.16**	**116.20**	**175.19**
	Total(a+b)	9.56	21.36	33.83	281.90	346.65

Note6(2)

Sundry Creditors for Expenses under Long Term Liabilities-Other Finance.

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 2024					
						-
(i)	MSME	-	-	-	-	**-**
(ii)	Others	0.04	0.02	0.00	3.58	**3.64**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Total	**0.04**	**0.02**	**0.00**	**3.58**	**3.64**

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					
						-
(i)	MSME	-	-	-	-	-
(ii)	Others	0.33	-	0.00	15.87	16.20
(iii)	Disputed dues-MSME	-	-	-	-	-
(iv)	Disputed dues-Others	-	-	-	-	-
	Total	**0.33**	**-**	**0.00**	**15.87**	**16.20**

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED AND ITS SUBSIDIARIES
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2024

Note 7 : LONG TERM PROVISIONS		As at 31st March, 2024	As at 31st March, 2023
		(₹ in lakhs)	(₹ in lakhs)
Provision for gratuity	(Refer Note No.32 & 71)	2,314.29	2,086.37
Provision for leave encashment	(Refer Note No.32 & 71)	841.99	788.35
Provision for warranty		31.17	41.19
Provision others		0.40	0.40
Total		**3,187.85**	**2,916.31**

Note 8 : SHORT TERM BORROWINGS		As at 31st March, 2024	As at 31st March, 2023
		(₹ in lakhs)	(₹ in lakhs)
Secured			
Cash Credit from :			
Punjab National Bank	(a)	1,819.83	1,223.50
State Bank of India	(b)	281.40	218.34
Catholic Syrian Bank	(c)	82.59	22.51
Canara Bank	(d)	553.38	417.76
Kerala Financial Corporation-Working Capital Revolving Fund Loan	(e)	811.04	932.50
Overdraft with State Bank of India		0.00	0.00
Kerala Financial Corporation-L&T Loan	(f)	-	444.22
Loan from Kerala State Industrial Development Corporation Limited - Working Capital	(g)	1,189.16	1,095.48
PNB GECLS Loan	(h)	56.67	14.17
Kerala Financial Corporation-Bill Discounting System	(i)	1,972.56	-
Current Maturities of Long Term Borrowings.			
Kerala Financial Corporation-Covid 19 Relief Loan	(j)	38.90	63.24
Canara Bank Working Capital Loan-GECL	(k)	-	13.69
Sub total (i)		**6,805.53**	**4,445.41**
Unsecured			
Current Maturities of Long Term Borrowings.			
Loan from Government of Kerala	(l)	5,453.76	4,937.16
Loans wholly due for payment:			
Loan from Kerala Minerals and Metals Limited	(m)	450.00	450.00
Loan from Travancore Titanium Products Limited	(n)	12.00	12.00
Loan from Malabar Cements Limited	(o)	360.00	360.00
Sub total (ii)		**6,275.76**	**5,759.16**
Total		**13,081.29**	**10,204.57**

(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 13.05% p.a. as on 31st March 2024. Further, the holding company has non fund based facility of ₹2,000 lakhs.For disclosure regarding stock statement submitted to bank Refer Note No-69.

(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 2024.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 ₹ 100 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 2024.Further, the company has non fund based cash credit facility of ₹100 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-70.

(e) The holding company has a Working Capital Revolving Fund loan from Kerala Financial Corporation Limited (KFC), amounting to ₹ 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 10.50% p.a. as on 31st March 2024.

(f) The holding 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 2023was ₹444.22 lakhs.During the reporting period,the loan was closed by adjusting the proceeds received from L&T against the loan.

(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	Working Capital Loan for:	Unit /Project	Rate of Interest per annum as on 31st March 2024	Amount of Loan Sanctioned	Loan Outstanding as on 31st March 2024
				(₹ in lakhs)	(₹ in lakhs)
(i)	Designing, manufacturing and supply of underwater signal conditioning unit and underwater communication and accoustic positioning systems for	KCA/NPOL	10.50%	₹ 400	₹ 140
(ii)	Manufacture & supply of Electromagnetic Logs ,Retransmission units and accessories for Controller Procurement Material Organisation (Kochi), Naval Base, Ernakulam	KEC/CPMO,Kochi	10.00%	₹ 250	₹ 249.16
(iii)	Manufacture and Supply of amplifiers & indicator panels for Bharat Electronics ,Bangalore	KEC/BEL	10.00%	₹ 300	₹ 300
(iv)	Manufacture & Supply of Under Water Accoustic Communication System for Bharat Electronics	KEC/BEL	10.00%	₹ 100	₹ 100
(v)	Manufacture & supply of Electromagnetic Logs ,Retransmission units and accessories for Controller Procurement Material Organisation (Visag),East Naval Command ,Visakhapatnam	KEC/CPMO,Vizag	10.00%	₹ 400	₹ 400
	Loan from KSIDC oustanding on 31st March 2024.				**₹1,189.16**

* As per the repayment schedule, the closure date of Working Capital loans availed from KSIDC for the execution of CPMO (₹250 lakhs) and BEL (₹300 lakhs) Projects was 24th March 2024.As mentioned above the principal outstanding amount against these loans(Sl no (ii) and (iii)) on 31st March 2024 were ₹249.16 lakhs and ₹300 lakhs respectively.These loans were closed only on 10th June 2024 and thus there is a default of 79 days in the repayment of the same.The interest outstanding against these loans as on 31st March 2024 were ₹2.23 lakhs and ₹2.87lakhs respectively and the same was paid on 2nd April 2024.

(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 ₹56.67 lakhs has been disclosed under Short Term Borrowings.This loan carries an interest of 9.25% p.a. as on 31st March 2024.This loan is also secured with the assets of the primary loan under Short Term Borrowings.

(i) The holding company availed Bill Discounting Facility as envisaged vide GO (Rt)No:1555/2020/Fin dt 25.02.2020 in line with G.O(P) No10/2020/FIN dated 24.01.2020 from Kerala Financial Corporation under the Govt -Bill Discounting Scheme to the extent of ₹2,000 lakhs during the financial year 2019-20.This facility was for a period of one year and was secured by the Corporate Guarantee and first charge with promissory notes of Goverment on the Trade Receivable discounted through the Goverment BDS platform.This facility was not renewed on expiry as there was no requirement to avail the GBDS facility therafter.Later,the Government again recommended GBDS for releasing payment of pending bills to contractors (including PSU's).As the holding company faced severe financial constraints owing to restrictions imposed on Treasury payments the company decided to avail GBDS facility through Kerala Financial Corporation. The effective rate of interest is 10% of which maximum 5% will be borne by Government of Kerala.The liability against this facility on 31st March 2024 is

(j) 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 2024 is ₹38.90 lakhs and the same is included and disclosed under Short Term Borrowings.This Credit facility carries an interest of 10.50% p.a. as on 31st March 2024.

(k) 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 loan was closed on 17th May 2023.

(l)(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 units and the same is outstanding on 31st March 2024 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 2024 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.1300/2018/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 same 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 2024 and the current portion amounting to ₹85 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 ₹34.85 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 2024.The current portion amounting to ₹124 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 2024 and the current portion amounting to ₹130 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 2024.The current portion amounting to ₹32.50 lakhs is shown under Short Term Borrowings.During the financial year 2023-24,the company received ₹400 lakhs vide G.O.(Rt)No.607/2023/ID dated 21/06/2023 for modernisation of
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 2024.The current portion amounting to ₹110 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 2024.The current portion amounting to ₹100 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 2024.The current portion amounting to ₹105 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 2024.The current portion amounting to ₹ 70 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 ₹959.09 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 31.03.2024 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 2024 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 2024 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 2024.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 financial year 2022-23,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 ₹5 lakhs is disclosed under "Short Term Borrowings".KECL received a loan of ₹ 50 lakhs during the financial year 2022-23 from GOK for the expansion of testing and calibration facility for production of Transducers and the current portion amounting to ₹10 lakhs is disclosed under "Short Term Borrowings".During the reporting period,KECL received ₹25 lakhs for the development of Vibration Isolator (Phase-II)and the current portion amounting to ₹ 1.25 lakhs is disclosed under

m 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 2024 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.

n 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.

o 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 2024 is ₹ 360 lakhs.

p 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

q 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	5-12 years	2,502.53
Loan from Government of Kerala	KSEDC	less than 5 year	502.15
Interest accrued and due Government of Kerala	KSEDC	5-12 years	2,705.24
Interest accrued and due Government of Kerala	KSEDC	less than 5 year	402.73
Loan from Kerala Minerals and Metals Limited	KSEDC	24 years	450.00
Loan from Travancore Titanium Products Limited	KSEDC	24 years	12.00
Interest accrued on loan from Travancore Titanium Products Limited	KSEDC	24 years	43.26
Loan from Malabar Cements Limited	KSEDC	13 years	360.00
Interest accrued on loan from Malabar Cements Limited	KSEDC	12 years	367.44
Loan from Government of Kerala	KCCL	2-10 years	2,143.39
Interest accrued and due Government of Kerala	KCCL	1-10 years	3,342.51
Interest accrued on loan from Department of Electronics	KCCL	less than 16 years	60.97
Loan from Government of Kerala	KECL	2-13 years	250.33
Interest accrued and due Government of Kerala	KECL	2-13 years	403.73

Note 9 : TRADE PAYABLES	**As at 31st March, 2024**	**As at 31st March, 2023**
	(₹ in lakhs)	(₹ in lakhs)
i)Due to MSME		
Supplies	28,279.31	28,004.40
Services	1,763.52	1,658.21
Total(i)	30,042.83	29,662.61
ii)Due to Others		
Supplies	23,598.33	9,040.09
Services	1,147.38	996.95
Total(ii)	24,745.71	10,037.04
Total	**54,788.54**	**39,699.65**

* Dues to Micro, Small and Medium enterprise. Refer Note 51.
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 2024					
(a)	**Trade Payable-for Supplies**					-
(i)	MSME	8,096.97	2,354.84	10,832.62	6,970.05	**28,254.48**
(ii)	Others	19,731.80	487.74	238.42	3,140.37	**23,598.33**
(iii)	Disputed dues-MSME	-	-	-	24.83	**24.83**
(iv)	Disputed dues-Others	-	-	-	-	-
	Sub Total	**27,828.77**	**2,842.58**	**11,071.04**	**10,135.25**	**51,877.64**
(b)	**Trade Payable-for Services**					-
(i)	MSME	907.54	75.80	51.49	728.69	**1,763.52**
(ii)	Others	532.27	95.06	39.48	480.57	**1,147.38**
(iii)	Disputed dues-MSME	-	-	-	-	-
(iv)	Disputed dues-Others	-	-	-	-	-
	Sub Total	**1,439.81**	**170.86**	**90.97**	**1,209.26**	**2,910.90**
	Total(a+b)	**29,268.58**	**3,013.44**	**11,162.01**	**11,344.51**	**54,788.54**

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	11,313.94	5,076.59	2,329.01	**27,979.57**
(ii)	Others	4,456.64	826.81	664.64	3,092.00	**9,040.09**
(iii)	Disputed dues-MSME	-	0.52	-	24.31	**24.83**
(iv)	Disputed dues-Others	-	-	-	-	-
	Sub Total	**13,716.67**	**12,141.27**	**5,741.23**	**5,445.32**	**37,044.49**
(b)	**Trade Payable-for Services**					-
(i)	MSME	721.53	178.91	115.40	642.37	**1,658.21**
(ii)	Others	470.02	47.00	31.13	448.80	**996.95**
(iii)	Disputed dues-MSME	-	-	-	-	-
(iv)	Disputed dues-Others	-	-	-	-	-
	Sub Total	**1,191.55**	**225.91**	**146.53**	**1,091.17**	**2,655.16**
	Total(a+b)	14,908.22	12,367.18	5,887.76	6,536.49	39,699.65

Note 10 : OTHER CURRENT LIABILITIES	As at 31st March, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Interest accrued and due - Government of Kerala	3,108.56	2,553.11
Interest accrued and due - KFC	7.65	27.29
Interest accrued and due - Travancore Titanium Products Limited.	43.26	41.52
Interest accrued and due -KSIDC	9.54	10.33
Interest accrued and due-Malabar Cements Limited	367.44	338.78
Interest accrued and due on loan from Department of Electronics	60.97	60.97
Interest accrued on Working Capital Loan-Government of Kerala	379.72	331.80
Interest accrued on Capacity Enhancement Loan	766.73	665.40
Interest accrued on Modernisation Loan	989.59	834.99
Interest accrued on working capital loan	1,206.46	1,025.84
Advance from customers	2,253.19	2,458.77
Income received in advance	317.40	345.39
Current liabilities - Other finance & statutory dues	14,284.33	10,926.05
Arbitration Award Payable	230.00	330.00
Total	**24,024.84**	**19,950.24**

The holding company has disclosed Guarantee commission on expired government guarantee amounting to ₹535.82 lakhs.and interest accrued thereon amounting to ₹1,302.15 lakhs in Current liabilities - Other finance & statutory dues

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

Note10(1)

Sundry Creditors for Expenses under Current Liabilities-Other Finance.

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 2024					
						-
(i)	MSME	74.67	4.90	-	1.11	**80.68**
(ii)	Others	195.15	10.60	8.97	602.17	**816.89**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Total	**269.82**	**15.50**	**8.97**	**603.28**	**897.57**

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					
						-
(i)	MSME	39.34	-	0.66	0.81	**40.81**
(ii)	Others	268.10	10.35	6.85	589.57	**874.87**
(iii)	Disputed dues-MSME	-	-	-	-	**-**
(iv)	Disputed dues-Others	-	-	-	-	**-**
	Total	**307.44**	**10.35**	**7.51**	**590.38**	**915.68**

Note 11 : SHORT-TERM PROVISIONS		As at 31st March, 2024	As at 31st March, 2023
		(₹ in lakhs)	(₹ in lakhs)
Provision for gratuity	(Refer Note No.32 & 71)	464.44	514.47
Provision for leave encashment	(Refer Note No.32 & 71)	198.23	172.30
Provision for warranty		545.33	450.65
Provision - others		700.48	499.33
Total		**1,908.48**	**1,636.75**

Note 12 : Property ,Plant and Equipment and Intangible Assets

FIXED ASSETS

(₹ in lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Total Cost as on 01.04.2023	Additions during the year	Sales / Transfer & Adjustment	Total Cost as on 31.03.2024	Provision up to 01.04.2023	Provided during the year	Transfer to Profit & Loss	Sales / Transfer & Adjustment	Total provision up to 31.03.2024	Written down value as on 31.03.2024	Written down value as on 31.03.2023
I.Property, plant and equipment:											
Land	165.28	-	-	165.28	-	-	-	-	-	165.28	165.28
Building	2,719.16	832.20	179.63	3,371.73	1,359.03	62.14	-	-	1,421.17	1,950.56	1,360.13
Electrical Fittings	565.33	43.35	2.93	605.75	471.35	17.62	-	2.93	486.04	119.71	93.98
Plant & Machinery	6,179.27	559.53	(0.68)	6,739.49	4,059.30	264.09	-	5.62	4,317.77	2,421.72	2,119.97
Test Instruments	1,146.62	106.26	23.94	1,228.94	654.33	57.11	-	23.94	687.50	541.44	492.29
Air Conditioner	166.53	15.80	1.29	181.04	111.54	9.79	-	1.32	120.01	61.03	54.99
Furniture & Fixtures	632.76	55.61	30.59	657.78	497.11	32.24	-	3.91	525.44	132.34	135.65
Office Equipments	356.02	26.65	13.71	368.96	281.02	28.93	-	13.71	296.24	72.72	75.00
Computer & data processing units	1,156.25	82.68	-	1,238.93	859.99	129.77	-	-	989.76	249.17	296.26
Service Equipment	7.36	-	0.05	7.31	3.53	0.27	-	0.05	3.75	3.56	3.83
Canteen Utensils	36.06	0.55	0.27	36.34	24.40	2.97	-	0.27	27.10	9.24	11.66
Library Books	0.20	-	-	0.20	0.20	-	-	-	0.20	0.00	0.00
Fire extinguishers	11.62	0.15	-	11.77	7.25	0.72	-	-	7.97	3.80	4.37
Water supply installations	28.50	4.41	0.34	32.56	21.23	1.70	-	0.33	22.60	9.96	7.27
Vehicle	55.29	-	-	55.29	50.74	0.65	-	-	51.39	3.90	4.55
Transit house equipments	0.45	-	-	0.45	0.45	-	-	-	0.45	0.00	0.00
Sub total	13,226.70	1,727.19	252.07	14,701.82	8,401.47	608.00	-	52.08	8,957.39	5,744.43	4,825.23
II. Intangible Assets:											
Software/Licenses	233.41	31.79	-	265.20	101.21	42.33	-	-	143.55	121.65	132.20
Research &development expenses	876.06	6.13	-	882.19	859.51	13.30	-	-	872.80	9.39	16.55
Technical knowhow	240.60	9.75	-	250.35	238.20	2.85	-	-	241.05	9.30	2.40
Sub total	1,350.07	47.67	-	1,397.74	1,198.92	58.48	-	-	1,257.40	140.34	151.15
III. Captal work in progress											
Asset under erection	-	-	-	-	-	-	-	-	-	-	-
Building under construction	227.43	55.08	140.83	141.68	-	-	-	-	-	141.68	227.43
Project Expenses not capitalised	635.98	532.90	1,119.31	49.57	-	-	-	-	-	49.57	635.98
Sub total	863.41	587.98	1,260.14	191.25	-	-	-	-	-	191.25	863.41
IV.Intangible Assets under Development											
Intangible Assets under Development	331.71	5.00	-	336.71	-	-	-	-	-	336.71	331.71
TOTAL	331.71	5.00	-	336.71	-	-	-	-	-	336.71	331.71
TOTAL	**15,771.89**	**2,367.84**	**1,512.21**	**16,627.52**	**9,600.39**	**666.48**	**-**	**52.08**	**10,214.79**	**6,412.73**	**6,171.50**
Previous Year	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

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 2024					
(i)Projects in Progress					
(i) ITBG Stores building	-	141.68	-	-	141.68
(ii)Machinery under Construction(KCCL)	39.68	8.44	-	1.45	49.57
					-
Sub Total	39.68	150.12	-	1.45	191.25
(ii)Projects Temporarily suspended					
					-
					-
					-
					-
					-
Sub Total	-	-	-	-	-
Total(i+ii)	39.68	150.12	-	1.45	191.25

12(iv)(iI) 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				
	-	-	-	-
(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 2024	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)Projects in Progress					
(i)CDAC	5.00	165.33	82.67	83.71	336.71
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	5.00	165.33	82.67	83.71	336.71
(ii)Projects Temporarily suspended					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Sub Total	-	-	-	-	-
Total(i+ii)	5.00	165.33	82.67	83.71	336.71

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 01.04.2023	Additions during the year	Total Cost as at 31.03.2024	Provision upto 01.04.2023	Provision for the year	Total provision upto 31.03.2024	As at 31.03.2024	As at 31.03.2023
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							-	-	-
UNQUOTED		-	-	-	-	-	-	-	-
SIDKEL TELEVISIONS LIMITED (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)		38.55	-	38.55	38.55	-	38.55	-	-
GRAND TOTAL (A+B)		723.14	-	723.14	723.14	-	723.14	-	-
Previous year		735.64	(12.50)	723.14	723.14		723.14	-	12.50

Note 14 : LONG-TERM LOANS AND ADVANCES	As at 31st March, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Unsecured - Considered good		
Advance-Employees	0.00	1.34
Subsidiary Companies*	1,264.57	1,264.57
Investments pending allotment **	1,703.75	1,744.61
MAT credit as per Income Tax Act	235.91	145.38
Deposit with Customs authorities	-	0.30
Deposit with Central Excise Department	3.50	5.19
Excise duty paid under protest	1.27	1.27
Other Advances and Deposits	584.49	724.25
Income Tax Advance	80.00	-
	3,873.49	**3,886.91**
Unsecured-Considered doubtful	53.07	187.69
Less: Provision for doubtful advances	53.07	187.69
Total	**3,873.49**	**3,886.91**

* 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 ₹27.06 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, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
(a)Trade receivable*		
Unsecured:		
Considered good; outstanding for more than six months from the date they are due for payment	1,979.47	1,593.48
Receivables outstanding for a period less than six months	-	1.00
Considered doubtful; outstanding for more than six months from the date they are due for payment	1,099.29	2,253.06
Less : Provision for bad & doubtful debts	(1,099.29)	(2,253.06)
Total	1,979.47	1,594.48
(b) Non-current Bank balance:		
Term Deposits with banks (more than 12 months maturity)*	34.80	34.74
Margin on Bank Guarantee**	1,127.66	1,475.61
Total	1,162.46	1,510.35
(c) Others: Accrued Income	169.86	120.44
Total [a + b + c]	**3,311.79**	**3,225.27**

* 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 2024	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(i)	Undisputed Trade Receivables-considered good	-	372.71	592.46	299.93	714.37	1,979.47
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	1,099.29	1,099.29
(iii)	Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-
	Total	-	372.71	592.46	299.93	1,813.66	3,078.76
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	1,099.29	1,099.29
	Total	0.00	372.71	592.46	299.93	714.37	1,979.47

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	-	889.81	321.33	382.34	1,594.48
(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	-	889.81	321.33	2,635.40	3,847.54
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	2,253.06	2,253.06
	Total	1.00	0.00	889.81	321.33	382.34	1,594.48

Note 16 : INVENTORIES	As at 31st March, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Loose tools and jigs	42.88	52.17
Consumable stores and spares	201.27	184.10
Work-in-progress	2,436.25	2,374.38
Raw materials and components	6,845.85	6,571.33
Goods-in-transit	117.27	210.15
Goods purchased for resale	185.77	287.93
Finished goods	726.68	788.00
Total	**10,555.97**	**10,468.06**

For mode of valuation refer point III-Inventories under Balance Sheet items of Significant Accounting Policies.
Refer Note 76.

Note 17 : TRADE RECEIVABLES	As at 31st March, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Unsecured considered good:		
Outstanding for a period exceeding six months from the date they are due for payment	46,886.40	41,433.18
Receivables outstanding for a period less than six months	40,935.15	22,820.14
Considered doubtful; outstanding for a period exceeding six months from the date they are due for payment	439.93	444.22
Less : Provision for bad and doubtful debts	(439.93)	(444.22)
		-
Total	**87,821.55**	**64,253.32**

(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 2024	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
(i)	Undisputed Trade Receivables-considered good	40,935.15	3,301.39	9,145.54	15,111.72	19,327.75	87,821.55
(ii)	Undisputed Trade Receivables-considered doubtful	-	-	-	-	340.59	340.59
(iii)	Disputed Trade Receivables-considered good	-	-	-	-	-	-
(iv)	Disputed Trade Receivables-considered doubtful	-	-	-	-	99.34	99.34
	Total	**40,935.15**	**3,301.39**	**9,145.54**	**15,111.72**	**19,767.68**	**88,261.48**
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	439.93	439.93
	Total	**40,935.15**	**3,301.39**	**9,145.54**	**15,111.72**	**19,327.75**	**87,821.55**

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	5,972.88	15,881.58	7,474.00	12,104.72	64,253.32
(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**	**5,972.88**	**15,881.58**	**7,474.00**	**12,548.94**	**64,697.54**
	Less:						-
	Provision for Bad & Doubtful debts	-	-	-	-	444.22	444.22
	Total	**22,820.14**	**5,972.88**	**15,881.58**	**7,474.00**	**12,104.72**	**64,253.32**

Note 18 : CASH AND BANK BALANCES	As at 31st March, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
A. Cash and Cash Equivalents:		
Cash and stamp in hand	7.83	12.85
Remittance in transit	0.24	-
Balance in Scheduled Banks:		
Current account	3,209.22	4,517.48
Term deposits (less than 3 months maturity)	104.93	-
Government of Kerala - Treasury savings bank account	19.31	11.31
Total (A)	3,341.53	4,541.64
B. Other Bank balances:		
In Term deposit with maturity of more than 3 months but less than 12 months *	2,112.58	1,785.09
Margin on Bank Guarantee	4,630.47	1,667.67
Total (B)	6,743.05	3,452.76
Total (A+B)	**10,084.58**	**7,994.40**

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, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
a) Unsecured - considered good		
Advance-Employees	92.04	75.87
Advance - Others	2,332.99	3,611.45
Deposit with Customs authorities	12.44	37.09
Deposit with Central Excise Department	0.10	0.10
Other deposits	683.69	402.18
Keltron Toolroom Research and Training Centre (KELTRAC)	176.80	110.01
Income tax refund due	891.82	999.77
GST TDS receivable	95.12	98.46
MAT Credit (Refer Note.48)	18.60	51.33
Total	**4,303.60**	**5,386.26**

(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 ₹ 25.38 lakhs,TDS/TCS /GST receivable amounting to ₹8.68 lakhs and Other Current Assets amounting to ₹282.77 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, 2024	As at 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Accrued income	960.81	778.18
Others	12.30	15.99
Total	**973.11**	**794.17**

Refer Note No.19(c) above.

KERALA STATE ELECTRONICS DEVELOPMENT CORPORATION LIMITED
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024.

Note 21 : REVENUE FROM OPERATIONS	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
a. Sales		
Manufacturing sales	25,790.46	21,392.66
Project sales	18,772.67	21,480.60
Trading sales	13,871.25	9,164.87
Sub total	**58,434.38**	**52,038.13**
b. Services		
Income from servicing	17,238.66	4,108.34
Income from training	1,473.84	1,276.02
Income from manpower supply	147.64	16.94
Sub total	**18,860.14**	**5,401.30**
c. Other operating revenue		
Sales commission	12.00	15.00
Cash discount on purchase	13.96	33.97
Scrap sales	6.00	12.77
Freight and forwarding collected	116.11	123.16
Warranty written back	233.40	262.80
Exchange rate fluctuation	52.19	30.72
Others	12.89	56.57
Sub total	**446.55**	**534.99**
Total	**77,741.07**	**57,974.42**

Note 22 : OTHER INCOME	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Interest	377.64	310.13
Rent	50.82	49.74
Profit on sale of property, plant and equipment	0.75	0.97
Profit on sale of Investments	-	57.35
Other sundry receipts/adjustments	17.68	22.72
Insurance claim received	0.85	2.32
Unadjusted credit in creditors written back	-	25.63
Matching grant	0.28	0.60
Miscellaneous income	82.85	7.92
Total	**530.87**	**477.38**

Note 23 : MATERIAL CONSUMED AND SERVICE EXPENSES	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
a. Material Consumed		
Opening stock	6,571.33	5,085.23
Add: Purchases	43,090.09	31,074.83
	49,661.42	36,160.06
Less:Closing stock	6,845.85	6,571.33
	42,815.57	29,588.73
Add:Stores and spares consumed	151.08	522.89
Total	**42,966.65**	**30,111.62**
b. Service expenses		
Sub contracting charges	1,770.03	2,504.91
Erection and commissioning	122.08	123.19
Testing and quality control	53.98	40.31
Warranty expenses	330.31	254.63
Computer /project training	1,000.71	866.69
After sales service	208.42	3.10
Total	**3,485.53**	**3,792.83**
c. Purchase for resale	**12,944.24**	**8,130.59**
Total (a+b+c)	**59,396.42**	**42,035.04**

Note 24 : CHANGE IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Closing Stock:		
Finished goods:		
Manufacturing items	726.68	788.00
Trading items	185.77	287.93
Work-in-progress:	2,436.25	2,374.38
Total	**3,348.70**	**3,450.31**
Less:		
Opening Stock -		
Finished goods:		
Manufacturing item	788.00	216.32
Trading item	287.93	245.21
Work-in-progress:	2,374.38	1,889.77
Total	**3,450.31**	**2,351.30**
Net	**101.61**	**(1,099.01)**

Note 25 : EMPLOYEE BENEFITS EXPENSE	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Salaries, wages and bonus	8,339.27	7,855.07
Gratuity	469.37	627.81
Leave encashment	297.28	255.44
Employer's contribution to PF and other funds	816.34	737.02
Leave travel concession	-	0.07
Canteen expenses	158.88	143.98
Uniforms	2.18	1.10
Staff training expenses	17.32	9.76
Maternity benefit	28.90	16.26
Other staff welfare expenses	572.59	450.60
Total	**10,702.13**	**10,097.11**

Note 26 : FINANCE COST	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Interest on Government loan	1,121.41	1,022.58
Interest on PNB GECLS loan	15.14	15.44
Interest on KFC loan	120.85	145.63
Interest on KSIDC Working Capital Loan	113.92	36.48
Interest on BDS-KFC	9.48	-
Interest on Canara Bank Loan	0.20	1.66
Interest on loans (Government Companies)	31.58	32.34
Interest on cash credit and overdraft from banks	279.67	165.37
Interest -Others	85.50	81.53
Bank charges	99.74	66.14
Total	**1,877.49**	**1,567.16**

Note 27 : DEPRECIATION AND AMORTIZATION EXPENSE	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Depreciation on property, plant and equipment	607.99	476.90
Amortization on intangible assets	58.47	45.80
Total	**666.46**	**522.70**

Note 28 : OTHER EXPENSES	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Power, fuel and water	408.87	381.26
Rent	40.75	37.06
Rates and taxes	71.12	168.02
Interest and Late Fees	38.65	28.28
Insurance charges	53.20	50.69
Repair and maintenance:		
Vehicles	11.95	26.54
Building	121.58	61.80
Plant and Machinery	97.36	73.10
Others	138.74	139.59
Travelling expenses	484.46	389.39
Travelling expenses-Directors	3.72	4.54
Sales and business promotion expenses	540.64	445.35
Freight and forwarding charges	223.61	200.28
Audit fee and expenses		
Statutory audit fee	13.82	13.82
Tax audit fee	4.91	6.14
GST audit fee	0.35	0.35
Reimbursement of expenses	3.15	2.22
Internal audit fee	10.26	10.36
Cost audit fee and other services	1.35	3.14
Director's sitting fee	0.45	0.15
Legal charges	125.71	100.18
Printing and stationery	53.06	53.87
Royalty	148.37	102.36
Postage, telegram, telephone and telex charges	67.36	118.36
Security charges	170.36	160.98
Recruitment expenses	1.22	6.78
Consumption stores and spares	44.04	38.82
Moulds, tools and jigs written off	14.30	17.66
Research and development expenses	30.39	26.35
Miscellaneous expenses	327.14	235.38
Total	**3,250.89**	**2,902.82**

Note 29 : PRIOR PERIOD ADJUSTMENT	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Prior period expenses	64.44	69.47
Less:Prior period income	149.59	923.16
Total	**(85.15)**	**(853.69)**

Note 30 : EXCEPTIONAL ITEMS	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	(₹ in lakhs)	(₹ in lakhs)
Sundry debits written off	16.38	27.02
Sundry credits written back	(41.68)	(79.48)
Bad and doubtful debts wirtten off	132.43	-
Litigation settlement	-	330.00
Provision for bad and doubtful debts and advances	145.98	95.12
Excess Provision written Back	(85.30)	-
Provision for other loans and advances	2.25	-
Loss on value of fixed asset written-off	-	0.07
Bank Guarantee Invocation Income	(1.48)	-
Provision for Litigation Settlement	-	153.67
Total	**168.58**	**526.40**

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.

Note 31 CONTINGENT LIABILITIES NOT PROVIDED FOR			As at 31st March 2024	As at 31st March 2023
			(₹ in lakhs)	(₹ in lakhs)
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		5,821.49	2,280.51
			-	-
			-	-
			-	-
ii)	Letter of credit issued by the banks on behalf of the Company and outstanding.		265.60	883.32
			-	-
			-	-
iii)	Indemnity Bonds executed in favour of:		-	-
	a)	Customers for advances/performance	3,073.69	2,699.92
	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	80.29	133.55
	c)	PF interest and damages pertaining to Central Tool Room case pending with PF Tribunal.	138.16	138.16
	d)	On account of interest and service tax	1,451.72	1,463.30
	e)	On account of KVAT	111.25	111.25
	f)	On account of Maharashtra Value Added Tax (FY 2017-18)	63.22	63.22
	g)	On account of Customs Duty	32.66	-
	h)	On account of GST	633.87	-
	i)	On account of ESI	250.16	-
	j)	Damages on delayed payments of PF	36.14	33.94
	k)	Customs duty pending on appeal	11.04	11.04
	l)	E.S.I Company's contribution	14.30	18.10
	m)	License fee payable as per the Order of Arbitration in respect of South Central Railways Project.	14.52	14.52
	n)	On account of Wage Revision arrear 2012-17	294.80	294.80
	o)	On account of Insight Business Machine Pvt. Ltd., Mumbai MSME case (Arbitration)	1,457.36	1,457.36
	p)	On account of legal suit filed by RP Tech soft International(case pending before Commercial Court,Trivandrum)	4,588.20	4,588.20
	q)	On account of legal suit filed by Eden Consultancy Private Limited(case pending before High Court of Kolkatta)	1,242.72	1,242.72
	r)	On account of legal suit filed by Hippocampus(case pending before NCLAT)	1,307.83	1,307.83
	s)	Others	312.22	5,876.93

Note 32

(₹ in lakhs)

PROVISION FOR GRATUITY & LEAVE ENCASHMENT	Gratuity		Leave encashment	
	As at 31st March 2024	As at 31st March 2023	As at 31st March 2024	As at 31st March 2023
Balance at the beginning of the year	2,600.84	2,363.88	960.65	915.93
			-	-
Less: Paid during the year on account of retirement /resignation	278.06	352.16	230.70	262.50
			-	-
Add: Provided during the year	464.37	623.54	310.26	307.22
Less: Contribution to Plan Asset with LIC of India	8.41	34.42	-	-
Balance at the end of the year	**2,778.73**	**2,600.84**	**1,040.21**	**960.65**
Classified as Non-Current	2,314.29	2,086.37	841.99	788.35
Classified as Current	464.44	514.47	198.23	172.30

Note 33 : Related party disclosures

	Particulars	For the year ended 31st March 2024 (₹ in lakhs)	For the year ended 31st March 2023 (₹ in lakhs)
	Kerala State Electronics Development Corporation Limited		
1	N.Narayana Moorthy(Chairman)		
	Salaries & PF	16.11	15.34
	Medical benefits		-
		16.11	15.34
2	Sreekumar Nair(Managing Director)		
	Salaries & PF	1.34	
	Medical benefits		
		1.34	-
3	B.Bilu (Company Secretary)		
	Salaries & allowances	19.16	17.03
	Medical benefits	0.47	0.10
		19.63	17.13
	Directors Sitting Fee		
1	R.Suresh Mohan	0.13	0.14
		0.13	0.14
2	S.Aji	0.10	
		0.10	
3	M.Narayanan Namboothiripad	0.16	
		0.16	
	Keltron Component Complex Limited		
1	Krishna Kumar.K.G (Managing Director- from October 2016)		
	Salaries & allowances	17.30	16.11
		17.30	16.11
2	Jose Joseph (Chief Finance Officer)		
	Salaries & allowances	2.05	11.50
		2.05	11.50
3	Abhishek M (Chief Finance Officer)		
	Salaries & allowances	5.22	
		5.22	-
4	Thahira P P(Company Secretary from 14/02/2020)		
	Salaries & allowances	4.98	3.70
		4.98	3.70
	Keltron Electro Ceramics Limited		
1	Jacob Tharakan.E.K(Managing Director)	Nil	
	Salaries & allowances		
		-	-

Note -34 Analytical Ratios

Sl No	Particulars	Formula	2023-24 ₹ in lakhs	2022-23 ₹ in lakhs	2023-24	2022-23	% of variance	Reason for variation more than 25%
(a)	Current Ratio	Current Assets Current Liabilities	1,13,738.82 93,803.14	88,896.20 71,491.20	1.21	1.24	-2%	
(b)	Debt-equity Ratio	Total Debt Shareholders Equity	14,824.63 27,146.18	12,140.34 25,085.31	0.55	0.48	13%	
(c)	Debt service coverage Ratio	Earnings available for Debt Service Debt Service	4,714.31 3,800.84	4,860.90 2,541.96	1.24	1.91	-35%	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	2,136.39 26,115.75	2,736.51 23,227.23	8%	12%	-31%	Variation due to reduction in net profits.
(e)	Inventory Turnover Ratio	Cost of Goods sold or Sales Average Inventory	58,434.38 10,512.01	52,038.13 9,299.76	5.56	5.60	-1%	
(f)	Trade Receivables turnover Ratio	Net Sales Average Trade Receivable	77,294.52 76,037.44	57,439.43 54,966.55	1.02	1.04	-3%	
(g)	Trade Payables turnover Ratio	Net Purchases Average Trade Payables	59,396.42 47,244.09	42,035.04 35,546.70	1.26	1.18	6%	
(h)	Net Capital Turnover Ratio	Net Sales Working Capital	77,294.52 19,935.68	57,439.43 17,405.00	3.88	3.30	17%	
(i)	Net Profit Ratio(in %)	Net Profit after Tax and exceptional items Net Sales	2,136.39 77,294.52	2,736.51 57,439.43	2.76%	4.76%	-41.98%	Variation due to reduction in net profits.
(j)	Return on Capital Employed(in %)	Earnings before Interest & Tax Capital Employed(Net Worth +Total debt)	4,047.85 41,970.81	4,338.19 37,225.64	9.64%	11.65%	-17.24%	
(k)	Return on Investment	Income generated from invested funds Average Investment	-	-	-	-	-	

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	₹ 5.73	₹ (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.

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 2024 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: ₹898.76 lakhs)
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 holding company proposed to convert Government Loan of ₹8,265.84 lakhs (as a part of BIFR Scheme).

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 ₹9,230.61lakhs
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.

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.

As mentioned above, the Government of Kerala, vide the GO(MS) No.53/2020/ID dated 15th May 2020 sanctioned the conversion of ₹7,200.18 lakhs in to Equity Share Capital. The balance amount of ₹1,065.66 lakhs for which conversion has not been sanctioned is being disclosed as Loans from Government of Kerala under Note No-5 & 8.The interest thereon has also been provided in the financial statements from financial year 2016-17 onwards.

With reference to point No-3 above, the holding 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 ₹9,230.61lakhs to equity share capital.

The Government of Kerala vide GO(Rt) No:108/2022/ID dated 18th October 2022 (by amending the GO(MS) No.53/2020/ID dated 15th May 2020) sanctioned the conversion of interest accrued on Government Loan amounting to ₹9,230.61lakhs to equity share capital.

The Authorized Share Capital and Paid-Up Share Capital of the Holding 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.

As above, the Equity Shares worth ₹17,030.80lakhs 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.Thus, from 10th March 2023, the Authorized Share Capital and Paid-Up Share Capital of the Company is ₹37,500 lakhs and ₹37,385.98 lakhs respectively.

38. Loans and advances of the Holding company include:

(i) A sum of ₹ 1,703.75 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
	Total	**1,703.75**

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 22ndOctober 2008 ordered to take over the aforesaid subsidiary companies (a) & (b) with all liabilities including future liabilities, simultaneously with its assets by the Company. Government of Kerala also filed an affidavit before the Hon. High Court of Kerala for the above take over. The Scheme for takeover of the above two subsidiary companies as per the Government G.O. is under process and hence no provision has been made in the accounts regarding the investment pending allotment in respect of these two companies.

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

Sl No	Name of the Company	Subsidiary/ Associate	Amount Outstanding as on 31st March 2024 ₹ 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. But the Hon'ble High Court of Kerala has dismissed the petition vide
2	Keltron Rectifiers	Subsidiary Company	₹ 413.63	

	Limited			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. 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 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 ₹500lakhs 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.1300/2018/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.

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.This has resulted in the holdings by State PSUs in the SPV, ie KELTRON and KSIDC together as 51%, and hence Coconics becomes a 'Deemed Government Company." During the reporting period 40,860 shares of Rs 100 each were allotted by M/s Coconics Private limited and thus the shareholding of KSEDC in Coconics Pvt Ltd will increase from 26% to 28.90%.

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 financial year 2022-23 and thus the investment of the holding company in KECL as on 31stMarch 2024 is ₹585.61 lakhs

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 04thSeptember 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. As a part of the rehabilitation scheme of the holding 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 1st April 2016 to 31st March 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 1st April 2016 to 31st March 2021, thus the interest accrued became a firm liability.

Meanwhile, as mentioned in Note – 37, 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 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 on account of interest accrued:

₹ in lakhs

Sl No	Particulars	Principal amount of Loan	Interest accrued up to the date of conversion to equity. (i,e 31st March 2020)
1	Conversion of grant released as per GO.(MS) No.30/07 ID dt 12.03.2007 Converted to Working Capital loan from the date of sanction vide GO.(Rt) No.329/2014/ID dt 11.03.2014	₹600	₹1,244.89
2	Conversion of Initial Investment Loan vide GO.(MS) No.114/07/ID dt 21.08.2007 later converted into Equity vide GO.(MS) No.183/11/ID/ dt 26.08.2011 reconverted in to Working Capital Loan vide GO.(Rt.)No.329/2014/ID dt 11.03.2014	₹1,250	₹1,975.25
3*	Interest payable owing to the withdrawal of relief and concession granted vide GO.(MS) No.86/16/ID dt 17.07.2016, due to the non-payment of principal instalments and interest as per the terms.	₹8,265.84	₹4,937.15
	Grand Total		**₹8,157.30**

*This includes Government loan amounting to ₹1,065.66 lakhs for which conversion has not been sanctioned and interest accrued thereon amounting to ₹471.17lakhs. The interest for the period 2016-17 to 2019-20 has been accounted in the financial year 2019-20.

The effective date of implementation of Financial Restructuring was fixed at 31stMarch 2020 in the 256th meeting of the Board of Directors of the Company held on 21st August 2020.

It may be noted that at the time of assessment proceedings for the Assessment Year 2017-18 and 2018-19 (Previous Year 2016-17 & 2017-18), the company has claimed the interest accrued on the aforementioned loans (Sl No (i),(ii) & (iii)) 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)& (iii)) as an eligible deduction in the Original Income Tax Return.The year wise break up of interest claimed is as given below:

Sl No	Financial Year	Interest Claimed (₹ in lakhs)
1	2016-17	₹3,453.68
2	2017-18	₹1,751.31
3	2018-19	₹1,466.28
4	2019-20	₹1,486.03
	Grand Total	**₹8,157.30**

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.

Even though the company has claimed interest accrued on the aforementioned loans as an eligible deduction from Taxable Income, the Company did not recognize the interest expenses aggregating to ₹7,686.12 lakhs in the Financial Statements of the respective financial years. It may be noted that 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.

44. 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.

45. 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.

46. Earnings per share (EPS)

Basic & Diluted EPS	**31st March 2024**	**31st March 2023**
Profit attributable to Equity Shareholders before extraordinary items (Numerator used for calculation of diluted and basic EPS) **₹ in lakhs**	2,270.11	2,837.17
Profit attributable to Equity Shareholders (Numerator used for calculation of diluted and basic EPS)**₹ in lakhs**	2,136.39	2,736.50
Number of Equity Shares used as denominator for calculating : Basic Diluted	3,73,85,976 3,73,85,976	2,13,81,695 2,13,81,695
EPS of ₹ 100/- each before extraordinary items Basic in ₹ Diluted in ₹	6.07 6.07	13.27 13.27
EPS of ₹ 100/- each Basic in ₹ Diluted in ₹	5.71 5.71	12.80 12.80

47. The carry forward loss and depreciation as per Return of Income filed by the Holding Company for the financial year 2006-07 to 2016-17 amounts to ₹130lakhs whereas the assessed losses by the Tax Department for the same period amounts to NIL only. However, the Holding 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 Holding Company and as allowed by the Assessing Officers. Considering the appeals filed, the Holding Company continues to treat its claim of ₹ 130 lakhs based on the return and is confident of winning the appeals. The Holding company has claimed additional carry forward loss and unabsorbed depreciation of ₹1,837.78 lakhs for the financial years 2016-17, 2017-18, 2018-19 and 2019-20. After including the current year income of ₹204.86 lakhs (as per the Income Tax Return filed),the total carry forward unabsorbed depreciation and loss carried forward to future assessment year is ₹1,762.92 lakhs.

The Holding Company has recognized the TDS credit as per 26AS. While the 26AS shows a tax credit of ₹2,426.25 lakhs for the Assessment year 2007-08 to 2024-25, the Company's books of account shows the balance of ₹891.82lakhs only. The Company did not account for the balance credit of ₹1,534.43 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.

48. 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 ₹1.80lakhs 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 ₹24.88lakhs were paid. During the year 2023-24, a MAT credit of ₹32.72lakhs was utilized for paying normal tax. Total amount of MAT credit available at the end of financial year 2023-24 is ₹18.61 lakhs.

49. On being classified as "Category D" company vide order No-17/2024/P&EA, KECL, has during the financial year 2023-24 made a provision of ₹100 lakhs being a portion of Wage Revision Arrears 2017-22 payable to employees.

50. With regard to KECL, due to the stoppage of production of Ceramic Capacitors and Thermistors many raw materials have become non-moving for more than 10 years. Also, in the case of finished goods, Capacitors and Thermistors are in non- saleable condition. The Board of directors in the 220th meeting held on 27th June 2024 and Audit Committee held on 5th September 2024 recommended to write down the value of non moving inventory on the basis of report from technical committee. Hence raw materials valued ₹47.74 lakhs, finished goods valued ₹0.22lakhs and general stores valued ₹0.54 lakhs which are non –moving for more than 10 years have been written down and the value of finished goods was reduced from ₹27.96 lakhs to ₹ 19.57 lakhs

51. The holding 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 2024 as per the terms of agreement with them.

KECL has 30 suppliers falling under MSME category and ₹404.94 lakhs is payable to these MSME suppliers as on 31st March 2024. KCCL has only one supplier falling under MSME category and ₹0.52 lakhs is payable to them as on 31st March 2024.

The interest due to such outstanding as per MSMED Act has not been provided in the financial statements.

52. 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 ₹ 232.76 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 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 2024 is ₹1,915.98 lakhs Deferred tax asset on unabsorbed carry forward of losses relating to disallowances made in assessments and pending on appeal before higher appellate authorities have also been considered for the purpose of the above.

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 31st March 2024**	**As on 31st March 2023**
Deferred tax liability	15.21	10.44
Deferred tax asset	30.17	55.72
Net deferred tax asset/(liability)	14.96	45.28

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.

53. 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 31st March 2024 is only ₹445.30 lakhs only (Previous year₹511.83 lakhs).

54. 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 ₹2,770 lakhs 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 District Court, 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 of ₹330.02 lakhs as 'Arbitration Award' and the liability was disclosed under Note 10-"Other Current Liabilities" .

Provision for interest @8.77% on award amounting to ₹15.15 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 28-"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 ₹52.99lakhs was invoked on 05th August 2022.

We have vide letter KSEDC/LGL/DVC/2021-22/147 dated 22nd November 2021 requested DVC to waive the interest on award. DVC has not made any claim for interest on award till date.

Since, DVC has settled the matter by BG invocation as mentioned above and claim for interest was not made so far, the provision for interest aggregating to ₹44.09 lakhs was written back during the reporting period under "Excess Provision Written Back" and disclosed under Note -30 "Exceptional Items"

55. The Holding Company has been awarded a contract for the supply, installation, commissioning and management of Data Centre solution, servers and system software under smart governance program by Bidhanagar Municipal Corporation (BMC), Kolkata for a value of ₹8,400 lakhs during August 2016. As a part of execution of project, RP Techsoft International Pvt Ltd was subcontracted the implementation of hardware part for a value of ₹7,120.73 lakhs, with a payment terms on back to back basis. The hardware supply was completed by 30th June2017 and the development of software solutions were progressing. Meanwhile, during August 2018, the Principal Secretary Urban Development, West Bengal convened a meeting and informed that they are implementing a state wide project and they did not wish to go further in BMC alone. It was also intimated that the amounts invested by the Company will be settled, however no further progress in the matter has taken place thereafter.

RP Tech initiated arbitration against the Company during 2021 and the Hon'ble Arbitrator Justice (Retd.) KR.Udhayabhanu was appointed as Arbitrator and the Arbitration proceedings was conducted and concluded on 10th April 2023. The principal amount of Arbitration Award was ₹2,818.19 lakhs with the addition of interest and other expenses aggregating to ₹4,588.20 lakhs in favour of RP Tech. The Company filed application on 6th April 2023 for setting aside of Arbitration Award before the Hon'ble Commercial Court at Trivandrum.

Meanwhile, RP Tech has filed an Execution Petition before the Hon'ble Additional District Judge III Court, Thiruvananthapuram for attaching the properties of the Company which was allowed by the said Court on 12th June 2024. Against the attachment order, the Company preferred a Civil Review Petition before the Hon'ble High Court of Kerala and the stayed the attachment proceedings. As per the instruction in the Order staying the attachment, the Company has paid an amount of ₹150 lakhs to RP Tech.

Simultaneously, the Arbitration between the Company and BMC is progressing before the Hon'ble Justice Kalyan Jyothi Sengupta, the Sole Arbitrator in Re AP No.585/24 and 586/24 at Kolkatta.

In view of the above, the Company has disclosed the Arbitration Award of ₹4,588.20 lakhs as Contingent Liabilities in the Note 31 forming part of Financial Statements.

56. 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 30th November 2017.

However on implementation of revised scale of pay from November 2017, various anomalies such as drop in pay, stagnation in scale, duplication of scale of pay for multiple grades etc has been noted. 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 2024 is ₹172.09 lakhs.

The pay revision arrears for the period 01st April 2012 to 31st October 2017, with respect to KCCL amounting to ₹522.76 lakhs 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 2024 is ₹11.13 lakhs and ₹355.37 lakhs respectively.

57. 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. During the financial year 2023-24, based on the approval of Government of Kerala, the holding company 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.

58. 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 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 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 financial year 2022-23 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.

Further, during the reporting period liability for the financial year 2023-24 amounting to ₹179.17 lakhs has been provided for in the accounts.

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.

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 ₹0.03lakhs per month to all employees with effect from June 2022. The interim relief disbursed to Workmen category employees for the financial year 2022-23 and 2023-24 amounts to ₹73.35 lakhs and ₹91.48 lakhs respectively and the wage revision arrears outstanding in the books as on 31st March 2024 is ₹963.27 lakhs

The Government of Kerala, vide G.O.(Ms) No.33/2025/ID dated 16th April 2025 sanctioned the Wage revision 2017-22 of Workmen category employees of KSEDC Ltd. As stipulated in the Government Order, the wage revision of Workmen category employees of KSEDC Ltd was implemented with effect from the salary for the month of April, 2025.

The Government sanctioned the disbursal of 30% of arrears of pay revision vide G.O.(Ms) No 38/2025/ID dated 3rd May 2025. The 278th Board meeting held on 19th May 2025 approved the disbursement of the 30% arrears of employees on roll as on 1st April 2025 in 12 installments commencing from the month of June 2025 with the minimum amount of ₹0.05 lakhs per month as one installment.

As per the aforementioned GO, the wage revision is applicable to subsidiary companies KECL & KCCL also.

Further, the 279th Board meeting held on 8th July 2025 considered the disbursement of arrears to the worker category of employees separated by way of retirement/death. The approximate financial implication is ₹220 lakhs for the difference in Gratuity and ₹109 lakhs for the 30% arrears and sanctioned the disbursement in the following manner:

(i) Difference in Gratuity in maximum of 24 equal installments subject to a minimum of ₹0.05 lakhs per month as one installment.

(ii) 30% of the arrears in maximum of 24 equal installments subject to a minimum of ₹0.02 lakhs per month as one installment.

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

59. The Holding Company has submitted the proposal for Pay revision of Executives and Supervisory categories of employees vide letter KSEDC/CHR/GOVT/Pay Revision/(E&S)/2025/17 dated 14th February 2025. As per the proposal the financial commitment was estimated to₹1,960.96 lakhs and after adjusting the Interim Relief of ₹202.14 lakhs (paid in FY 2022-23 & 2023-24), the net amount of commitment was estimated to be ₹1,758.82 lakhs

The proposal is under the consideration of Government of Kerala, however it seems to be that the matter regarding applicability of pay revision with retrospective effect and disbursement of arrears will be based on the common policy framework of which is yet to be finalised by Government. Hence, no provision has been made in the books of account of the Holding Company in the FY 2023-24.

Further, the 278th Board Meeting held on 19th May 2025 noted that the proposal for revision of pay and allowances of Executives and Supervisory category employees is applicable to the subsidiary companies KCCL & KECL and the Board directed the holding company to take up the matter with the Government as a separate letter.

60. 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 ₹1,200 lakhs. 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₹₹389 lakhs 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 20thAugust 2023,whereby the Government directed the company to go ahead with the plan of out of court settlement for an amount of ₹389 lakhs 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/s Softgrip 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 financial year 2022-23, the holding company disclosed ₹330 lakhs as Litigation Settlement under Note 30-Exceptional items. Accordingly, the first instalment has been disbursed during the month of February 2024 and hence the Arbitration Award payable as on 31st March 2024 is ₹230 lakhs.

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 financial year 2022-23,the holding company reversed the provision and disclosed the same as "Bad Sundry credits written Back" under Note 30-Exceptional Items.

61. KSEB Limited awarded a work order to Keltron Equipment Complex, Karakulam, for the supply, installation, testing, commissioning, operation and maintenance of 3MW grid tied canal top solar power project at Barapole. The customer (KSEB Limited) deducted an amount of ₹136.41 lakhs, as liquidated damages at a rate of 0.05% per day for a total of 105 days for delay in completion of the project.The Holding Company requested KSEB Limited 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 lakhs (reduced from ₹136.41 lakhs) was finally imposed. As the possibility of realisability of the amount deducted as liquidated damages is very remote, the holding company has made a provision for ₹62.88 lakhs in the financial statements for FY 2023-24 and disclosed under Note-30 Exceptional Items in the Consolidated Financial Statements.

62. During the financial year 2018-19,Keltron Equipment Complex,Karakulam (unit)received an order from Kerala State Fisheries Department for the supply of 2,500 numbers of Navic messaging receiver. The unit supplied 1,550 numbers to the Fisheries Department. Later, the customer (Kerala State Fisheries Department) informed the unit that as two-way communication is not possible in the device they do not require the balance quantity of Navic Messaging receiver. Hence, 950 numbers of the device is still lying at the factory premises of Keltron Equipment Complex, Karakulam.The value of 950 numbers of Navic Messaging receiver as ascertained and included by the unit in their Work in Progress is ₹49.55 lakhs

The aforementioned items have become technologically outdated and obsolete and hence ₹49.55 lakhs being the value of 950 numbers of Navic Messaging receiver has been written off from the value of inventory in the financial statements of the holding company for FY 2023-24.The adjustment entries in this regard have been made in the books of Corporate Office

63. 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 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 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 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 financial year 2022-23, 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-30 Exceptional Items in the Consolidated Financial Statements.

64. 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 2023-24.The company has requested Government of Kerala to fix the rent for the premises.

65. 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 financial year 2022-23 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

66. The Holding Company has, as done in the earlier years, conducted an evaluation of balances reflected under Trade Receivable, Trade Payable, Sundry debits and Sundry credits in the books for a period up to 31st March 2015. The assignment was entrusted to M/s.Krishnan Retna & Associates, Chartered Accountants.The firm evaluated the realisability of Trade Receivable/Sundry debits and position of Trade Payable/Sundry credits covering the period 2005 to 2015 covering all the major units of KELTRON. They completed their assignment and submitted their report. We placed the aforementioned report on the 263rd Meeting of the Board of Directors of the Company held on 5th May 2022.The Board after a detailed discussion approved the unit wise write off and write back subject to the following:

(i) Write off up to ₹ 1lakh is approved
(ii) For writing off debtors/debit balances above ₹ 1lakh the unit has to certify that the debtor/account cannot be realized at all.
(iii) For the time being write off can be implemented for the period 2005-2010.
(iv) No debtor after 2015 has to be written off for the present.
(v) A relook on the debtors issue for the period 2010 to 2015 needs to be done for further action.

Accordingly, write off of long outstanding debtors/advances and other sundry debit balances was not implemented and instead necessary provision for the same after adjusting existing provision for bad & doubtful debts /advances were made in the books of the company.

₹ in lakhs

Sl No	Name of the Unit	Financial Year	Provision for bad & Doubtful debts	Provision for doubtful advances
1	Keltron Equipment Complex	2018-19	273.52	
2	Keltron Communication Complex	2018-19	308.11	114.72
3	Keltron Controls Aroor	2018-19	282.21	3.47
4	Information Technology Business Group	2021-22	430.77	18.17
5	Keltron Lighting Division,Mudadi	2021-22	0.98	0.52
	Total		**1,295.59**	**136.88**

It may be noted that we have received collection of ₹ 11.42 lakhs against the above and the provision created was reversed and transferred to Excess Provision Written Back.

Based on the decision taken in the 263rd Board Meeting held on 5th May 2022,the Debtors/deposits & other advances having value of less than ₹1 lakh was written off/adjusted against the provision in the financial statements of the respective units as detailed below:

₹ in lakhs

Sl No	Name of the Unit	Debtors	Deposits/Other Advances etc.
1	Keltron Equipment Complex	23.21	
2	Keltron Communication Complex	25.85	1.65
3	Keltron Controls Aroor	13.17	3.47
4	Information Technology Business Group	19.11	3.78
5	Keltron Lighting Division,Mudadi	0.98	0.52
	Total	**82.32**	**9.42**

With regard to Debtors/deposits and other advances having value of more than ₹1 lakh the units were instructed to constitute a committee at unit level to analyse debtors /advances/deposits and other sundry debits. Accordingly, the Debtors Evaluation Committee constituted at each unit analysed the debtors /advances/deposits and other sundry debits in detail and submitted their report and the same was placed before the 60th Audit Committee meeting held on 5th March 2025.The Audit Committee recommended the write off of the Debtors as detailed below:

₹ in lakhs

Sl No	Name of the Unit	Debtors	Deposits/Other Advances etc
1	Keltron Equipment Complex	240.53	
2	Keltron Communication Complex	282.26	113.07
3	Keltron Controls Aroor	267.40	
4	Information Technology Business Group	411.66	14.39
	Total	**1,201.85**	**127.46**

Accordingly, necessary entries were passed in the books of Corporate Office.

67. Based on the recommendation of Branch Auditors, the holding company has 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**	**Provision for Bad Loans & Advances**	**Write off**	**Sundry Credits Written back**	**Excess Provision Written Back**
Corporate Office					44.09[1]
Keltron Equipment Complex, Karakulam	70.01[2]				40.20[3]
Keltron Marketing Office, Mumbai	75.97	2.25	16.38	41.68[4]	
Keltron Controls,Aroor					1.01
Total	**145.98**	**2.25**	**16.38**	**41.68**	**85.30**

(1) Refer Note-54, in the matter of interest reversal of DVC.

(2) It may be noted Provision for Bad & Debts amounting to ₹ 62.89 lakhs have been made in the books of Corporate office for and on behalf of KEC. Refer Note -61.

(3) It may be noted that during the financial year 2021-22, provision for bad debts amounting to ₹ 243.35 lakhs was made in KEC. Later, they identified that excess provision was created to the extent of ₹30.43 lakhs. Hence, during the reporting period, the same was written back in the financial statements of KEC. Further a collection of ₹ 9.77 lakhs was received during the financial year 2023-24 against the debtors for which provision has been created as per the report of M/s Krishna Retna & Associates. The same was also written back during the financial year 2023-24.

(4) The write back of Sundry credits amounting to ₹0.50 lakhs have been made in the books of Corporate Office for and on behalf of KMO Mumbai.

In addition to the above KCCL has written off ₹20.91 lakhs and KECL has written off ₹111.51 lakhs as Bad & doubtful debts and the same has been disclosed under Note no-30 Exceptional items in the Consolidated Financial Statements.

68. Balances of Government Loan under Long Term Borrowings(Note 5) and Short Term Borrowings(Note-8),Other Long Term Liabilities (Note -6),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.

With regard to Holding Company, Credit balance in Trade Receivable Account amounts to ₹3,251.71 lakhs (Previous year:₹1,784 lakhs) and debit balance in Trade Payable Account amounts to ₹274.17 lakhs(Previous year : ₹255.25 lakhs) are subject to confirmation / reconciliation and consequent adjustments, if any, upon confirmation.

69. 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 statements**	**Difference***
30-06-2023	Stock	3,578.31	3,578.31	-
	Debtors	9,506.41	9,506.41	-
30-09-2023	Stock	3,954.78	3,954.78	-
	Debtors	8,332.72	8,332.72	-
31-12-2023	Stock	4,713.34	4,713.34	-
	Debtors	8,423.07	8,423.07	-
31-03-2024	Stock	4,305.35	4,169.69	135.66
	Debtors	11,245.75	11,118.44	127.31

*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 at the time of submission of stock report, some invoices were raised in last date of year end and not included in debtors report generated in ERP.

70. 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***
30-06-2023	Stock	737.06	737.06	-
	Debtors	963.54	963.54	-
30-09-2023	Stock	854.06	854.06	-
	Debtors	788.84	788.84	-
31-12-2023	Stock	983.10	983.10	-
	Debtors	1,750.01	1,750.01	-
31-03-2024	Stock	445.30	448.80	3.50*
	Debtors	1,842.08	1,842.18	0.10**

*Variation in write off

**Rectification during finalization.

71. 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.

72. 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.

73. 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.

74. 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 ₹11.04 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.

75. In case of KECL ,matching income of ₹ 0.28 lakhs is considered equivalent to depreciation on assets purchased and capitalized out of government grant for setting up of Transducer Project for financial year 2023-24 as per AS-12.

76. Plant and Machinery of KECL includes 224 moulds cost of which amounts to ₹176.42 lakhs The WDV of the moulds held with third parties amounts to ₹63.78 lakhs as on 31.03.2024.

77. In respect of derivative contracts of KCCL, the premium paid, gain/losses on settlement are recognized in the Statement of Profit and Loss.

78. 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.

79. The Holding/Subsidiary company has not been declared as a willful defaulter by any bank or financial Institution or other lender.

80. 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.

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

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

83. 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.

84. The Holding/Subsidiary Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

85. 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

86. 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/-
For Isaac & Suresh,	**N.Narayana Moorthy**	**Sreekumar Nair**
Chartered Accountants,	Chairman	Managing Director
(FRN 001150S)	DIN :05251681	DIN:10380526

Sd/-
CA.Sobha Sethumadhavan
Partner,
Membership No. 225166
Thiruvananthapuram
UDIN:25225166BMKUMI8754
30th July 2025

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

Thiruvananthapuram
08th July 2025

सत्यमेव जयते

OFFICE OF THE 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 2024

The preparation of the consolidated financial statements of **Kerala State Electronic Development Corporation Limited (Company)** for the year ended **31 March 2024** 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 **30 July 2025.**

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** for the year ended **31 March 2024** 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 Electro Ceramics Limited** but did not conduct supplementary audit of the financial statements of its subsidiaries/Associates **Keltron Component Complex Limited, Keltron Krasny Defence System Private Limited** and **Cocronics Private Limited** for the year ended on that date. Further, sections 139(5) and 143(6)(a) of the Act are not applicable to **Keltron Krasny Defence System Private Limited** and **Cocronics Private Limited** being private entities for appointment of their Statutory Auditors 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 **Keltron Krasny Defence System Private Limited** and **Cocronics Private Limited**. 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) 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
Consolidated Statement of profit and loss
for the year ended 31st March 2024
Profit for the year: ₹2136.39 lakh

This is overstated by ₹343.40 lakh on account of the following.

(i) Non-creation of provision for doubtful receivables amounting to ₹ 83.74 lakh related to rent receivable from loss-making Associate Company, M/s Coconics Private Limited. This has resulted in corresponding overstatement of Other Current Assets.

(ii) Non recognition of liquidated damages amounting to ₹226.08 lakh imposed by Bharat Electronics Limited (BEL) due to delayed delivery of the Towed Array for the Advanced Torpedo Decoy System. This has resulted in corresponding overstatement of Current Assets – Trade Receivables.

(iii) Non-reversal of excess Project Management and Consultancy charges amounting to ₹ 33.58 lakh recognized as revenue in previous years for the CAPEX portion of the Safe Kerala Project, which was subsequently reduced during discussions and placing orders from the Government of Kerala (April 2023). This has resulted in corresponding overstatement of Current Assets - Trade Receivables.

B. COMMENTS ON CONSOLIDATED CASH FLOW

Consolidated Cash flow statement for the year ended 31 march 2024
A. Cash flow Operating activities
Net cash from operating activities ₹(2151.36) lakh

This is understated by ₹2,827.76 lakh due to incorrect inclusion of deposit made as margin against Letters of Credit and Bank Guarantees with banks, under operating activities. This has resulted in corresponding overstatement of cash flow from investing activities.

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

Thiruvananthapuram
Dated : 18-03-2026

VISHNUKANTH P B
ACCOUNTANT GENERAL (AUDIT-II) KERALA